



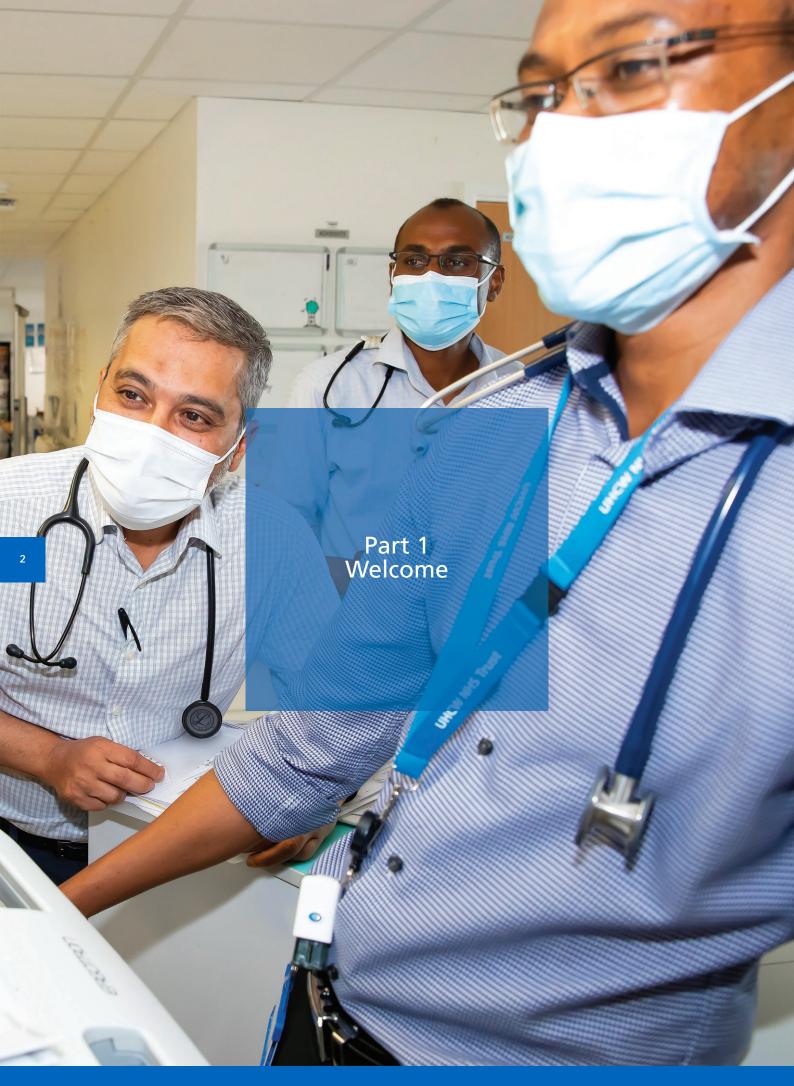




# Annual Report & Accounts 2021/22

# Contents

	weicome	
2	Performance Report	
2.1	Overview	
2.2	Performance Analysis	
2.3	Performance Exceptions and Risks	
2.4	Forward Look: main trends and factors likely to affect our future pe	erformance
2.5	Financial Performance Overview 2020/21	
2.6	Accounting Policies	
3	SUSTAINABILITY REPORT	
3.1	Sustainability Leadership and Engagement	
3.2	Corporate Approach	
3.3	Carbon Footprint	
3.4	Waste Management in 2019/2020	
3.5	Procurement 2020/21	
3.6	Towards 2021/22	
4	ACCOUNTABILITY REPORT	
4.1	Corporate Governance report	
4.2	Remuneration and Staff Report	
5	FINANCIAL STATEMENTS	
5.1	External Auditors Report	
5.2	Annual Accounts	



# 1.1.1 Chair and Chief Executive's Overview

# Welcome to our Annual Report for 2021/22.

It has been another hugely challenging year for the NHS – one which has seen the Trust finely balance the need to restore services, reduce elective waiting times and continue to respond to the ongoing effects of Covid-19.

Firstly, we wish to pay a heartfelt tribute to our amazing staff and teams who continue to go above and beyond to ensure our communities receive the highest quality care.

This has included adapting to new ways of working, often in the face of unrelenting demand, to continue to deliver world class care. It is a source of great pride to see the way colleagues have embraced these changes and kept patients at the forefront of everything we do.

At the start of the financial year UHCW, as part of the Coventry and Warwickshire Integrated Care System, was selected to play a key role in the NHS Accelerator programme.

As part of this pioneering approach, we were able to completely clear our two year waiting list and support people to be seen, looked after and recover much more quickly than we would have been able to before.

We know there is plenty more to be done and we promise that the Trust and its partners will do all we can to ensure the communities we serve receive the best available treatment in the shortest possible timeframe moving forward.

The last 12 months have seen a wide range of investments and improvements as we look to future proof and further develop the services provided across our sites.

The Maple Unit, a purpose built cancer and blood disorder unit, has joined state of the art new Modular Theatres in opening at the Hospital of St Cross, Rugby, while a revolutionary Interventional Radiology suite is fully operational at University Hospital.

These are facilities to be hugely proud of and will only serve to enhance our reputation as a national and international leader in healthcare.

In addition, we were delighted to see the new 1,600-space staff car park open at University Hospital in March.

Car parking has historically been one of the biggest issues faced as a Trust and this game-changing development means we are now able to offer hundreds more spaces to patients and visitors at the front of the hospital, improving their overall care experience. And better never stops, with our new Minor Injuries Unit under construction and due to open in May as part of a broader redevelopment of our Emergency Department footprint set to be fully completed in 2023.

While the landscape of healthcare will continue to evolve, we are perfectly placed to deliver proactive and preventative care thanks to our new and improved vision for the future.

Our Organisational Strategy for 2022 to 2030 outlines how we'll build and further strengthen our resilience within our communities and ensure our residents can access the services they need when and where they require them.

It is our aim to be more than a hospital and exceptional in everything we do – from providing joined up support for local people to delivering specialised services for those with the most complex health conditions.

As Chair and Chief Executive Officer, we know none of this would be possible without the amazing efforts of our staff, volunteers and partners alongside the tremendous support of the people of Coventry and Warwickshire.

We look forward to working with you all in 2022/23.



Stella G. Manzie

Dame Stella Manzie Chair



Professor Andrew Hardy Chief Executive Officer

# 1.1.2 The year in pictures



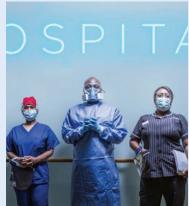
#### **April**

A major milestone was reached on our journey of transformation as contracts were signed for the introduction of the Electronic Patient Record (EPR).

EPR, due to be rolled out in 2023, will completely transform the way we are able deliver care and provide an improved experience for our patients.

Clinical staff will have instant and secure access to complete data records for each and every individual. They can see all the information they need to review including test results, diagnoses and treatments - on any device - without delay.

With less time spent looking for information, clinical staff will have more time for patients and be able to make faster decisions about appropriate treatment.



#### May

Millions of people were given a behind the scenes glimpse of UHCW as the first episode of the six-part BBC Hospital series was aired.

Viewers were given an intimate look at the challenges faced during Covid-19 as well as our restoration of services and ongoing efforts to reduce waiting lists.

The series focused on some of the many ways our clinicians are continuously going above and beyond to deliver high quality care for patients.

Episode three, following the inspirational work of our recurrent miscarriage clinic alongside our Neonatal Unit, went on to pick up the Royal Television Society Midlands award for Best Documentary of the Year.



#### **June**

Professor Chuka Nwokolo was recognised as a Commander of the Most Excellent Order of the British Empire (CBE) in the Queen's Birthday Honours list.

Professor Nwokolo, who specialises in stomach and bowel diseases, has been awarded the CBE in honour of his services to the NHS and medical research.

He said: "I am hugely proud to receive such an honour. The award isn't just for me; it is recognition for my colleagues, for the Trust and for all NHS staff."

Professor Nwokolo, who is Treasurer of the Royal College of Physicians, joined the Trust in 1990 as a Senior Registrar and became a Consultant in 1994. He has written more than 100 papers and has played an integral role in promoting the value of research.



#### luly

"I'm hearing sounds which are completely new." These were the words of Sue Clarke after she became the first UHCW patient to be fitted with a Bone-Anchored Hearing Aid (BAHA).

"It's been life changing," added Sue, who underwent a successful operation carried out by Consultant Ear, Nose and Throat (ENT) Surgeon Matthew Trotter.

The BAHA works by attaching a fixture to the skull during an operation, which the processor (or hearing aid) is clipped on and off from. It picks up sound and sends it to the inner ear by vibration through the skull.

Sue is able to adjust the sensitivity of her own hearing aid at home thanks to its Bluetooth connectivity with modern smart phones.



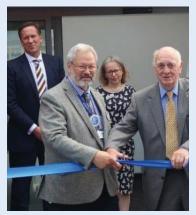
### **August**

UHCW stood out from the crowd as it was shortlisted for Acute Trust of the Year at the prestigious HSJ Awards.

In what has been an exceptionally challenging period across the sector, this was recognition of the Trust's outstanding contribution to healthcare.

UHCW was selected thanks to the 'ambition, visionary spirit and the demonstrable positive impact' it demonstrates on a daily basis.

Chief Executive Officer, Professor Andy Hardy, said: "This recognition truly reflects the collaborative efforts and dedication of our incredible staff who have worked so hard to successfully deliver excellent care."



#### September

New investments came to fruition with the opening of state-of-the-art facilities in both Rugby and Coventry.

The Maple Unit, a £1 million purpose-built Haematology and Oncology unit, was opened at the Hospital of St Cross, Rugby. The Unit, which has five consultation rooms and nine day case treatment chairs, expands the growing list of outpatient services available in the town.

At University Hospital a state-of-the-art Interventional Radiology Theatre Suite opened its doors for the first time.

Made up of imaging theatres and a seven bed-day case ward, the suite delivers minimally invasive, image guided surgery to allow patients to be treated and discharged much more quickly and effectively than traditional surgery.



#### October

October boasted a proud achievement for our Cardiology team after it became the first NHS Trust in the UK to perform a particular type of heart operation – a Transcatheter double valve replacement - under local anaesthesia with conscious sedation.

John Smallwood, 73, was the first patient to benefit and was back home just 48 hours after surgery.

Consultant Cardiologist, Dr Nishant Gangil, said: "This complex procedure was possible because of great team work at UHCW. As a heart valve team, we are extremely pleased and as a department incredibly proud."

"It's opened the door to an improved quality of life," said John. "The skill of the surgeons is unbelievable; it's fantastic what they have done."



# November

UHCW came together to celebrate the amazing individuals and teams who go above and beyond to provide amazing care.

The 2021 Outstanding Service and Care Awards (OSCAs) were held at the DoubleTree by Hilton in Coventry with more than 300 guests in attendance.

Hosted by BBC CWR breakfast presenter Phil Upton, a total of 15 awards were handed out in a Bonfire Night spectacular to honour our sparkling staff.

Haematology Clinical Nurse specialist, Kathryn Marshall, took home the People's Choice Award – open solely to members of the public – for going the extra mile to the support the family of a young patient who has Von Willebrand Disease.



#### December

The eyes of the world were once again on UHCW to mark the one year anniversary of the first Covid-19 vaccine in the world being administered at University Hospital, Coventry.

Grandmother Maggie Keenan, the first to receive an approved jab, was reunited with vaccinator and Modern Matron May Parsons to reminisce about what proved to be an historic moment in the fight against the pandemic.

The Trust welcomed two special guests in Professor Stephen Powis, National Medical Director of NHS England, and Ruth May, Chief Nursing Officer for England, who met and heard the stories of frontline staff.

Mrs May also paid a special visit to our Maternity department to learn more about its ongoing commitment to patient safety.



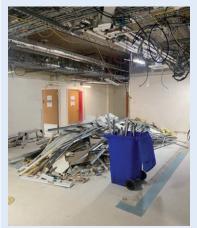
#### January

As part of our commitment to staff wellbeing, we introduced a new Compassionate Leave Policy and became the first NHS Trust in the UK to sign the Miscarriage Association's Pregnancy Loss Pledge.

The changes mean enhanced leave is now offered to those experiencing bereavement, undergoing fertility treatment, experiencing pregnancy loss and for parents of premature babies.

Workforce Business Partner Jess Upton was amongst the team that created the policy and used her experience of undergoing four rounds of ICSI (IVF) and miscarrying to ensure it provides all the support colleagues need.

She said: "This is a real positive for all staff across the Trust and offers that extra bit of reassurance during a challenging time."



## **February**

Work continued apace on the first phase of the £15 million expansion of our Emergency Department at University Hospital with construction of the new Minor Injuries Unit.

The transformation of the Emergency Department, which is one of the busiest in the country, will be delivered in stages until autumn 2023 and will enable UHCW to future proof services and further improve how patients are assessed and treated.

These developments will allow us to deliver new, innovative ways of working to help continue to enhance the overall experience for our patients and their families.

Funding will also be used to install additional treatment cubicles, expand the waiting room in the Children's Emergency Department, increase same day emergency care and support diagnostic capacity through an additional CT scanner.



#### March

A new 1,600 space staff car park opened at University Hospital, Coventry as part of a major infrastructure project designed to also further improve the experience of patients and visitors.

On top of offering extra secure parking to staff, the 'game-changing' development increases capacity for patients and visitors at the front of the hospital.

A total of 34 active Electric Vehicle (EV) charging spaces have been included in the new car park. There are also 46 passive charging spaces, believed to be the largest number offered by any NHS Trust in the country, which can be activated to meet future need.

The car park contains CCTV cameras, extensive lighting and a dedicated short access route to the back of the main hospital building to enhance user safety.

#### 1.1.3 Awards and Successes

#### **Trust-wide Recognition**

 The Trust was shortlisted for four awards in the Nursing Times Workforce Awards. Amelia Ilustre was a finalist for Overseas Nurse of the Year and we were also shortlisted in the categories for Best International Recruitment Experience, Preceptorship of the Year and Best Workplace for Learning and Development.

#### **Clinical Services**

- The implementation of Placental Growth Factor Testing (PIGF), which detects pre-eclampsia in pregnant women, scooped the Above and Beyond Adoption of Innovation prize at the Meridian Celebration of Innovation Awards.
- Our Patient Connect project, ensuring patients could stay in touch with loved ones during the Covid-19 pandemic, was highly commended in the MidTECH Award for Best NHS-Developed Medical Technology Innovation category.
- UHCW saw two entries shortlisted in the 2021 Health Service
  Journal Patient Safety Awards; the Pharmacy team in the
  Improving Safety in Medicines Management Award and the
  Quality department in the Changing Culture category.
- Our Complex Continuity Team was shortlisted in the 2021 Royal College of Midwives Awards for demonstrating excellence in the delivery of Perinatal Mental Health.
- Our Diabetes Digital Monitoring project allowing hospitalised Covid-19 patients to manage their sugar levels triumphed in the Patient Care Pathway, Secondary and Community category at the 2021 Quality in Care (QiC) Diabetes Awards.
- Our Neonatal Unit was awarded Bronze accreditation from the Bliss Baby Charter for the delivery of high quality family-orientated patient experiences.
- The introduction of an Orthoptic-led Paediatric Eye Emergency Service was shortlisted in the 2022 Advancing Healthcare Awards for value-based care.
- Pioneering work to allow diabetes patients hospitalised with Covid-19 to manage their sugars won the NHS digital innovation prize at the Our Health Heroes Awards.
- The NIHR Coventry and Warwickshire Clinical Research Facility (CRF) – based at UHCW – was shortlisted in the Clinical Site Team category at the PharmaTimes International Clinical Researcher of the Year Awards.

# **Support Services/Non-Clinical**

- Our Finance department was one of only three NHS organisations in the West Midlands to be awarded Level Two accreditation by the Finance Leadership Council as a result of its work to further improve governance, collaboration, training and development.
- Coventry Hospital Radio gained five nominations in the National Hospital Radio Awards.

#### Individuals

- Chief Executive Officer, Professor Andy Hardy, was named Accountancy Personality of the Year by PQ Magazine.
- Clinical Scientist Jo Shakespeare was a winner in the Chief Scientific Officer's 2020 Healthcare Science Awards for her work to deliver acute non-invasive ventilation (NIV).

- Consultant Surgeon, Jawad Ahmad, became the first robotic Hepato Pancreato Biliary (HPB) proctor in the UK, making UHCW the only case observation centre for robotic HPB in the country.
- Chief Medical Officer, Professor Kiran Patel, was ranked as the 37th most influential Asian in Britain in the GG2 Power List.
- Assistant Practitioner Anthony Marshall was named Student of Excellence at Birmingham City University's Faculty of Health, Education and Life Sciences Awards.
- Clinical Director of Clinical Diagnostic Services, Neil Anderson, made the 2021 Pathologist Power List.
- Anaesthesia Consultant Professor Cyprian Mendonca was awarded the President's Commendation from the Royal College of Anaesthetists, given to those who have provided a sustained or specific contribution to the college.
- Orthoptic Casualty lead Rahilah Bukhari was named 2021 AHP of the Year at the Chief Allied Health Professions Officer (CAHPO) Awards for introducing improvements to our eye emergency service for children.
- Clinical Academic Physiotherapist David McWilliams made the AHP Research Impact shortlist at the 2021 Chief Allied Health Professions Officer (CAHPO) Awards for his analysis into the rehabilitation levels for patients admitted to ICU with Covid-19.
- Macmillan Dietetic Assistant Practitioner Julie Mason won the Dorothy Hopwood Award for Professional Achievement at the British Dietetic Association Awards.
- We had three entries in the running for prizes at the Clinical Research Networks West Midlands Network Awards; Professor Ramesh Arasaradnam for Investigator of the Year, Senior Research Development Facilitator Robert Klimek for a Wellbeing Award and the Covid-19 research team for Collaboration in Research.
- Verity Hill joined was named Paediatric Audiologist of the Year at the British Academy of Audiology conference for her approach to supporting children with hearing problems.
- Chief Finance Officer, Su Rollason, was shortlisted for Finance Director of the Year at the Healthcare Financial Management Association Awards.
- Orthoptic Casualty Lead, Rahilah Bukhari, was shortlisted by the British Muslim Awards for the Dr Abbas Khan Services to Medicine Award following a high number of public nominations.
- Grade Doctor Neil Vanes had an award named after him by the by the West Midlands Obstetrics and Gynaecology Trainees' Committee in honour of the training he provides.
- Porters Darren Davies and Nigel Close were shortlisted for the Outstanding Contribution to Patient Experience and Dennis Southern Award for Endeavour prizes respectively at the MyPorter Awards, with Darren winning his category.
- Consultant Surgeon Vinod Menon was awarded the title
  of Honorary Professor (Division of Health Sciences, Warwick
  Medical School) by the University of Warwick for his dedication
  to work and training.
- Rachael Lee picked up a Silver Award in the Renal Nurse of the Year category at the British Journal of Nursing Awards for her work setting up the Trust's Acute Kidney Injury (AKI) Nursing Service.



# 2.1 Overview

Following the initial year of Covid-19 in 2020/21, 2021/22 saw the NHS focus on restoring Elective services, whilst experiencing continued Covid-19 "waves" which changed the referral pattern, and saw staff sickness impact all Trusts in England.

NHS England implemented a number of new measures to support this, as well as providing new short term financial incentives. These resulted in a challenging year, both operationally and financially, but the Trust continued to push to be a leader in its field, setting higher internal targets and aiming to ensure Patients continued to be confident in the services provided.

High profile positive appearances in the media, including the BBC, ITV and Sky reflected the high standard of work being completed by teams across the Trust, and demonstrated that Patient Care and Performance Improvements were front and centre at all time.

The use of Analysis and Informatics came into greater focus, helping to drive patient and operational improvements, and as a result new opportunities at a national level are now being developed by the Trusts Performance & Informatics team in areas of Health Inequality and Waiting List Management and System working.

System working was expanded during 2021/22 with UHCW working with its partners to provide more services, and leading on a number of projects, including the creation and management of a Shared PTL across the whole system, a first in the NHS.

Through these initiatives UHCW was one of only a small number of Trusts to end the year with no patients waiting over 2 years for treatment, and having significantly reduced those waiting over a year.

#### 2.1.1 About Us

University Hospitals Coventry and Warwickshire NHS Trust is one of the UK's largest teaching Trusts responsible for managing two major hospitals in Coventry and Rugby, which between them serve a population of over a million people. We are the principal teaching hospital for Warwick Medical School with whom we work in close partnership to develop innovative medical education programmes and clinical research.

The hospitals are: • Hospital of St Cross, Rugby • University Hospital, Coventry

The Trust was first established in 1992 and expanded to include Rugby in 1998.

Every year we provide more than 800,000 episodes of care to patients from across Coventry, Warwickshire and beyond. We maintain a strong focus on the provision of high quality, safe and effective patient care. We provide both emergency and elective care and specialise in cardiology, neurosurgery, stroke, joint replacements, in vitro fertilisation (IVF) and maternal health, diabetes and kidney transplants. We are also a designated major trauma centre and cancer centre.

We employ more than 9,000 staff and deliver acute healthcare to the population of Coventry and Rugby, as well as more specialist services to that population and regionally. Clinical care is delivered by our clinical groups that are each led by a triumvirate comprising of a Clinical Director, Group Director of Operations and a Group Director of Nursing and Allied Healthcare Professions. Support to the groups is provided by a number of corporate services.

We are very proud to be one of five NHS Trusts that are working in partnership with the Virginia Mason Institute, Seattle to become one of the safest hospitals in the country through the adoption of the UHCWi improvement methodology.

# 2.1.2 Vital Statistics

	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17
Number of people attending an outpatient appointment	696,852	604,453	723,574	719,040	665,209	656,191
The number of people attending Accident & Emergency (A&E) including those in specialist Children's A&E*	226,238	149,842	248,614	242,577	190,549	187,792
The number of inpatients and day cases (based on admissions)	170,682	143,072	173,574	176,607	169,028	163,834
Number of births	5,630	5,552	5,701	5,882	6,174	6,217
Patients operated in theatres	35,646	24,309	40,217	43,601	42,609	42,709

Attendances to the Urgent Treatment Centre are included from 2018/19 onwards

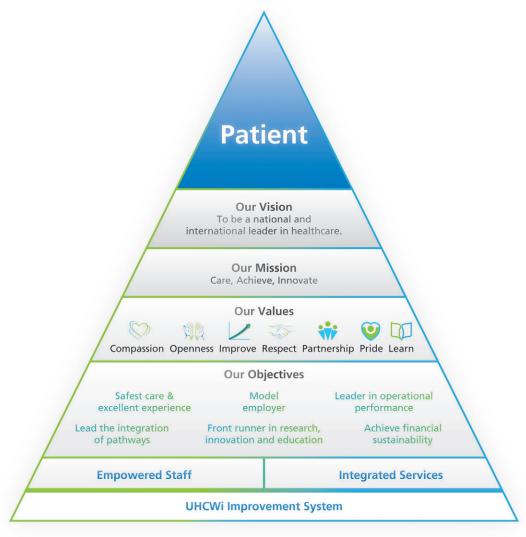
# 2.1.3 Our Strategy

Our strategy was reviewed in 2018 and, following a number of staff engagement events a revised Organisational Strategy for 2018-2021 was approved by our Trust Board in March 2018. Our central focus on putting patients first in everything we do remains and is reflected in our vision, mission and values which have not changed.

Our vision to become a national and international leader in healthcare remains, along with our underpinning mission to 'Care, Achieve and Innovate'. We have also retained our values which have been developed by staff to reflect the culture we want to live. The strategic solutions in the revised strategy respond to and are consistent with the national long term plan, the local system plans and our own internal challenges. The solutions are threefold:

- Empowering our staff particularly through implementation and spread of our improvement methodology, known as UHCWi
- Integrating our services working with other partners to help people stay well and avoid the need for care in hospital where care is needed, providing it in the right place, locally where possible, centrally where necessary
- Building strong foundations delivery will be enabled through our clinical services and support functions including organisational development, workforce &innovation, research, quality, digital and mobile technology, estates and facilities and finance

Our strategy triangle, including the objectives to help show whether we are achieving our strategy, is shown below.



During 2021 and early 2022, we started the process of refreshing our strategy to reflect the range of significant changes to the health and care environment including the impact of the pandemic and major structural changes to the way health and care will be organised in the future, and our role in this. Throughout January, February and March 2022 we have engaged with our staff, the public and partners to hear their views and capture their ideas to help shape our future and will publish our 2022-2030 Organisational Strategy in the spring of 2022.

# 2.2 Performance Analysis

The Trust strives towards the provision of high quality care, whilst embracing innovation to ensure that we deliver applicable local and national targets and standards and enhance productivity. To do this, we have developed a Performance Management Framework embedded within the Trust, which measures and monitors our progress against these targets.

## 2.2.1 Performance Management Framework

Our Performance Management Framework provides assurance on the performance delivery across the Trust against the strategic objectives aligned to the Trust's Vision and Values. It provides the mechanism for effective monitoring, accountability and escalation ensuring comprehensive performance management.

Performance management is the mechanism for the identification and implementation of data processes to effectively measure performance trends across all services and key performance indicators (KPIs) are utilised to identify service efficiencies, alongside clinical and operational performance. It provides the structure and processes for performance assessments on an annual, quarterly and monthly basis allowing a culture of performance to be embedded within the Trust.

The performance management framework supports achievement of all of the Trust's strategic objectives which are achieved through alignment of annual goals and key performance measures which allows effective performance monitoring through key committee meetings feeding into the Trust Board through performance escalation. These metrics and performance reports are reviewed on an annual basis to ensure performance reports remain aligned to both external and local strategic priorities.

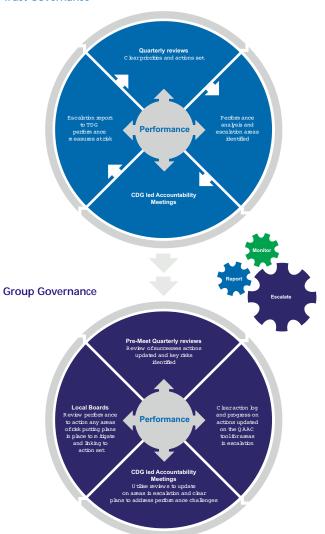
Pick up performance escalation

The annual performance management cycle above allows the Trust Board and its committees to receive assurance on the effectiveness of our performance management framework whilst ensuring that the strategic vision, annual goals and objectives are aligned to each core workstream within the Trust.

This is reflected through the submission of revised KPIs on an annual basis that are aligned to the above.

It also provides an opportunity to reassess the key priorities for the forthcoming year embedding key performance principles with measureable outputs. This allows the Trust to track delivery and non-delivery providing a clear accountability pathway and escalation process through effective meeting structures, performance monitoring and targeted interventions. This aids dissemination of key priorities throughout the Trust meaning greater alignment to UHCWi methodology as engagement, accountability and transparency is clear from Board to ward.

**Trust Governance** 



We also consider our performance against peer trusts and produce regular benchmarking reports using nationally published datasets that are reviewed at relevant committees. These reports outline our position against a suite of KPIs using national averages and individual peer trusts, which allows us to identify areas where improvements can be made, and to highlight where we are performing well.

# 2.2.2 Performance against 2021/22

#### **Acute Contract Targets**

Our 2021/22 acute contract with Clinical Commissioning Groups required delivery against 47 standards that were agreed as part of the contract. Performance challenges, particularly relating to flow through the hospital, have continued throughout 2021/22 as detailed later in this report. Despite these challenges, the percentage of staff trained in relevant safeguarding competencies has been remained high throughout the year.

#### 2.2.3 Counter Fraud Arrangements

Fraud, bribery and corruption can result in resources being unintentionally diverted away from their intended purpose and is one of the risks the Trust has to manage. The Trust does not tolerate this and continues to work with our Counter Fraud Specialists to identify instances where this is taking place and to impose the appropriate level of sanctions where this has been committed and to reduce the possibility of this taking place. They deliver against an approved plan covering four areas which are:

- Strategic Governance
- Inform and Involve
- Prevent and Deter
- Hold to Account

These areas are assessed against 12 requirements in the new Government Functional Standard 013 for Counter Fraud. Work undertaken by Counter Fraud includes professional investigation into cases that are raised with the Trust where possible fraud, bribery or corruption may be happening or has taken place. Regular briefings and reports are presented to the Trust's Audit and Risk Assurance Committee which includes professional guidance and advice. The Counter Fraud Specialist provides introductory information via the Trust's staff portal, TrustNav, to where all new staff are directed to ensure the counter fraud message is disseminated effectively and uses appropriate media to communicate fraud awareness.

