

Annual Report & Accounts 2022/2023





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Contents

1	Welcome	2
2	Performance Report	8
2.1	Overview	9
2.2	Performance Analysis	11
2.3	Performance Exceptions and Risks	14
2.4	Forward Look: Main Trends and Factors Likely To Affect Our Future Performance	18
2.5	Financial Performance Overview 2022/23	20
2.6	Accounting Policies	25
3	SUSTAINABILITY REPORT	26
3.1	Sustainability Leadership and Engagement	27
3.2	Mitigating Climate Change: Working Towards Net Zero By 2040	27
3.3	Carbon Footprint	30
3.4	Minimising Waste and Promoting Resource Efficiency	34
3.5	Procuring Sustainable Products and Services	36
3.6	Towards 2023/24	37
4	ACCOUNTABILITY REPORT	38
4.1	Corporate Governance Report	39
4.2	Remuneration and Staff Report	49
5	FINANCIAL STATEMENTS	62
5.1	External Auditors Report	63
5.2	Annual Accounts	66

Emergency Department
undergoes major redesign
and improvements
in 2022/23





Part 1 Welcome

1.1.1 Chair and Chief Executive's Overview

Welcome to our Annual Report for 2022/23.

Let us start by saying how grateful we are for the continued efforts of all of our colleagues to provide our communities with the exceptional care they have come to expect and deserve. It has been another challenging year for the Trust and the entire NHS, but we never cease to be amazed at the compassion, pride and resourcefulness shown by teams and individuals.

Our dedicated workforce has continuously sought to improve the quality of patient care and help to realise our vision of being a national and international leader in healthcare rooted in our communities, as outlined in our new organisational strategy for 2022-2030.

'Better never stops' at UHCW and the last 12 months have demonstrated this through our continued work on the post-pandemic recovery and reducing the elective backlog created by Covid-19. UHCW was the first teaching Trust nationally to completely clear our two-year waiting list for elective surgery, and we are delighted to say that good work has continued.

Extensive progress has also been undertaken to strengthen our urgent and emergency care offering for future generations. As well as opening a new, modern Minor Injuries Unit on site at University Hospital, Coventry Urgent Treatment Centre, within the City of Coventry Health Centre, has become part of our emergency care service. Other key developments include expanding our Emergency Department and Children's Emergency Department through extra treatment cubicles, increasing the capacity of same day emergency care and supporting diagnostic testing through an additional CT scanner.

Investment in our services has included the Hospital of St Cross, where we opened the Laurel Unit to provide specialist surgical and nursing support for breast surgery and are installing energy-saving measures that will help us achieve our aim of reaching net zero by 2040. We are working on a strategy for further developments in Rugby.

Another important milestone from the past year was working with partners to launch a new stroke pathway across Coventry and Warwickshire to offer patients the greatest chance of making the best possible recovery.

It is our commitment to ensuring patients receive the best possible treatment and experience that saw us extend our visiting times to seven days a week. This has proven extremely popular and we know seeing family and friends can make a hospital stay more bearable and aid the recovery process.

Providing good healthcare is only one way to improve people's health and wellbeing. The move to an Integrated Care System for Coventry and Warwickshire enables us to work closely with partners to address other factors that might affect people's

health such as housing, education and access to jobs. It also supports tackling the inequalities people face in accessing services, their experience of health and social care and the outcomes of care.

With this in mind, it was pleasing to see the Trust win the Health Service Journal's Innovation and Improvement in Reducing Healthcare Inequalities award for developing pioneering software to ensure patients are prioritised correctly while waiting for care, with the project described as a great illustration of turning national health inequalities policy into practice.

The year ended on a high with our Maternity Services receiving high praise from the Care Quality Commission. Inspectors found the leadership Outstanding – the highest possible rating – and maintained the overall rating as Good. In the wake of the Ockenden Report, this is an area of the NHS facing huge scrutiny and it is to the credit of everyone involved to come out with such a glowing report.

One thing that remains constant throughout these milestones is the brilliance of our staff, volunteers and partners. We were honoured and delighted when the Trust received the Freedom of the City of Coventry - a day that will live long in the memory. A plaque marking the achievement now sits proudly at University Hospital, a sign of appreciation from the communities we serve.

As Chair and Chief Executive, we can only say a big thank you to all who continue to go above and beyond to ensure our communities receive the highest quality of care.

There are many exciting plans in store for the next 12 months and we look forward to working with you all in 2023/24.



Stella G. Manzie

Dame Stella Manzie
Chair



Andrew Hardy

Professor Andrew Hardy
Chief Executive Officer

1.1.2 The year in pictures



April

UHCW became the first teaching Trust in the country to eliminate the number of patients waiting more than 104 weeks for elective surgery – four months ahead of schedule.

The NHS Elective Recovery Plan set out a blueprint for addressing Covid-19 backlogs, with a target of ending two-year waits by July 2022.

Working directly with patients meeting the two-year threshold, our surgical, diagnostic and operational teams prioritised care based on clinical need, with regular reviews allowing for any potential issues and health inequalities to be highlighted efficiently and effectively.



May

More than 100 leaders from across UHCW and Coventry and Warwickshire partnership organisations came together for the Trust's first Thought Leadership event in more than three years.

Our Chief Executive Officer, Professor Andy Hardy, opened the event which featured guest speakers from a variety of backgrounds and organisations to provide a look ahead to 2030.

The event provided an opportunity to reflect on our ambitions set out in the Trust's new organisational strategy and explore how we can jointly deliver the ambitions we set out with our partners.



June

A £4 million Government grant was secured to introduce a host of energy-saving measures at the Hospital of St Cross, Rugby including solar panels.

As well as enhancing air quality and making the hospital more energy efficient, the improvements will lead to financial savings that can be pumped back into patient care.

The funding was provided by the Department for Business, Energy and Industrial Strategy (BEIS) to allow the Trust to install low carbon heating solutions to replace fossil fuel fired equipment as part of its aim to reach net zero by 2040.



July

UHCW was granted the Freedom of the City of Coventry as a thank you for supporting the city through the Covid-19 pandemic.

An Extraordinary General Meeting of Coventry City Council was held at Coventry Cathedral, following a short parade from the Council House that featured a range of our staff as well as Lord Mayor, Cllr Kevin Maton, and councillors.

The honour recognised the 'incredible work' of the Trust, which was chosen to deliver the world's first Covid-19 vaccine.



August

We were incredibly proud to become the first university hospital in the UK to be awarded the internationally acclaimed Pathway to Excellence® designation for nursing.

It came after the Trust demonstrated how our Nursing and Midwifery teams have a direct role in influencing and enhancing both policy and practice for the benefit of patients, as well as promoting a healthy work environment where staff feel empowered and valued.

August also saw the installation of a ground-breaking new robotic-assisted surgical system, allowing for more minimally invasive procedures to be carried out than ever before.



September

The way stroke patients receive care changed as part of an innovative new approach designed to provide high quality and consistent treatment across the region.

All patients who suffer a stroke are initially treated at our specialist stroke unit. Patients who need continued treatment in hospital are transferred to a bedded rehabilitation unit at either Nuneaton or Royal Leamington Spa, while individuals who can be cared for at home are given specialist support by the Community Stroke Rehabilitation Service.

The change, which comes after years of planning, offers patients the greatest chance of making the best possible recovery.



October

Staff and teams enjoyed a memorable evening at our annual Outstanding Service and Care Awards (OSCAs) ceremony, celebrating those who embody the Trust's values.

The 2022 OSCAs were held at the Mercia Venue in Coventry, which welcomed more than 400 guests. A total of 16 awards were presented throughout the event, hosted by BBC CWR Presenter Lorna Bailey.