# 2.2.4 Patient Experience and Engagement

The Trust is actively working towards the Patient Experience and Engagement Five Year Delivery Plan that was launched in February 2018. The plan was developed following three co-development events with patients, staff and local stakeholders. The plan follows the priorities set at the co-development events which identified five key objectives for the Trust to deliver:

#### Objective One

Improve the way we listen, respond and use patient feedback to support improvements.

## Objective Two

Improve the way we develop and manage patient information leaflets.

### Objective Three

Ensure our staff place the Trust values at the centre of care improvements.

#### **Objective Four**

Ensure that patient voice is at the centre of care improvements. Objective Five

Improve the patient care environment.

Further details are available in the Quality Account.

#### 2.2.5 Research and Development (R&D)

Research is core to the development of new techniques, treatments and therapies in the prevention, diagnosis and treatment of disease. It enables us to provide the highest quality and most effective patient care. It ensures that we are a leader rather than a follower within healthcare provision and enables us to attract and retain highly skilled and motivated staff. As such, one of our Trust objectives is to be a frontrunner in research, innovation and education.

COVID-19 has been one the biggest public health challenges faced to date and research is at the forefront of the national response. During 2021/21, the Research and Development team sought to continue with delivering nationally-mandated Urgent Public Health COVID studies, collecting data from, and providing research treatments to, our COVID patients.

In unprecedented circumstances, Research has adapted to continue to flourish. We are particularly proud that every eligible COVID-19 patient was provided with the opportunity to try new treatments. The fluctuation of COVID patient numbers during the year provided opportunity to re-open other research put on hold by the pandemic, and also to take on new projects, thereby enabling more patients the opportunity to take part in research.

This year saw the Trust deliver its first vaccine study, with 109 healthy volunteers recruited to try a new COVID vaccine within a month. These patients have been followed up throughout the year and initial results have been promising.

In August 2021, we carried out our first commercial phase 1 clinical trial, testing an injectable antibiotic formulation for chronic low back pain, recruiting the 3rd patient in the world to try the drug, which is delivered directly into the spine via injection. To enable us to offer more early phase and intense research studies to our patients, work has commenced on a dedicated overnight facility for clinical research participants, this will open in Spring 2022.

We have secured significant external income to fund our research this year. These focus around our areas of strength such as digital health (utilising Artificial Intelligence or integrating digital infrastructures to improve care) and innovative health technologies, such as robotic surgery and advanced cardiac diagnostic equipment.

We have continued to be nationally recognised for our work. UHCW developed PatientTRACKERTM, an easy to use clinical

delivery software tool aiding in the effective management of patients in research studies and clinical trials.

PatientTRACKERTM was rolled out across the West Midlands to support the Urgent Public Health RECOVERY trial, to ensure patients could be tracked and research carried out seamlessly across organisations. This work was recognised by a place in the finals of the HSJ Value Awards in 2021.

The Research & Development team also secured a Bronze award at the 2021 Pharmatimes International Clinical Researcher of the Year Awards in the Clinical Research Team category, the only NHS team to reach the final.

# Patient and Public Involvement and Engagement and Participation in Research Trials

Patient and Public Involvement and Engagement in research continued during the pandemic by using Microsoft Teams. Via remote means, members of the public were able to use their own experiences and perspectives to advise researchers, ensuring the research conducted at UHCW is relevant to our patients. Members of our Patient and Public Research Advisory Group have advised on numerous research projects in the last year, undertaking a variety of activities, including reviewing patient facing documents, attending online focus groups, being study co-applicants and dialling into Trial Steering Groups. By maintaining remote meetings, our patient Research Champions are represented on the R&D Strategy Committee, ensuring the opinions of our patients are considered throughout R&D.

# 2.3 Performance Exceptions and Risks

Key performance indicators are described below.

Performance has seen significant change since the Covid-19 pandemic and subsequent restoration of service. These have resulted in unique operational pressures, and caused a number of indicators to fall short of the target. This is not unique to UHCW, and has been reflected across the whole of NHS England – however, the Trust has, in most cases, switched to prioritise patients clinically most in need, and by doing so has attempted to lay the foundation for greater improvements over the coming years.

# 2.3.1 A&E 4 Hour Wait

In 2021/22, all Trusts nationally continued to experience significant pressures on A&E services, including within the UHCW A&E departments, and the statutory 95% target for four hour waits has not been achieved in any month this financial year. As elective activity continues to be restored following the Covid pandemic and A&E attendances increased, performance has declined towards 70%. Our overall performance against this standard in 2021/22 was 73.87% which equates to 58,950 patients out of a total of 225,625 attendances at A&E being seen outside of the four hour standard.

The Trust continued to take a number of actions during the year to improve the A&E performance including using the Getting It Right First Time (GIRFT) principles to reduce the time between stages in every patient's pathway. This has been facilitated by twice daily Board or Ward Rounds with a focus on immediately ordering diagnostic tests and timely ordering of TTOs for the patients to be discharged the following day.

The Trust is also currently undergoing an expansion of the main Emergency Department building, using lessons learnt around patient flow during the pandemic, which is hoped will lead to improved performance in 2022/23.

#### 2.3.2 Referral to Treatment (RTT)

The Trust remains part of the National Elective Performance Pilot, and as such is monitored against a 9.5 week average wait time. Alongside this the Trust monitors its performance against the existing 92% standard for the RTT measurement for incomplete pathways.

During 2021/22 the Trust continued to work under challenging circumstances with numerous Covid-19 waves causing both patient cancellations and staff shortages. Despite this the Trust worked to restore services to Pre-Pandemic levels, with the year end RTT Incomplete % increasing to 55.6%, and the average wait moving to 15.5 weeks from 16.1 weeks at the same period the previous year.

The number of patients waiting for treatment has increased throughout the year, as patients return to their GP's following two years of repeated "lockdowns" and Covid-19 concerns. At the end of March 2022 there were 58,213 total waits, an increase of 7,797 from the previous year end.

The Trust continued to prioritise patients using the national framework, as well as focusing attention onto the longest waiting patients. This led to a reduction in the number of 52 week (+) waits by 1,571 to 3,499, and ensured no patients waited over 104 weeks (2 years) at the end of March 22.

For the following year the Trust has a number of actions in place to continue to reduce the numbers of long waiting patients, and will continue to work with colleagues across the System to improve wait times for all patients. Patient level tracking continues and each of the Clinical Groups have clear performance targets that are monitored at a senior level.

# 2.3.3 Cancer 62 Day Standard

The 62 day standard states that 85% of patients should wait a maximum of 62 days for their first cancer treatment from the point of GP referral for suspected cancer.

Throughout the year, priority was given to cancer patients to ensure that as many patients as possible could receive their treatment

Weekly patient level tracking meetings involving the Senior Leadership team were used to support the patients on these pathways.

The year-end position was 61.6%, which was due to a combination of increased demand / referrals following the referral reduction during the main stage of the pandemic, and reduced capacity caused by staff sickness or isolation following a number of Covid-19 waves throughout the year.

## 2.3.4 Cancer 28 Day Faster Diagnostic Standard

The new national Faster Diagnostic Standard was introduced in 2021/22, with a target of 75% of patients referred for cancer receiving their diagnosis (or discharge) within 28 days of referral.

The Trust had been actively monitoring this internally since before the Covid-19 pandemic and had processes in place ready to report. As a result, for the March year end the Trust reported 70.6%.

The Trust commissioned an external audit to review the internal process put in place to support the new measure, covering both administrative and clinical areas. This delivered a positive set of findings and has given assurance that although the target was missed, the Trust is leading the way in how the patients are diagnosed.

### 2.3.5 Diagnostic Waiters - 6 Weeks and Over

The Diagnostic Standard measures the percentage of patients waiting longer than 6 weeks for one of fifteen specific diagnostic tests. Nationally the target is for no less than 5% of patients to be waiting longer.

The diagnostic waiters' standard showed significant improvement throughout the year as a result of the work across the Trust to restore services and reduce the backlog, moving from 46.8% at the start of the year to 5.4% by March 2022.

The Trust now aims to continue to reduce this, and has set an internal target of less than 1% for 2022/23.

# 2.3.6 Average Number of Long Length of Stay (21 days and over) Patients

The NHS has a national ambition to reduce long hospital stays. This is supported by UHCW who monitor and report weekly on numbers of long stay patients on wards. This indicator has also been affected by the ongoing pandemic. The target for 2021/22 was to have no more than 109 over 21 day stay patients in ward beds.

For the month of March 2022 there was an average of 189 long stay patients at UHCW.

Although this was below the target, it is reflective of the type of patients being admitted - as the Trust focused on ensuring the longest waiting / most complex patients were being treated. It also reflects the national issues with Care Homes and the pandemic, with reduced community beds and staffing.

As this is also a key driver in patient pathway flow though the hospital, the Discharge Team meet each week with the CEO and Chief Nursing Officer, to review all long length of stay patients, to ensure no patient is missed or in a bed unnecessarily. The complex discharge team also continue to work collaboratively with system partners to discharge complex cases to reduce the length of stay for patients in the emergency pathways. Operational focus has been increased for patients staying in hospital under seven days. Further work is planned to streamline flow processes throughout the wards to ensure that patients move through their pathway without delay.

# 2.3.7 Scorecard as at 31st March 2021

е	Measure	Previous Position	Latest Position	DoT	Currant Target	Annual Target	Executive Lead	Trend
est ca	re and excellent experience							
ection	Control							
	Healthcare associated incidents of Clostridioides difficile - Cumulative	66	69	•	70	70	CNO	••••
	MRSA Bacteremia - Trust Acquired - Cumulative	2	2	•	0	0	CNO	••••
e Care	;							
	Never Events - Cumulative	5.0	5.0	-	0	0	СМО	• • • •
	Serious Incidents - Number	6	7	¥	15	15	cqo	••••
	HSMR - Basket of 56 Diagnosis Groups (3 months in arrears)	103.43	105.42	-	RR	RR	СМО	••••
	SHMI - Quarterly (6 months in arrears)	106.60	107.70	-	RR	RR	СМО	••••
	Average Number of Long Length of Stay Patients	184	189	-	109	109	CNO	••••
ient E	xperience							
	Friends & Family Test - Recommender Targets Achieved	0	0	,	7	7	cqo	
	Complaints Turnaround <= 25 Days (1 month in arrears)	97%	90%		90%	90%	cqo	• • •
	operational performance	3.77				51,0	-4-	•
ient Fl								
	Emergency Care 4 Hour Wait	71.5%	70.0%	<b>-</b>	95%	95%	COO	
	Bed Occupancy Rate - KH03 (3 months in arrears)	94.9%	94.9%	,	93%	93%	COO	••••
	Breaches of the 28 Day Readmission Guarantee	17	24		0	0	coo	••••
	Diagnostic Waiters - 6 Weeks and Over	5.93%	5.42%		1%	1%	COO	••••
	Diagnostic Walters - 0 Weeks and Over	3.53 %	3.42 70	^	1 70	1 70	COO	••••
	10.W/ sla Defensales Tourism Time In complete (4 month in surround)	FC C0/	FF 00/		020/	020/	500	
	18 Weeks Referral to Treatment Time - Incomplete (1 month in arrears)	56.6%	55.8%	•	92%	92%	COO	••••
	RTT 52 Week Waits Incomplete (1 month in arrears)	3475	3370		0	0	COO	••••
	Last Minute Non-clinical Cancelled Operations - Elective	0.9%	0.7%	~	0.8%	0.8%	COO	•••
icer								
	Cancer 62 Day Standard plus 31 Day Rare Cancers (1 month in arrears)	45.38%	54.93%		85%	85%	COO	••••
	Cancer 104+ Day Waits (1 month in arrears)	20.5	22.0	*	0	0	COO	••••
	Cancer 28 Day Faster Diagnosis Overall	267.3%	73.18%	^	75%	75%	COO	••••
	National Cancer Standards Achieved (1 month in arrears)	3	4	*	12	12	COO	••••
del en	nployer							
	Mandatory Training Compliance	92.70%	92.94%	^	95%	95%	СРО	••••
	Appraisal - Non-Medical	80.24%	79.45%	•	90%	90%	СРО	••••
	Appraisal - Medical	83.81%	82.27%	•	90%	90%	СРО	••••
	Sickness Rate	6.03%	6.11%	•	4%	4%	СРО	••••
ieve f	inancial sustainability							
	Forecast Income & Expenditure - £'000	100	100	•	0	0	CFO	••••
	WRP Delivery - £'000	15360	19209	•	19109	19109	CFO	• • • •
ntruni	ner in research innovation and education							
	Patients Recruited into NIHR Portfolio-Cumulative (2 months in arrears)	4052	4825	•	3963	4756	СМО	••••
	Commercial Income Invoiced £000s - Cumulative (1 month in arrears)	1287	1327	•	825	900	CFO	••••
	NIHR Research Capability Funding (£000s)	250	250	+	750	1000	СМО	••••
	Trial Recruitment Income (£000s)	1212	1212	<b>→</b>	1593.75	2125	СМО	• • • •
	All Grant Income (£000s)	1902	1902	•	1500	2000	CMO	••••
▲ In	No Target or RAG rating Achieving or exceeding target Sli  proving ➤ No change ▼ Falling  De: National Target Local Target	ghtly behind target	Not achieving	g targ	et Data not cu	rrently available	Annual Target E	3reached

# 2.4 Forward Look: Main Trends and Factors Likely To Affect Our Future Performance

#### 2.4.1 Overview

Although the Trust continually strives towards realising their vision to be World Class, and providing the safe, high quality care that their patients deserve, they do so in an increasingly difficult environment.

The NHS is currently in unprecedented times balancing priorities between repeated waves of the pandemic, emergency surges, emergency service access, cancer pathways pressures and elective routine care.

Alongside this, the financial platform has been altered to adapt to the current ever changing position; however demand for the services provided continues and the Trust must ensure that they continually strive to improve the quality of care that is provided.

Despite the national challenges NHS services continue to face at the current time, it is important to acknowledge the achievements the Trust has made during 2021/22 such as with ensuring no patient is waiting to start treatment for more than 2 years, one of the only Trusts in the country to achieve this.

Throughout 2021/22, despite being in an ever-changing situation, the Trusts use of innovative methodology's such as UHCWi and the Health Inequalities project, as well as improved governance aligned to clear operational plans, will assist in improving performance continuously with high quality outcomes for all patients.

# 2.4.2 Managing Capacity

In line with the rest of the NHS, the Trust has underperformed against a number of standards set out in the NHS Oversight Framework due the ongoing pandemic and restoration of services.

It is recognized that not meeting these national standards falls short of the experience that the Trust would want to offer it's patients, and it remains committed to achieve these as soon as it can.

However, adapting the provision of services to keep patients safe during the pandemic, and ensuring that through the restoration of services the most vulnerable patients are prioritised, was and remains fundamental to the Trusts core values and operational processes.

#### Innovation

The Trust continues to restore elective services safely through the introduction of various innovative processes, including maintaining green pathways, optimising patient flow, making data and informatics central to daily operational working and making the most of opportunities to provide services differently by offering virtual outpatient appointments wherever possible. Continuing to embed these ways of working will be a focus of the forthcoming year.

#### **Longest Waits**

Prior to Covid-19 the Trust had delivered zero 52 Week Waits for 16 months, due to the internally developed processes of managing patient pathways. These involved collaborative working between Clinical teams, Operational Teams, Informatics Teams and the Trust Leadership, working together to improve patient care.

Throughout 2021/22 this process was reviewed and re-implemented as part of the restoration of services, and as a result the number of patients waiting more than a year for first treatment reduced by over 25%, and no patient waits over 2 years. This should demonstrate the Trust is capable of returning services and wait times to a pre-pandemic level, and that the focus continues on making rapid progress to delivering care safely to the significant numbers of patients who have had their treatment delayed due to the pandemic.

#### **UHCWi**

The continued adoption and expansion of the UHCWi methodology across different clinical areas is delivering good indications of improvements in both productivity and efficiency. Throughout 2021/22 the Trust continued to explore specific productivity opportunities across the Trust which saw UHCWi methodology being further implemented to support delivery on key outcome measures. In addition to our internal processes we continue to review demand management and delivery of care across Coventry and Warwickshire.

#### Cancer

Delivery of cancer services throughout 2021/22 has remained a priority for UHCW. Cancer performance against all National Cancer Waiting Times Standards was especially challenged, though was representative of a national picture.

We continue to utilise all viable capacity, working collaboratively with Coventry & Warwickshire primary care and secondary care providers to provide high quality care.

The delivery of cancer services has been impacted due to a number of factors including; year on year increase in referrals to cancer services, above those seen in 2019, required workforce due to COVID-19 related absence, disruption to previous service configuration resulting in operational inefficiency and reduced baseline capacity due to national Infection Prevention & Control guidelines.

Cancer services are working alongside clinical and operational teams to undertake the following actions that are expected to deliver capacity benefits and improve performance over the forthcoming year:

- Adoption of NHS E National Best Practice pathways for all tumour sites to reduce the time taken to provide a cancer diagnostic outcome
- Utilising exception funding provided by the West Midlands Cancer Alliance (WMCA) to support challenged services and increase clinical workforce

- Recruitment of Cancer Care Navigator roles to track and support patients through their pathway as part of a national investment
- Ensure equity of access for cancer services across Coventry & Warwickshire through mutual aid and utilisation of Independent Sector capacity
- Working with Primary Care colleagues to improve quality of referrals to ensure appropriate patients are referred to cancer services
- Implementation of new Non-Specific Pathway to prevent delay of patient access to secondary care
- Creating a new pathway for cancer patients who present to our Emergency Department and Medical Decisions Unit to expedite their diagnosis and treatment.

# 2.4.3 Meeting Required Targets and Standards

As we have described above, our ability to meet key national targets such as the A&E four hour standard and the RTT target continue to be challenged by the ongoing pandemic and operational pressures. We will continue to closely monitor all aspects of our performance internally through our Performance Management Framework and externally by our commissioners through contract performance meetings and more widely by NHSE/I as we strive to deliver the NHS Strategy.



# 2.5 Financial Performance Overview 2021/22

#### Statement from Susan Rollason, Chief Finance Officer

2021/22 has been a second exceptional year requiring a national NHS response to the global COVID 19 pandemic. To ensure financial stability, an emergency financial regime continued. Therefore the majority of the trust's income from NHS commissioners was in the form of block contract arrangements. The Trust also received additional income outside of the block payments to reimburse specific costs incurred and other income top-ups to support the delivery of services. In 2021/22, the Elective Recovery Fund enabled systems to earn income linked to the achievement of elective activity targets. As a result, the Trust submitted an overall breakeven plan for the year.

The year concluded with a £0.284 million surplus after required adjustments for impairments, capital donated assets, grants, DHSC centrally procured inventories and returns of COVID assets to the DHSC. Included in this surplus, the Trust has transacted waste reduction of £19.2 million of savings. Over delivery of waste reduction savings is the main driver of the £0.3m surplus improvement against a breakeven plan.

This section sets out the key features of the Trust's financial performance in 2021/22.

Throughout COVID, financial governance has been maintained alongside the introduction of robust reporting for COVID associated expenditure.

A full set of accounts is attached including:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Taxpayers' Equity
- Statement of Cash Flows

# 2.5.1 Key Financial Targets

It is important to understand how performance against the financial performance target is calculated. In its Statement of Comprehensive Income, the Trust recorded a surplus for the year of £3.2 million which the Department of Health requires to be adjusted for the following:

- The impact of the impairment (or reversals of impairments) of non-current assets is excluded from the breakeven duty calculation; and
- HM Treasury guidance on the interpretation of IFRS concerning accounting for donated assets required the removal of the donated assets reserve in 2011/12, however in order to comply with HM Treasury Consolidated Budgeting Guidance, the impact of this accounting change should also be excluded from the financial performance of NHS Trusts. This can result in either a positive or negative adjustment.

The table below reconciles the position reported in the Trust's Statement of Comprehensive Income to its performance against its financial performance target:

Reconciliation of retained surplus to adjusted retained surplus	£'000
Retained surplus/(deficit) for the year	3,212
Impairments charged to revenue	-2,470
Adjustments in respect of donated gov't grant asset reserve elimination	-886
Remove net impact of DHSC centrally procured inventories	294
Remove loss recognised on return of donated COVID assets to DHSC	134
Adjusted retained surplus/(deficit)	284

The table below shows the Trust's performance against each of its key financial targets:

Duty	Target	Performance	Target Met
Achievement of the financial performance target (on its Statement of Comprehensive Income)  (this requires the Trust to meet the target agreed with NHS Improvement)	Breakeven	£284k surplus (after allowable adjustments)	
Remain within its approved External Financing Limit (EFL)  (this requires the Trust to remain within the borrowing limits set by the Department of Health)	£32.813 million  (this required the Trust to ensure that net borrowing plus decreases in cash balances did not exceed this sum)	£8.218 million  £24.595 million undershoot  Target achieved (the Trust is permitted to undershoot its EFL)	
Remain within its approved Capital Resource Limit CRL)  (this requires the Trust to keep its net capital expenditure within the limits set by the Department of Health)	£56.792 million  (this required the Trust to spend no more than this sum after adjusting for asset disposals and the receipt of donated assets)	£56.079 million  £0.713- million under spend  Target achieved (the Trust is permitted to under spend against its CRL)	

#### 2.5.2 Capital Programme - External Financing Requirement

Whilst a significant proportion of the Trust's annual capital investment requirement is covered by the lifecycle replacement programme for equipment provided under the PFI contract, there remains a significant proportion of medical equipment, ICT hardware and software and the reconfiguration or upgrading of hospital buildings that fall outside the PFI contract.

For 2021/22, the Trust's non-PFI capital investment programme exceeded the amount of internally generated funds available and therefore the Trust was reliant upon the receipt of external financing to fund the programme. A system capital envelope was issued to release capital finance. The Coventry and Warwickshire system worked to prioritise schemes within the available envelope. The Trust therefore had an initial requirement for public dividend capital of £30.5 million. In the year, the Trust actioned drawdowns of £25.8m of the initial public dividend capital requirement and was also successful in bidding for a further £7.8 million of public dividend capital to finance a number of IT, diagnostics and digital spend. The year's public dividend capital drawdowns included £12m for Emergency Department Footprint, £3.5m for Digital Aspirant and £2m from NHSX Digital funding.

## 2.5.3 Improvement of the Trust's Liquidity Position

The Trust's liquidity position has remained buoyant in 2021/22, influenced by two main factors.

Firstly, the NHS funding regime in response to the COVID global pandemic. As part of the emergency financial regime, the Trust has been funded for all costs in 2021/22 via block arrangements, thus allowing it to meet its Control total without the requirement to drawdown additional revenue support.

Secondly, the Trust's liquidity position in 2021/22 has been improved by a positive working capital position driven by capital investment project timing. The Trust has received £33.6 million of public dividend capital to fund capital expenditure. Due to project timings, the Trust has £23.1 million of capital payables at 31/03/2022. This gives a positive inflow of £10.5 million of cash at 31/03/2022. The Trust has continued to maintain good performance against the better payments practice code (94% of invoices by value were paid with 30 days of receipt of a valid invoice), met all of its debt servicing commitments and maintained the agreed minimum monthly cash balance of £1 million. In fact, the Trust has a significantly higher cash balance than in prior years, the balance being £72.1m, on 31 March 2022.

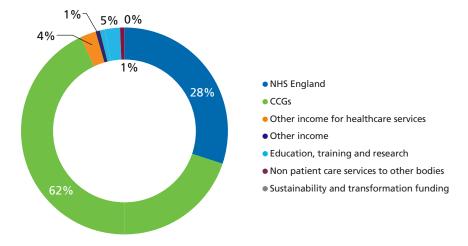
The summary headline financial information for 2021/22 (compared with 2020/21) is shown in the table below:

Key figures	2021/22 £′000	2020/21 £′000
Revenue accounts		
Operating income (turnover)	877,683	806,313
Retained surplus / (deficit) for the year	3,212	3,402
Breakeven performance (after technical adjustments for impairments, PFI and donated assets	s) 284	237
Efficiencies achieved	19,209	3,683
Assets		
Total assets	611,504	538,777
Cash and cash equivalents	72,118	54,736
Capital Investment	56,079	37,288
Borrowing		
Long term borrowing – PFI liabilities	225,430	230,410
Long term borrowing – other	7,325	8,322
Short term borrowing – PFI liabilities	4,981	6,778
Short term borrowing - other	1,313	1,285

# 2.5.4 Where The Trust's Income Comes From

During 2021/22 the Trust recorded total revenue of £877.7 million. This represents an increase of 8.9% when compared with total revenue of £806.3 million in 2020/21. This increase in revenue was due to the additional reimbursement for Covid costs and reduction in elective activity.

The chart below shows the key sources of income for the Trust in 2021/22. The combined proportion of income from Clinical Commissioning Groups and NHS England for the provision of care and treatment to patients is 90%.



#### 2.5.5 How Does the Trust Spend the Money it Earns?

The Trust's operating expenditure for 2021/22 totalled £842.8 million and represents a 9.8% increase over total operating expenses of £771.2 million in 2020/21. If impairments (and impairment reversals) are excluded, operating expenses for 2021/22 would be £845.3 million compared with £770.9 million in the prior year – an increase of 9.7%.

The largest cost element continues to relate to salaries and wages with the average number of people employed during the year being 9,243 whole time equivalents at a total cost of £507.5 million, which equates to 60% of total operating expenditure. In the prior year 2020/21, the average number of people employed was 8,537 whole time equivalents at a cost of £467.0 million.

Clinical and general supplies and services (including drugs and other medical/surgical consumables) are also a significant cost element and amounted to £180.8 million which equates to approximately 26% of day-to-day operating expenses. This compares with expenditure of £158.6 million in 2020/21 and represents an increase of 14.0%. This increase in expenditure in 2021/22 is attributable to both clinical and drugs costs increasing from the previous year.

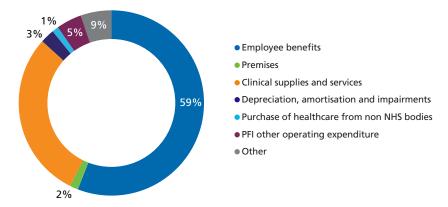
The total charged in year to operating expenditure in respect of the service element of the private finance initiative was £39.5 million and continues to represent around 6% of total operating expenditure.

Charges relating to the depreciation, amortisation and impairment of property, plant and equipment and intangible assets totalled £24.5 million compared with £23.6 million in the previous year. Within this charge in 2021/22, there was a movement which reversed previous property, plant and equipment impairments by £2.5 million, thereby reducing the charge. As explained in the section on key financial targets, impairments are excluded from the assessment of the Trust's financial performance.

Other operating expenditure totalled £104.3 million in 2021/22 and included the following key items of expenditure:

- Establishment expenses £10.4 million
- Clinical negligence costs £20.5 million
- Education, training, research and development £23.4 million
- Healthcare purchased from non-NHS organisations £11.0 million
- Premises £21.2 million
- Other costs £17.8 million

The chart below compares expenditure by category – the breakdown of costs remains broadly similar to that in the previous year.



## 2.5.6 Other Costs

Due to the continuing low interest rates, the Trust earned no interest on its cash balance in the past year.

The Trust also incurs significant financing costs which totalled £27.7 million in 2021/22 – this represents a decrease of approximately £1.9 million from the previous year. The most significant element of the Trust's finance costs is the interest paid in relation to the PFI contract which amounted to £27.4 million in 2021/22, a decrease of around £2.1 million compared to the previous year. The Trust also paid interest on finance leases of £0.2 million and £0.05 million on its loans from the Department of Health during the year.

In addition to the above costs, the Trust is also required to pay a dividend to the Department of Health and Social Care equivalent to 3.5% of the average of its opening and closing net relevant assets for the year. The dividend payable for 2021/22 was £5.4 million, an increase of £2.7 million from the previous year.

#### 2.5.7 Capital Expenditure

The Trust is required to contain capital expenditure within its annual Capital Resource Limit (CRL) which is agreed with NHS Improvement. This limit is based upon the net internally generated funds after commitments for repayment of principal on all forms of capital borrowing (including loans and the capital element of PFI and finance lease contracts) plus any additional approved capital expenditure met from external sources (including loans, public dividend capital and leases).

The Trust's CRL for 2020/21 was £56.8 million against which the Trust recorded an outturn of £56.1 million – an underspend of £0.7 million. In addition, the Trust also benefited from £1.4 million of donated capital assets. As detailed earlier in this report, extra funding of £7.8m was secured on key capital schemes.

Key capital investments during the year included the following:

- Equipment assets provided through the PFI lifecycle fund £8.0 million
- Building/engineering works provided under the PFI contract £2.9 million
- Medical and other equipment £10.2 million
- Electronic Patient Record £9.1 million
- ED Footprint £12.0 million
- IT hardware/software £8.0 million; and
- Building/engineering works £5.9 million

#### 2.5.8 Cash and Working Capital

The Trust's cash balance at the year-end was £72.1 million which compares with £54.7 million at the end of the previous year. In achieving this position the Trust prepaid Tax and NI by £10.0 million.

The Trust's management of its cash balances, loans and PDC during the year ensured that the statutory duty to remain within its External Financing Limit (EFL), which had been set at ---£32.8 million was met. The Trust's outturn against its EFL was £8.2 million which meant that the Trust recorded an undershoot of £24.6 million. The EFL is an indicator of how much external financing the Trust needs, as such a Trust is allowed to undershoot but not exceed its External Financing Limit (EFL).

#### 2.5.9 Paying Suppliers on Time

In addition to its key financial duties, the Trust is also required to comply with the better payment practice code. This requires the Trust to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later. The Trust's performance against this target is summarised below:-ance against this target is summarised below:

Better payment practice code	2021/22		2020/21			2019/20
	Number	£′000	Number	£′000	Number	£′000
Total non-NHS trade invoices paid in year	124,348	518,234	108,852	441,754	114,933	419,534
Total non-NHS trade invoices paid within target	105,635	489,002	99,209	407,663	103,497	388,740
% of non-NHS trade invoices paid within target	85%	94%	91%	92%	90%	93%
Total NHS trade invoices paid in year	3,575	139,423	4,001	130,833	4,135	107,181
Total NHS trade invoices paid within target	2,438	130,474	2,429	117,841	1,771	92,786
% of NHS trade invoices paid within target	68%	94%	61%	90%	43%	87%
% of all invoices paid within target	84%	94%	90%	92%	88%	91%

The Trust's performance is consistent with the previous financial year both in volume and value terms. The volume of invoices processed has remained broadly consistent between years.

#### 2.5.10 Financial Outlook

2022/23 continues the move towards the restoration of services. The financial framework we will operate under will be moving towards an aligned contracts model where the urgent treatment pathways are fixed and the planned pathways moves towards a cost & volume approach. The operational landscape continues to be very challenging with much pressure on services and a national assumption that we return to pre-pandemic levels of productivity. It is also unclear if there will be a resurgence in COVID during the winter of 2022/23, and what additional costs are likely to be incurred to ensure the Trust is prepared.

Our waste reduction programme which underpins our ongoing efficiency requirement continues to be stretching given the understandable non recurrent nature of many of the efficiencies during 21/22, the current operational focus on recovery and the additional need to meet the convergence adjustment.

Using our UHCWi methodologies we now turn our attention to positive transformations emerging from the crisis and are looking at how these may improve our forward financial outlook.

#### 2.5.11 Conclusion

We delivered a small surplus to our control total. This demonstrates an appropriate balance in financial control and full deployment of resource to manage the ongoing pressures.

The forward look for the Trust will no doubt be challenging, and along with the wider NHS we will continue to face some uncertain times as we move through 2022/23. As we reshape the new business as usual in line with the emerging financial and operational framework I am confident that the Trust will continue to build upon the lessons learned through the pandemic, and the benefit of a single waste reduction programme to encompass improvements in quality, performance and efficiency. We will work closely within the Coventry and Warwickshire system to optimise opportunities to ensure financial sustainability for the future.

#### 2.5.12 Financial Accounts

The full set of accounts is included within this report.

The accounts have been prepared on a going concern basis and in accordance with International Financial Reporting Standards (IFRS) and the Trust's accounting policies. Their preparation has been guided by the Department for Health and Social Care Group Accounting Manual.

# 2.6 Accounting Policies

The Trust's accounting policies are in accordance with directors provided by the Secretary of State for Health and follow International Reporting Standards and HM Treasury's Government Financial Reporting Manual to the extent that they are meaningful and appropriate to the NHS.

# 2.6.1 Statement of the Chief Executive's Responsibility as the Accountable Officer

The Statement of the Chief Executive's responsibility as the Accountable Officer of the Trust is printed in full in the 2021/22 Annual Accounts.

# 2.6.2 Statement of Accounting Officer's Responsibility

The Statement of the Accounting Officer's responsibility is printed in full in the 2021/22 Annual Report and Accounts.

#### 2.6.3 Annual Governance Statement

The Annual Governance Statement is printed in full in the 2021/22 Annual Report and Accounts and can be found at Section 4.1.8.

#### 2.6.4 Disclosure of Information to Auditors

The directors confirm that as far as they are aware there is no relevant audit information of which the NHS body's auditors are unaware and they have taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the NHS body's auditors are aware of that information.

#### 2.6.5 External Auditor

Under the Local Audit and Accountability Act 2014, the Trust was required to appoint its own external auditor for the financial year 2017/18 onwards. Accordingly, the Trust undertook a competitive procurement exercise during 2021, and in December 2021 the Trust Board approved the re-appointment of KPMG LLP as the Trust's external auditor for a period of three years from financial year 2022/23 to 2024/25.

The auditors perform their work in accordance with the National Audit Office Code of Audit Practice and their work compromises two key elements:

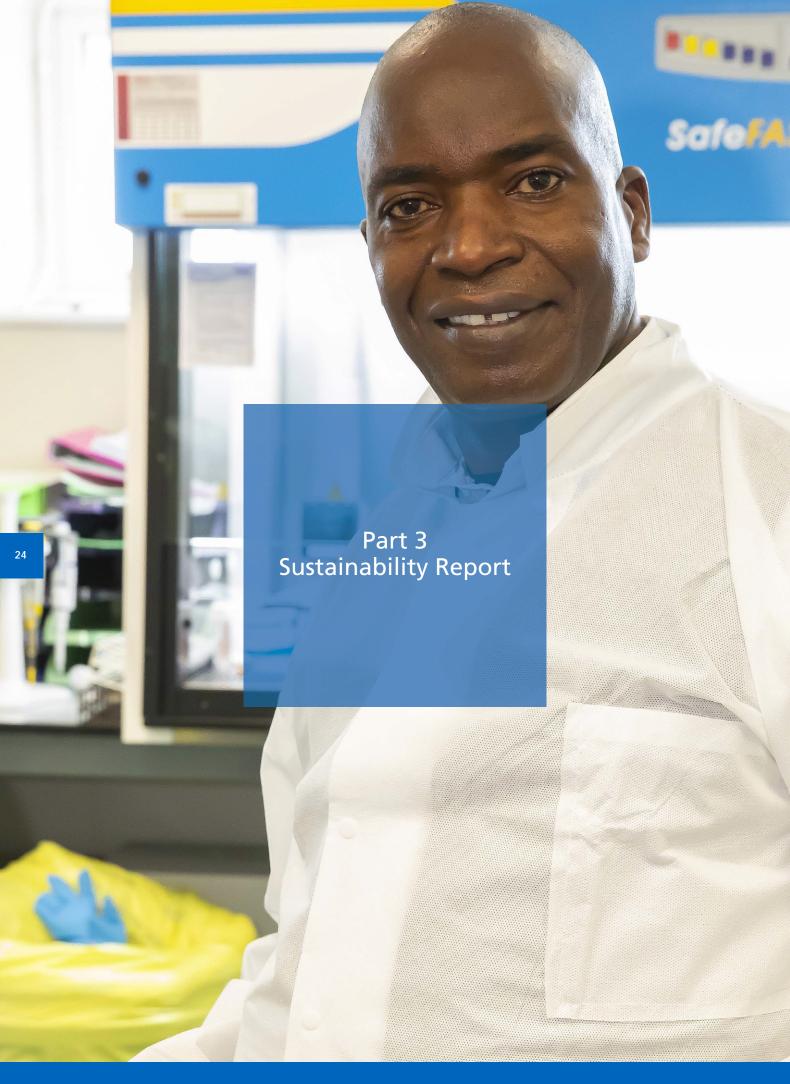
- Providing an opinion on the Trust's financial statements.
   This considers whether the financial statements give a true and fair view of the financial position of the audited body and its expenditure and income for the period in question; and whether the financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction; and
- To satisfy themselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

#### 2.6.6 Auditors' Opinion

Audit opinion is supplied by KPMG LLP and is included within the Financial Statements.

Anter

Chief Executive Officer, 20 June 2022



# 3.1 Sustainability Leadership and Engagement

# 3.1.1 Introduction by Tracey Brigstock

# - Executive Lead for Sustainability

The last year has seen significant momentum in sustainability nationally, with COP26 in Glasgow and NHS having significant presence to highlight the link between climate change and health. UHCW has been fully engaged with the Government's commitment to Net Zero and the Greener NHS Plan, creating its Green Plan and restructuring the sustainability governance to support the speed of change required. The Trust has been active installing LED at the Hospital of St Cross and a Combined Heat and Power unit at University Hospital; providing onsite generation of power.

# Trust Values in Sustainability:

Deliver the safest care and excellence in patient experience

• Developing low carbon patient pathways and adapting services to consider climate change

Be a front runner in research, innovation and education

• Developing new ways to achieve sustainability through partnership with our innovation team,

#### Achieve financial sustainability

 Ensuring that sustainable development for the Trust delivers efficient buildings and facilities that minimise resource and maximise value for money.

# Projects in 2021/2022 working towards Net Zero:

- Successful funding bid for solar panels and heat pumps at the Hospital of St Cross to reduce carbon emissions.
- Pushing boundaries with innovation to develop new waste tracking systems to ensure infrastructure equipment supply, whilst mapping waste volumes, streams and movement within the hospital. Ensuring clinical support and correct waste management through smart data, which in turn improves resilience during pandemics.

All these projects will reduce energy, cost and CO2e helping the Trust achieve financial sustainability, whilst reducing our impact on the environment. UHCW will continue to use innovative ideas to provide a sustainable healthcare fit for the Net Zero future.

Tracey Brigstock
Chief Nursing Officer
Executive Lead for Sustainability

# 3.2 Mitigating Climate Chnage: Working Towards Net Zero By 2050

#### 3.2.1 The Journey So Far

The last year has seen significant change with the launch of the UK Government's commitment to Net Zero by 2045

and the Greener NHS Programme. The Trust CEO made a public pledge for UHCW to be Net Zero by 2045 and that is supported by the Trust Green Plan setting targets for the journey towards Net Zero. The Trust recognises the need for change to achieve these targets within the timeframe, to embed sustainability within business thinking. A restructure of sustainability governance has started, the new collaborative approach has formed a Net Zero Group comprising of Trust representatives from key areas, staff and patient groups, this development continues with engagement of external partners.

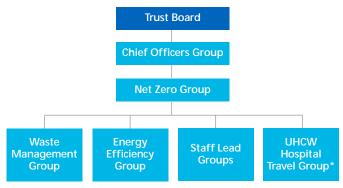
The Trust has made significant strides forward using partnership thinking working with internal and external stakeholders. The Trust has several staff driven sustainability groups actively engaged in the carbon zero journey, the Theatres Saving Turtles Group leading the way, they have already made significant reductions in anaesthetic gases and waste across the department, working with external partners there are several new initiatives all showing significant reductions in CO2 and waste.

The Trust is aware that this is not a journey it can make on its own and is actively engaged with external partners and will continue this to achieve Net Zero. The Trust is aware that the technology may not exist to meet the challenges of this sustainability journey; this is why the Trust innovation team is key to UHCW achieving Net Zero. There are several challenges being solved by the innovation team, this includes quantifying and tracking all waste on site. This allows best use of assets, improved compliance and targeting of resources to focus on areas not performing, whilst ensuring effectiveness of waste reduction at department level; not previously visible. The Innovation team are also trialling drones for the delivery of vital supplies at increased speed with reduced CO2, only achievable in partnership with innovation and external partners.

### 3.2.2 Organisational Vision – UHCW Journey to Net Zero

Climate change is the greatest global health threat facing the world in the 21st century, UHCW is committed to ensuring it reduces its carbon emissions in line with targets or sooner if possible. The Trust led by the Chief Executive Officer is working to embed sustainability at every level of the organisation; the business is making carbon friendly decisions going forward, on route to Net Zero.

Sustainability Organogram - Sustainability Reporting within UHCW



\*This group is a partnership group consisting of UHCW, Bus Operators, Councils, Cycle Groups, and the Regional Transport Authorities

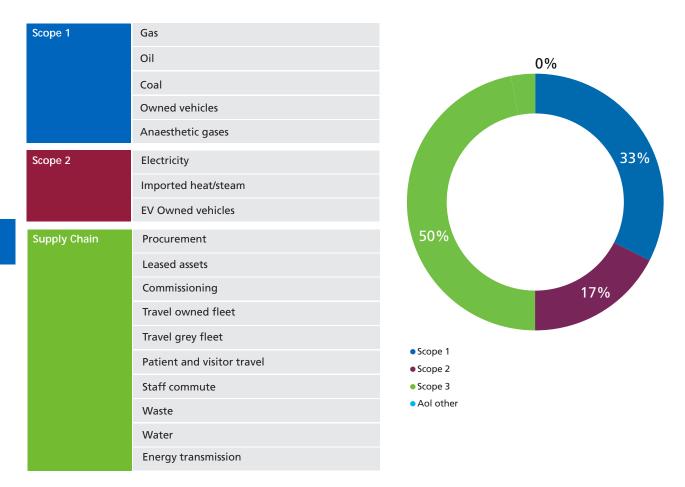
# 3.3 Carbon Footprint

The Trust has produced its Green Plan created as a collaborative document and will continue to have new contributors from staff, patients, strategic partners, and the community who we serve.

The Government issued its vision for a net zero health service in October 2020, delivering a Net Zero National Health Service which set mandatory targets for NHS Trusts.

For emissions we control directly net zero by 2040, with 80% reduction by 2028-2032. For emissions we can influence net zero by 2045, with 80% reduction by 2036 – 2039.

The Green Plan is the Trust commitment to Net Zero and making year on year reduction of all carbon scopes.



# 3.3.1 Commentary on Carbon Footprint

There is a change across scope one with an increase in gas burnt on site in the new Combined Heat and Power unit (CHP) which uses natural gas to produce electricity and heat at University Hospital in Coventry. Conversely scope 2 emissions are down because of the CHP producing electricity and LED lighting replacement at the Hospital of St Cross.

The Green Plan has time sensitive actions that are set to reduce the carbon footprint year on year, to hit the 2045 target.

# Graphs Showing Carbon Emissions by Scope Scope 1 Emissions



Scope 1 – All Direct Emissions from Trust activities or under their control. This includes fuel combustion on site, from owned vehicles and fugitive emissions. Examples include fleet vehicles, gas emissions from boilers and air-conditioning refrigerant leaks.

#### Scope 1 - Commentary on emissions

Scope 1 emissions have increased due to the onsite generation of electricity using a CHP at University Hospital. The Trust does not use coal and only uses oil for standby generators. There is no reduction in vehicle emissions in this reporting period, however work in electrifying the Trust fleet, these figures will be seen in the 2022/23 figures.

Anaesthetic gases have been reducing year on year. There has been significant work by the anaesthetics team led by Dr Laura May, in reducing the use of desflurane in surgery to less than 10% of its total volatile anaesthetic gas use by volume, this has been achieved over the last few months, this will show within next years figures. The anaesthetic team are already working on reducing nitrous oxide and trialling anaesthetic gas capture technology to reduce emissions even further, again this will show in the 2022/23 figures.

## Anaesthetic Gas Reduction

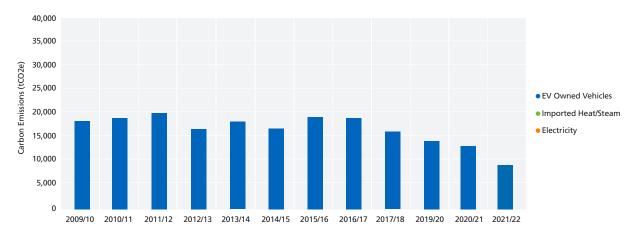
The Trust has a Net Zero lead in place for Anaesthetic gas reduction Dr Laura May; reducing the use of Desflurane and Nitrous oxide; both significant greenhouse gas emitters.

Based on 2017 data, one of the main contributors to carbon dioxide emissions in anaesthesia is from volatile gas usage – 20% in total, 17% of which is down to Desflurane alone. In fact, 5% of the NHS carbon footprint comes from anaesthetic gases. After use, anaesthetic gases are expelled into the atmosphere. These harmful gases remain in the troposphere for years contributing to climate change. Desflurane is by far the most damaging anaesthetic gas in current use. It has a global warming effect 2540 times more than carbon dioxide and stays in the troposphere for 14 years.

Put into perspective, when comparing anaesthetic gases, using Desflurane and Sevoflurane for 1 hour at the same flows is the equivalent of travelling 190 to just 4 miles respectively.

Across UHCW in 2019/2020, used 155 Litres of Desflurane, accounting for 22% of the volume of all inhalational anaesthetic agents used in the Trust. In September 2021, following a departmental discussion, Desflurane was removed from routine use in all anaesthetic rooms and operating theatres. Desflurane is still available for use, however, is monitored when and how it is used. It will ensure our usage by volume remains below 10% of all volatile anaesthetic agents. The Trust is offering training on alternative anaesthetic techniques such as total intravenous anaesthesia.

# **Scope 2 Emissions**

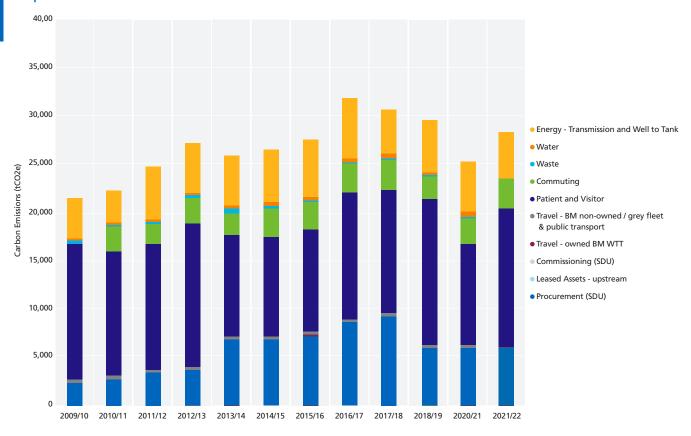


Scope 2 – Indirect Emissions from electricity purchased and used by the Trust. Emissions will be created during the production of the energy and eventually used by the organisation. Examples include electricity from energy supplier to power computers, heating and cooling.

### Scope 2 - Commentary on emissions

Scope 2 emissions have been reduced due to onsite generation of electricity via a Combined Heat Power plant (CHP) at University Hospital and the change to 100% renewable electricity being supplied to all UHCW sites. This has been further supported by the replacement of the lighting to LED throughout the Hospital of St Cross in Rugby and the replacement of the Building Management System (BMS) the computer system that controls plant room, heating and cooling etc.

#### **Scope 3 Emissions**



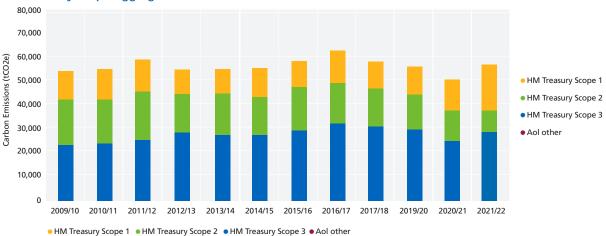
Scope 3 explanation— All other Indirect Emissions from activities of the Trust but occur from sources that they do not own or control. This is usually the largest share of the carbon footprint, covering emissions associated with business travel, procurement, waste and water. Examples include plane travel, shipping of goods and waste disposal.

#### Scope 3 – Commentary on emissions

Scope 3 emissions have increased in line with increased patient interventions and the increased procurement activity partly due to COVID activity. The Trust has also seen an increase in new services in line with the increased activity. The Trust has a Net Zero lead in place for Pharmacy taking action to reduce carbon emissions related to prescribing and use of medicines and medical products.

#### 3.3.2 Treasury Format Yearly Carbon Figures

# **HM Treasury Scope Aggregations**



#### 3.3.3 Commentary on Carbon Emissions

Scope 1 - 18,670 tonnes CO2e

Scope 2 – 9,477 tonnes CO2e

Scope 3 – 28,630 tonnes CO2e

There is an overall increase on the previous two years in carbon emissions due to scope 3 activity and an increase in scope 1, whilst scope 2 has reduced in line with demand reduction activities across the two sites. However, there was a reduction in some activity because of COVID in the previous two years which also needs to be factored in.

The Trust has several projects set to reduce emissions across all three scopes as part of its Green Plan.

In line with the decarbonisation of the Trust estate, solar panel array and air source heat pumps; as part of a district heating system at the Hospital of St Cross. This aligns to the Trust carbon reduction ambitions and the NHSEI requirements to remove gas heating and hot water systems from healthcare estates.

#### 3.3.4 Staff Engagement in Sustainability

The Trust is committed to reaching net zero as soon as possible and to do that needs to be engaging and developing the 9,500 workforce and system partners in defining and delivering carbon initiatives and broader sustainability goals. To reach net zero the Trust cannot do this alone, which makes engagement pivotal to this change.

# 3.3.5 Healthy Food

Our current soft services providers ISS, who manage catering on both sites have looked to the sustainable path alongside health and wellbeing to deliver healthier options in their outlets. Since the start of 2017 all restaurants and coffee shops on the Trust site that are managed by ISS are CQUIN compliant. They do not promote any food high in fats, sugars or salts and healthier options are always promoted before unhealthier options.

# 3.3.6 Energy Use

Energy usage has changed significantly due to increases in activity and expansion of services, alongside operation of new energy saving initiatives across both sites. The Combined Heat and Power plant (CHP) at University Hospital has reduced scope 2 emissions, alongside the switch 100% renewable electricity across both sites. The CHP has conversely increased scope 1 emissions through increased gas usage, but when all activities are taken into consideration there has been an overall reduction in CO2e emissions from these interventions.

Going forward the Trust is decarbonising its estate, making the move to electrically generated heating and hot water. Installing a solar panel array and Air Source Heat Pumps at the Hospital of St Cross.

Resource		2017/18	2018/19	2019/20	2020/221	2021/22
Gas	Use (kWh)	47,605,277	46,319,028	47,605,277	46,319,028	84,543,876
	tCO2e	10,093	9,820	10,093	9,820	17,924
Oil	Use (kWh)	264,848	65,088	264,848	65,088	260,123
	tCO2e	87	21	87	21	0
Coal	Use (kWh)	0	0	0	0	0
	tCO2e	0	0	0	0	0
Electricity	Use (kWh)	38,978,944	38,193,617	38,978,944	38,193,617	20,194,054
	tCO2e	17,374	17,024	17,374	17,024	4,255
Green Electricity	Use (kWh)	0	0	0	0	38,685,069
	tCO2e	0	0	0	0	0
Total Energy CO2e		27,553	26,865	27,553	26,865	22,179
Total Energy Spend		£5,631,232	£5,877,884	£5,631,232	£5,877,884	£5,991,405

# 3.3.7 Commentary on Energy Usage

Reducing environmental impacts from ICT and Digital

Digital technology is a crucial part of the move to Net Zero however the use of technology also has environmental consequences. The Trust has for many years recycled safely as much computer and IT equipment as possible. The Trust is also using technology to improve services and reduce carbon emissions, utilising video conferencing technology for virtual staff meetings and virtual clinics for patients.

# 3.3.8 Travel Mileage and Carbon Emissions

CO2e emissions from business related (including patient and visitor) travel and staff commuting.

Category	Mode	2017/18	2018/19	2019/20	2020/21	2021/222
Staff commutemiles	miles	6,755,830	6,753,141	7,468,801	8,421,243	8,464,962
	tCO2e	2,443.15	2,440.66	2,661.32	3,000.70	3,016.28
Business Travel	miles	815,151	821,613	868,347	782,667	487,967
	tCO2e	294.79	318.52	308.87	278.33	176.11
Active and public transport	miles	0	0	0	0	37,495
	tCO2e	0.00	0.00	0.00	0.00	4.08
Owned Electric and PHEV mileage	miles	0	0	0	0	0
	tCO2e	0.00	0.00	0.00	0.00	0.00

### 3.3.9 Commentary on Travel

Improved data has allowed the inclusion of better public transport data in this report, the carbon emissions from the previous year are similar; with a small reduction in business travel which is due in part to COVID.

The Trust is working on electrifying its fleet and has two electric vehicles in use now with more to follow and this will show in next years reporting.

To support the change from fossil fuels vehicles to electric vehicles, an additional 34 staff electric vehicle charging points have been installed at the University Hospital with infrastructure in place to expand to 80 and 4 charging points for patients and visitors.

The Trust is supporting Coventry City Council new cycle path between the City Centre and University Hospital; this is a segregated route which is hoped will promote cycling to the site.

The table below shows comparison of staff commute by modes of transport.

Travel Mode	2010	2013	2015	2019	% Change
Solo Driver	75.1%	54%	42%	47%	-28.1%
Car Share	1%	10%	12%	9%	+8%
Bus	13%	17%	18%	25%	+12%
Rail	0.5%	1%	1%	1%	+0.5%
Cycle	7%	5%	9%	6%	-1%
Walk	7%	10%	12%	7%	0%
Park and Ride	0%	0%	1%	-	+1%
Park and Cycle	0%	0%	1%	-	+1%
Other	0%	2%	5%	4%	+4%
Motorcycle	-	-	-	1%	+1%

# 3.4 Minimising Waste And Promoting Resource Efficiency

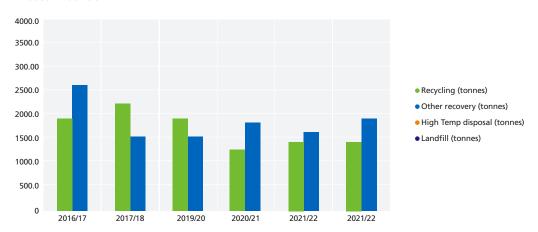
Yearly Waste Figures by Disposal Route, showing weight and CO2e emissions.

Waste		2017/18	2018/19	2019/2020	2020/2021	2021/2022
Recycling	(tonnes)	2186.61	1816.57	1274.00	1454.00	1416.00
	tCO2e	43.73	38.15	27.72	31.64	30.81
Other recovery	(tonnes)	1496.00	1509.09	1817.00	1611.00	1844.00
	tCO2e	29.92	31.69	39.54	35.06	40.13
High Temp disposal	(tonnes)	0.00	0.00	0.00	0.00	0.00
	tCO2e	0.00	0.00	0.00	0.00	0.00
Landfill	(tonnes)	0.00	0.00	0.00	0.00	0.00
	tCO2e	0.00	0.00	0.00	0.00	0.00
Total Waste	(tonnes)	3682.61	3325.66	3091.00	3065.00	3260.00
% Recycled or Re-used		59%	55%	41%	47%	43%
Total Waste tCO2e		73.65	69.84	67.26	66.69	70.94

# 3.4.1 Commentary on Waste

The graph below shows waste by disposal type

# Waste Breakdown



The overall waste figures show that waste volumes have risen slightly in line with the increased use of PPE since COVID.

Improvements to the waste infrastructure at the Hospital of St Cross should show improved segregation in the 2022/23 report. New bins and double-sided magnetic signage at ward level and new waste holds. With new 770 litre bins for clinical and domestic/recycling waste, also a move to compaction should have a positive impact in the next reporting period, by improving segregation and efficiency.