UHCW Charity, The Coventry and Rugby Hospital Company, ISS, Vinci, Warwick Medical School and Coventry University were our sponsors for the evening.



November

Innovative work to tackle health inequalities saw UHCW triumph at the prestigious Health Service Journal (HSJ) Awards for developing software to ensure patients are prioritised correctly while waiting for care.

Judges described the project as a great illustration of turning a national health inequalities policy into practice, saying 'with a transformational approach at scale, it should be recognised for its impact and wider potential'.

In other news, the Trust acted on feedback to extend its visiting times to between 2pm and 8pm every day to allow inpatients to spend more time with family and friends.



December

A specialist Breast Surgery Care Unit offering patients surgical and nursing support opened at the Hospital of St Cross, Rugby.

As well as nurse-led clinics, reconstruction and plastic surgery, new services included nipple areolar tattooing as well as Macmillan funded breast surgery physiotherapy and bespoke pilates group classes.

December also saw the Emergency Department expansion at University Hospital, Coventry reach another key milestone with a modernised waiting room and five new cubicles opening in time for Christmas.



January

The dedicated and compassionate care provided by our staff was displayed for the nation to see after the Sky News cameras spent time at the Trust.

Crews spent time analysing winter pressures with Maternity and Care of the Elderly, as well as those helping to support flow and capacity (Elective/Emergency Surgery) and managing high demand following Covid-19 (Emergency Department, Respiratory and Renal).

It was a proud moment to be chosen to host a live debate at University Hospital, Coventry as the channel kicked off a year of coverage looking at the future of healthcare.



February

Exciting plans for the development of Community Diagnostic Centres (CDC) across the local healthcare system were unveiled.

A dedicated CDC will be developed in the Paybody building on the City of Coventry Health Centre site, with the green light also given for a new Endoscopy Unit to be opened at the Hospital of St Cross, Rugby.

The funding means patients will be seen quicker and their conditions diagnosed sooner, which will help give them the best possible chance of successful treatment for potentially life-threatening conditions, such as cancer.



March

The Care Quality Commission (CQC) praised the safe and personalised Maternity services delivered at the Trust.

Inspectors commended a collective focus on continuous improvement after visiting all areas of the service in November 2022. The CQC said: "Staff were proud of the organisation and put women and families at the centre of their care."

The overall rating for the Maternity service remained as Good. The rating for 'well-led' went from Good to Outstanding, while the rating for 'safe' stayed as Good.

1.1.3 Awards and Successes

Trust-wide Recognition

- We were proud to become the first university hospital in the UK to be awarded Pathway to Excellence® designation, demonstrating how our Nursing and Midwifery staff have a direct role in influencing and enhancing policy and practice for the benefit of patients.
- Our pioneering work to develop software to help tackle health inequalities saw the Trust pick up the Innovation and Improvement in Reducing Healthcare Inequalities Award at the prestigious Health Service Journal (HSJ) Awards.
- UHCW was shortlisted for Trust of the Year, as well as the Place-based Partnership and Acute Sector Innovation categories for our musculoskeletal physiotherapy and eye emergency pathways respectively, at the HSJ Awards.
- Coventry City Council bestowed the Freedom of the City of Coventry on UHCW as a thank you for our work in supporting the city during the Covid-19 pandemic.

Clinical Services

- A trailblazing trial that could revolutionise diagnosis and treatment of skin cancer started at the Trust. A first-of-its-kind skinometer aims to detect how far cancers extend under the skin, giving surgeons crucial information that could significantly cut operating times.
- Our Community Chronic Obstructive Pulmonary Disease Team was named Respiratory Team of the Year at the Association of Respiratory Nurse Specialists conference for helping to reduce length of stay and achieve hospital avoidance
- Respiratory and Sleep Sciences gained IQIPS 2 (Improving Quality in Physiological Services) status from the UK Accreditation Service (UKAS) for its work to enhance services and safety for patients undergoing tests, examinations and procedures.
- Our Diabetes Specialist Nursing team was presented with a Quality in Care Outstanding Contribution Award following the introduction of the FreeStyle Libre device which allows diabetes patients to independently monitor glucose levels.
- Coventry and Warwickshire Pathology Services was awarded 'Team of Distinction' at the UNIVANTS of Healthcare Excellence Awards for its efforts to address Covid-19 clinical and translational challenges.
- A study led by UHCW into a potential new treatment for injured shoulders featured in The Lancet, the world's oldest and best-known general medical journal.
- UHCW received the Clinical Research Network's (CRN) Operational Excellence in Research Award in acknowledgement of its work during and after the Covid-19 pandemic and for continually improving current research activities and processes.
- Our Orthoptic-led Paediatric Eye Emergency Department was recognised for service led improvements at the inaugural NHS Improvement Awards.
- A complex heart operation only amend to performed in a few hospitals around the UK was carried out for the first time at UHCW. Our Heart Valve team successfully completed a hybrid left a trial open access transcatheter mitral valve implantation.

Support Services/Non-Clinical

- Our work in support of the Armed Forces community saw the Trust presented with a Defence Employer Recognition Scheme (DERS) Silver Award.
- Following a recording-breaking year for entries, the Trust was shortlisted for Best Workplace for Learning and Development at the Nursing Times Workforce Awards for the introduction of the Registered Nurse Development Programme.
- Our Patient Experience Team was shortlisted in the Team of the Year category at the Patient Experience Network National Awards, which reward best practice in patient experience across all facets of health and social care in the UK.
- Coventry Hospital Radio reached the final of four National Hospital Radio Award categories for Station of the Year, Best Programme with Multiple Presenters, Special Event and Best Female Presenter.

Individuals

- Dr Hannah James, Specialist Registrar in Trauma and Orthopaedic Surgery, was awarded the Hunterian Professorship following ground-breaking surgical education work into the impact of cadaveric surgical training on improving patient outcomes.
- Arrhythmia Nurse Helen Eftekhari was the winner of the Healthcare Hero prize at the British Heart Foundation's Heart Hero Awards thanks to her work in setting up and running a specialist Postural Tachycardia Syndrome clinic.
- Professor Andy Hardy, the Trust's Chief Executive Officer, received an Honorary Doctorate in Business Administration from Coventry University.
- Service Line Review Project Analyst Jaimini Rajani received the Healthcare Financial Management Association (HFMA) Commonwealth Spirit Award for implementing a web-based system that links the work done by clinicians to the Finance department.
- Orthopaedic Consultant Andy Metcalfe's leading research work saw him named as a Professor of Trauma and Orthopaedics at the University of Warwick.
- Clinical Resource Lead for Theatres Liz Fitzhugh saw her work to trial a new recycling solution for single-use metal instruments in our Theatres shortlisted in the Greener AHP category of the Chief Allied Health Professions Officer (CAHPO) Awards.
- Consultant Cardiologist Dr Jamal Khan was named as the Best Training/Teaching Consultant in the UK for 2022 by the British Cardiovascular Society.
- Digital Matron Nikki McNulty received a Silver Chief Midwifery Officer award for her commitment to further improving services in Maternity care and supporting the implementation of a new information system.
- Chief Medical Officer, Professor Kiran Patel, was named 56th in a list of Britain's most influential Asians.
- Modern Matron May Parsons received an Endeavour Award for her contribution to Nursing while developing her leadership skills at Coventry University.
- UHCW Non-Executive Director Gavin Perkins was appointed Dean of Medicine for Warwick Medical School.
- Consultant Plastic Surgeon David Izadi picked up the award for best UK plastic surgery trainer for 2022 by the Plastic Surgery Trainees Association.
- Extensive work to improve prescribing practices within Acute Medicine saw Dr Zehra Irshad, Academic Clinical Fellow in Endocrinology and Diabetes, awarded first place at the Royal College of Physicians Regional Poster Competition 2022.
- It was a big year for Substance and Alcohol Misuse Specialist Midwife Laney Holland, whose work was recognised by BBC CWR and Coventry City Council.
- Advanced Nurse Practitioner for Acute Kidney Injury, 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 in improving patient care and outcomes.