# 3.4.2 Reducing our Water Use

Water		2017/18	2018/19	2019/20	2020/21	2021/22
Mains	m3	296,423	346,011	343,416	356,846	374,160
	tCO2e	269.86	315.01	312.65	324.87	340.64
Water & Sewage Spend		£579,068	£650,067	£672,351	£785,419	£ 694,467

#### 3.4.3 Commentary on Water Usage

Water usage has risen slightly due to some leaks on both sites and increased activity. Work is ongoing to improve monitoring of water supplies; to improve response time to leaks.

The Trust is working on water reduction in non-clinical areas; targeting fault reporting and response; alongside campaigns to highlight water conservation.

Paper		2017/18	2018/19	2019/20	2020/21	2021/22
Volume used	Tonnes	26	25	25	17	17
Carbon emissions	tCO2e	25	24	24	16	16

# 3.5 Procuring Sustainable Products and Services

Procurement is the largest part of carbon emissions across the Trust, work is continuing in many areas to tackle this. Work with suppliers to rationalise deliveries and packaging of goods at departmental level is going well but will not impact until next year's data collection.

The table above shows paper usage, which has reduced over time, however it could be much lower and work progresses through projects such as Electronic patient records, finance accounts payable drive to go paperless and the community respiratory team who have gone paperless.

#### 3.6 Towards 2022/23

#### 3.6.1 Adaptation to Climate Change

The Trust has emergency/resilience plans to deal with severe weather events, this work is led by the Head of Emergency Planning and Operations. The Trust has a Climate Adaptation and Mitigation Group which is responsible for the risk assessment and development and implementation of the action plan.

### 3.6.2 Nature Recovery and Biodiversity Action Planning

The Trust has developed many natural spaces for staff, patients and the community to enjoy. These spaces have improved the biodiversity of the sites and helped endangered species.

In the last year the Trust improved outdoor space at the Hospital of St Cross for staff to relax in an outdoor green environment to improve health and wellbeing.

The Nature Reserve developed in partnership with the Centre for Sustainable Healthcare in 2011; has been revitalised to make it accessible with an all-weather path and increased seating for staff, patients, visitors and the local community to enjoy the green space.

Towards the future, the Trust has aspirations to develop existing green space and create new green spaces to further engage with staff, visitors, patients and the community. To improve health and wellbeing both physically and mentally, integrating art and physical activity into the spaces, both sites have outdoor gyms which are popular with staff and visitors.



# 4.1 Corporate Governance Report

It is the responsibility of the Directors of the Trust to prepare the Annual Report and Accounts. The Trust Board considers that the Annual Report and Accounts taken as a whole are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy.

#### 4.1.1 Directors report

#### **Disclosure of Information to Auditors**

The directors confirm that as far as they are aware there is no relevant audit information of which the NHS body's auditors are unaware and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the NHS body's auditors are aware of that information.

#### **Members of the Trust Board**

In accordance with our NHS Establishment Order, as of 31 March 2022, the Board comprised;

- A non-executive chair (voting)
- A chief executive officer (voting)
- Five non-executive directors and one vacancy
- Four chief officers (voting)

In addition, the Board also includes;

• Three chief officers (non-voting)

Details of the membership of the Board can be found in the Annual Governance Statement.

# **Register of Interests**

Details of the register of interests can be found in the Annual Governance Statement starting on page in Section 4.1.8.

#### **Trust Board and Board Committees**

Detail of the Trust and Board and its committees can be found in the Annual Governance Statement starting in Section 4.1.8.

#### **External Auditor Remuneration**

KPMG LLP is the Trust's appointed external auditor.

The total external audit fees/remuneration recorded in the accounts for 2021/22 is £126,032 excluding VAT and £135,735 in 2020/21, which included an additional fee of £22,485 for 2019/20 audit.

#### Disclosers

## **Equality and Diversity**

Relevant disclosures regarding disabled employees and equal opportunities and also in relation to how we inform and engage with our staff are included within the Staff Report section of this document.

#### **Employee Consultation**

Commentary on how we consult with our staff is included within the Staff Report.

# Sickness Absence Data

Information on sickness absence is included within the Staff Report.

#### **Cost of Information**

We comply with HM Treasury Guidance on setting charges for information. We do not generally make any charge for information requested under the Freedom of Information Act and will generally provide information in hard copy or media e.g. a CD without cost. There is however, provision within the legislation for us to refuse a request if the cost of providing the information is in excess of £450 or the equivalent in staff time that would be needed to retrieve and collate it. For further information please see our website: http://www.uhcw.nhs.uk/about-us/freedom-of-information-act

# 4.1.2 Emergency Preparedness, Resilience and Response

The Civil Contingencies Act 2004 and associated statutory regulations and guidance requires UHCW to produce and maintain comprehensive plans that ensure we will continue provide critical functions, as far as reasonably practical and to a predetermined level, during an emergency.

The Trust must demonstrate that it can effectively respond to emergencies and business continuity incidents while maintaining services to patients. This work is referred to in the NHS as "Emergency Preparedness, Resilience and Response" (EPRR). For the NHS, incidents/emergencies are classed as either:

- Business Continuity Incident
- Critical Incident
- Major Incident

One of our core capabilities and responsibilities is to respond to critical and major incidents. These incidents may originate from either an external or internal source. In any event, essential services must continue. The Trust has Major Incident and Business Continuity Plans in place.

The outbreak of Corona Virus (COVID-19) in December 2019, has once again repeatedly tested our preparedness and response at UHCW for another year. This has required UHCW along with other NHS organisations to modify and work in new complex situations to mitigate the impact, and manage expectations, but ensure services continue running, including we are responsive and prepared of any other incident that may occur, ensuring our critical services continue to run and operate to acceptable levels. This has meant some EPRR activities have continued to be paused such as training, and exercising during periods of the year so efforts can be concentrated on incident response.

# **Training Staff**

Training is carried out to ensure staff can discharge their role and responsibilities during an incident, which is mapped to the required national occupational standards for incident management ensuring the incident management team, have the knowledge, skills, and confidence to deal with the specific response required from UHCW.

Other internal incident management training continues to be provided in-house to clinical groups, and to our partners being supplemented by scenarios and drills to raise awareness of our procedures thus ensuring our staff can effectively operate when required under these emergency conditions.

Due to the ongoing COVID-19 response multiagency exercises have remained being paused, but are scheduled to restart in March in order to test the resilience of our response procedures,

such as mass casualty, chemical, biological, radiological and nuclear (CBRN), and business continuity incidents in preparedness for the upcoming Common Wealth Games, and any other incidents that can occur.

#### Responding to Major Incidents and our Covid-19 Response

During 2021/22, there were no activations of the Major Incident Plan. However, in response to increasing coronavirus infections UHCW, along with all other NHS organisations, returned to the highest level of emergency preparedness (Incident Level 4) on 17 December 2021. The UHCW Incident Co-ordination Centre has remained fully staffed during working hours 7 days a week to support the response to the COVID 19 pandemic, along with incident command structures and working groups to coordinated the Trust wide COVID response and ensured that UHCW was fully aligned to national guidance.

Responding to the pandemic has been a tremendous collective effort by our staff, working closely with our partners in the wider healthcare economy in the most challenging of circumstances. We are enormously grateful to them for their dedication, commitment and enthusiasm.

COVID-19 has been once again an important component of learning for EPRR at UHCW. Responding to COVID-19 and maintaining the required output was, and continues to be, an ongoing challenge. Therefore, lessons identified will continually be shared and acted upon. It is vital that EPRR utilises this learning for future pandemics and any other potential emergencies where these principles can be applied.

# **Continuous Improvement**

During the past 12 months UHCW was rated 'substantially compliant' against the NHS England Core Standards for EPRR which is an excellent achievement despite the ongoing COVID-19 pandemic. Work plans have been generated to close outstanding gaps within the EPRR portfolio to strive for Fully Substantive.

#### **Summary**

UHCW continues to deliver against the requirements of the CCA (2004) and the NHS EPRR Framework. The work generated from Core Standards Self-Assessment along with learning created through COVID-19 and other incidents ensures that UHCW meets regional and national plans, guidance and best practice.

#### 4.1.3 CQC Registration

The Trust is registered with the CQC to provide nine regulated activities across our two sites and we have maintained registration throughout 2021/2022 without any compliance conditions being imposed.

The Chief Quality Officer is the CQC nominated individual and is responsible for the services.

In order to maintain registration, the Trust is required to demonstrate compliance with the CQC's Fundamental Standards of Quality and Safety. CQC assesses compliance with the standards through the review of various types of intelligence, for example feedback from the public, data and inspections.

The CQC continues to make unannounced responsive inspections

where they have concerns about quality or safety and thematic reviews to evaluate the quality of a care pathway or a specific area of service provision. They also have comprehensive inspection frameworks and quality assurance programmes for high risk areas such as Maternity and urgent and emergency services.

The Trust continues to engage with the CQC through regular provider engagement, including frequent meetings with the CQC relationship owner for the Trust. During 2021/22 the Trust has also engaged in the CQC's Direct Monitoring Approach (DMA) to provide additional assurance to the CQC, through virtual meetings about the services provided.

Further detailed information is available in the Quality Account.

#### 4.1.4 NHS Litigation Authority

The NHS Resolution (NHSR) is the operating name of the NHS Litigation Authority (NHSLA) which operates risk pooling schemes to which the Trust pays an annual contribution. In return the NHSLA pays the costs of all clinical negligence claims from the NHS annual budget. We are a member of the following NHSLA schemes:

- Clinical Negligence Scheme for Trusts (CNST)
- Liabilities to Third Parties Scheme (LTPS)
- Property Expenses Scheme (PES)

The Trust reported 101 clinical negligence claims to NHSR in the financial year 2021/22. During the year there have been 24 new personal injury claims have been opened in the year to date. The Trust is committed to minimising the opportunity for harm to patients and staff. In keeping with our open and honest culture staff are encouraged to report adverse events in a timely manner so that they can be investigated to identify opportunities for future learning and improvement.

Action plans are implemented, seeking to avoid similar incidents occurring again. The Trust's Legal Department works closely with the Complaints and Patient Safety departments to identify learning opportunities and mitigate risk.

# 4.1.5 Principles for Remedy

Improving the experience of each individual patient is at the centre of the NHS Constitution. Obtaining feedback from patients and taking account of their views and priorities are vital for the delivery of high quality services and for driving real service improvements.

The Patient Advice and Liaison Service (PALS) is a core service that provides timely and appropriate access to help, advice and information seven days a week. PALS also facilitate self-advocacy and will assist with discussions and negotiations between service users and representatives of the Trust.

Formal complaints are escalated to, and managed by the Trusts Complaints Team in accordance with the NHS Complaint Handling Regulations. Complaint Officers meet group representatives weekly and themes and escalations or concerns are shared. Organisational trends and themes are reported to Trust Groups via monthly reports as well as quarterly and annual reporting to Trust Board. The Patient Experience Team also provides ad-hoc reports to various Committees within the Organisation. Learning actions from PALS and Complaints are captured to enable the Trust to be responsive and remedy focussed.

## Patient feedback

The Patient Insight and Involvement Team continue to collect patient feedback through the Friends and Family Test Survey, National Survey Programme, local Departmental surveys and through the Patient Story Programme. It is imperative we continue to understand our patient's views as services are reinstated and changes are made.

The NHS National Patient Survey Programme is part of the Government's commitment to ensure Hospital patient feedback informs continued development and improvement. CQC publishes patient experience surveys in secondary care under their National Patient Survey Programme. This includes surveys for Inpatients, Urgent and Emergency Care, Maternity and Children & Young People. In addition, NHS England publishes the Cancer Patient Experience Survey. Under new and approved governance, action plans are created and monitored by the Patient Experience and Engagement Committee.

The Patient Experience Team led a Main Reception Kaizen improvement project at University Hospital, Coventry to improve the environment, flow and experience for those coming into our Hospital. To support this project the Patient Insight and Involvement Team have been involved with the government's Kick Start Scheme since September 2021 and have had five members of staff join them in a Meet and Greet role based in the Main Reception. The Meet and Greet Team was a new role and is the first point of contact for anyone entering the Hospital site. Their role involves supporting our patients and visitors to way find around the Hospital site and answer any queries that they may have during their visit. The Team also supports the Patient Insight and Involvement Team in undertaking weekly audits of the Main Reception area to ensure that the area is in line with the Main Reception Standard Operating Procedure. Feedback about this Team and their role has been overwhelmingly positive and continues to better the experience for many patients and visitors.

The Patient Insight and Involvement Team continue to lead on the "Thinking of You" initiative which enables friends or family members of patients in hospital to send a letter and photographs to their loved ones and to date have delivered over 4000 messages. The Team have continued to bring patient stories to Trust Board through the Patient Story Programme and work with our Patient Partners to ensure the patient voice is at the centre of everything we do.

For more information about work being undertaken by the Patient Experience Team please read the Trust's Quality Account 2021-22.

Signed

Chief Executive Officer, 20 June 2022

# 4.1.6 The statement of the Chief Executive's Responsibilities as the Accountable Officer of the Trust

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

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

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

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

Signed

Chief Executive Officer, 20 June 2022

# 4.1.7 Statement of Directors' Responsibilities in Respect of the Accounts

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

In preparing those accounts, the directors are required to:

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

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

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

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

By order of the Board

Signed

Chief Executive Officer, 20 June 2022

Signed

Chief Finance Officer, 20 June 2022

# 4.1.8 The Annual Governance Statement Scope of Responsibility

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

# The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of University Hospitals Coventry and Warwickshire NHS Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in University Hospitals Coventry and Warwickshire NHS Trust for the year ended 31 March 2022 and up to the date of approval of the annual report and accounts.

#### Capacity to handle risk

I am accountable for risk management across all activities within the Trust and have delegated this responsibility to the Chief Quality Officer, who has overall responsibility at Board level. The Trust has a systematic approach to the identification and management of risks in order to ensure that risk assessment is an integral part of clinical, managerial and financial decision making. The Board and its standing committees collectively review the most significant risks, each of which has a named operational and chief officer lead.

The Trust's Risk Management Policy is in place and this provides assurance on operational risk management. Training is provided to all managers to ensure they are aware of their roles and responsibilities within the framework. The workshop allows managers to review and discuss risks relevant to their area and practice using the risk management software.

All staff are informed of the risk management practices in the Trust during their induction.

## The risk and control framework

Effective risk management requires the involvement of all staff who are expected to identify and manage risk. The risk management team within the Quality Department is responsible for providing risk management training and a programme of training has been rolled out across the organisation during the year to help managers assess and evaluate risk. Staff are also provided with training in incident investigation and in undertaking root cause analyses.

The risk management process starts with risk assessments that are carried out at all levels of the organisation using a 5x5 matrix using a combination of consequence and likelihood; these risks are then documented on the risk register. A risk register is in place and is utilised across the organisation to capture risks at clinical group and corporate level. The risk register is split into the local risk registers (group and speciality level), the corporate risk register and the Board Assurance Framework for reporting and monitoring purposes.

Low scoring risks are managed within the area in which they arise, whilst higher scoring risks are managed at either clinical group level or through the corporate meeting structure commensurate with their score.

The Risk Committee, which I chair, considers whether any individual risk should be escalated to the corporate risk register. Group leadership teams attend meetings of the Risk Committee on a rotational basis to provide details of the risks in their areas, together with assurance in relation to their management and mitigation. Chief Officers also present the risks relating to their portfolios at the Committee in order that the same assurances can be given.

Risks are discussed at Clinical Group level as part of the Quality Improvement and Patient Safety (QIPS) meetings that take place each month and are also an area of focus in the Trust's performance framework. Information obtained from the QIPS meetings is collated centrally by the Quality Department.

The Board is responsible for the identification and management of risks to the achievement of the objectives that it has agreed and has a Board Assurance Framework (BAF) that is monitored three times per year. The BAF was reviewed in April 2018 to take account of the refreshed organisational strategy and identified six risks to the delivery of the strategic objectives.

## The BAF includes:

- Definition of the risk
- Assessment of potential likelihood and impact to give an overall risk rating
- Key controls by which the risk is managed
- The means through which the effectiveness of the controls are assured
- Any gaps in controls or assurance
- Action plans to ensure improvement in controls and assurances

The Audit and Risk Assurance Committee (ARAC) also has oversight of the BAF in line with its responsibility for assessing the overall system of internal control. The internal audit annual plan is driven by the Board Assurance Framework and provides an independent source of assurance around the effectiveness of the key controls that are in place. The plan is reviewed in light of any changes to the BAF, to assess whether additional audit activity is required. A number of contingency days are held each year to accommodate changes to the risk profile. The BAF is monitored by the Board and the BAF risks and those on the corporate risk register are also reviewed on a regular basis by the Board's committees on a cyclical basis. Independent assurance in relation to the rigour of the BAF is provided by internal audit, who undertake both an interim and full review of the BAF each year.

The BAF is a dynamic document that has been under review during 2021/22. A series of critical risk/BAF workshops took place with Board members to support the development of a new BAF for 2022/23, to both manage assurance against the delivery of the organisation's objectives while ensuring high-level monitoring of the critical risk areas that had been identified by the Board. Proposals for the development of the BAF were finalised towards the end of 2021/22 and the development will be finalised early in 2022/23.

The Trust has not carried a self-assessment against the Well-Led framework but this was tested through the CQC inspection process in the autumn of 2019. The rating for the Well Led domain was 'Good' which also included an improvement in the rating for the Hospital of St Cross, which had previously been 'requires improvement'.

Quality governance is managed through a variety of management and assurance committees and processes. These oversee performance and provide assurances to the accountable chief officers who report these to the Quality and Safety Committee (QSC) in order to ensure the Trust fulfils its obligations for CQC registration.

In January 2022, an inspection of licensable activity was undertaken by the Human Tissue Authority, during which it was found that the majority of standards were met, although 11 major and five minor shortfalls were found against standards for consent, governance and quality systems, traceability and premises, facilities and equipment. An action plan was developed to respond to this, key risks were recorded on risk registers for monitoring, including additions to the corporate risk register which feature on the major risks identified below.

During 2021/22, the Trust managed the following significant risks which were subsequently closed or downgraded to local registers:

- Inability of clinical diagnostics to support recovery
- Mandatory Covid vaccination for staff
- Risks relation to the restoration of bowel screening
- Inability to keep CAMHS patients safe
- Lack of back-up system for piped oxygen

The following significant risks were managed during 2021/22 and remained on the Corporate Risk Register at the end of the year:

- Impact of Covid-19 surge on critical services
- Inability to meet demand for breast imaging/screening
- Lack of permanent mortuary space and risks relating to operation, security and construction
- Potential risk of major fire
- Inability to deliver sustainable dermatology service
- Cyber security threats

The Trust complies with the 'Developing Workforce Safeguards', recommendations and regularly assesses its short, medium and long term workforce strategies in order to assure the Board that staffing processes are safe, sustainable and effective. The ways that it does this, include:

- Reports to the Trust's Nursing and Midwifery Committee and Trust Board on safe staffing
- Services specified in alignment with Royal College of Physician recommendations for safe staffing, European Working Time regulations and deanery requirements
- The integrated performance report to Trust Board includes workforce information such as, mandatory training, vacancies, agency usage etc.
- Silver command assesses staffing levels on a daily basis to ensure staffing levels are safe, escalating to chief officers as necessary
- The Guardian for Safe Working reports to the Board to provide assurance about the working hours and staffing levels for junior doctors in training
- Business continuity plans are in place to mitigate risks to staffing levels

The Counter Fraud Specialist undertakes a programme of work for the Trust which includes awareness and deterrence training; fraud detection and prevention; and investigations.

The Audit Committee receives regular reports relating to the Counter Fraud Annual plan and the Trust actively seeks redress and legal sanctions where appropriate.

The Trust is fully compliant with the registration requirements of the Care Quality Commission.

We aspire to the highest standards in corporate governance and our corporate governance framework is set out in our Standing Orders, Standing Financial Instructions and Scheme of Reservation and Delegation, which was last reviewed and changes ratified by the Board in August 2021 (with a further minor tweak in March 2022).

The Trust has a Code of Business Conduct policy which includes the requirement for interests to be declared in line with national guidance. The policy applies to all staff but requires 'decision making staff' to make a declaration at least once a year, even if that is a 'nil' declaration. The policy was reviewed in August 2021 and approved by the Board.

Decision-making staff are defined as being the following:

- Board members (Chief Officers and Non-Executive Directors)
- Clinical Directors
- Group Directors of Operations
- Group Directors of Nursing and Allied Health Professionals

- Corporate directors
- Medical consultants
- Other senior managers of band 8d and above

The Trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by the Trust with reference to the guidance) within the past twelve months, as required by the 'Managing Conflicts of Interest in the NHS' guidance, and has arrangements in place for the annual publication for 2021/22 early in the 2022/23 year.

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

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



## Information Governance

The Trust will submit the assessment of the Data Security and Protection Toolkit (DSPT) to NHS Digital on 30th June 2022. The final published assessment must be completed by 30th June 2022; the original deadline of the end of March was extended due to the Covid-19 pandemic for the previous two years, and NHS Digital will most likely retain the June submission going forward. It is a requirement in the NHS England standard contract that provider organisations undertake an annual DSPT assessment. It is anticipated that our performance will be at 'Standards Met' this year; where UHCW has met all 33 of the mandatory assertions.

The Chief Quality Officer is the Senior Information Risk Owner (SIRO) at the Trust, supported by the Director of Corporate Affairs who is the Deputy SIRO. The Chief Medical Officer is the Caldicott Guardian, supported by the Deputy Chief Medical Officer who is also a Caldicott Guardian.

There have been six Information Governance breaches in 2021-22 that are summarised in the table below:

Date of incident (month)	Nature of incident	Number affected	How patients were informed	Lessons learned
May 2021	Inappropriate access to records.	1	Verbally and a letter of apology.	To remind staff that confidential information can only be accessed for legitimate purposes.
May 2021	The 'BCC' function was not used when sending an email to potential bank staff, all recipients had visibility of each other's personal email addresses.	401	These were potential employees who all received the email.	To always do a visual check of email especially when sending to bulk recipients.
May 2021	Inappropriate access to clinical records of family members.	8	Letter of apology.	To remind staff that confidential information can only be accessed for legitimate purposes, when it is required for their job.
June 2021	Payslips were emailed to the incorrect recipient.	1	Verbally and an apology via email.	To always do a visual check of recipients before sending emails.
October 2021	Patient's mother took photographs and video footage of staff and emailed it to their MP.	8	The footage contained staff and the child.	To provide visitors with appropriate communication materials and signage about respecting the privacy of others.
February 2022	Patient procedure details were posted online.	1	Verbally and a letter of apology.	Staff must ensure to not have conversations outside of work in a social setting about patients and their treatment.

The Information Commissioner's Officer (ICO) did not take any formal action as a result of any of these breaches.

# **Data Quality and Governance**

A number of the requirements of the Data Security and Protection Toolkit encompass data quality. To ensure that we meet the required standards, the data quality team provides training and advice to users of the Patient Administration System that is used to record patient information to support the provision of patient care and data submissions.

A suite of data quality reports for data reported both internally and externally are routinely produced. These are reviewed, with areas of concern highlighted and appropriate actions taken to rectify any issues.

The Trust submitted records from 2021/22 to the Secondary Uses Service (SUS) for inclusion in the Hospital Episode Statistics which are included in the latest published data. The percentage of records in the published data for April 2021 to March 2022: which included the patient's valid NHS number was:

- 99.8% for admitted patient care
- 99.9% for outpatient care
- 97.6% for accident and emergency care

Data quality is high on the Trust's agenda to improve patient safety and experience.

- There is a published Data Quality Policy and Data Quality
   Framework
- A Data Quality Assurance Group is held on a reccurring basis to provide assurance that there is a consistent approach to reviewing and monitoring compliance of the Data Quality Policy across the Trust.
- There are Standard Operational Procedures for administrative duties developed with comprehensive training packages.
- A Data Quality Dashboard is available Trust-wide to act as one central platform for data quality compliance metrics, validations and publication of national data standards.

Internal audit regularly reviews data quality, with the latest of these reviews taking place during 2021/22 into the quality of data for cancer waits. The review provided a conclusion of 'moderate assurance' and identified some minor improvements that could be made in relation to data quality.

#### Performance

As set out in the performance analysis above, there have been unique performance challenges in 2021/22 for both the Trust and at a National level. These have impacted all the major NHS Performance Measures, affecting both new patient referrals, and existing patients waiting for treatment, as well as those in need of emergency care.

Covid-19 has resulted in continued waves of infection across the country, with staff sickness being a particular concern at a time when the Trust was attempting to put on additional services to reduce the waiting list and restore both Outpatient and Inpatient areas.

In response to the need to mobilise staff at all levels, the Trust has developed a new Elective Access Training program, led by the Performance & Informatics team and supported by the CEO. This has involved a number of 2 day workshops for all Group Directors and Group Managers, focused on delivering Operational targets across RTT Performance, Cancer Performance, Diagnostic Performance, Data Quality and Clinical Coding.

In conjunction with this the Performance & Informatics team have developed an online detailed Operational training course, delivered via virtual video classrooms, for all administration staff (including Medical Secretaries). This aims to ensure staff at all levels are knowledgeable of national and local processes,

and able to help to improve the patient experience in a positive way across all Specialties and areas in the Trust.

To further support this the Trust have an experienced RTT Team in place, whose primary function is to govern the correct application of the national RTT rules and track patient pathways to ensure the national guidance around the correct data collection process is followed, and provide complex validation guidance to all Specialties.

During 2021/22, this team has also been involved in establishing and monitoring clinical prioritisation lists for the increasing numbers of patients on the inpatient waiting list and will be embarking on a project to replicate this across the much larger Outpatient Waiting List, in conjunction with the clinical body.

Work has continued throughout the year to combine the skills of all three providers in Coventry and Warwickshire (George Eliot, South Warwickshire and UHCW), with UHCW leading the way on the development of a shared patient target list and detailed weekly analysis of capacity, which quickly highlights opportunities for improvement across the System, and has helped to improve the patient wait times.

Over the course of the next 12 months the Trust aims to build on these foundations, and ensure its patients are at the forefront of everything they do, as they continue to strive to be a World Class patient centred health care provider.

# **Review of Effectiveness**

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the information provided in this annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports, including the Head of Internal Audit opinion.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the Audit and Risk Assurance Committee and other groups, including the Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The following key processes have been applied to test the effectiveness of the system of internal control on which I base my review.

- The Board Assurance Framework (BAF) provides evidence
  of the effectiveness of controls to manage risks to the
  organisation achieving its key objectives. This is reviewed
  regularly by the Board and is managed by Chief Officers
  through the Risk Committee
- During the year, the Audit and Risk Assurance Committee
  has been carrying out a review of the BAF to improve
  its effectiveness for the Board. This has resulted in changes
  which have been agreed in principle and will be further
  developed early in 2022/23
- Internal auditors have a risk-based plan of reviews to test the major control systems across the Trust in order to provide assurance about the rest of the internal control system
- External auditors have reviewed the annual accounts and annual report
- Audit and Risk Assurance Committee scrutinises the financial and other controls in place as part of their work programme
- Quality and Safety Committee reviews clinical governance processes, including the management of serious incidents and clinical effectiveness
- The Board carried out a review of its committees which
  was implemented in March 2022 to ensure the Trust is best
  placed to continue to improve, meet the challenges faced
  and focus on appropriate risks moving into 2022/23.

# **Trust Board and Committee Structures**

Following the COVID-19 pandemic, the Board approved changes to streamline governance arrangements. The Trust Board, and its committees, were held via video-conference as non-executive directors were encouraged not to come on site. Chief Officers also joined via video-conferencing even when on site to try and make meetings as interactive as possible.

Changes to standing orders were made to enable virtual attendance to be counted towards quoracy and agendas were curtailed.

The Trust Board meeting has been broadcast live to enable an element of public participation and accountability.

Other meetings were shortened or cancelled to reduce the burden on the organisation while it was dealing with the pandemic.

During 2021/22, the Board has moved to return to more face-to-face meetings where appropriate, in direct response to national guidance in relation to social distancing.

A Board Strategic Workshop was held face-to-face in February 2022 and Board Development Sessions were also held in person in October 2021 and March 2022. This enabled the next step as Board returned to face-to-face meetings from April 2022.

The committee structure that the Board has operated throughout 2021-22 featured a Remuneration Committee comprising all non-executive Board members, an Audit and Risk Assurance Committee comprising some non-executive Board members with chief officer attendance, and the Finance, Resources and Performance Committee and Quality and Safety Committee, each comprising both non-executive and executive Board members.

However, Board approved changes to its structure and the establishment of a People Committee at its meeting on 31 March 2022, as well as a full review and refresh of all committee terms of reference and other changes to its governance arrangements for 2022/23.

## **Trust Board**

The role of our Trust Board is to govern the organisation and ensure that it is well managed.

Its primary functions are:

- Setting the overall strategic direction of the organisation within the context of NHS priorities and policy
- Regularly monitoring performance against objectives
- Providing financial stewardship through value for money, financial control and financial planning
- Ensuring high quality, safe and effective services and patient focused service provision through clinical and quality governance
- Ensuring high standards of corporate governance, personal conduct and compliance with statutory duties
- Promoting effective dialogue with the local communities we serve.

Attendance at the scheduled Trust Board meetings during 2021/22 was as follows:

Name	Position	Possible Meetings	Meetings Attended	Attendance rate
Stella Manzie	Chair	5	5	100%
Tracey Brigstock	Chief Nursing Officer (part-year)	2	2	100%
Laura Crowne	Chief Operating Officer (part-year)	2	1	50%
Guy Daly	Non-Executive Director	5	5	100%
Donna Griffiths	Chief People Officer	5	3	60%
Jerry Gould	Vice Chair	5	3	60%
Andy Hardy	Chief Executive Officer	5	5	100%
Gaby Harris	Chief Operating Officer (part-year)	3	3	100%
Mo Hussain	Chief Quality Officer	5	5	100%
Afzal Ismail	Non-Executive Director	5	5	100%
Sudhesh Kumar	Non-Executive Director	5	4	80%
Jenny Mawby-Groom	Associate Non-Executive Director	5	5	100%
Carole Mills	Non-Executive Director	5	5	100%
Nina Morgan	Chief Nursing Officer (part-year)	3	3	100%
Kiran Patel	Chief Medical Officer	5	5	100%
Justine Richards	Chief Strategy Officer	5	5	100%
Su Rollason	Chief Finance Officer	5	4	80%
Brenda Sheils	Non-Executive Director (part-year)	1	1	100%

It is noteworthy that there only being five scheduled meetings during the 2021-22 year was an anomaly which was the product of a change in arrangements from the meetings taking place on the final week of the month to the first week of the month. In addition to those detailed above there was a meeting one week prior to the 2021-22 year (25 March 2021) and one is scheduled one week after the 2021-22 year (7 April 2022). The anomaly will therefore be overcome in future years.

In addition to those scheduled dates there was one additional extraordinary public meeting (31 March 2022) and seven additional extraordinary private meetings (10 June, 11 July, 2 September, 4 November and 29 November 2021 and 6 January and 31 March 2022).

## **Audit and Risk Assurance Committee**

The Audit and Risk Assurance Committee (ARAC) is a statutory committee of the Board responsible for overseeing governance and the internal control system. It comprises four non-executive directors and is responsible for:

 Reviewing systems of integrated governance, risk management and internal control

- Approving the annual work plans for the Trust's internal and external auditors and monitoring progress against these
- Monitoring the performance of the Trust's management in responding to agreed actions
- Reviewing the draft Annual Report and financial statements before submission to the Trust Board
- Ensuring adequate arrangements are in place for counter fraud and security that meet the standards set by the NHS Counter Fraud Authority
- Reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process
- Monitoring the integrity of the financial statements of the Trust and any formal announcements relating to its financial performance
- Reviewing the effectiveness of the arrangements in place for allowing staff to raise (in confidence) concerns and ensure that any such concerns are investigated proportionately and independently; and
- Ensuring that policies, procedures, systems and processes are in place to ensure effective clinical and corporate governance

## **Remuneration Committee**

The Remuneration Committee is a statutory committee of the Board responsible for determining the remuneration and terms of service of the chief officers and a small number of senior managers. It comprises all the non-executive directors of the Trust Board and its principle areas of responsibility are:

- To determine Trust policy on all aspects of salary, including any performance related elements and bonuses
- To review the provision of other benefits including pensions and lease cars; and
- To determine contractual arrangements including severance packages for directors in the event of termination of their employment.

# **Quality and Safety Committee**

The Quality and Safety Committee provides the principal source of assurance to the Board that the Trust is delivering high quality, safe services to patients.

The Committee ensures that the Trust has the appropriate strategies, systems, policies, and procedures in place to deliver the necessary standards of care by:

- Providing a forum for scrutiny of any of the Trust's quality indicators or priorities at the request of the Board
- Providing assurance to the Board that arrangements are in place for identifying, prioritising and managing risk and that risks are escalated to the Board as appropriate
- Promoting safety, quality and excellence in patient care
- Ensuring the effective and efficient use of resources through the evidence-based clinical practice;
- Protecting the safety of employees and all others to whom the Trust owes a duty of care;
- Ensuring that effective systems and processes are in place to support high quality care through an effectual training and education and ICT infrastructure
- Ensuring that the Health and Safety Committee has an overarching view of health and safety
- and provide assurance that non-clinical risks are effectively managed on behalf of the Trust

# Finance, Resources and Performance Committee

The Finance, Resources and Performance Committee provides a principal source of assurance to the Board that the Trust is delivering value for money and effective services to patients and that it ensures efficient use of resources. The Committee ensures that the Trust has the appropriate strategies, processes, systems, policies, and procedures in place by:

- Monitoring monthly income and expenditure variance to provide assurance to the Board and escalate any emerging issues of concern
- Monitoring delivery of key access targets and operational delivery plans to provide assurance to the Board and escalate any emerging issues of concern

- Providing a forum for scrutiny of any of the Trust's performance indicators at the request of the Board, referring any potential impact on quality to the Quality and Safety Committee
- Reviewing the performance management arrangements for each Group, scrutinising the arrangements in place to meet financial and operational targets
- Reviewing the performance of Service Providers within the PFI contract
- Providing effective oversight of all major capital and development projects including associated risks with the projects
- Ensuring adequacy of the Trust's Strategic Financial Planning

## Internal Audits and External Audit Value For Money Audit Plan

A number of internal audits were undertaken by CW Audit during 2021/22 and a summary of the findings were as follows:

- Full assurance was given in relation to Financial Governance (planning guidance)
- Significant assurance was given in relation to Restoration and Recovery (Wellbeing), Payroll, Accounts Payable, Accounts Receivable and Financial Ledger
- Moderate assurance was given in relation to Data Quality Review (28-day faster diagnosis standard), Pathways towards Delivering Net Zero and Cyber Security Risk Assessment
- Limited assurance was given in relation to WMSTC (Governance) and Mortality Review Processes (Learning from Deaths).

Audits not attracting formal assurance levels were also undertaken in relation to DSPT Toolkit Interim Confidence Level, CT/MRI Scan Capacity, Board Assurance Framework, Salary Overpayments Follow-up, Pathlake Plus and Pathlake 3rd Claim.

All audit reports were considered in the first instance by the Audit and Risk Assurance Committee, with those requiring further actions or attracting limited assurance being timetabled for consideration by the relevant Board Committee for monitoring of actions.

The Head of Internal Audit Opinion was of significant assurance, that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weakness in the design and/or inconsistent application of controls put the achievement of particular objectives at risk.

# **External Audit**

Following the initial self-assessment work shared by the Trust with external auditors, the Value for Money assessment was undertaken resulting in one significant risk area where further work was required. This was the risk that there were not adequate arrangements in place to achieve financial sustainability over the medium term, in light of the underlying deficit. Areas of risk identified as part of the audit of the accounts further highlighted financial statement risks in relation to valuation of land and

buildings, fraudulent recognition of expenditure and management override of controls.

#### Conclusion

As the NHS continues its recovery from the Covid-19 pandemic, this has presented a number of challenges in relation to performance and service delivery for providers. UHCW has not been immune from this, nor its wider impact. There have been in-year challenges relating to numbers of patients waiting more than 52 weeks, those waiting more than 104 weeks, and cancer waiting times. The Trust made good progress ahead of national targets in relation to waiting times and had no 104-week waiters by the end of 2021/22. There have also been challenges relating to flow of patients, placing pressure on Emergency Departments and in turn ambulance waiting times. These risks have been effectively managed during the year. During times of particular pressure, the organisation has utilised its Full Hospital Protocol, prioritising activity to ensure patient care and safety remains our focus. This is a further example of the mechanisms and controls we have in place being used to ensure we manage the risks we face.

There have been challenges for UHCW during 2021/22, as there have been for all NHS providers, but our systems of internal control have operated effectively to ensure risks were appropriately managed.

There have been no significant control issues that have been identified during 2021/22.

# Signed

Chief Executive Officer, 20 June 2022

# 4.2 Remuneration and Staff Report

The Chief Executive Officer (as the Trust's accountable officer) has confirmed that those chief officers and non-executive directors who regularly attend Trust Board meetings should be regarded as the Trust's senior managers for the purpose of disclosing remuneration and pensions in the annual report.

The senior managers' remuneration disclosures for 2021/22 (and 2020/21) and pension disclosures are included on the next few pages of this report.

# 4.2.1 Remuneration Policy

The Remuneration Committee, whose membership comprises exclusively of non-executive directors, has reviewed the Remuneration Policy for chief officers and agreed changes to levels of remuneration during the year, in consideration of national guidance and benchmarking. At its meeting on 6 January 2022, the Remuneration Committee resolved to undertake a further review with wider sources of information against which to benchmark against, for consideration during 2022/23.



# Senior Managers' Remuneration 2021/22

Name	Title	Salary (bands of £5,000) £'000	payments (taxable)	Performance pay and bonuses (bands of £5,000) £'000	Long term performance pay and bonuses (bands of £5,000) £'000	All pension -related benefits (bands of £2,500) £'000	TOTAL (bands of £5,000) £'000
Andrew Hardy	Chief Executive Officer	245 - 250	700	0	0	22.5 - 25.0	270 - 275
Justine Richards	Chief Strategy Officer	145 - 150	0	0	0	0	145 - 150
Susan Rollason	Chief Finance Officer	150 - 155	1,200	0	0	0	150 - 155
Donna Griffiths	Chief People Officer	135 - 140	1,600	0	0	92.5 - 95.0	230 - 235
Antonina Morgan <sup>4</sup>	Chief Nursing Officer (to 14/11/21)	90 - 95	0	0	0	30.0 - 32.5	120 - 125
Tracey Brigstock <sup>5</sup>	Acting Chief Nursing Officer (from 15/11/21)	45 - 50	0	0	0	0	45 - 50
Laura Nelson <sup>2</sup>	Chief Operating Officer (to 03/10/21)	65 - 70	1,500	0	0	37.5 - 40.0	105 - 110
Gabrielle Harris <sup>3</sup>	Acting Chief Operating Officer (from 04/10/21)	55 - 60	0	0	0	102.5 - 105.0	160 - 165
Kiran Patel <sup>1</sup>	Chief Medical Officer/Deputy Chief Executive Officer	240 - 245	100	0	0	0	240 - 245
Mohammed Hussain	Chief Quality Officer	135 - 140	700	0	0	85.0 - 87.5	220 - 225
Stella Manzie	Chairman	55 - 60	1,700	0	0	0	55 - 60
Afzal Ismail	Non-Executive Director	10 - 15	0	0	0	0	10 - 15
Carole Mills	Non-Executive Director	10 - 15	0	0	0	0	10 - 15
Brenda Sheils	Non-Executive Director (to 30/06/21)	0 - 5	0	0	0	0	0 - 5
Sudhesh Kumar <sup>6</sup>	Non-Executive Director	10 - 15	0	0	0	0	10 - 15
Jeremy Gould	Non-Executive Director (Vice Chair)	10 - 15	200	0	0	0	10 - 15
Jenny Mawby-Groom	Non-Executive Director	10 - 15	0	0	0	0	10 - 15
Guy Daly	Non-Executive Director	10 - 15	0	0	0	0	10 - 15

NB Information in the above table is subject to audit

- 1. Kiran Patel's remuneration includes sums payable in respect of clinical duties in addition to his duties as a director of the Trust.
- 2. Laura Nelson was previously known as Laura Crowne and was seconded to the Integrated Care System on 3rd October 2021.
- 3. Gabrielle Harris has been Acting Chief Operating Officer role since 4th October 2021.
- 4. Antonina Morgan was seconded to NHS England on the 14th November 2021.
- 5. Tracey Brigstock has been Acting Chief Nursing Officer since 15th November 2021
- 6. Sudhesh Kumar is on the payroll of Warwick University and the salary recorded above is an accrued sum which is payable to Warwick University for his services.
- 7. In certain circumstances pension related benefits may be negative in which case they are recorded above as nil.

  8. The value of pension benefits accrued during the year is calculated at the real increase in pension multiplied by 20, less the contributions made by the individual. The increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights. This value does not represent an amount that will be received by the individual. It is a calculation that is intended to convey to the reader of this report an estimation of the benefit that being a member of the pension scheme could provide

# Senior Managers' Remuneration 2020/21

Name	Title	Salary (bands of £5,000) £'000	Expense payments (taxable) and benefits in kind (to nearest £100)	Performance pay and bonuses (bands of £5,000) £'000	Long term performance pay and bonuses (bands of £5,000) £'000	All pension -related benefits (bands of £2,500) £'000	TOTAL (bands of £5,000) £'000
Andrew Hardy <sup>1</sup>	Chief Executive Officer	180 - 185	3,500	0	0	40.0 - 42.5	225 - 230
Justine Richards <sup>3</sup>	Chief Strategy Officer	135 - 140	100	0	0	80.0 - 82.5	215 - 220
Susan Rollason	Chief Finance Officer	135 - 140	2,900	0	0	42.5 - 45.0	185 - 190
Karen Martin	Chief Workforce and Information Officer (to 31/08/20) Deputy Chief Executive Officer (to 13/08/20)	70 - 75	0	0	0	0	70 - 75
Donna Griffiths <sup>4</sup>	Chief Workforce and Information Officer (from 01/09/20)	75 - 80	900	0	0	107.5 - 110.0	180 - 185
Antonina Morgan	Chief Nursing Officer	140 - 145	0	0	0	27.5 - 30.0	170 - 175
Laura Crowne	Chief Operating Officer	130 - 135	1,500	0	0	72.5 - 75.0	205 - 210
Kiran Patel <sup>2</sup>	Chief Medical Officer (from 01/07/19 Deputy Chief Executive Officer (from 01/09/20)	210 - 215	0	0	0	317.5 - 320.0	530 - 535
Mohammed Hussain	Chief Quality Officer	115 - 120	0	0	0	57.5 - 60.0	175 - 180
Stella Manzie	Chairman	35 - 40	1,400	0	0	0	40 - 45
Afzal Ismail	Non-Executive Director	10 - 15	0	0	0	0	10 - 15
Carole Mills	Non-Executive Director	10 - 15	0	0	0	0	10 - 15
Brenda Sheils	Non-Executive Director	10 - 15	100	0	0	0	10 - 15
Sudhesh Kumar <sup>5</sup>	Non-Executive Director	10 - 15	0	0	0	0	10 - 15
Jeremy Gould	Non-Executive Director (Vice Chair)	10 - 15	200	0	0	0	10 - 15
Jenny Mawby-Groom	Associate Non-Executive Director	10 - 15	300	0	0	0	10 - 15
Guy Daly	Non-Executive Director	10 - 15	0	0	0	0	10 - 15
Edward Macalister-Smith <sup>6</sup>	Former Non-Executive Director (to 31/03/20)	0	200	0	0	0	0 - 5
lan Buckley <sup>6</sup>	Former Non-Executive Director (to 31/03/20)	0	200	0	0	0	0 - 5

<sup>1.</sup> Andrew Hardy was seconded to NHS England from 10th August to 22nd November 2020. A proportion of his salary costs were invoiced to DHSC for this period.

<sup>2.</sup> Kiran Patel's remuneration includes sums payable in respect of clinical duties in addition to his duties as a director of the Trust. Kiran Patel became Deputy Chief Executive Officer from 1st September 2020 and was Acting Chief Executive Officer from 1st September to 22nd November 2020 during Andrew Hardy's secondment.

<sup>3.</sup> Justine Richards was also Acting Deputy Chief Executive Officer from 17th August to 22nd November 2020.

Suddied Nichalds was a Acting Deputy Chief and Takecture Officer from 14th August to 2210 and Verlag Control of Verlag Contro

# Senior Managers' Pensions 2021/22

Name	Title	Real increase in pension at pension age (bands of £2,500) £'000	Real increase in pension lump sum at pension age (bands of £2,500) £'000	Total accrued pension at pension age at 31 March 2020 (bands of £5,000) £'000	Lump sum at pension age related to accrued pension at 31 March 2020 (bands of £5,000) £'000	Cash equivalent transfer value at 1 April 2019 £'000	Real increase in cash equivalent transfer value £'000	Cash equivalent transfer value at 31 March 2020 £'000	Employers contribution to stakeholder pension £'000
Andrew Hardy Officer	Chief Executive	0.0 - 2.5	0.0 - 2.5	80 – 85	165 - 170	1,462	46	1,523	0
Justine Richards	Chief Strategy Officer	0	0.0 - 2.5	45 – 50	95 - 100	805	10	824	0
Susan Rollason	Chief Finance Officer	0.0 - 2.5	0.0 - 2.5	40 – 45	75 - 80	626	6	646	0
Donna Griffiths Officer	Chief People	5.0 - 7.5	7.5 - 10.0	25 – 30	40 - 45	274	52	347	0
Antonina Morgan <sup>3</sup>	Chief Nursing Officer (to 14/11/21)	0.0 - 2.5	0	30 – 35	10 - 15	459	12	501	0
Laura Nelson <sup>4</sup>	Chief Operating Officer (to 03/10/21)	0.0 - 2.5	0	20 – 25	0	215	4	243	0
Gabrielle Harris	Acting Chief Operating Officer (from 04/10/21)	2.5 - 5.0	2.5 - 5.0	30 – 35	65 - 70	420	35	511	0
Mohammed Hussain	Chief Quality Officer	2.5 - 5.0	5.0 - 7.5	30 – 35	50 - 55	353	50	425	0

NB Information in the above table is subject to audit.

## **Non-Pensionable Directors**

Non-executive directors are not in pensionable employment and therefore are excluded from the above disclosure.

Similarly, executive directors not in pensionable employment during their term as a director during the year are also excluded.

# **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's (or other allowable beneficiary's) pension payable from the scheme. CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values) Regulations 2008.

The calculation of CETV figures in this report are made using a Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate which is currently 2.4% plus CPI.

<sup>1.</sup> Kiran Patel, Chief Medical Officer, left the NHS Pension Scheme during the financial year 2020/21 and chose not to be covered by the pension arrangements during the reporting year and therefore no disclosures are made in this table.

<sup>2.</sup> Tracey Brigstock, acting Chief Nursing Officer from 15th November 2021, did not qualify for the NHS Pension Scheme during the reporting year and therefore no disclosures are made in this table.

<sup>3.</sup> Antonina Morgan, Chief Nursing Officer to 14th November 2021, left the NHS Pension Scheme prior to her ceasing this role.

<sup>4.</sup> Laura Nelson was previously known as Laura Crowne

## **Real Increase in CETV**

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period.

## Impact of McCloud Judgement

NHS Pensions are using pension and lump sum data from their systems without any adjustment for a potential future legal remedy required as a result of the McCloud Judgement.

As a result, the benefits and related CETVs do not allow for a potential future adjustment arising from the McCloud judgment.

## **Fair Pay Multiples**

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director / member in their organisation against the 25th percentile, median and 75th percentile of remuneration of the organisation's workforce.

Total remuneration is further broken down to show the relationship between the highest paid director's salary component of their total remuneration against the 25th percentile, median and 75th percentile of salary components of the organisation's workforce.

The banded remuneration of the highest paid director / member in [the organisation] in the financial year 2021-22 was £247,500 (2020-21, £212,500).

The relationship to the remuneration of the organisation's workforce is disclosed in the below table.

Year	25th percentile remuneration ratio	25th percentile salary ratio	Median total remuneration ratio	Median salary ratio	75th percentile remuneration ratio	75th percentile salary ratio
2021-22	10.2:1 (10.2 being the mid point of higest paid director / 25th perentile of employee remuneration)	10.2:1 See left derivation but on salary only	7.7:1 (1.7 being the mid point of higest paid director / 50th perentile of employee remuneration)	7.7:1 See left derivation but on salary only	5.7:1 (5.7 being the mid point of higest paid director / 75th perentile of employee remuneration)	5.7:1 See left derivation but on salary only
2021-22	9.2:1 (Prior year comparative is best practice for 2021-22)	9.2:1 (Prior year comparative is best practice for 2021-22)	6.8:1 (Prior year comparative is mandatory)	6.8:1 (Prior year comparative is best practice for 2021-22)	5.1 (Prior year comparative is best practice for 2021-22)	5.1 (Prior year comparative is best practice for 2021-22)

In 2021-22, 6 (2020-21, 5) employees received remuneration in excess of the highest-paid director / member. Remuneration ranged from £6,453 to £314,937 (2020-21 £8,806-£247,646).

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

Total remuneration excludes bank and agency staff for which annualised costs are not readily available.

The pay multiples ratios have increased in 2021-22 from 2020-21, this is due to the banded remuneration of the highest paid Director increasing by £35,000 due to the cessation of secondment. The median annualised remuneration increased by £893 to £32,306.

The exit package did not relate to compulsory redundancy and did not include special payment elements. The exit package did not relate to senior managers covered by the remuneration report disclosures.

# 4.2.2 Staff report

#### **Exit Packages**

There was one exit package agreed during 2021/22 which is summarised in the table below.

Exit package cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages	Total cost of exit packages	Number of departures where special payments have been made	Cost of special payment element included in exit packages
	(WHOLE NUMBERS ONLY)	£s	(WHOLE NUMBERS ONLY)	£s	(WHOLE NUMBERS ONLY)	fs	(WHOLE NUMBERS ONLY)	£s
£10,000 -£25,000	NIL	NIL	1	12,100	1	12,100	NIL	NIL
Totals			1	12,100	1	12,100		

# **Off Payroll Engagement**

In common with most other NHS bodies the Trust engages staff on an "off-payroll" basis. The main reasons for this are as follows:

- Recharges from other bodies (mainly other NHS organisations or universities) for staff who hold joint appointments; and
- Temporary workers to cover vacant positions or staff absences.

With effect from 6th April 2017, the Government introduced new rules for off-payroll working in the public sector which placed the responsibility with the public sector engager rather than the worker to determine whether or not the engagement was captured by the intermediaries regulations (often known as IR35). With the implementation of these new rules, the Trust changed its approach to the engagement of off-payroll workers and ceased contracting directly with personal service companies (PSCs) and set up an outsourced payroll function to pay such workers.

The Trust is required to disclose certain information in connection with such arrangements as set out in the three tables below.

The information provided in these tables is not subject to audit and specifically excludes (with the exception of the board members table) those staff recharged from other bodies captured by the Government's new rules for off-payroll working in the public sector\*.

## Table 1: Length of all highly paid off-payroll engagements

For all off-payroll engagements as of 31 March 2022, for more than £245 per day:-

Number of existing engagements as of 31 March 2022	4
Of which the number that have existed:	
for less than one year at time of reporting	3
for between one and two years at time of reporting	0
for between two and three years at time of reporting	0
for between three and four years at time of reporting	1
for four or more years at time of reporting	0

<sup>\*</sup> Other NHS bodies and universities are also responsible for seeking assurances around workers engaged on an "off-payroll" basis under the new rules for public sector bodies.

# Table 2: Off-payroll engagements engaged at any point during the financial year

For all off-payroll engagements between 1 April 2021 and 31 March 2022, for more than £245 per day:

No. of temporary off-payroll workers engaged between 1 April 2021 and 31 March 2022	4
Of which	
Number assessed as caught by IR35	4
Number assessed as not caught by IR35	0
Number engaged directly (via PSC contracted to department) and are on the departmental payroll	0
Number of engagements reassessed for consistency / assurance purposes during the year.	0
Number of engagements that saw a change to IR35 status following the consistency review	0

The table below provides information on board members who have been engaged under an off-payroll arrangement:

## Table 3: Off-payroll board member/senior official engagements

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

Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year	1
Total no. of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure should include both off-payroll and on-payroll engagements	18

The one "off-payroll" engagement of board members and/or senior officers with significant financial responsibility during the year related to one of the Trust's non-executive directors - assurance has been received that the individual concerned is employed on the payroll of Warwick University and is subject to PAYE. The arrangement has been reviewed and approved by the Trust's Chief Executive Officer (note this individual is excluded from tables 1 and 2 above on the basis that the University is subject to the public sector off-payroll rules).

# **Consultancy Services**

NHS Improvement operates strict controls over expenditure on consultancy services by NHS Bodies, including the requirement to seek approval before signing contracts for consultancy projects over £50,000.

The Trust spent £722,000 on external consultancy during 2021/22 of which £184,000 relates to Organisational and Change Management Consultancy, £60,000 strategy Consultancy, £64,000 IT/IS Consultancy and £414,000 PPM Consultancy.

The Trust incurred no expenditure on consultancy services during 2020/21.

Please note that this is not subject to audit and this also applies to sections Staff Sickness, Staff Engagement and Consultation and Equality and Diversity.

## **Staff Costs**

Our pay bill represents the highest proportion of our expenditure and equated to £507m in 2021/22. Staffing costs are therefore, a key consideration for the Trust Board and each Specialty Group management team. Our workforce is categorised into those that we substantively employ, those that work flexibly through our internal Temporary Staffing Service (TSS) and those engaged through external staffing agencies.

The figures below also include those staff engaged under the Retention of Employment model (ROE) e.g. ISS staff.

Average Staff Numbers 2021/22	Permanently Employed WTE	Other WTE
Medical and dental	1,149	262
Ambulance staff	1	0
Administration and estates	717	64
Healthcare assistants and other support staff	2,640	206
Nursing, midwifery and health visiting staff	2,562	382
Nursing, midwifery and health visiting learners	0	0
Scientific, therapeutic and technical staff	808	46
Healthcare science staff	391	52
Other	22	0
Total average numbers	8,290	1,012

Staff Costs 2021/22	Permanently Employed £000	Other £000	Total £000
Salaries and wages	340,377	41,716	382,093
Social security costs	33,217	3,384	36,601
Apprenticeship levy	1,902	F	1,902
Employer's contributions to NHS pension sche	me 56,403	5,574	61,950
Pension cost - other	-	200	200
Other post-employment benefits	-	-	-
Other employment benefits	-	F	-
Termination benefits	-	-	-
Temporary staff	-	25,697	25,697
	431,899	76,544	508,443
Recoveries in respect of seconded staff	(967)	-	967
Total staff costs	430,932	76,544	507,476

The information provided in these tables is subject to audit.

# Staff Sickness

NHS bodies are required to report upon sickness absence figures using measures specified by the Cabinet Office on a calendar year basis. The relevant sickness absence data for Trust for 2021 calendar year is provided below:

	2021
Total days lost (adjusted to the Cabinet Office measure)	101,968
Total full time equivalent staff years	8,176
Average days lost per staff year	12.5

 $Prior\ year\ comparatives\ are\ not\ available\ due\ to\ reporting\ simplifications\ affective\ during\ the\ pandemic.$ 

# **Looking After Our People**

The Trust has continued to proactively support staff during the on-going Covid-19 response.

Inevitably levels of overall absence have risen during the peak periods of the Covid pandemic with significant peaks in short term absence when staff have been required to isolate in line with legislation. Unsurprisingly, following the on-set of the pandemic there has been aan increase in mental health related absence (stress/anxiety/depression) as the Trust's most common reason for sickness absence. Prior to the pandemic, gastrointestinal absences and cough/cold/flu were the most frequent reasons for absence.

In response, the Trust has extensively enhanced its health and well-being offer to staff. Over the past 12 months the Trust has focused on "Rest, Recovery and Recognition." Indoor and outdoor rest facilities have been refreshed, VR Headsets provided and as an organisation, we have commenced our wellbeing conversation journey - enabling staff to consider and reflect upon their work and their wellbeing. This includes wellbeing conversations as part of the appraisal process, Schwartz rounds and our peer support programme, Trauma Risk Management TRIM.