Part 2 Performance Report

2.1 Overview

The national position for both Urgent & Emergency Care (UEC) and Elective & Cancer Care remains challenged following the Covid-19 pandemic.

The NHS operational priorities for 2022/23 focussed on improving the responsiveness of UEC and restoring elective & cancer services to pre Covid-19 levels, given the increase in patients waiting for appointments and/or treatment.

Several new national measures and targets were put in place to support the delivery of this. In addition, the Trust consistently sets higher internal targets to put the patient and their care at the forefront of everything we do, striving towards achieving the Trust's vision of being a leader in healthcare.

The Trust hosted high profile media visits in 2022/23, including from both the BBC and Sky News who spent the day at UHCW on 26th January 2023 and broadcast a one-hour special programme on 'the future of the NHS'. The interest of the media is testament to the high standards and innovative work the Trust is being recognised for.

The Performance & Informatics team work cross functionally to support the Trust's operational delivery of both national and internal targets which is one of the ways we help to ensure the highest standards of patient care are delivered. The use of informatics and analysis is embedded within UHCW as a driver of both organisational delivery and continuous improvement.

As a result, new opportunities at a national level are now being developed by the team in areas of health inequality and waiting list management and system working. A further NHS priority in 2022/23 was that of population health management to address health inequalities. UHCW worked innovatively to develop the 'Health Equity and the Right to Treatment' (HEARTT) tool which culminated in being awarded the 'Innovation and Improvement in Reducing Healthcare Inequalities Award' at the prestigious Health Service Journal Awards. The judges described the work as a "great illustration of turning a national health inequalities policy into practice, with a transformational approach at scale, it should be recognised for its impact and wider potential".

The NHS also described the need for collaborative system working and UHCW are again leading the way in this area, working with partners to provide additional services, as well as leading on several projects, including patient validation and tracking, and the creation and management of a shared system patient tracking list.

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. The hospitals are:

- The Hospital of St Cross, Rugby
- University Hospital, Coventry

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 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 10,000 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 which are each led by a triumvirate comprising 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.

As part of a new partnership with the Virginia Mason Institute (VMI) – following our initial five-year collaboration which began in 2016 – we are very proud to be one of only two healthcare Trusts in Europe formally accredited to provide training and certification for other NHS organisations across the country.

2.1.2 Vital Statistics

UHCW	2022/23	2021/22	2020/21	2019/20	2018/19
Number of people attending an outpatient appointment	694,639	696,852	604,453	723,574	719,040
Number of people attending A&E and Children's A&E	243,715	226,238	149,842	248,614	242,577
Number of inpatients and day cases (based on admissions)	170,697	170,682	143,072	173,574	176,607
Number of births	5,485	5,630	5,552	5,701	5,882
Number of patients operated on in theatres	35,245	35,646	24,309	40,217	43,601

2.1.3 Our Strategy

'More than a hospital' - our strategy for 2022-2030 - is focussed on serving the needs of the people of Coventry and Warwickshire and it was shaped by the views and suggestions of more than 1,300 members of staff, the public, and our partners.

Our vision is to be a national and international leader in healthcare, rooted in our communities. It means aiming to be exceptional in everything we do – from providing proactive, joined up support for local people to delivering specialised services for those with the most complex health conditions. It means creating the best experiences and opportunities for our staff and being a supportive and collaborative partner. Above all, in the changing health and care landscape we aim to be an outstanding partner in local care, with our regional work enabling us to improve care quality and outcomes for everyone.

Our strategy proposes five interconnected purposes or focus areas, local integrated care, research innovation and teaching, being a centre for excellence, sustainability and valuing and enabling our people.

Transforming and improving the health of the people of Coventry and Warwickshire requires compassionate and collaborative leadership. For UHCW, leadership means supporting those around us to achieve and recognising our partners' strengths so we can all excel. Above all, it means leading the delivery of outstanding, joined up care for our communities.

The diagram below summarises our approach, focusing on the patient first in all that we do and showing how everything we do connects with our care for our patients. Our vision captures our ambition to deliver world-leading care for our communities, and our five purposes set out how we will achieve this.



We know that our strategy is ambitious, and we also know it is achievable and needs to be meaningful for our patients, communities and our people. We also fully understand that without delivery there is no development.

Accompanying our strategy is a delivery plan that outlines the areas we will focus on, the actions we will take in relation to these and details of the key projects we will undertake to enable the achievement of our strategy.

Delivery of this is regularly monitored by our Trust Board who will track the progress we are making against the overall strategy and critically, the impact we are having on patients, their families and carers, our people, and our communities.

Our commitment to improvement using our UHCW Improvement methodology continues driving us forward as an organisation as we know “better never stops”.

The pandemic has taught us that we must be prepared to respond to unforeseen events and changing priorities and therefore this strategy will be a living document that will evolve between now and 2030 with a clear focus on delivering our vision to be a national and international leader in healthcare, rooted in our communities

2.2 Performance Analysis

The Trust’s vision is to become a leading healthcare provider at the national and international level and to offer the best quality of patient care with innovation as the driving force. To achieve this, UHCW have established a strong Performance Management Framework that tracks and evaluates our progress. Additionally, our Informatics team supports our operational and clinical governance frameworks with data analysis for board meetings and various committee forums.

2.2.1 Performance Management Framework

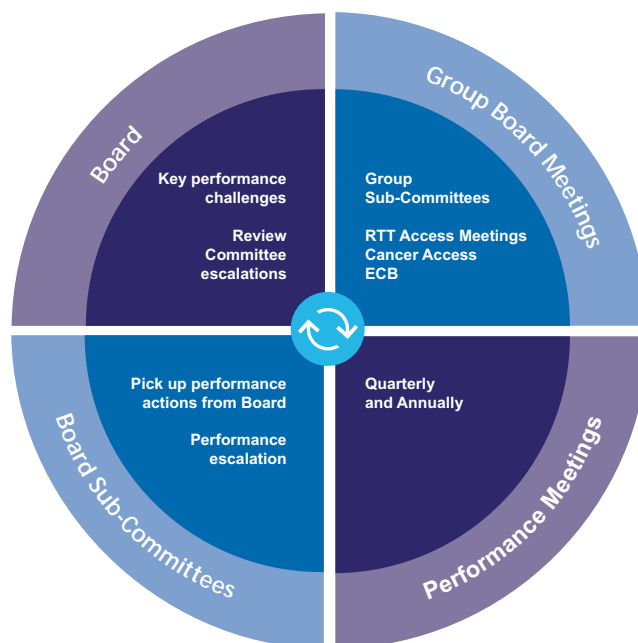
The Performance Management Framework provides analytical support and assurance with regards to organisational performance delivery across the Trust, aligned to the strategic vision and values. It provides the mechanism for effective monitoring, accountability and escalation ensuring comprehensive and robust performance management.

Performance management is the mechanism for the identification and implementation of data processes to effectively measure performance trends across all services. 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.