Staff support has been offered through a range of routes such as Occupational Health and the continuation of a free 24/7 Employee Assistance Programme which offers counselling to staff and their households on a range of issues. Individual and team psychological support has been provided by the Coventry and Warwickshire With Staff In Mind service and staff have had the ability to self-refer to this service.

Throughout the past 12 months the Trust has continued to proactively support attendance by ensuring that absence is appropriately and compassionately managed. Additional support has been provided to front line managers in the form of the development of absence production boards to discuss themes and areas of focus.

Covid related sickness absence has inevitable been an area of significant focus over the past 12 months. We have ensured that our employees are fast tracked to the Long Covid clinic as appropriate.

Our focus has been on developing a more compassionate approach and from January 2022, the Trust launched a new compassionate leave policy, the first in the UK, to offer enhanced leave for those experiencing bereavement, those undergoing fertility treatment, those experiencing pregnancy loss and for parents of premature babies.

The traditional sickness target of 4% has not been achieved over the past 12 months. Moving forward, we are seeking to balance the needs of our staff with a return to levels of sickness absence pre-pandemic.

# Engaging Our Staff National Staff Survey 2021

The NHS Staff Survey provides an opportunity for us to survey our staff in a consistent and systematic way. This year the NHS Staff Survey has undergone its most significant changes in over a decade with comparison to the 7 elements of the NHS National People Promise; 32 new questions have been added and others removed; new questions covering gender identity and international recruitment added; and questions on gender and religion improved. These changes will help us to understand how the improvements introduced this year will benefit our listening and improvement strategies.

To reflect the national promise that "we each have a voice that counts", there has been a national recommendation that all organisations conduct the survey as a whole census. It should be noted that this approach has been the case for UHCW for the last 5 years. Our response rate for the 2021 survey was 42.2% a 5% increase on 2020 and comparable with the response rate of Acute and acute Community Trusts of 46%

In comparison to 2020, our results have improved or stayed the same in 27 questions (41%) and have deteriorated in 59% of questions. Whilst this is disappointing it should be noted that our comparator group has seen results improve or stay the same in 25% questions and deteriorations in 75% of questions. In comparison to our comparator group, our results are better or the same in 66% (68 questions) and worse in 33% of question areas.

Our FFT recommender scores as both a place to work and a place to receive treatment have seen deteriorations (from 65% to 61% and 77% to 71% respectively). This deterioration is mirrored in our comparator group and it should be noted that our recommender scores are above our benchmark group for both areas.

As the survey year has fallen again within the pandemic, we were already aware of some of these challenges and work streams were put in place to address these, e.g. Wellbeing Restoration Programme, Compassion Working Group, Racial Inequality Strategic Work Programme.

## **UHCWI**

We use the UHCWi Management System based on the learning from our partnership with Virginia Mason Institute, this is how we continue to transform our culture maintaining a focus on Patient First whilst empowering our staff to deliver safer care through incremental and continuous improvement.

Our UHCWi method pushes our leaders to be both visible and to make visible how services are running and improving whilst asking those that do the work how best to improve it.

We model the behaviour through chief officer rounding and chief officer led Value Streams. Rounding is an intentional pre-arranged visit to a front line department or clinical area (genba) to see issues and improvements first hand. As some of our Covid restrictions have eased staff have commented on how important it is to have visible leaders routinely coaching others on how to improve services whilst also seeing some of the pressures services are experiencing.

As part of ensuring UHCWi is the way we do things in the organisation we have built this in as a mandated objective in all appraisals so all staff are positively encouraged and expected to identify and test an improvement for their service.

## **Equality Diversity and Inclusion**

We have continued to find innovative ways to engage and support staff including our Carers and Disability Passports, revised compassionate policies and the use of robots to maintain engagement with staff that have had to shield during the height of the pandemic.

Our four key areas of focus are supporting staff networks, Rainbow Badge Phase 2, Disability Confident status and follow up of the Black Lives Matter (BLM) programme of work. These areas of work are aligned with our 'standard' work i.e. Workforce Race and Disability Equality Standards and with issues prevalent both within the Trust and out in the wider community/society.

Staff Networks – following the pandemic we have been refreshing our 3 Staff Networks of DAWN (Disability And Wellbeing Network), SPOC (Supporting People Of Colour) Network and the Pride (Friends of Dorothy) Network.

Pride Network – a driving force for change, ensuring a supportive working environment for all LGBTQ+ staff / volunteers and to encourage those within the organisation to understand and support the needs of LGBTQ+ patients and communities

SPOC Network – provides a platform and supports all People of Colour (POC) to share views and experiences of UHCW NHS Trust. The network not only provides valuable insight on POC issues but also aims to facilitate opportunities for peer support, mentoring and personal and professional development amongst POC staff.

DAWN Network – works to create a disability-positive culture throughout UHCW NHS Trust enabling disabled members of staff to speak openly about their disability and any challenges they face. DAWN also works in partnership with the Trust to ensure that policies and procedures are carried out with accessibility in mind

In addition, we have redefined our EDI, engagement and health and wellbeing team and created The People Support Team. The relaunch of this team has included recruitment to over 70 People Supporters which includes staff previously involved as Change-makers and Wellbeing Champions along with new members.

Rainbow Badge Phase 2 – UHCW is one of 40 NHS Trusts selected to take part in the scheme following a successful expression of interest. This phase of the Rainbow Badge is a way for NHS staff to demonstrate their awareness of the issues LGBT+ people can face when accessing healthcare. Phase 2 is a further national collaboration consisting of the LGBT Foundation, Stonewall, the LGBT Consortium, Switchboard (an organisation that provides LGBT+ helpline support) and GLADD (GLADD is an organisation that represents LGBTQ+ doctors, dentists, medical and dental students). The phase includes an assessment and accreditation model demonstrating commitment to reducing barriers to healthcare for LGBT+ people.

The assessment covers clinical service provision (Perinatal, Fertility, Oncology, Laboratory, Sexual Health & Gynaecology), workforce inclusion, leadership, sexual orientation, gender and trans status monitoring, facilities and engagement. The assessment will result in a graded award of bronze, silver of gold status.

Disability Confident – The Trust holds the national status of Disability Confident Employer which recognises our efforts to ensure that barriers to accessing employment and fulfilling potential at UHCW are eliminated. The Trust is now aiming to achieve Disability Confident Leader status by November 2022 – the highlest level of accreditation.

Black Lives Matter Action Plan – It has been important for UHCW to take note and respond to the highlighting of the challenges and discrimination faced by the Black community. To achieve this we began a journey to find out about the experiences of Black staff, as well as those of wider ethnic groups and how these experiences affect their work, careers and general wellbeing. A series of Tackling Racial Inequality listening events were held to hear the 'stories' of BAME staff both positive and negative. The central themes from these events were co-developed, in partnership with BAME staff, into a plan of action for future work whilst also taking into account findings from the Workforce Race Equality Standard and Staff Survey. In partnership with the SPOC Network we are evaluating this process to identify further areas of support and action for 2022/2023.

#### **Developing Our People**

Our staff at UHCW touch the lives of our community and beyond and they rose to the challenge throughout the COVID 19 pandemic, and continue to do so as we work to restore and improve our services. We have a 10,000 strong workforce made up of diverse professions, experiences and backgrounds. Without them we could not provide the caring and compassionate healthcare we do. The NHS Long-term Plan has set an ambitious plan for the delivery of healthcare and at its heart is a shared commitment to enhance the capabilities of NHS staff, as described in the NHS People Plan and People Promise. All this contributing to developing resilient, flexible and sustainable services delivered by our people.

Through our collaborative efforts within the People Directorate we have facilitated attracting, recruiting, developing and retaining staff to address key gaps in our workforce.

We have collaborated internally and externally to attract members of our community and beyond to join the NHS through our widening participation work:

- 47 Kickstart candidates have completed a 6 month placement within the Trust and through this programme 5 successfully gained employment within the Trust. The programme is aimed at unemployed people from the local community claiming Universal Credit (age 16 – 24).
- The Step into the NHS programme (2 x 5weeks, aimed at local unemployed people aged over 30 years, has supported 20 unemployed people in collaboration with Coventry & Warwickshire Partnership Trust.
- The Trust has steadily increased the use of the apprenticeship levy to support development and 230 staff are currently undertaking a Level 2-5 apprenticeship and 37 staff and undertaking an entry level apprenticeship. In relation to entry level apprenticeships the Trust has increased the national apprenticeship wage to 75% of a band 2 plus enhancements. Additionally, we now have entry level apprentices in all clinical areas and also offer one in healthcare science.

7 young people have commenced a supported internship.
The aim of the programme is to support young people
who have an EHCP to gain work experience and functional
skills. The programme is run in partnership with Coventry
city council. The current cohort is due to complete the
programme in July 2022. Previous cohorts have had 80%
success rate in supported interns gaining employment
within the Trust.

Essential/Mandatory training has remained a priority as we need to ensure staff have the essential skills they need to perform their roles effectively both clinically and non-clinically. This has contributed to ensuring mandatory training compliance targets/levels are met. Compliance is currently at 93.13% (March 2022).

The pandemic brought into sharp focus the need to continually develop the skills and capability of all staff and the need to shift our approach to developing staff. This has seen an extension of our learning portfolio to include more online learning developing skills in effective communication and conflict resolution. We have also stepped up to equipping and supporting people managers in the organisation by introducing a manager induction and growing people manager development offer of essential knowledge and skills needed to manage people compassionately.

As the organisations continues to work more collaboratively and across organisational boundaries within Coventry & Warwickshire there is a recognition that working in this way requires a shift away from traditional command and control leadership and management towards more collaborative and facilitative approaches. We have invested in developing our current and future leaders through our UHCW Leader programme.

Over a 12 month programme, leaders at all levels, from senior leaders through to aspiring leaders, are developed together through an experiential and practically focused programme that equips them with the tools and skills to apply the UHCW Improvement Method as well as facilitating the development a compassionate and inclusive approach in leadership. Launched in August 2021 and to 31 March 2022 108 of leaders are progressing through the programme.

# **Building a Compassionate and Inclusive Organisation** Equality Delivery System (EDS)

The Trust continues to be committed to ensuring that there is equality of opportunity for all our staff, patients and visitors. Discussions are ongoing at a system wide level to look at working collaboratively towards EDS3. The differences between EDS2 and EDS3 include the opportunity to delivery EDS3 collaboratively with colleagues from the ICS. The collaboration will include input from Public Health to ensure that health inequalities are highlighted and addressed.

## **Workforce Race Equality Standard (WRES)**

Although there are some slight changes in the data this year, there are no areas of significant concern. The actions in this year's plan, co-developed with the Supporting People Of Colour (SPOC) Network, focus on two key areas; supporting BME who are experiencing discrimination or who feel they do not have equal opportunities to career progression compared to their white counterparts.

# Workforce Disability Equality Standard (WDES)

Across most bandings there has been an increase in self reporting disability status. However work needs to continue to ensure that colleagues feel more confident to disclose their disability. The data shows a small decrease in the number of disabled people employed across clinical bands. This will be closely monitored to identify any emerging trends.

The relative likelihood of non-disabled staff compared to Disabled staff being appointed from shortlisting across all posts is 1.43. A relative likelihood above 1 indicates that non-disabled applicants are more likely to be appointed from shortlisting compared to Disabled applicants. We continue to offer 'Guaranteed Interview' and make reasonable adjustments for any disabled applicants.

# **Equality Impact Assessments**

The Trust has legal duties under the Equality Act 2010 to eliminate unlawful discrimination, advance equality of opportunity and foster good relations on the basis of Protected Characteristics (age, disability, race/ethnicity/nationality, religion/belief, marriage/civil partnership, sexual orientation, gender, gender reassignment/transgender and pregnancy/maternity).

The EIA form is been reviewed and revised so that it encourages meaningful consideration of the needs of the diverse communities and workforce we serve and work with.

EIAs help identify if there is potential to negatively impact on any of the Protected Characteristics groups and allow adaptations as necessary. It will also alert to whether any groups may have particular needs.

# **Growing our Team**

The Trust's overall vacancy rate in March 2022 (9.20% against a target of 10%) reflects the significant work that has been undertaken to improve our recruitment processes, experience and efficiency including the introduction of Digital Staff Passports. Our key recruitment focus has been on:

- Band 5 Nurses/Midwives Our international recruitment campaign has been highly successful with 420 nurses joining us over our 18 month campaign. International recruitment has now expanded to also include midwives with 8 recruited in the last quarter. These schemes are in addition to our local nurse and midwife recruitment campaigns.
- HCSW Through regular recruitment open days and our successful apprenticeship programme we are now in a position of creating a waiting list of candidates who wish to join us.
- Medical Support Workers We have created a new opportunity
  of a 6 month placements for doctors which has subsequently
  resulted in 6 appointments into Junior Clinical Fellow roles
  and a further 17 JCF's anticipated to join before August 2022.
  This new role will be actively used in future to bridge medical
  gaps arising with rotational doctors in training.
- Radiographers continues to be a hard to fill role and through targeted work 12 international radiographers have been successfully recruited in the last quarter of 2021/2022

# **Recruitment Demographics**

Of the total applications received, what percentage were BAME, white, not stated or did not wish to disclose Of those shortlisted, what percentage were BAME, white, not stated or did not wish to disclose Of those successful, what percentage were BAME, white, not stated or did not wish to disclose

	Total	Shortlisted	%	Appointed	%
	31461	10771		1803	
BAME	19218	4901	25.50%	651	61.09%
White	11450	5500	48.03%	1056	36.39%
Not Stated	133	133	100.00%	79	0.42%
Did not disclose	660	237	35.91%	17	2.10%

Of the total applications received, what percentage were male, female, not stated or did not wish to disclose Of those shortlisted, what percentage were male, female, not stated or did not wish to disclose

Of those successful, what percentage were male, female, not stated or did not wish to disclose

	Total	%	Shortlisted	%	Appointed	%
Total	31461		10771		1803	
Male	9252	29.41%	2471	22.94%	379	21.02%
Female	22046	70.07%	8228	76.39%	1419	78.70%
Not Stated	0	0.00%	0	0.00%	0	0.00%
Did not disclose	163	0.52%	72	0.67%	5	0.28%

Of the total applications received, what percentage declared they had a disability, did. not have a disability, not stated or did not wish to disclose

Of those shortlisted, what percentage declared they had a disability, did. not have a disability, not stated or did not wish to disclose Of those successful, what percentage declared they had a disability, did. not have a disability, not stated or did not wish to disclose

	Total	%	Shortlisted	%	Appointed	%
Total	31461		10771		1803	
Disabled	1305	4.14%	556	5.16%	77	4.27%
Not Disabled	29643	94.22%	9927	92.16%	1639	90.90%
Not Stated	131	0.42%	131	1.22%	75	4.16%
Did not disclose	382	1.21%	157	1.46%	12	0.67%

# Gender Pay Gap 2021/22

The gender pay gap report for 2020/22 was published in October 2021 in line with the national requirements. A summary of the key results are detailed in the table below but, it is important that the results are viewed in the context of the wider report.

Areas of Analysis	2020 Results	2021 Results	Comparison
Pay Gap - Mean (Average)	33.17%	28.13%	Positive decrease in gap in pay gap
Pay Gap - Medium (Middle)	23.11%	23.54%	Slight negative increase in pay gap
Bonus - Mean (Average)	42.68%	44.48%	Slight negative increase in pay gap
Bonus - Medium (Middle)	50.62%	0%	Positive decrease to no pay gap

There have been some positive decreases in the overall pay gender gap however, it is also important to note the following which will have an impact on the gender gap:

- An additional 128 females were employed within the lowest pay quartile within 2021 compared to 24 males. These roles will include Nursing and Healthcare Assistant roles which have traditionally been undertaken by women, with many newly qualified staff commencing at the bottom of the band.
- Overall, 148 females have retired in 2020/21 compared with 25 males. These staff are most likely to have been at the top of their pay band.

The impact of a high proportion of female staff commencing in post at the bottom of pay band and female staff retiring at the top of the pay band will have an impact on the difference between average pay for female and male staff. However, this cannot been viewed in isolation as it is recognised that there are other contributing factors which impact females in attracting higher levels of pay.

To support the continued reduction in the pay gap a number of actions have been identified as detailed in the gender gap report. These focus on ensuring there is clarity regarding understanding hotspot areas and that positive support is provided to women through flexible working, development, coaching and an awareness that we need to review processes could disadvantage women in the workplace.

## Valuing and Recognising our Staff

A little goes a long way, which is why we are always keen to recognise the amazing work of our individuals and teams.

We recognise the contribution our staff make through our annual Outstanding Service and Care Awards (OSCAs) – this year we had an amazing response with more than 1,000 nominations.

Staff and patients are able to nominate for our monthly World Class Colleague award which celebrates one clinical and one non-clinical winner, including our volunteers and colleagues from ISS and Vinci.

We also have the DAISY Award, an international recognition programme that honours and celebrates the skilful, compassionate care nurses and midwives provide every day.

The annual Long Service Awards are held for those staff achieving 25 years of NHS service.

Appreciation cards are promoted throughout the year for staff to recognise a colleague's contribution and give patients a chance to express their gratitude.

## 4.2.3 Internal Communications

Different approaches and platforms are used to ensure our staff are kept well informed about what is happening within the Trust and the wider NHS.

Our internal communications approach needs to reach more than 10,000 UHCW employees and a large number of support staff from partners such as ISS, Vinci and our 800 volunteers. We also have staff who are based at hospital sites other than our main sites in Coventry and Rugby, such as Burton, Warwick and Nuneaton.

We provide information through a weekly e-newsletter, This Week@UHCW, available to all staff from any digital device (e.g. PC, mobile, tablet) which supports colleagues wherever they happen to be based. We also operate a staff intranet portal, TrustNav, as well as events and noticeboards to help raise awareness of key campaigns and projects.

A corporate team brief, UHCW Brief, ensures there are effective two-way messages reaching the whole Trust with valuable feedback reaching our leadership teams. This is complemented by a weekly Operational Brief to relay rapidly evolving information regarding Covid-19, the restoration of services and important organisational updates.

During 2021/22 we also launched the Team UHCW Staff
Facebook Page. This is a private community for employees
and partners to share ideas, comments, questions and suggestions
and stay connected to colleagues out of hours or when
traditional internal communications channels can't be accessed.

Professional bulletins from our clinical leads ensure we maintain strong clinical engagement, with monthly updates from our Chief Medical Officer, Chief Nursing Officer and Associate Director of Allied Health Professions. These updates provide a helpful summary of policies, regulation and training affecting particular professional groups.

Opportunities for staff to meet with the leadership team and Trust Board have continued throughout the year.

These include the monthly Chief Officers' Forum involving more than 100 senior leaders in UHCW receiving regular information updates.

Question and answer sessions are also held on a regular basis to enable staff to ask questions, make suggestions and raise potential focus areas with Chief Officers.

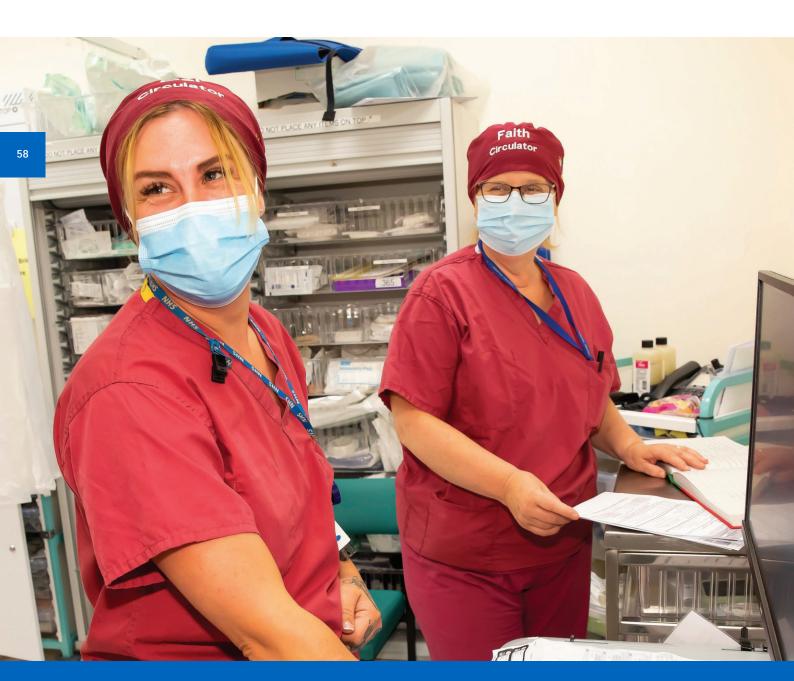
Our 'World Class Colleagues' scheme to recognise staff who are performing well or who have gone above and beyond has been running for more than five years. Nominations are open to staff and members of the public, with two colleagues (clinical and non-clinical) celebrated for their efforts, endeavours and expertise on a monthly basis.

We are also continuing to recognise our employees and volunteers at our annual Outstanding Service and Care Awards (OSCAs). More than 1,000 nominations were received across 15 categories, with teams and individuals honoured for helping to make a difference to the lives of our patients throughout the year.

Our DAISY Awards scheme offers staff and members of the public an opportunity to say thank you to Nurses or Midwives going the extra mile. The awards are presented by our Chief Nursing Officer and funded by the UHCW Charity.

We continually review and update our internal communications to ensure our staff are kept informed and can contribute to continuous improvements across UHCW.

Chief Executive Officer, 20 June 2022





# **5.1 External Auditors Report**

Independent auditor's report to the board of directors of University Hospitals Coventry and Warwickshire NHS Trust.

# Report on the audit of the financial statements Opinion

We have audited the financial statements of The University Hospitals Coventry and Warwickshire NHS Trust ("the Trust") for the year ending 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Taxpayers Equity and Statement of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as of 31 March 2021 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as being relevant to NHS Trusts in England and included in the Department of Health and Social Care Group Accounting Manual 2020/21.

# **Basis for opinion**

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

## Going concern

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

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Trust's business model and analysed how those risks might affect the Trust's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

we consider that the Directors' use of the going concern basis
of accounting in the preparation of the financial statements
is appropriate;

we have not identified, and concur with the Directors'
assessment that there is not, a material uncertainty related
to events or condition that, individually or collectively,
may cast significant doubt on the Trust's ability to continue
as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty inthis auditor's report is not a guarantee the Trust will continue in operation.

Fraud and breaches of laws and regulations – ability to detect Identifying and responding to risks of material misstatement due to fraud.

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- Enquiring of management, the Audit and Risk Assurance
   Committee and internal audit and inspection of policy
   documentation as to the Trust's high-level policies and procedures
   to prevent and detect fraud, including the internal audit function,
   and the Trust's channel for "whistleblowing", as well as whether
   they have knowledge of any actual, suspected or alleged fraud.
- Assessing the incentives for management to manipulate reported financial performance as a result of the need to achieve specific targets delegated to the Trust by NHS Improvement.
- Reading Board and Audit and Risk Assurance Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Reviewing the Trust's accounting policies.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet delegated targets, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk of incentive for revenue to be manipulated into the wrong period around the year end and the risk that Trust management may be in a position to make inappropriate accounting entries.

In line with the guidance set out in Practice Note 10 Audit of Financial Statements of Public Sector Bodies in the United Kingdom we also identified a fraud risk related to expenditure recognition, particularly in relation to year end accruals.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included combinations of seldom used accounts and postings to accounts linked to our identified fraud risks.
- Assessing significant estimates for bias.
- Inspecting transactions in the period prior to and following 31 March 2021 to verify revenue had been recognised in the correct accounting period.
- Inspecting transactions in the period prior to and following 31 March 2021 to verify expenditure had been recognised in the correct accounting period.
- Evaluating a sample of accruals posted as at 31 March 2021 and verifying accruals are appropriate and accurately recorded.
- Assessing the completeness of disclosed related party transactions and verifying they had been accurately recorded within the financial statements.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general sector experience and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Trust's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Trust is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Trust is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. Under paragraph 2(1) of Schedule 5 to the National Health Service Act 2006 the Trust must ensure that its revenue is not less than sufficient, taking one financial year with another, to meet outgoings properly chargeable to revenue account (the breakeven duty). In reporting on compliance with the breakeven duty the Trust is required to comply with the Department of Health and Social Care's 'Guidance on Breakeven Duty and Provisions', We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

We are also required to make a referral to the Secretary of State under section 30(a) of the Local Audit and Accountability Act 2014 if we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.

As outlined in the section of this report dealing with statutory reporting matters, we made a Section 30 referral to the Secretary of State on 15 June 2021.

Whilst the Trust is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing noncompliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## Other information in the Annual Report

The Accountable Officer is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

• we have not identified material misstatements in the other information; and

• in our opinion the other information included in the Annual Report for the financial year is consistent with the financial statements.

#### **Annual Governance Statement**

We are required to report to you if the Annual Governance Statement has not been prepared in accordance with the requirements of the Department of Health and Social Care Group Accounting Manual 2020/21. We have nothing to report in this respect.

### **Remuneration and Staff Report**

In our opinion the parts of the Remuneration and Staff Report subject to audit have been properly prepared in accordance with the Department of Health and Social Care Group Accounting Manual 2020/21.

#### Directors' and Accountable Officer's responsibilities

As explained more fully in the statement set out on page 36, the directors are responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity. As explained more fully in the statement of the Chief Executive's responsibilities, as the Accountable Officer of the Trust, on page 36 the Accountable Officer is responsible for ensuring that annual statutory accounts are prepared in a format directed by the Secretary of State.

## Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities.

# Report on other legal and regulatory matters

Report on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Under the Code of Audit Practice, we are required to report if we identify any significant weaknesses in the arrangements that have been made by the Trust to secure economy, efficiency and effectiveness in its use of resources.

We have nothing to report in this respect.

## Statutory reporting matters

We are required by Schedule 2 to the Code of Audit Practice issued by the Comptroller and Auditor General ('the Code of Audit Practice') to report to you if:

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

On 15 June 2021, we referred a matter to the Secretary of State under section 30 (1) (a) of the 2014 Act in relation to the breach of the Trust's five-year breakeven duty due to the cumulative deficit of 33.217 million as at 31 March 2021.

# The purpose of our audit work and whom we owe our responsibilities

This report is made solely to the Board of Directors of The University Hospitals Coventry and Warwickshire NHS Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Board of the Trust, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of the Trust, as a body, for our audit work, for this report or for the opinions we have formed.

# Certificate of completion of the audit

We certify that we have completed the audit of the accounts of The University Hospitals Coventry and Warwickshire NHS Trust for the year ending 31 March 2021 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Sarah Brown for and on behalf of KPMG LLP Chartered Accountants One Snowhill Snow Hill Queensway Birmingham B4 6GH 15 June 2021



# **5.2 Annual Accounts**

# Statement of comprehensive income

		2021/22	2020/21
	Note	£000	£000
Operating income from patient care activities	3	800,750	698,287
Other operating income	4	76,933	108,026
Operating expenses	5, 7	(842,847)	(771,150)
Operating surplus from continuing operations		34,836	5,163
Finance income	10	-	6
Finance expenses	11	(27,646)	29,547)
PDC dividends payable	=	(5,424)	(2,710)
Net finance costs	_	(33,070)	(32,251)
Other gains	12	1,446	490
Surplus for the year from continuing operations		3,212	3,402
Surplus for the year		3,212	3,402
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	6	(57)	(4,977)
Revaluations	16	13,191	25,444
Total comprehensive income for the period	_	16,346	23,869
Adjusted financial performance (control total basis):			
Surplus for the period		3,212	3,402
Remove net impairments not scoring to the Departmental expenditure limit		(2,470)	236
Remove I&E impact of capital grants and donations		(886)	(2,942)
Remove net impact of inventories received from DHSC group bodies for COVID response		294	(459)
Remove loss recognised on return of donated COVID assets to DHSC		134	
Adjusted financial performance surplus	_	284	237

# **Statement of Financial Position**

		31 March	31 March
		2022	2021
	Note	£000	£000
Non-current assets			
Intangible assets	13	13,339	5,122
Property, plant and equipment	14	417,389	379,632
Investment property	17 1	2,080	10,500
Receivables	19	26,244	34,905
Total non-current assets	_	469,052	430,159
Current assets			
Inventories	18	16,367	14,050
Receivables	19	54,120	39,832
Cash and cash equivalents	20	72,118	54,736
Total current assets	_	142,605	108,618
Current liabilities			
Trade and other payables	21	(104,921)	(78,903)
Borrowings	23	(6,294)	(8,063)
Provisions	25	(3,290)	(2,458)
Other liabilities	22	(9,423)	(6,739)
Total current liabilities		(123,928)	(96,163)
Total assets less current liabilities		487,729	442,614
Non-current liabilities	_		
Borrowings	23	(232,755)	(238,732)
Provisions	25	(4,029)	(2,863)
Total non-current liabilities	_	(236,784)	(241,595)
Total assets employed	-	250,945	201,019
Financed by			
Public dividend capital		229,479	195,899
Revaluation reserve		87,937	75,420
Income and expenditure reserve		(66,471)	(70,300)
Total taxpayers' equity	_	250,945	201,019
	_		

The notes on pages 6 to 58 form part of these accounts.