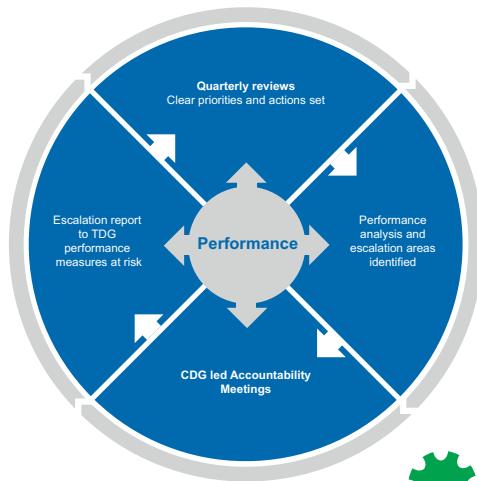
The performance management framework supports achievement of all the Trust’s strategic objectives which are achieved through alignment of annual goals and key performance measures and allows effective performance monitoring through key committee meetings feeding into the Trust Board through performance 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.

The below annual performance management cycle 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.

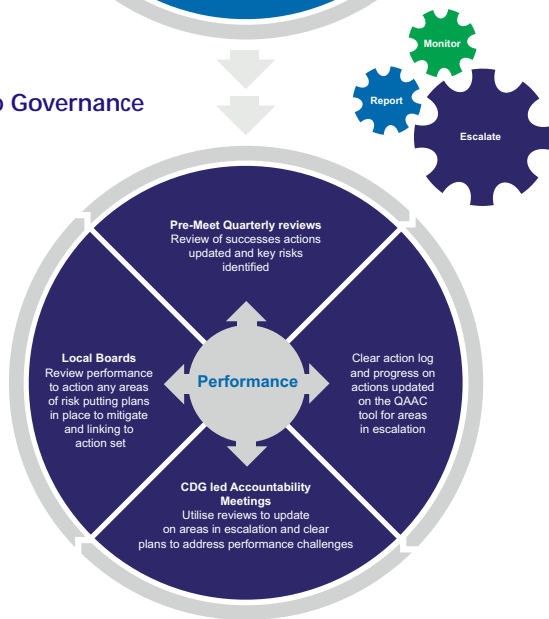
It also provides an opportunity to reassess the key priorities for the forthcoming year, embedding key performance principles with measurable outputs. This allows the Trust to track delivery and non-delivery providing a clear accountability pathway and escalation process through effective meeting structures,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



Trust Governance



Group 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 2022/23 Acute Contract Targets

As part of the Trust's 2022/23 agreement with Clinical Commissioning Groups (CCG), UHCW committed to meet 50 standards that were specified in the NHS Standard Contract. Throughout 2022/23, the Trust faced performance challenges, especially regarding the flow and subsequent occupancy of patients throughout the hospital, as explained later in this report. However, the Trust maintained a high level of staff training in relevant safeguarding competencies during 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 fraud and continues to work with our Counter Fraud Specialists to identify instances of fraud to impose the appropriate level of sanctions where this has been committed and to reduce the possibility of this taking place. The work is delivered against an approved plan covering four areas which are:

Strategic Governance

Covers standards in relation to the Trust's strategic governance arrangements. The aim is to ensure that anti-crime measures are embedded at all levels across the organisation.

Inform and Involve

Covers requirements in relation to raising awareness of crime risks against the NHS and working with NHS staff, stakeholders and the public to highlight the risks and consequences of fraud, bribery and corruption against the NHS.

Prevent and Deter

Covers the requirements in relation to discouraging individuals who may be tempted to commit fraud against the NHS and ensuring that opportunities for crime to occur are minimised.

Hold to Account

Sets out the requirements in relation to detecting and investigating economic crime, obtaining sanctions and seeking redress.

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

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

The Trust is required to self-assess against the requirements of the Functional Standard annually by completing and submitting the Trust's Counter Fraud Functional Standard Return (CFFSR). This requires prior sign off by the Trust's Chief Finance Officer and the Audit Committee Chair. The last assessment in May 2023 demonstrated an overall 'Green' rating.

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. 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.

This summary covers counter fraud work completed during the year 2022/2023.

Fraud Awareness

Activity has continued throughout the year with regular presentations being given to Finance staff.

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 a Trust purpose as it 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.

This year, we launched an ambitious R&D Strategy which commits to embedding Institutes of Excellence within the organisation to catalyse research, increase external income, provide a platform to enable academics and commercial organisations to collaborate with UHCW and improve patient care. Four Institutes have been identified, Cardio-Metabolic Medicine, Health Equity & Social Care, Applied & Translational Technologies in Surgery and Precision Diagnostics.

As part of our commitment to our community, we have established the Coventry & Warwickshire ICS Research Stakeholder Committee to facilitate a multi-organisational approach to R&D and extend research opportunities across organisations for the benefit of our patients, the public and staff. Working with ICS partners, we have secured funding to embark on an ICS-wide clinical trials pharmacy project to widen access to research across our region.

We are delighted that the National Institute for Health and Care Research (NIHR) had awarded around £5 million to create

a Health Determinants Research Collaboration (HDRC) within Coventry. The funding will be used by Coventry's HDRC to build a research infrastructure within Coventry City Council over the next five years. The HDRC will stimulate, support, lead and disseminate research aimed at identifying solutions to social, economic, and environmental factors which make such a difference to physical and mental health and UHCW are leading on the Governance and Data workstreams. We are also working with our colleagues at Coventry City Council to support their #CovConnects initiative which is aimed at tackling digital exclusion across the region.

We are one of the leading research centres within the West Midlands, with a proven track record of delivering high quality research. With 5,822 of our patients taking part in research this year, University Hospital recruited more patients than any other hospital in the West Midlands.

The Trust was involved in 144 research grant applications submitted to external funders. Currently, 33 (23%) of these have been funded (with total value of more than £3.3 million) but this will rise as the outcome of applications are announced.

In addition to the HDRC application, other key awards this year include a £850k National Institute for Health & Care Research (NIHR) grant to investigate recycling the use of endoscopes, potentially providing significant costs savings to the NHS, a partner on a £750k commercially-led study looking to use AI to improve bowel cancer detection in symptomatic patients, two NIHR extensions of £600,000 to existing grants to evaluate the effectiveness of an exercise intervention on patients with COPD and also those with long-Covid and a £250k NIHR grant looking to develop a behavioural intervention for patients who survive cardiac arrest.

Our Digital and Data Driven Research Unit (DDDRU) is responsible for curating the culture, infrastructure, governance, and data environment required to enable world class digital and data driven research. We have secured significant external income to fund such research this year, enabling us to focus on digital health, utilising Artificial Intelligence or integrating digital infrastructures to improve care. Notable studies include CAREPATH, which is a Horizon 2020's project that proposes an ICT based solution for the optimisation of clinical practice in the treatment and management of multimorbid patients with Mild Cognitive Impairment or Mild Dementia.

The CAREPATH solution will target a more complex multimorbidity scenario and follows an integrated patient-centred approach, in order to develop a flexible and modular system to deliver a best care, adapted framework for increasing the independence and Quality of Life (QoL) of multimorbid patients with dementia. In addition, ADLIFE is another European project funded by Horizon 2020 and involves 12 partners from six European countries, collaborating in research to improve the health and quality of life of the elderly population suffering from advanced

chronic diseases. Our key areas of interest are digital health, innovation and integrated care. ADLIFE is going to demonstrate that it is feasible to provide a personalised integrated care and timely care for patients with Advanced Chronic Diseases. The innovative ADLIFE toolbox will support early detection of care needs, patient empowerment and shared decision making and dynamic and personalised care provision. Further to this, DDDRU have recently partnered with Cognitant, who are focused on improving patient outcomes through personalised, patient-centric health information and support. Through this partnership we aim to develop resources which are aimed at providing personalised/tailored support for individuals being discharged from hospital.