**Professor Andrew Hardy** 

**Chief Executive Officer** 

20 June 2022

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

	Public dividend capital	reserve		Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2021 - brought forward	195,899	75,420	(70,300)	201,019
Surplus/(deficit) for the year	-	-	3,212	3,212
Impairments	-	(57)	-	(57)
Revaluations	-	13,191	- 1	3,191
Public dividend capital received	33,580	-	-	33,580
Other reserve movements		(617)	617	<u>-</u>
Taxpayers' and others' equity at 31 March 2022	229,479	87,937	(66,471)	250,945

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

	Public dividend capital	Revaluation reserve	Income and expenditure	Total
			reserve	
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2020 - brought forward	67,354	55,203	(73,952)	48,605
Surplus/(deficit) for the year	-	-	3,402	3,402
Impairments	-	(4,977)	-	(4,977)
Revaluations	-	25,444	-	25,444
Public dividend capital received	128,545	-	-	128,545
Other reserve movements	-	(250)	250	-
Taxpayers' and others' equity at 31 March 2021	195,899	75,420	(70,300)	201,019

## Information on reserves

# Public dividend capital

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

# **Revaluation reserve**

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating income.

Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

# Income and expenditure reserve

The balance of this reserve is the accumulated surpluses and deficits of the trust.

# **Statement of Cash Flows**

		2021/22	2020/21
	Note	£000	£000
Cash flows from operating activities			
Operating surplus / (deficit)		34,836	35,163
Non-cash income and expense:			
Depreciation and amortisation	5.1	26,940	23,330
Net impairments	6	(2,470)	236
Income recognised in respect of capital donations	4	(1,365)	(3,259)
(Increase) / decrease in receivables and other assets		(7,790)	35,040
(Increase) / decrease in inventories		(2,317)	(641)
Increase / (decrease) in payables and other liabilities		9,974	15,811
Increase / (decrease) in provisions		2,027	(1,115)
Net cash flows from / (used in) operating activities		59,835	104,565
Cash flows from investing activities			
Interest received		-	6
Purchase of intangible assets		(4,629)	(1,156)
Purchase of PPE and investment property		(32,057)	(25,785)
Receipt of cash donations to purchase assets		1,365	1,102
Net cash flows from / (used in) investing activities		(35,321)	(25,833)
Cash flows from financing activities			
Public dividend capital received		33,580	128,545
Movement on loans from DHSC		(890)	(113,279)
Capital element of finance lease rental payments		(313)	(72)
Capital element of PFI, LIFT and other service concession payments		(6,777)	(9,275)
Interest on loans		(47)	(392)
Interest paid on finance lease liabilities		(191)	(5)
Interest paid on PFI, LIFT and other service concession obligations		(27,441)	(29,500)
PDC dividend (paid) / refunded		(5,053)	(2,390)
Net cash flows (used in) / from financing activities		(7,132)	(26,368)
Increase / (decrease) in cash and cash equivalents		17,382	52,364
Cash and cash equivalents at 1 April - brought forward		54,736	2,372
Cash and cash equivalents at 31 March	20.1	72,118	54,736

## **Notes to the Accounts**

#### Note 1 Accounting policies and other information

## Note 1.1 Basis of preparation

The Department of Health and Social Care has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2021/22 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

#### **Accounting convention**

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

## Note 1.2 Going concern

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

The Board of Directors has carefully considered the principle of 'Going Concern in the context of the Trust continuing to operate under the HM Treasury's Financial Reporting Guidelines (FReM). For the year ending 31 March 2022, the Trust is reporting a surplus of £284k on an adjusted financial performance (control total) basis, against a break even target.

In 2021/22, the NHS funding regime continued to be an emergency financial regime as a result of the Covid19 pandemic, and therefore the majority of the trust's income from NHS commissioners was in the form of block contract arrangements. The Trust also received additional income outside of the block payments to reimburse specific costs incurred and other income top-ups to support the delivery of services. In 2021/22, the Elective Recovery Fund enabled systems to earn income linked to the achievement of elective activity targets including funding any increased use of independent sector capacity.

Historically, the Trust had a challenging control total underpinned by a large efficiency plan. Revenue support would be required to underpin any shortfall against control total. As part of the emergency financial regime, the Trust has been funded for all costs in 2021/22, thus allowing it to meet its Control total without the requirement to drawdown on revenue support.

It is also worth noting that the NHS' approach to historical debt changed during 2020/21. This has resulted in historic loan debt has been written off and converted to public dividend capital (PDC). Any future revenue support will be allocated as public dividend capital (PDC).

The Trust maintains a high cash balance at the end of 2021/22, the balance being £72.1m ( 2020/21 £54.7m) on 31 March 2022. The high cash balance reflects the roll-forward of a high cash balance of £54.7m in 2020/21, in year Capital PDC drawdowns of approximately £33.6m, with high capital creditors due to capital program timing slippages meaning the cash disbursement will be in early 2022/23.

Historically the Trust has had very low levels of internally generated funds and therefore due to the high levels of PFI payments (principal repayments and contractual lifecycle contributions), this means that the Trust's capital programme is underpinned by public dividend capital.

A new approach to capital funding was introduced in 2020/21, the main purpose of which is the allocation of a capital envelope for each STP/ICS. This will provide greater clarity and confidence on the level of capital resource available,

support system working and discussion on capital priorities, and enable faster access to national capital funding for critical safety issues. This is in line with the reforms set out in the Health Infrastructure Plan, to provide clearer and more transparent links between local spending plans and national spending limits. Every ICS/STP received a 2021/22 capital spending envelope derived from the system-level allocation, with UHCW receiving a total system envelope of £21.9m in 2021/22.

In the financial landscape for 2022/23, the Trust's income will be driven via an 'allocative process' with block payments and specific adjustments for growth and prices, COVID costs, Elective Recovery fund and Convergence adjustments. The Directors have concluded that whilst the financial position for 2022/23 is very challenging, based upon enquiries with NHS Improvement and the Department of Health and Social Care, they have a reasonable expectation that the Trust will have access to adequate resources (as in previous years) to continue in operational existence for at least 12 months from the date of approval of the financial statements and continue to provide services to its patients. Based on this expected continuation of services, the Trust continues to adopt the going concern basis in preparing the financial statements.

## Note 1.3 Interests in other entities

The Trust has no interests in any other entities, associates or joint ventures.

#### Note 1.4 Revenue from contracts with customers

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

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

In the application of IFRS 15 a number of practical expedients offered in the Standard have been employed. These are as follows:-

- The Trust does not disclose information regarding performance obligations as part of a contract that has an original expected duration of one year or less.
- The Trust similarly does not disclose information where revenue is recognised in line with the practical expedient offered in the Standard, where the right to consideration corresponds directly with value of the performance completed to date.
- The FReM has mandated the exercise of the practical expedient offered in the Standard that requires the Trust to reflect the aggregate effect of all contracts modified before the date of initial application.

## **Revenue from NHS contracts**

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

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

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

#### Revenue from research contracts

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

#### NHS injury cost recovery scheme

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

#### Note 1.5 Other forms of income

#### **Grants and donations**

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

## Apprenticeship service income

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

# Note 1.6 Expenditure on employee benefits

# **Short-term employee benefits**

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

## **Pension costs**

# **NHS Pension Scheme**

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

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

# Note 1.7 Expenditure on other goods and services

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

## **Note 1.8 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. 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 1.9 Property, plant and equipment

### Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential be provided to, the trust
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably
- the item has cost of at least £5,000, or
- collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.
- items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual cost provided that they have a collective cost of at least £5,000.

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

## Subsequent expenditure

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

## Measurement

## **Valuation**

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

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

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

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

For specialised assets, current value in existing use is interpreted as the present value of the asset's remaining service potential, which is assumed to be at least equal to the cost of replacing that service potential. Specialised assets are therefore valued at their

depreciated replacement cost (DRC) on a modern equivalent asset (MEA) basis. An MEA basis assumes that the asset will be replaced with a modern asset of equivalent capacity and meeting the location requirements of the services being provided. Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements.

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

#### Depreciation

Freehold land is considered to have an infinite life and is not depreciated, assets under construction or development and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the trust, respectively and assets held for sale cease to be depreciated upon the reclassification. Otherwise, depreciation or amortisation is charged to write off the costs or valuation of property, plant and equipment and intangible assets, less any residual value, on a straight-line basis over their estimated useful lives. The estimated useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis.

#### **Revaluation gains and losses**

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

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

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

## Impairments

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

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

#### De-recognition

Assets intended for disposal are reclassified as 'held for sale' once the criteria in IFRS 5 are met:-

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable i.e.:-
- management are committed to a plan to sell the asset
- an active programme has begun to find a buyer and complete the sale
- the asset is being actively marketed at a reasonable price
- the sale is expected to be completed within 12 months of the date of classification as 'held for sale' and
- the actions needed to complete the plan indicate it is unlikely that the plan will be abandoned or significant changes made to it.

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

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

## Donated and grant funded assets

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

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

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

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

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

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

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

The contributions to the lifecycle replacement of components of the asset are initially recorded as a prepayment. Subsequently, as components of the asset are replaced, the cost is transferred from prepayments and recognised in property, plant and equipment.

#### Useful lives of property, plant and equipment

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

	Min life Years	Max lifeYears
Land	-	-
Buildings, excluding dwellings	5	59
Dwellings	4	25
Plant & machinery	5	30
Information technology	5	9
Furniture & fittings	5	20

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

#### Note 1.10 Intangible assets

#### Recognition

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

#### Internally generated intangible assets

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

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use
- the trust intends to complete the asset and sell or use it
- the trust has the ability to sell or use the asset
- how the intangible asset will generate probable future economic or service delivery benefits, e.g., the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the trust to complete the development and sell or use the asset and
- the trust can measure reliably the expenses attributable to the asset during development.

#### **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.

#### **Cloud Computing**

When the Trust incurs costs relating to a cloud computing arrangement there must be a consideration on the treatment of the costs, expensed as a service or capitalised as an asset. The decision is made based on whether management considers that the Trust obtains control of a software intangible asset in such there is a right of possession which would allow the Trust to run the software if desired, a lack of transferability possible to other customers and a right to direct the design of the system.

#### Measurement

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

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value where there are no restrictions on sale at the reporting date, and where it does not meet the definitions of investment properties or assets held for sale.

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

#### **Amortisation**

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

## Useful lives of intangible assets

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

	Min life Years	Max life Years
Software licences	4	7

#### **Note 1.11 Inventories**

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method.

In 2020/21 and 2021/22, the Trust received inventories including personal protective equipment from the Department of Health and Social Care at nil cost. In line with the GAM and applying the principles of the IFRS Conceptual Framework, the Trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department.

## **Note 1.12 Investment properties**

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

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 1.13 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours.

Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management. Cash, bank and overdraft balances are recorded at current values.

#### Note 1.14 Financial assets and financial liabilities

# Recognition

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

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

#### Classification and measurement

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

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

- Financial assets are classified as subsequently measured at amortised cost.
- Financial liabilities are classified as subsequently measured at amortised cost.

## Financial assets and financial liabilities at amortised cost

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

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

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

## Impairment of financial assets

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

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

Further information on the basis for calculation of credit losses is provided at note 19.2.

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

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

#### Derecognition

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

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

## Note 1.15 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

## The Trust as a lessee

#### Finance leases

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

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

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

The lease liability, is de-recognised when the liability is discharged, cancelled or expires.

## **Operating leases**

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

#### Leases of land and buildings

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

#### The Trust as a lessor

#### Finance leases

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

#### **Operating leases**

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

#### **Note 1.16 Provisions**

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

Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective from 31 March 2022:

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

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective from 31 March 2022:

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

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

## Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 25.2 but is not recognised in the Trust's accounts.

## Non-clinical risk pooling

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

#### **Note 1.17 Contingencies**

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

Contingent liabilities are not recognised, but are disclosed in note 26, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

#### Note 1.18 Public dividend capital

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

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

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

#### This policy is available at:

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

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

#### Note 1.19 Value added tax

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

## **Note 1.20 Corporation tax**

TThe Trust has determined that it has no corporation tax liability on the basis that it is an exempt health service body as provided for by sections 985 and 986 of the Corporation Tax Act 2010.

#### Note 1.21 Climate change levy

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

## Note 1.22 Foreign exchange

The functional and presentational currency of the trust 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 the trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- monetary items 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 Statement of Financial Position date) are recognised in 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.

## Note 1.23 Third party assets

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

## Note 1.24 Losses and special payments

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

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

#### Note 1.25 Gifts

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

# Note 1.26 Early adoption of standards, amendments and interpretations

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

# Note 1.27 Standards, amendments and interpretations in issue but not yet effective or adopted

#### IFRS 16 Leases

IFRS 16 Leases will replace IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease and other interpretations and is applicable to the majority of the public sector for periods beginning 1 April 2022. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below.

For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

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

On transition to IFRS 16 on 1 April 2022, the trust will apply the standard retrospectively without restatement and with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases

with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be defined by HM Treasury. For 2022, this rate is 0.95%. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2022 for existing finance leases.

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

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

	0003
Estimated impact on 1 April 2022 statement of financial position	
Additional right of use assets recognised for existing operating leases	34,612
Additional lease obligations recognised for existing operating leases	(34,612)
Net impact on net assets on 1 April 2022	
Estimated in-year impact in 2022/23	
Additional depreciation on right of use assets	(3,883)
Additional finance costs on lease liabilities	(313)
Lease rentals no longer charged to operating expenditure	4,024
Estimated impact on surplus / deficit in 2022/23	(172)
Estimated increase in capital additions for new leases commencing in 2022/23	-

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

## Other standards, amendments and interpretations

IFRS 17 Insurance Contracts – Application required for accounting periods beginning on or after 1 January 2023, but not yet adopted by the FReM: early adoption is not therefore permitted.

## Note 1.28 Critical judgements in applying accounting policies

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

The most significant judgement around accounting policies has been the decision to account for the Trust's PFI hospital in the Statement of Financial Position. The key accounting standards used in assessing this were IFRIC 12, IFRIC 4, IAS16 and IAS 17.

#### Note 1.29 Sources of estimation uncertainty

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

• Valuation of property, plant and equipment (see notes 6 and 14) is based upon an assessment undertaken by professional property valuers which by its nature includes an element of subjectivity. It is impracticable to disclose the extent of the possible effects of an assumption or another source of estimation uncertainty at the end of the reporting period;

## **Note 2 Operating Segments**

The Trust Board is considered to be the chief operating decision maker of the organisation. The Trust Board is of the view that whilst it receives limited financial information broken down by division, the information received does not show the full trading position of that division. Furthermore the activities undertaken by these divisions have a high degree of interdependence and therefore the Trust Board has determined that is appropriate to aggregate these divisions for segmental reporting purposes.

The rationale for determining the chief operating decision maker and for aggregating segments is as follows:

#### Chief operating decision maker

International Financial Reporting Standard 8: Operating Segments; states that the chief operating decision maker will have responsibility for allocating resources and assessing the performance of the entity's operating segments.

For the University Hospitals Coventry and Warwickshire NHS Trust, responsibility for these functions is set out in the Trust's Schemeof Reservation and Delegation. This document includes (amongst others) the following key decisions which are reserved to the Trust Board:

- The approval of strategies, plans and budgets;
- The agreement of the organisational structures, processes and procedures to facilitate the discharge of business by the Trust; and
- The monitoring and review of financial performance.
   Consequently it has been determined that the Trust Board is the chief operating decision maker.

#### **Operating segments**

IFRS 8 sets out the criteria for identifying operating segments and for reporting individual or aggregated segmental data.

The Trust Board has considered the requirements of IFRS 8 and whilst it does receive budgetary performance information at a specialty group level based upon groups of services (including for example medical specialties, surgical specialties etc.), this information is limited in that:

- Income is not currently regularly reported by specialty;
- Costs associated with any one specialty or service provided by the Trust are split across several specialty groups;
- Cross charging for services between specialty groups is not widely undertaken; and
- Many services provided by the Trust are not operationally independent.

In addition to the above key factors, consideration has also been given to the principles around aggregation of operating segments set out in IFRS 8 which concludes that segments may be aggregated if the segments have similar economic characteristics, and the segments are similar in each of the following respects:

## (a) The nature of the products and services:

The services provided are very similar in that they represent the provision of healthcare to ill/vulnerable people. Furthermore many of the services are interconnected with care for an individual being shared across different specialties and departments.

## (b) The nature of the production processes:

Services are provided in very similar ways (albeit to differing extents) to the majority of patients including outpatient consultations, inpatient care, diagnostic tests, medical and surgical interventions.

## (c) The type or class of customer for their products and services:

The Trust's customers are similar across all services in that they are ill/vulnerable people – whilst certain patient groups may be more usceptible to different healthcare needs, most services are provided to customers of all ages, gender etc.

#### (d) The methods used to distribute their products or provide their services:

The majority of services are delivered to customers through attendance at hospital as outpatients, day cases or inpatients.

## (e) If applicable, the nature of the regulatory environment:

The regulatory environment in which the Trust's services are provided is NHS healthcare.

The Trust Board has therefore concluded that further segmental analysis is not appropriate and that the specialty financial information should be aggregated for the purpose of segmental reporting.

## **Financial Performance Reporting**

The Trust's main sources of income continue to be from:-

- NHS service commissioners;
- Clinical Commissioning Groups (CCGs) from which £541.8 million (£451.1 million in 2020/21)was received; and
- NHS England from which £229.3 million (£218.6 million in 2020/21) was received.

There are no other sources of income which exceed 10% of the Trust's total revenue. All income derives from services provided in England, although the source of a small part of this income will come from NHS bodies in other parts of the United Kingdom, the Isle of Man or from overseas visitors who are treated in the Trust's hospitals. However, income from such sources is not material.

## Note 3 Operating income from patient care activities

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

## Note 3.1 Income from patient care activities (by nature)

	2021/22	2020/21
	£000	£000
Acute services		
Block contract / system envelope income	680,240	591,891
High cost drugs income from commissioners (excluding pass-through costs)	57,750	57,806
Other NHS clinical income	6,522	8,345
All services		
Private patient income	-	1,058
Elective recovery fund	12,949	-
Additional pension contribution central funding*	19,226 1	7,932
Other clinical income	24,063	21,255
Total income from activities	800,750	698,287

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

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

	2021/22	2020/21
Income from patient care activities received from:	£000	£000
NHS England	229,089	218,572
Clinical commissioning groups	541,813	451,078
Department of Health and Social Care	39	63
Other NHS providers	19,649	20,201
Local authorities	221	220
Non-NHS: private patients	1,285	1,058
Non-NHS: overseas patients (chargeable to patient)	1,308	455
Injury cost recovery scheme	3,738	4,165
Non NHS: other	3,608	2,475
Total income from activities	800,750	698,287
Of which:		
Related to continuing operations	800,750	698,287
	_	_

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

	2021/22	2020/21
	£000	£000
Income recognised this year	1,308	455
Cash payments received in-year	235	195
Amounts added to provision for impairment of receivables	1,751	529
Amounts written off in-year	1,240	546

# Note 4 Other operating income

		2021/22			2020/21	
	Contract	Non-contract	Total	Contract	Non-contract	Total
	income	income		income	income	
	£000	£000	£000	£000	£000	<b>£0</b> 00
Research and development	11,171	-	11,171	8,597	-	8,597
Education and training	27,429	1,032	28,461	23,322	-	23,322
Non-patient care services to other bodies	6,774	-	6,774	6,380	-	6,380
Reimbursement and top up funding	16,029	-	16,029	50,229	-	50,229
Income in respect of employee benefits	3,677	-	3,677	3,625	-	3,625
accounted on a gross basis						
Receipt of capital grants and donations	-	1,365	1,365	-	3,259	3,259
Charitable and other contributions	-	2,523	2,523	-	9,450	9,450
to expenditure						
Rental revenue from operating leases	-	1,279	1,279	-	1,261	1,261
Other income	5,259	395	5,654	1,903	-	1,903
Total other operating income	70,339	6,594	76,933	94,056	13,970	108,026
Of which:						
Related to continuing operations			76,933			108,026
Related to discontinued operations			-			-

# **Note 5.1 Operating expenses**

	2021/22	2020/21
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	2,398	2,804
Purchase of healthcare from non-NHS and non-DHSC bodies	11,018	5,097
Staff and executive directors costs	493,814	458,385
Remuneration of non-executive directors	206	178
Supplies and services - clinical (excluding drugs costs)	100,950 8	4,751
Supplies and services - general	6,367 1	0,537
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	73,449	63,268
Inventories written down	379	340
Consultancy costs	722	-
Establishment	10,374	8,274
Premises	21,248	30,075
Transport (including patient travel)	1,916	1,846
Depreciation on property, plant and equipment	25,378	22,129
Amortisation on intangible assets	1,562	1,201
Net impairments	(2,470)	236
Movement in credit loss allowance: contract receivables / contract assets	2,284	349
Increase/(decrease) in other provisions	699	(1,333)
Change in provisions discount rate(s)	103	118
Fees payable to the external auditor		
audit services- statutory audit*	151	163
Internal audit costs	104 1	04
Clinical negligence	20,447	19,982
Legal fees	315	558
Insurance	465	407
Research and development	13,907	11,153
Education and training	9,525	7,034
Rentals under operating leases	3,913	1,731
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	39,467	38,653
Hospitality	54	31
Losses, ex gratia & special payments	491	76
Other	3,611	3,003
Total	842,847	771,150
Of which:		
Related to continuing operations	842,847	771,150

<sup>\*</sup>Auditor remuneration for the statutory audit in 2021/21 was £126,032, excluding VAT (£113,250 in 2020/21), In 2020/21, an additional fee for 2019/20 audit is also included which was £22,485 excluding VAT. The sums disclosed above include irrecoverable VAT.

# Note 5.2 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £1 million (2020/21: £1 million).

## Note 6 Impairment of assets

	2021/22	2020/21
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Unforeseen obsolescence *	674	448
Changes in market price **	(3,144)	212)
Total net impairments charged to operating surplus / deficit	(2,470)	236
Impairments charged to the revaluation reserve	57	4,977
Total net impairments	(2,413)	5,213

<sup>\* 2021/22:</sup> This relates to equipment assets removed from operational use (2020/21: This relates to equipment assets removed from use)

\*\* The Trust engaged a professional property valuer to undertake a full revaluation of land, buildings, residences and investment
properties as at 31 March 2022 in order to reflect current valuations of those assets. This resulted in a net increase in values,
part of which was credited to the Statement of Comprehensive Income as a reversal of previous impairments charged there.

The balance of the revaluation gain was credited to the revaluation reserve.

## **Note 7 Employee benefits**

	2021/22	2020/21
	Total	Total
	£000	£000
Salaries and wages	382,093	354,851
Social security costs	36,601	33,450
Apprenticeship levy	1,902	1,738
Employer's contributions to NHS pensions	61,950	58,077
Pension cost - other	200	142
Temporary staff (including agency)	25,697	19,425
Total gross staff costs	508,443	467,683
Recoveries in respect of seconded staff (967) (650)		
Total staff costs	507,476	467,033
Of which		
Costs capitalised as part of assets	1,869	-

During 2021/22 there were 3 early retirements from the trust agreed on the grounds of ill-health (1 in 2020/21). The estimated additional pension liabilities of these ill-health retirements is £171k (£69k in 2020/21). These estimated costs are calculated on an average basis and will be borne by the NHS Pension Scheme.

#### **Note 8 Pension costs**

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

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

#### a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2021, is based on valuation data as at 31 March 2021, updated to 31 March 2022 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

#### b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 at 20.6%, and the Scheme Regulations were amended accordingly.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

#### National Employment Savings Trust (NEST)

The Trust has joined the government operated National Employment Savings Scheme (NEST) pension scheme to offer pensions to those staff who are not eligible to join the NHS pension scheme.

NEST is a defined contribution scheme and as such, the cost to the Trust of participating in the NEST scheme is equal to the contributions payable into the scheme in the relevant accounting period (see Note 7 Employee benefits).

## **Note 9 Operating leases**

## Note 9.1 University Hospitals Coventry And Warwickshire NHS Trust as a lessor

This note discloses income generated in operating lease agreements where University Hospitals Coventry And Warwickshire NHS Trust is the lessor.

	2021/22	2020/21
	£000	£000
Operating lease revenue		
Minimum lease receipts	1,279	1,261
Contingent rent	-	-
Other	-	-
Total	1,279	1,261

Operating lease revenue relates to the lease of land to the operator of a private hospital and the lease of facilities to a medical school.

	31 March	31 March
	2022	2021
	£000	£000
Future minimum lease receipts due:		
- not later than one year;	1,305	1,316
- later than one year and not later than five years;	2,670	2,708
- later than five years.	91,001	40,512
Total	94,976	44,536

# Note 9.2 University Hospitals Coventry And Warwickshire NHS Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where University Hospitals Coventry And Warwickshire NHS Trust is the lessee.

The majority of the Trust's operating leases are short term fixed price leases and include:

- Premises
- Equipment (including medical and office equipment)

	2021/22	2020/21
	£000	£000
Operating lease expense		
Minimum lease payments	3,913	1,731
Total	3,913	1,731
	31 March	31 March
	2022	2021
	£000	£000
Future minimum lease payments due:		
- not later than one year;	4,532	1,181
- later than one year and not later than five years;	11,178	3,590
- later than five years.	23,230	4,184
Total	38,940	8,955
Future minimum sublease payments to be received	-	-

## Note 10 Finance income

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

	2021/22	2020/21
	£000	£000
Interest on bank accounts	-	6
Total finance income	-	6

## **Note 11.1 Finance expenditure**

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

	2021/22	2020/21
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	43	55
Finance leases	191	5
Main finance costs on PFI and LIFT schemes obligations	13,313	13,803
Contingent finance costs on PFI and LIFT scheme obligations	14,128	15,697
Total interest expense	27,675	29,560
Unwinding of discount on provisions	(29)	(13)
Total finance costs	27,646	29,547

# Note 12 Other gains / (losses)

2021/22	2020/21
£000	£000
(134)	
(134)	-
1,580	490
1,446	490
	(134) (134) 1,580

The gains on investment properties resulted from a full revaluation undertaken by a professional property valuer as at 31 March in each year.