HEARTT® is an elective care scheduling tool that aims to reduce health inequalities in NHS waiting lists. Developed by the Performance & Informatics Senior Management Team in collaboration with Kiran Patel (Chief Medical Officer) and Rachel Chapman (Public Health Consultant and Director of the Institute for Health Equality & Social Care), HEARTT® considers and weights several socio-economic and demographic factors to create an algorithm that optimises patient outcomes more effectively than the standard waiting list approach. HEARTT® has already attracted significant interest from other NHS Trusts and won the Innovation and Improvement in Reducing Healthcare Inequalities Award at the HSJ Awards 2022. Research & Development are supporting the project by providing commercial, contracting and intellectual property advice. The HEARTT® word mark and logo are registered trademarks and the next step is to deploy and validate a scalable commercial version of the software.

Research activity continues to increase at the Trust with over 100 clinicians leading research. They are supported by research nurses, midwives, allied health professionals and administrators and increasing numbers of staff are undertaking research, clinical academic internships, higher degrees and PhDs. This increasing level of participation in clinical research demonstrates UHCW NHS Trust's commitment to improving the quality of care we offer and to making our contribution to wider health improvement.

To enable us to offer more, early phase and intense research studies to our patients, this year we commissioned a dedicated overnight facility for clinical research participants, broadening research opportunities for patients.

In October 2022, we celebrated the success of our 'Centre for Care Excellence' which supports Nursing, Midwifery and Allied Health Professional research, innovation and practice excellence jointly with our partners, Coventry University (<https://www.uhcw.nhs.uk/leading-research/centre-for-care-excellence/our-vision/>). This is increasing the number of research-active staff in these professional groups, with two UHCW staff securing prestigious National Institute of Health and Care Research Fellowships.

As part of the new R&D Strategy approved this year, we are expanding our training and development opportunities for all staff through our 'Research for All' which launches in Spring 2023.

We have continued to be nationally recognised for our work. Our Research and Development team were recognised nationally this year by securing the Silver award in the finals of the Pharmatimes NHS Clinical Research Site of the Year, judged by the NIHR and Association of British Pharmaceutical Industries. UHCW NHS Trust received the West Midlands Clinical Research Network's 'Operational Excellence in Research' Award in acknowledgement of the work undertaken during the pandemic and post-pandemic period and for continually improving current research activities and processes. The PathLAKE project, which is nationally leading the development, validation and implementation of Artificial Intelligence in cellular pathology to speed up cancer diagnosis times for patients (<https://www.pathlake.org/>) is now being rolled out. This upscaling of digital pathology capabilities across the PathLAKE Plus consortium to improve outcomes for patients was highly commended in the Procurement Project of the Year category in the HSJ Partnership Awards 2023.

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

Patient and Public Involvement and Engagement (PPIE) in research has continued to expand this year. Our Patient and Public Research Advisory Group (PPRAG) membership has increased to 58 patients, carers and members of the public, who use their own experiences and perspectives to advise researchers, ensuring the research conducted at UHCW is relevant to our patients. Members of PPRAG 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.

Our patient Research Champions are key members of our R&D Strategy Committee and have supported our new R&D strategy by being involved in the recruitment of our Institute Leads. By delivering on our research strategy, research & development contributes the delivery of the Trust's Organisational strategic priorities and improves outcomes for our patients.

2.3 Performance Exceptions and Risks

Key performance indicators are described below. The Covid-19 pandemic and subsequent restoration of service have affected performance significantly, and have resulted in unique operational pressures, with performance against some targets falling short. This is common across the whole of the NHS, but the Trust has worked to prioritise those patients in most need of clinical attention, which in turn has laid the foundation for better improvements in the future.

2.3.1 A&E four Hour Wait

The national 95% target for four-hour waits in A&E services was not met by any NHS Trust in 2022/23, including UHCW, due to significant pressures across all service. UHCW's performance against this standard was 70.45% of A&E attendances seen within four hours, as we restored elective activity and continued to face increased A&E attendances driven by the continued impact of the pandemic. The target for four-hour waits has now been changed to 76% for 2023/24.

The Trust implemented several actions to improve A&E performance, such as using capital investment to expand capacity in majors, minors and the Coventry Urgent Treatment Centre. We have also applied Getting It Right First Time (GIRFT) principles to shorten the time between stages in each patient's pathway, by conducting board or ward rounds twice a day, aiming to order diagnostic tests promptly and arrange packages of care in advance for the patients who will be discharged the next day. The Trust is also working with system partners on many workstreams to avoid people attending and/or being admitted to hospital, including access to care services and UHCW@Home.

2.3.2 Referral to Treatment (RTT)

The Trust remains part of the national Elective Performance Pilot and is monitored against a 9.5 week average wait time. The monthly target for this indicator was planned to be reviewed and changed regularly at a national level following feedback and analysis across the pilot sites, but due to the pandemic this has remained as it was in February 2020, and may not be reflective of the current national picture of waiting times.

Alongside this the Trust monitors its performance against the national 92% standard for the RTT measurement of incomplete pathways.

During 2022/23 the Trust continued to work under challenging circumstances against a backdrop of an increasing patient waiting list. The Trust's ambition is to restore services to pre-pandemic levels and a considerable amount of time and resource has been aligned to patient validation and scheduling. Despite this, the open pathway waiting list grew from 58,215 in March 2022 to 67,056 in March 2023, with the year end RTT incomplete percentage being reported at 51.38%.

The Trust has continued to prioritise patients using the national framework as well as focusing on the longest waiting patients.

In March 2022, the Trust had 27,123 patients on its waiting list that would have breached the 78 weeks target by March 2023. These patients were carefully monitored throughout the year with senior leadership oversight, and as a result only 88 patients were left waiting for treatment by the end of March 2023. Therefore, the Trust successfully scheduled and treated 27,035 long waiting patients across the year.

For 2023/24 the Trust's challenge is to ensure that no patient is waiting over 65 weeks by March 2024. Currently (as at 1st April 2023) the Trust is monitoring 47,616 patients that if untreated would potentially breach 65 weeks by the end of March 2024 (please note that currently this cohort are waiting 16 weeks or above), with a number of actions in place to ensure these patients are treated before they breach 65 weeks, although the Trust will continue to work with colleagues across the wider system to improve wait times for all patients.

Patient level tracking will continue to be a daily routine for each of the clinical groups and clear performance targets will be monitored at Board level and throughout our Performance Framework.

2.3.3 Cancer 62 Day Standard

The 62 day standard states that 85% of patients should wait no longer than 62 days for their first cancer treatment from the point they are referred to us by their GP for suspected cancer.

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

Daily patient level tracking is also routine and followed by weekly patient level tracking meetings involving the senior leadership team to support the scheduling of patients on these pathways.

The Trust's year-end 2022/23 position was 54.8% for February 2023, and 57.9% year to date (March 2023 figures will not be available until the 2nd May due to national submission timescales).

The main impact on performance has been the increase in referrals for patients with suspected cancer who were unable to be seen by their GP throughout the pandemic in a timely manner. Due to this, patients are also presenting at a later stage than would normally be expected, which has added a greater urgency to some of the referrals, and increased pressure on staff in these areas.

It is hoped that referral numbers will start to return to pre-pandemic levels once the unreferral backlog has been seen and reviewed by the local health community, but as this is reflected across the country there are no timescales for when this may happen.

2.3.4 Cancer 28 Day Faster Diagnostic Standard

The Faster Diagnosis standard states that 75% of patients referred for cancer are to have a confirmed outcome (either cancer or not cancer) within 28 days of their referral.

The Trust's year-end 2022/23 position was 76.6% of referred patients having an outcome within 28 days as at the end of February 2023, and 71.8% year to date (please note the March 2023 final figure will not be available until the 2nd May 2023 due to national submission timescales).

The Trust is working toward implementing national Best Practice Timed Pathways for relevant tumour sites. Working together with the West Midlands Cancer Alliance, the Trust has increased diagnostic capacity and clinical workforce and put in place a number of one stop and Straight to Test service models to support implementing rapid access services for cancer referrals.