# Note 13.1 Intangible assets - 2021/22

		lasta a silala	
	Calturana	Intangible	
	Software	assets under	
	licences	construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2021 - brought forward	13,325	- 1	3,325
Additions	1,878	8,122	10,000
Valuation / gross cost at 31 March 2022	15,203	8,122	23,325
Amortisation at 1 April 2021 - brought forward	8,203	-	8,203
Provided during the year	1,562	-	1,562
Impairments	221	-	221
Amortisation at 31 March 2022	9,986		9,986
Net book value at 31 March 2022	5,217	8,122	13,339
Net book value at 1 April 2021	5,122	-	5,122
Note 13.2 Intangible assets - 2020/21			
		Intangible	
	Software	assets under	
	licences	construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2020 - as previously stated	12,169	-	12,169
Additions	1,156	-	1,156
Valuation / gross cost at 31 March 2021	13,325		13,325
Amortisation at 1 April 2020 - as previously stated	7,002	-	7,002
Provided during the year	1,201	-	1,201
Amortisation at 31 March 2021	8,203		8,203
Net book value at 31 March 2021	5,122	-	5,122
Net book value at 1 April 2020	5,167	-	5,167

Note 14.1 Property, plant and equipment - 2021/22

	Land	Buildings excluding dwellings	Dwellings	Dwellings Assets under construction	Plant & machinery	Information equipment	Furniture & fittings	Total
	000 <del>J</del>	000 <del>J</del>	000J	000 <del>J</del>	£000	000 <del>3</del>	000 <del>J</del>	000 <del>J</del>
Valuation/gross cost at 1 April 2021 - brought forward	22,367	279,869	377	5,400	175,164	47,519	160	530,856
Additions	•	14,349	•	14,990	13,963	4,142	•	47,444
Impairments	1	(3,288)	•	•	•	•		(3,288)
Reversals of impairments	1	6,375	1	•	•	•		6,375
Revaluations	74	2,849	11	•	•	1	•	2,934
Reclassifications	•	2,008	•	(2,251)	30	213	•	ı
Disposals / derecognition	•	•	•	•	(17,636)	(680')		(24,725)
Valuation/gross cost at 31 March 2022	22,441	302,162	388	18,139	171,521	44,785	160	559,596
Accumulated depreciation at 1 April 2021 - brought forward	•	1	•	1	119,033	32,045	146	151,224
Provided during the year	1	10,231	26		11,977	3,144		25,378
Impairments	1	•	•	•	453	•		453
Revaluations	1	(10,231)	(56)	•	•	•		(10,257)
Disposals / derecognition	1	•	1	•	(17,502)	(680')		(24,591)
Accumulated depreciation at 31 March 2022	'	'	'	'	113,961	28,100	146	142,207
Net book value at 31 March 2022	22,441	302,162	388	18,139	57,560	16.685	14	417,389
Net book value at 1 April 2021	22,367	279,869	377	5,400	56.131	15.474	4	379,632

Note 14.2 Property, plant and equipment - 2020/21

	Land	Buildings excluding dwellings	Dwellings	Dwellings Assets under construction	Plant & machinery	Information equipment	Furniture & fittings	Total
	000J	000J	000J	£000	€000	000J	£000	000J
Valuation / gross cost at 1 April 2020 - as previously stated	22,367		292,348	1,201	1,454	156,249	46,888 160	520,667
Additions	٠	2,609	•	4,785	24,603	4,170	ı	39,167
Impairments	•	(9,947)	•	•	1	•	•	(9,947)
Reversals of impairments	•	5,182	1	ı	1	•	ı	5,182
Revaluations	•	(13,718)	(824)	ı	1	•	ı	(14,542)
Reclassifications	•	395	•	(839)	•	444	1	•
Disposals / derecognition	•	•	1	ı	(2,688)	(3,983)	ı	(9,671)
Valuation/gross cost at 31 March 2021	22,367	279,869	377	5,400	175,164	47,519	160	530,856
Accumulated depreciation at 1 April 2020 - as previously stated	   	30,237	825	   ' 	113,719	33,377	146	178,304
Provided during the year	•	8,899	25	ı	10,554	2,651	ı	22,129
Impairments	٠	•	•	ı	448	1	1	448
Revaluations	•	(39,136)	(820)	•	1	•	•	(386'68)
Disposals / derecognition	•	•	1	ı	(2,688)	(3,983)	ı	(9,671)
Accumulated depreciation at 31 March 2021	•		•	   •	119,033	32,045	146	151,224
Net book value at 31 March 2021	22,367	279,869	77	5,400	56,131	15,474	14	379,632
Net book value at 1 April 2020	22,367	262,111	376	1,454	42,530	13,511	14	342,363

Note 14.3 Property, plant and equipment financing - 2021/22

	Land	Buildings excluding dwellings	Dwellings Assets under construction	Assets under construction	Plant & machinery	Plant & Information chinery equipment	Furniture & fittings	Total
	£000	000 <del>J</del>	€000	€000	£000	€000	£000	£000
Net book value at 31 March 2022								
Owned - purchased	22,441	43,316	388	18,139	22,856	16,609	14	123,763
Finance leased	1	•	1	•	5,812		•	5,812
On-SoFP PFI contracts and other service concession								
arrangements	1	256,170	ı	•	25,623		•	281,793
Owned - donated/granted	1	2,676	1	•	3,269	9/	•	6,021
NBV total at 31 March 2022	22,441	302,162	388	18,139	57,560	16,685	14	417,389

Note 14.4 Property, plant and equipment financing - 2020/21

## Note 15 Donations of property, plant and equipment

The Trust receives grants from Charities for the purchase of donated capital assets - mainly medical and surgical equipment.

#### Note 16 Revaluations of property, plant and equipment

The Trust engaged Avison Young (UK) Ltd, a professional property valuer to undertake a full valuation of its land, buildings, residences and investment properties as at 31 March 2022 in order to reflect current valuations of those assets. The valuer used national BCIS cost and tender price indices. This resulted in a net increase in values, part of which was credited to the Statement of Comprehensive Income, as a reversal of previous impairments. The balance of the revaluation gain was credited to the revaluation reserve.

#### **Note 17.1 Investment Property**

	2 <b>021/22</b>	2020/21
	£000	£000
Carrying value at 1 April - brought forward	10,500	10,010
Movement in fair value 1,580 490		
Carrying value at 31 March	12,080	10,500
Note 17.2 Investment property income and expenses		
	2021/22	2020/21
	£000	£000
Direct operating expense arising from investment property which generated rental	(384)	(332)
income in the period		
Direct operating expense arising from investment property which did not generate	(11)	(27)
rental income in the period		
Total investment property expenses	(395)	(359)
Investment property income	378	373
Note 18 Inventories		
	31 March	31 March
	2022	2021
	£000	£000
Drugs	5,286	4,396
Consumables	11,081	9,654
Total inventories	16,367	14,050

Held at fair value less costs to sell

of which:

Inventories recognised in expenses for the year were £141,915k (2020/21: £109,990k). Write-down of inventories recognised as expenses for the year were £379k (2020/21: £340k).

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2021/22 the Trust received £2,185k of items purchased by DHSC (2020/21: £9,200k).

These inventories were recognised as additions to inventory at deemed cost with the corresponding benefit recognised in income.

The utilisation of these items is included in the expenses disclosed above.

#### Note 19.1 Receivables

			31 March	31 March
			2022	2021
			£000	£000
Current				
Contract receivables			28,876	21,227
Allowance for impaired contract receivables / assets			(4,716)	(4,347)
Prepayments (non-PFI)			7,467	3,590
PFI lifecycle prepayments			20,915	13,083
PDC dividend receivable			-	136
VAT receivable			1,500	6,003
Other receivables			78	140
Total current receivables			54,120	39,832
Non-current				
Contract receivables			7,081	6,845
PFI lifecycle prepayments			18,122	27,981
Other receivables			1,041	79
Total non-current receivables			26,244	34,905
Of which receivable from NHS and DHSC group bodies:				
Current			15,225	11,581
Non-current			1,041	79
Note 19.2 Allowances for credit losses				
		2021/22		2020/21
	Contract	All other	Contract	All other
	receivables	receivables	receivables	receivables
	and contract		and contract	
	assets		assets	
	£000	£000	£000	£000
Allowances as at 1 April - brought forward	4,347	-	5,009	-
New allowances arising	3,074	-	3,402	-
Reversals of allowances	(790)	-	(3,053)	-
Utilisation of allowances (write offs)	(1,915)	-	(1,011)	-
Allowances as at 31 Mar 2022	4,716		4,347	

# Note 19.3 Exposure to credit risk

The majority of the Trust's revenue comes from contracts with other public sector bodies and therefore the Trust would normally have low exposure to credit risk. However, in the challenging financial environment in which the NHS is currently operating, significant risks exist to the recoverability of receivables due to disputes and queries raised on invoices and issues concerning affordability to NHS commissioners. Therefore the Trust has provided for these risks based upon an assessment of the risk for its main NHS commissioners.

Furthermore, the Trust charges significant sums to overseas patients who have received urgent care, however, the income from such patients is in effect underwritten by its local CCG commissioner. In 2021/22, this value has been fixed and is included within the contractual blocks received from UHCW commissioners. There is a range of debt risk exposure and provision for this risk is applied according to the individual debt circumstances, ranging between 0% on overseas patients actively making payments, to 95% on debtors who have not made any payments. The overall result being a high proportion are provided for at close to 95%.

Injury cost recovery income is subject to a provision for impairment of receivables of 23.76% as per DHSC guidance.

For other receivables, future credit losses are estimated by calculating historic one year recovery rates for specific categories of receivables by age profile. The level of provisions for receivables as at 31 March 2022 are based on the following average percentages for outstanding invoices by age category:

- Outstanding invoices aged 0 30 days: 4%
- Outstanding invoices aged 31 60 days: 10%
- Outstanding invoices aged 61 90 days: 17%
- Outstanding invoices aged 91 180 days: 11%
- Outstanding invoices aged over 180 days: 15%

## Note 20.1 Cash and cash equivalents movements

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

	2021/22	2020/21
	£000	£000
At 1 April	54,736	2,372
Net change in year	17,382	52,364
At 31 March	72,118	54,736
Broken down into:		
Cash at commercial banks and in hand	33	45
Cash with the Government Banking Service	72,085	54,691
Total cash and cash equivalents as in SoFP	72,118	54,736
Total cash and cash equivalents as in SoCF	72,118	54,736

## Note 20.2 Third party assets held by the trust

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

	31 March	31 March
	2022	2021
	£000	£000
Bank balances	38	43
Total third party assets	38	43

# Note 21.1 Trade and other payables

			31 March	31 March
			2022	2021
			£000	£000
Current				
Trade payables			15,558	8,881
Capital payables			23,083	4,590
Accruals			57,899	57,925
Social security costs			82	244
VAT payables			431	80
Other taxes payable			745	737
PDC dividend payable			235	-
Other payables			6,888	6,446
Total current trade and other payables			104,921	78,903
			,	
Of which payables from NHS and DHSC group bodies:				
Current			6,243	4,590
Non-current				.,,,,,
Hon carrent			_	_
Note 21.2 Early retirements in NHS payables above				
The payables note above includes amounts in relation to early retirements as se	et out below:			
The payables note above includes amounts in relation to early retirements as so	ct out below.			
	31 March	31 March	31 March	31 March
	2022	2022	2021	2021
	£000	Number	£000	Number
- to buy out the liability for early retirements over 5 years	-		-	
- number of cases involved		-		-
Note 22 Other liabilities				
			31 March	31 March
			2022	2021
Current			£000	£000
Deferred income: contract liabilities			9,423	6,739
Total other current liabilities			9,423	6,739
Total other current nations				
Note 23.1 Borrowings				
			31 March	31 March
			2022	2021
				5000
Current			£000	£000
Loans from DHSC			904	908
Obligations under finance leases			904 409	908 377
Obligations under finance leases Obligations under PFI, LIFT or other service concession contracts			904 409 4,981	908 377 6,778
Obligations under finance leases			904 409	908 377
Obligations under finance leases Obligations under PFI, LIFT or other service concession contracts Total current borrowings			904 409 4,981	908 377 6,778
Obligations under finance leases Obligations under PFI, LIFT or other service concession contracts			904 409 4,981 <b>6,294</b>	908 377 6,778 <b>8,063</b>
Obligations under finance leases Obligations under PFI, LIFT or other service concession contracts Total current borrowings  Non-current Loans from DHSC			904 409 4,981 6,294 1,780	908 377 6,778 8,063
Obligations under finance leases Obligations under PFI, LIFT or other service concession contracts Total current borrowings  Non-current Loans from DHSC Obligations under finance leases			904 409 4,981 <b>6,294</b> 1,780 5,545	908 377 6,778 <b>8,063</b> 2,670 5,652
Obligations under finance leases Obligations under PFI, LIFT or other service concession contracts Total current borrowings  Non-current Loans from DHSC			904 409 4,981 6,294 1,780	908 377 6,778 8,063

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

	Loans from	Finance	PFI and	Total
	DHSC	leases	LIFT	
			schemes	
	£000	£000	£000	£000
Carrying value at 1 April 2021	3,578	6,029	237,188	246,795
Cash movements:				
Financing cash flows - payments and receipts of				
principal	(890)	(313)	(6,777)	(7,980)
Financing cash flows - payments of interest	(47)	(191)	(13,313)	(13,551)
Non-cash movements:				
Additions	-	238	-	238
Application of effective interest rate	43	191	13,313	13,547
Carrying value at 31 March 2022	2,684	5,954	230,411	239,049

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

	Loans from	Finance	PFI and	Total
	DHSC	leases	LIFT	
			schemes	
	£000	£000	£000	£000
Carrying value at 1 April 2020	117,194	166	246,464	363,824
Cash movements:				
Financing cash flows - payments and receipts of				
principal	(113,279)	(72)	(9,275)	(122,626)
Financing cash flows - payments of interest	(392)	(5)	(13,804)	(14,201)
Non-cash movements:				
Additions	-	5,935	-	5,935
Application of effective interest rate	55	5	13,803	13,863
Carrying value at 31 March 2021	3,578	6,029	237,188	246,795

# Note 24 Finance leases

# Note 24.1 University Hospitals Coventry And Warwickshire NHS Trust as a lessee

Obligations under finance leases where the trust is the lessee.

	31 March	31 March
	2022	2021
	£000	£000
Gross lease liabilities	7,219	7,227
of which liabilities are due:		_
- not later than one year;	563	527
- later than one year and not later than five years;	2,099	1,952
- later than five years.	4,557	4,748
Finance charges allocated to future periods	(1,265)	(1,198)
Net lease liabilities	5,954	6,029
of which payable:		
- not later than one year;	409	377
- later than one year and not later than five years;	1,579	1,454
- later than five years.	3,966	4,198
Total of future minimum sublease payments to be received at the reporting date	-	-
Contingent rent recognised as expense in the period	-	-

## Note 25.1 Provisions for liabilities and charges analysis

	Pensions: early	Pensions: injury	Legal claims	Other	Total
	departure costs	benefits			
	£000	£000	£000	£000	£000
At 1 April 2021	1,141	1,862	140	2,178	5,321
Change in the discount rate	13	90	-	-	103
Arising during the year	59	280	120	2,405	2,864
Utilised during the year	(114)	(83)	(32)	(68)	(297)
Reversed unused	-	-	(31)	(612)	(643)
Unwinding of discount	(11)	(18)	-	-	(29)
At 31 March 2022	1,088	2,131	197	3,903	7,319
Expected timing of cash flows:					
- not later than one year;	145	86	197	2,862	3,290
- later than one year and not later than five years;	598	355	-	52	1,005
- later than five years.	345	1,690	-	989	3,024
Total	1,088	2,131	197	3,903	7,319

- Early departure costs are pensions relating to former staff are based upon actuarial estimates and are reviewed annually. Payments are made quarterly to the NHS Pensions Agency in respect of the Trust's liability.
- Injury benefits are payable by the NHS Pensions Agency and recharged to the Trust.
- Legal claims relate to employers'/third party liability claims. Cost estimates and timings are provided by the NHS Litigation Authority.
- Other provisions include: other employee related claims and contractual disputes.

# Note 25.2 Clinical negligence liabilities

At 31 March 2022, £196,069k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of University Hospitals Coventry And Warwickshire NHS Trust (31 March 2021: £181,802k).

## Note 26 Contingent assets and liabilities

Note 20 Contingent assets and nabilities		
	31 March	31 March
	2022	2021
	£000	£000
Value of contingent liabilities		
NHS Resolution legal claims	81	62
Gross value of contingent liabilities	81	62
Amounts recoverable against liabilities		-
Net value of contingent liabilities	81	62
Net value of contingent assets	-	-
Note 27 Contractual capital commitments		
	31 March	31 March
	2022	2021
	£000	£000
Property, plant and equipment	3,466	1,074
Intangible assets	7,246	24
Total	10,712	1,098

#### Note 28 On-SoFP PFI, LIFT or other service concession arrangements

The Trust has entered into a PFI contract for the construction, operation and maintenance of a major acute hospital along with the provision of a significant proportion of medical and other equipment required for use in the hospital. The PFI contractor is also responsible for the provision of a number of services including estate maintenance, certain equipment maintenance and the provision of hotel / soft services to a required Trust specification. These services include catering, domestic, laundry / linen, portering, transport, switchboard, help desk, car parking and security. In addition as part of the PFI contract these services are also provided to the existing Hospital of St Cross.

The PFI consortium includes:

- 1. Principal contract party with the Trust, is Coventry & Rugby Hospital Company (CRHC)
- 2. Coventry & Rugby Hospital Company have contracts with:
- a. Hard FM Vinci Facilities;
- b. Soft FM ISS Mediclean, the current contract is market tested under the PFI contract every seven years;
- c. Equipment GE Medical Systems.

The PFI contract terminates on 31st December 2042, at which point ownership of the buildings and equipment provided under the contract passes to the Trust for no additional consideration.

The PFI contract is a tripartite contract involving the provision of a University Hospital for UHCW NHS Trust, and also incorporates a Mental Health facility for Coventry and Warwickshire Partnership NHS Trust, all of which are on the same NHS PFI site and jointly contracted with CRHC.

Inflation on the PFI Unitary Payment is twofold. All costs except Soft FM pay are based upon the movement in the Retail Prices Index (RPI) over the previous 12 months on a February to February basis. Soft FM pay uplift is based mainly on Agenda for Change as a result of the Retention of Employment model being used, where the majority of staff are in effect seconded by the Trust to the soft services provider but remain on NHS conditions of service.

## Note 28.1 On-SoFP PFI, LIFT or other service concession arrangement obligations

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

	31 March	31 March
	2022	2021
	£000	£000
Gross PFI, LIFT or other service concession liabilities	401,800	421,892
Of which liabilities are due		
- not later than one year;	17,936	20,092
- later than one year and not later than five years;	68,464	71,524
- later than five years.	315,400	330,276
Finance charges allocated to future periods	(171,389)	(184,704)
Net PFI, LIFT or other service concession arrangement obligation	230,411	237,188
- not later than one year;	4,981	6,778
- later than one year and not later than five years;	19,501	21,380
- later than five years.	205,929	209,030

## Note 28.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

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

	31 March	31 March
	2022	2021
	£000	£000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	1,794,418	1,876,988
Of which payments are due:		
- not later than one year;	86,478	86,298
- later than one year and not later than five years;	345,912	345,193
- later than five years.	1,362,028	1,445,497
Note 28.3 Analysis of amounts payable to service concession operator		
This note provides an analysis of the unitary payments made to the service concession operator:		
	2021/22	2020/21
	£000	£000
Unitary payment payable to service concession operator	85,895	84,245
Consisting of:		
- Interest charge	13,313	13,803
- Repayment of balance sheet obligation	6,778	9,275
- Service element and other charges to operating expenditure	39,467	38,653
- Capital lifecycle maintenance	8,748	3,570
- Contingent rent	14,128	15,697
- Addition to lifecycle prepayment	3,461	3,247
Total amount paid to service concession operator	85,895	84,245

#### **Note 29 Financial instruments**

## Note 29.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the NHS organisation has with commissioners and the way those commissioners are financed, the NHS organisation is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The NHS organisation has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing University Hospitals Coventry And Warwickshire NHS Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. Trust treasury activity is subject to review by the Trust's internal auditors, rather than being held to change the risks facing University Hospitals Coventry And Warwickshire NHS Trust in undertaking its activities.

## **Currency risk**

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

#### Interest rate risk

The Trust borrows from government for capital expenditure, subject to affordability as confirmed by the NHS Trust Development Authority. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

#### Credit risk

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

## Liquidity risk

The Trust's operating costs are incurred under contracts with clinical commissioning groups and NHS England, which are financed from resources voted annually by Parliament . The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

## Note 29.2 Carrying values of financial asset

IFRS 9 Financial Instruments is applied retrospectively from 1 April 2018 without restatement of comparatives. As such, comparative disclosures have been prepared under IAS 39 and the measurement categories differ to those in the current year analyses.

Held at

عد ادا دا ا

Total

Carrying values of financial	assets as at 31 March 2022
------------------------------	----------------------------

amortise	d cost	book value
	£000	£000
Trade and other receivables excluding non financial assets	31,147	1,147
Cash and cash equivalents	72,118	72,118
Total at 31 March 2022	3,265	103,265
Carrying values of financial assets as at 31 March 2021		
н	eld at	Total
amortise	d cost	book value
	£000	£000
Trade and other receivables excluding non financial assets	20,456	20,456
Cash and cash equivalents	54,736	54,736
Total at 31 March 2021	75,192	75,192

## Note 29.3 Carrying values of financial liabilities

# Carrying values of financial liabilities as at 31 March 2022

	Held at	lotal
	amortised cost	book value
	£000	£000
Loans from the Department of Health and Social Care	2,684	2,684
Obligations under finance leases	5,954	5,954
Obligations under PFI, LIFT and other service concession contracts	230,411	230,411
Trade and other payables excluding non financial liabilities	103,275	103,275
Provisions under contract	4,100	4,100
Total at 31 March 2022	346,424	346,424

## Carrying values of financial liabilities as at 31 March 2021

	Held at	lotal
	amortised cost	book value
	£000	£000
Loans from the Department of Health and Social Care	3,578	3,578
Obligations under finance leases	6,029	6,029
Obligations under PFI, LIFT and other service concession contracts	237,188	237,188
Trade and other payables excluding non financial liabilities	77,826	77,826
Provisions under contract	2,318	2,318
Total at 31 March 2021	326,939	326,939

#### Note 29.4 Maturity of financial liabilities

The following maturity profile of financial liabilities is based on the contractual undiscounted cash flows. This differs to the amounts recognised in the statement of financial position which are discounted to present value.

			31 March	31 March
			2022	2021
			£000	£000
In one year or less			125,758	101,639
In more than one year but not more than five years			72,427	75,325
In more than five years			320,946	335,990
Total			519,131	512,954
Note 30 Losses and special payments				
	2021/22		2020/21	
Total	Total	Total value	Total	Total value
	number of	of cases	number of	of cases
	cases	£000	cases	£000
	Number		Number	
Losses				
Cash losses	20	32	17	9
Bad debts and claims abandoned	521	1,287	301	586
Stores losses and damage to property	4	379	6	155
Total losses	545	1,698	324	750
Special payments				
Compensation under court order or legally binding arbitration award	1	12	-	-
Ex-gratia payments	9	1	16	453
Total special payments	10	13	16	453
Total losses and special payments	555	1,711	340	1,203
Compensation payments received		29		106

<sup>\*</sup> The bad debts recorded above mainly relate to the provision of urgent/emergency care to overseas visitors and cases range from £20 to £50,566.

The Flowers legal case relates to the treatment of overtime payments and in particular payments for voluntary overtime in the calculation of holiday pay and the interpretation of the Working Time Directive. Joint negotiations between NHS employers and NHS trade unions during 2021 agreed that a corrective payment would be made to those staff affected. Guidance was issued asking Trusts to accrue the cost of the nationally agreed corrective payments and associated income based on nationally generated estimates, and accordingly £454,000 was accrued within the 2021 accounts.

These payments are considered special payments for which HMT approval was sought nationally by NHS England on Trusts' behalf. As the losses and special payments note is prepared on an accruals basis (excluding provisions), these amounts should have been disclosed within this note in the 2020/21 accounts. In line with the guidance set out at section 2.1.6 of the Trust Accounts Consolidation (TAC) schedules: Completion instructions month 12 2021/22 (March 2022), the Trust has the choice to include these within the 2021/22 disclosure or to revise the prior year disclosure. The Trust has therefore restated the prior year comparative to include these payments which have been adjusted to latest information from £454,000 to £451,000.

## **Note 31 Related parties**

The Department of Health and Social Care is regarded as a the Trust's parent department. During the year University Hospitals Coventry and Warwickshire NHS Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department.

Those entities with which the Trust has had material transactions are listed below:

- South Warwickshire NHS Foundation Trust
- University Hospitals of Derby and Burton NHS Foundation Trust
- Coventry and Warwickshire Partnership NHS Trust
- George Eliot Hospital NHS Trust
- NHS Birmingham and Solihull CCG
- NHS Coventry and Warwickshire CCG
- NHS East Leicestershire and Rutland CCG
- NHS Northamptonshire CCG
- NHS West Leicestershire CCG
- NHS England
- Health Education England
- NHS Resolution (formerly NHS Litigation Authority)

In addition, the Trust also undertakes transactions with other government/public sector bodies and those with material transactions are listed below:

**HM Revenue and Customs** 

National Health Service Pension Scheme

NHS Blood & Transplant

Professor Kumar, Non-Executive Director of the Trust holds the position of Dean of Warwick Medical School which is part of the University of Warwick. He is also a non-executive director and vice chair of NHS Digital.

Professor Guy Daly is Deputy Vice-Chancellor (Education and Students) at Coventry University which provides training for nursing and other healthcare professionals.

Two directors of the Trust and two senior managers of the Trust were also trustees of University Hospitals Coventry and Warwickshire Charity during 2021/22. The charity is independent from the Trust which has the right to appoint four of the nine trustees of the charity. During the course of 2021/22, Trust appointed trustees of the charity have remained in the minority of the charity's trustees.

Revenue and expenditure with other bodies outside Whole Government Accounts (WGA) includes the University of Warwick and the University Hospitals Coventry and Warwickshire Charity are as follows:

	Revenue	Expenditure
	£000s	£000s
University of Warwick	1,522	5,256
University Hospitals Coventry and Warwickshire Charity	132	0

# **Note 32 Better Payment Practice code**

	2021/22	2021/22	2020/21	2020/21
Non-NHS Payables	Number	£000	Number	£000
Total non-NHS trade invoices paid in the year	124,349	518,234	108,852	441,754
Total non-NHS trade invoices paid within target	105,635	489,002	99,209	407,663
Percentage of non-NHS trade invoices paid within target	85.0%	94.4%	91.1%	92.3%
NHS Payables				
Total NHS trade invoices paid in the year	3,575	139,423	4,001	130,833
Total NHS trade invoices paid within target	2,438	130,474	2,429	117,841
Percentage of NHS trade invoices paid within target	68.2%	93.6%	60.7%	90.1%

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

# **Note 33 External financing limit**

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

	2021/22	2020/21
	£000	£000
Cash flow financing	8,218	(46,445)
External financing requirement	8,218	(46,445)
External financing limit (EFL)	32,813	(13,993)
Under / (over) spend against EFL	24,595	32,452
Note 34 Capital Resource Limit		
	2021/22	2020/21
	£000	£000
Gross capital expenditure	57,444	40,323
Less: Disposals	(134)	-
Less: Donated and granted capital additions	(1,365)	(3,259)
Plus: Loss on disposal from capital grants in kind	134	-
Charge against Capital Resource Limit	56,079	37,064
Capital Resource Limit	56,789	40,677
Under / (over) spend against CRL	710	3,613
Note 35 Breakeven duty financial performance		
		2021/22
		£000
Adjusted financial performance surplus / (deficit) (control total basis)		284
IFRIC 12 breakeven adjustment		2,605
Breakeven duty financial performance surplus / (deficit)	-	2,889
	-	

# Note 36 Breakeven duty rolling assessment

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance		10,234	4,	162	1,465	1,916 214	(16,900)
Breakeven duty cumulative position	2,558	12,792	16,954	18,419	20,335	20,549	3,649
Operating income		465,211	472,923	484,816	509,163	528,881	550,196
Cumulative breakeven position as a percentage		2.7%	3.6%	3.8%	4.0%	3.9%	0.7%
of operating income							
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance	(9,129)	703	(15,713)	(25,011)	9,175	3,110	2,889
Breakeven duty cumulative position	(5,481)	(4,778)	(20,491)	(45,502)	(36,327)	(33,217)	(30,328)
Operating income	585,157	608,790	630,651	668,046	27,084	806,313	877,683
Cumulative breakeven position as a percentage	(0.9%)	0.8%)	(3.2%)	(6.8%)	(5.0%)	(4.1%)	(3.5%)
of operating income							

The amount in the above table in respect of financial year 2008/09 (and earlier) has not been restated to IFRS and remains on a UK GAAP basis.

The Trust has breached its 5 year break even duty at 31 March 2022. The value of cumulative deficit for the period of 2017/18 to 2021/22 is £25.6M. The Trust plans to recover this will be linked to the control total mechanism and future development of system plans.



University Hospital Clifford Bridge Road, Coventry, West Midlands, CV2 2DX

> Hospital of St Cross, Rugby Barby Road, Rugby, CV22 5PX

> > www.uhcw.nhs.uk 024 76964000

Inspected and rated