2.3.5 Diagnostic Waiters – Six Weeks and Over

The 'Diagnostic Standard' measures the percentage of patients who are waiting longer than six weeks for one of fifteen specific diagnostic tests. The historic national target is that no more than 1% of patients will wait longer than six weeks, however, due to the issues caused by the pandemic this has been adjusted and Trusts have been asked to work towards no more than 5% waiting more than six weeks by the end of 2025.

At UHCW the diagnostic waiting standard showed significant improvement throughout the year as a result of the work across the Trust to restore services and reduce the backlog. The standard was further supported by opening the clinical diagnostic hub at the Coventry Urgent Treatment Centre where patients can now receive some diagnostic procedures.

The Trust's performance on this standard has moved from 7.16% in April 2022 to 6.73% by March 2023. The Trust reported less than 5% in April 2023, and is on target to achieve the national recommendation in advance of the 2025 goal.

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

The NHS has a national ambition to reduce the length of time patients stay in hospital. This is supported by UHCW who monitor and report weekly on the number of days patients stay on our wards.

The target for 2022/23 was to have no more than 109 patients staying over 21 days in ward beds. The Trust reported an average of 212 long stay patients at UHCW at year-end 2022/23.

Although this was below the target it is reflective of the type of patients being admitted. As the Trust is focused on the longest waiting and most complex patients the recovery of these patients is naturally extenuated. It also reflects the national picture of alternative service provision across care homes, mental health providers and other social care settings being challenged from a capacity and resource perspective. As the number of long waiting patients is reduced, it is expected the long length of stay will also start to improve.

The length of stay of our patients has a direct impact on the occupancy of the hospital as well as the flow we are able to generate through the hospital in order to see and treat everyone who presents. The Trust's integrated care and discharge team meet each week with the CEO and Chief Nursing Officer to review all long length of stay patients. The team also work collaboratively with system partners and providers on complex cases to be able to agree subsequent packages of care that patients need outside of the hospital setting.

Michelle Hartanto, Resuscitation Practitioner awarded Florence Nightingale Award on International Nurses Day



2.3.7 Scorecard as at 31 March 2023

Trust Board Scorecard								
Type	Measure	Previous Position	Latest Position	DoT	Current Target	Annual Target	Executive Lead	Trend
Safest care and excellent experience								
Infection Control								
	Healthcare associated incidents of Clostridioides difficile - Cumulative	71	85	▼	65	65	CNO	●●●●●●●●
	MRSA Bacteremia - Trust Acquired - Cumulative	0	0	▶	0	0	CNO	●●●●●●●●
Safe Care								
	Never Events - Cumulative	4.0	5.0	▼	0	0	CMO	●●●●●●●●
	Serious Incidents - Number	13	20	▼	15	15	CQO	●●●●●●●●
	HSMR - Basket of 56 Diagnosis Groups (3 months in arrears)	90.34	134.39	▼	RR	RR	CMO	●●●●●●●●
	SHMI - Quarterly (6 months in arrears)	109.99	109.91	▲	RR	RR	CMO	●●●●●●●●
	Average Number of Long Length of Stay Patients	220	212	▲	109	109	CNO	●●●●●●●●
Patient Experience								
	Friends & Family Test - Recommender Targets Achieved	0	1	▲	7	7	CQO	●●●●●●●●
	Complaints Turnaround <= 25 Days (1 month in arrears)	65.71%	79.07%	▲	90%	90%	CQO	●●●●●●●●
Leader in operational performance								
Patient Flow								
	Emergency Care 4 Hour Wait	72.42%	75.53%	▲	95%	95%	COO	●●●●●●●●
	A&E 12hr Total Wait Time	6.96%	5.58%	▲	2%	2%	COO	●●●●●●●●
	Bed Occupancy Rate - KH03 (3 months in arrears)	98.09%	98.09%	▶	93%	93%	COO	●●●●●●●●
	Breaches of the 28 Day Readmission Guarantee	43	32	▲	0	0	COO	●●●●●●●●
	Diagnostic Waiters - 6 Weeks and Over (National Target)	95.14%	93.27%	▼	95%	95%	COO	●●●●●●●●
RTT								
	RTT 52 Week Waits Incomplete (1 month in arrears) (National Target)	4440	4735	▼	4060	4060	COO	●●●●●●●●
	RTT 78 Week Waits Incomplete (1 month in arrears) (National Target)	197	212	▼	36	0	COO	●●●●●●●●
	RTT 104 Week Waits Incomplete (1 month in arrears) (National Target)	4	2	▲	0	0	COO	●●●●●●●●
	18 Weeks Referral to Treatment Time - Incomplete (1 month in arrears)	51.66%	51.50%	▼	92%	92%	COO	●●●●●●●●
	Last Minute Non-clinical Cancelled Operations - Elective	1.29%	0.99%	▲	0.8%	0.8%	COO	●●●●●●●●
Cancer								
	Cancer 62 Day Standard plus 31 Day Rare Cancers (1 month in arrears)	55.66%	54.75%	▼	85%	85%	COO	●●●●●●●●
	Cancer 104+ Day Waits (1 month in arrears)	22.0	24.5	▼	0	0	COO	●●●●●●●●
	Cancer 28 Day Faster Diagnosis Overall	68.74%	76.71%	▲	75%	75%	COO	●●●●●●●●
	National Cancer Standards Achieved (1 month in arrears)	4	5	▲	12	12	COO	●●●●●●●●
Model employer								
	Mandatory Training Compliance	93.83%	93.55%	▼	95%	95%	--	●●●●●●●●
	Appraisal - Non-Medical	83.70%	84.26%	▲	90%	90%	CPO	●●●●●●●●
	Appraisal - Medical	92.97%	90.15%	▼	90%	90%	CPO	●●●●●●●●
	Sickness Rate	5.06%	5.11%	▼	4%	4%	CPO	●●●●●●●●
	Vacancy Rate Compared to Funded Establishment	6.11%	6.20%	▼	10%	10%	CPO	●●●●●●●●
Achieve financial sustainability								
	Forecast Income & Expenditure - £'000	£-14802k	£-14650k	▲	-14802	14650k	CFO	●●●●●●●●
	WRP Delivery - £'000	£34.015m	£38.788m	▲	38788	38788	CFO	●●●●●●●●
Frontrunner in research innovation and education								
	Patients Recruited into NIHR Portfolio-Cumulative (2 months in arrears)	4142	4926	▲	4339	5213	CMO	●●●●●●●●
	Commercial Income Invoiced £000s - Cumulative (1 month in arrears)	£856k	£874k	▲	825	900	CFO	●●●●●●●●
	NIHR Research Capability Funding (£000s)	£907k	£907k	▶	750	1000	CMO	●●●●●●●●
	Trial Recruitment Income (£000s)	£1.956m	£1.956m	▶	1593.75	2125	CMO	●●●●●●●●
	All Grant Income (£000s)	£3.923m	£3.923m	▶	1500	2000	CMO	●●●●●●●●
Enhanced performance								
	Diagnostic Waiters - 6 Weeks and Over (Local Target)	4.86%	6.73%	▼	1%	1%	COO	●●●●●●●●
	RTT 52 Week Waits Incomplete (1 month in arrears) (Local Target)	4440	4735	▼	0	0	COO	●●●●●●●●
	RTT 78 Week Waits Incomplete (1 month in arrears) (Local Target)	197	212	▼	0	0	COO	●●●●●●●●
	RTT 78 Week Waits Incomplete (1 month in arrears) (Local Target)	4	2	▲	0	0	COO	●●●●●●●●

RAG: No Target or RAG rating Achieving or exceeding target Slightly behind target Not achieving target Data not currently available Annual Target Breached

DoT: ▲ Improving ▶ No change ▼ Falling Trend: ● On Target ● Below Target

Target Type: National Target Regional Target Local Target

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

2.4.1 Overview

The Trust will continue to put the patient first in everything we do, and our vision is to be a national and international leader in healthcare, rooted in our communities. Although we strive towards realising our vision and to provide safe, high-quality care for our patients, we do so in an increasingly challenged and pressurised environment.

The NHS is in unprecedented times, balancing multiple priorities following a global pandemic, and experiencing emergency care attendance surges, an increase in elective waiting lists and increases in cancer pathway referrals. The demand for the services and care the Trust provides continues to be significant and the Trust must ensure that we deliver against these challenges as well as striving to improve the quality of care that is provided.

Despite the national challenges it is important to acknowledge the achievements the Trust has made during 2022/23, such as maintaining that no patient has waited more than two years to start treatment, one of the only Trusts in the country to achieve this.

Throughout 2022/23 the Trust have innovated and collaborated well, the development of the Health Equity and the Right to Treatment tool, as well as patient tracking and validation initiatives are good examples of this. The Trust is fully aligned from an operational, clinical and performance framework perspective which drive performance improvement and deliver high quality outcomes for all patients.

2.4.2 Managing Capacity

In line with the rest of the NHS and other acute providers, the Trust has underperformed against a number of standards set out by NHS England largely due to the recovery and restoration of services following the pandemic.

It is recognised that not meeting these national standards falls short of the experience that the Trust would want to offer patients, and it remains committed to achieving 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 Trust's core values and operational processes.

Innovation

The Trust continues to introduce various innovative operational processes, including green pathways, direct access pathways, patient flow and discharge models, all of which makes data and informatics central to daily operational working and decision making. The Trust will continue to maximise available opportunities to provide services in different ways to deliver improved patient care and experience.

Longest Waits

Prior to Covid-19 the Trust had delivered zero 52 Week Waits for 16 months, due to the internally developed processes and governance of managing patient pathways. This involved collaborative working between clinical teams, operational teams, informatics teams and the Trust's leadership, working together to improve patient care.

In 2021/22 processes were reviewed and 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 waited over two years. The Trust therefore have the experience and capability to restore services and wait times when we look forward, and the focus continues on making rapid progress to delivering care safely to the significant numbers of patients who are awaiting treatment.

UHCWi

The continued adoption and expansion of the UHCWi methodology across different clinical areas is delivering strong indications of improvements in both productivity and efficiency. Throughout 2022/23 the Trust continued to explore specific productivity opportunities across the Trust which saw UHCWi methodology being implemented to support effective delivery of patient care. 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 2022/23 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.

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:

- Continuing to adopt NHSE 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

- Utilising new diagnostic capacity provided by UHCW Community Diagnostics Centre (CDC) to support achieving the Faster Diagnosis Standard
- 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.

2.4.3 Meeting Required Targets and Standards

As described, the ability to meet key national targets such as the A&E four-hour standard and the referral to treatment target continue to be challenged. The Trust continues to closely monitor all aspects of the performance internally through its performance management framework and externally by local commissioners through contract performance meetings and more widely by NHSE/I as the Trust strives to deliver the NHS Strategy. Long-term work with partners on Improving Lives, through the Coventry Collaborative needs to continue while the Trust manages the current pressures.

Our new hospital@home service supported many patients at home



2.5 FINANCIAL PERFORMANCE OVERVIEW 2022/23

Statement from Susan Rollason, Chief Finance Officer

2022/23 was deemed to be the first year of relative stability post the national Covid-19 pandemic. The operational planning guidance assumed a limited impact for Covid-19 with the focus turned to elective recovery.

The emergency financial regime introduced in the pandemic was adapted to reflect one of post-pandemic recovery. An elective recovery fund mechanism was introduced to drive higher levels of elective activity.

The Trust entered the year with a deficit plan of £14.8m underpinned by a challenging waste reduction requirement of £38.8m. This was driven by high inflation costs and cost pressures required to service emergency demand.

In year, the position was further challenged when the first quarter of the year did not unfold as per the planning guidance. A spike in numbers of lower severity Covid-19 cases required pathway segregation and associated infection prevention and control measures to continue, impacting on both cost and the ability to deliver the necessary elective activity. Inflation rates continued to rise, impacting on our ability to hold non-pay costs and deliver the efficiencies required.

In response to the pressures, the elective recovery fund was adapted nationally in year to mitigate the financial consequence.

Against this backdrop of rising pressures, we delivered all £38.8m of waste efficiency; albeit, with a higher level of non-recurrent savings than we would have liked, and delivered a final adjusted position of £14.650m, £0.150m better than plan.

This section sets out the key features of the Trust's financial performance in 2022/23. Throughout the Covid-19 years, financial governance has been maintained alongside the introduction of robust reporting for Covid-19 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 deficit for the year of £29.253 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	(29,253)
Remove Impairments charged to revenue	18,190
Remove impacts in respect of donated government grant asset reserve elimination	(3,569)
Remove net impact of DHSC centrally procured inventories	(18)
Adjusted retained surplus/(deficit)	(14,650)

The table below reconciles the adjusted retained deficit shown in the table above, to the breakeven duty in-year financial performance reported by the Trust in the Annual Accounts:

Adjusted retained surplus/(deficit)	(14,650)
IFRIC 12 breakeven adjustment	768
Breakeven duty in-year financial performance	(13,882)

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)	£14,802k deficit (after allowable adjustments)	£14,650k deficit (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)	£69.040 million (This required the Trust to ensure that net borrowing plus decreases in cash balances did not exceed this sum)	£46.813 million £22.227 million under spend 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)	£58.093 million (This required the Trust to spend no more than this sum after adjusting for asset disposals and the receipt of donated assets)	£58.093 million £0.0 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 2022/23, 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 £20.4 million. In the year, the Trust actioned drawdowns of £20.4m of the initial public dividend capital requirement and was also successful in bidding for a further £6.1 million of public dividend capital to finance a number of IT, diagnostics and digital spend. The year's public dividend capital drawdowns included £12.1m for Digital (namely Electronic Patient Record development), £6.7m to finance the system capital envelope, £5.9m for Community Diagnostic Centres and £1.5m for Winter Funding.

2.5.3 Improvement of the Trust's Liquidity Position

The Trust's liquidity position reduced by £30.6m in 2022/23, with cash balances reducing from £72.1m at the start of the year to a closing position of £41.5m. This reduction in liquidity position was driven by two main factors.

Firstly, the Trust's deficit financial performance position of £14.65m for which the Trust did not ask for cash support.

Secondly, the reduction of capital creditors year on year by £11.5m. Capital creditors were £23.1m at the end of 2021/22 and reduced to £11.6m at the end of 2022/23.

The Trust has continued to maintain good performance against the better payments practice code (95% 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.

The summary headline financial information for 2022/23 (compared with 2021/22) is shown in the table below:

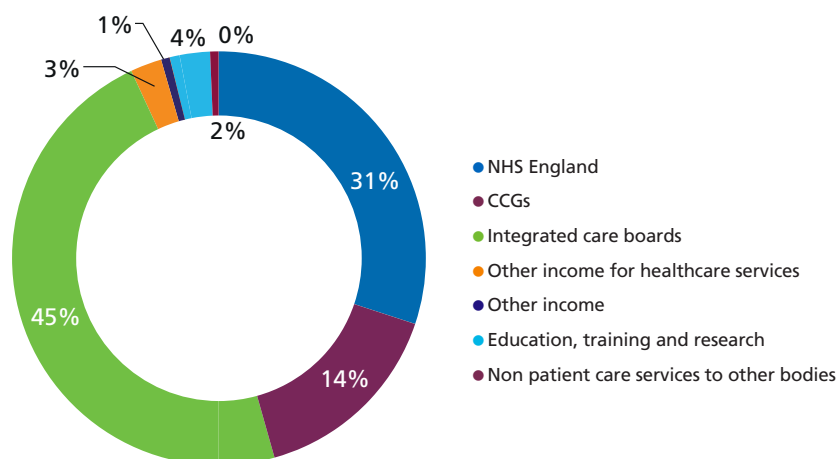
Key figures	2022/23 £'000	2021/22 £'000
Revenue accounts		
Operating income (turnover)	918,216	877,683
Retained surplus / (deficit) for the year	(29,253)	3,212
Breakeven performance (after technical adjustments for impairments, PFI and donated assets)	(14,650)	284
Efficiencies achieved	38,788	19,209
Assets		
Total assets	660,773	611,504
Cash and cash equivalents	41,517	72,118
Capital Investment – Capital resource limit	58,093	56,079
Borrowing		
Long term borrowing – PFI liabilities	222,526	225,430
Long term borrowing – other	44,221	7,325
Short term borrowing – PFI liabilities	2,904	4,981
Short term borrowing – other	4,854	1,313

2.5.4 Where The Trust's Income Comes From

During 2022/23 the Trust recorded total revenue of £918.2 million. This represents an increase of 4.6% when compared with total revenue of £877.7 million in 2021/22.

This reflects funding for inflationary impacts and for increased activity associated with emergency growth and the elective recovery programme.

The chart below shows the key sources of income for the Trust in 2022/23. The combined proportion of income from integrated care boards, clinical commissioning groups (CCG) 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 2022/23 totalled £912.2 million and represents an 8.3% increase over total operating expenses of £842.8 million in 2021/22. If impairments (and impairment reversals) are excluded, operating expenses for 2022/23 would be £894.0 million compared with £845.3 million in the prior year – an increase of 5.8%.

The largest cost element continues to relate to salaries and wages with the average number of people employed during the year being 9,450 whole time equivalents at a total cost of £549.2 million, which equates to 60% of total operating expenditure. In the prior year 2021/22, the average number of people employed was 9,302 whole time equivalents at a cost of £507.5 million.

Clinical and general supplies and services (including drugs and other medical/surgical consumables) are also a significant cost element and amounted to £174.2 million which equates to approximately 25% of day-to-day operating expenses. This compares with expenditure of £180.8 million in 2021/22 and represents a decrease of 3.6%.

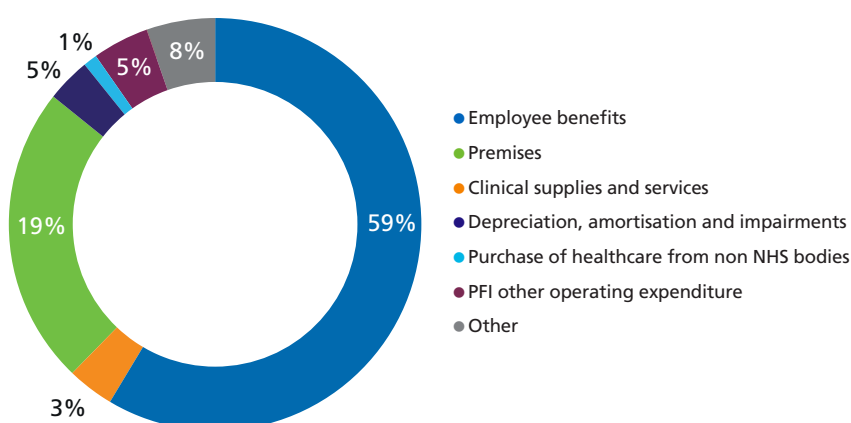
The total charged in year to operating expenditure in respect of the service element of the private finance initiative was £42.6 million and continues to represent around 6% of total operating expenditure.

Charges relating to the depreciation, amortisation and impairment of property, plant and equipment and intangible assets totalled £50.1 million compared with £24.5 million in the previous year. Within this charge in 2022/23, there was a movement which reversed previous property, plant and equipment impairments by £1.0 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 £111.0 million in 2022/23 and included the following key items of expenditure:

- Establishment expenses £11.0 million
- Clinical negligence costs £20.6 million
- Education, training, research and development £22.3 million
- Healthcare purchased from non-NHS organisations £7.9 million
- Premises £30.2 million
- Other costs £19.1 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

The Trust earned £1.45m in interest on its cash balance in 2022/23, as opposed to zero interest earned in the prior year, which was due to low interest rates in 2021/22.

The Trust also incurs significant financing costs which totalled £28.7 million in 2022/23 – this represents an increase of approximately £1.0 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 £28.1 million in 2022/23, an increase of around £0.6 million compared to the previous year. The Trust also paid interest on leases of £0.6 million and £0.03 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 2022/23 was £6.4 million, an increase of £1.0 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 2022/23 was £58.1 million against which the Trust recorded an outturn of £58.1 million – expenditure on target. In addition, the Trust also benefited from £4.0 million of donated capital assets. As detailed earlier in this report, extra funding of £6.1m was secured on key capital schemes.

Key capital investments during the year included the following:

- Equipment assets provided through the PFI lifecycle fund £12.2 million
- Building/engineering works provided under the PFI contract £3.9 million
- Electronic Patient Record £12.1 million
- Community Diagnostic Centres £9.5m
- ED Footprint £7.0 million
- St Cross Energy Saving Initiatives (Grant Funded) £4.0m
- Medical and other equipment £5.3 million
- IT hardware/software £1.1 million
- Building/engineering works £2.9 million.

2.5.8 Cash and Working Capital

The Trust's cash balance at the year-end was £41.5 million which compares with £72.1 million at the end of the previous year. In achieving this position, the Trust prepaid Tax and NI by £11.0 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 £69.0 million was met. The Trust's outturn against its EFL was £46.8 million which meant that the Trust recorded £22.2m underspend variance to its target. 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:

Better payment practice code	2022/23		2021/22		2020/21	
	Number	£'000	Number	£'000	Number	£'000
Total non-NHS trade invoices paid in year	115,010	527,085	124,348	518,234	108,852	441,754
Total non-NHS trade invoices paid within target	105,639	504,294	105,635	489,002	99,209	407,663
% of non-NHS trade invoices paid within target	92%	96%	85%	94%	91%	92%
Total NHS trade invoices paid in year	4,318	147,310	3,575	139,423	4,001	130,833
Total NHS trade invoices paid within target	3,009	139,057	2,438	130,474	2,429	117,841
% of NHS trade invoices paid within target	70%	94%	68%	94%	61%	90%
% of all invoices paid within target	91%	95%	84%	94%	90%	92%

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

The 2023/24 financial performance is set in the context of a break-even plan. We are focused on the return to financial stability; however, this is set against a challenging backdrop of high inflation and demand of increasing complexity.

The financial framework in 2023/24 continues to support elective recovery with an expectation that we will deliver 109% of the activity levels previously undertaken in 2019/20.

Our waste reduction programme underpinning our ongoing efficiency requirement is set to circa 6% of turnover. We focus on the use of UHCWi methodologies to make positive transformations.

2.5.11 Conclusion

The 2022/23 position is driven by the financial and operational challenge as we emerge post the pandemic. The full delivery of our in-year efficiency programme was positive; however, the reliance on non-recurrent measures to do so has added to the efficiency challenge we have in 2023/24.

The forward look for us will no doubt be challenging across the NHS as we strive to both operationally and financially recover post-pandemic. We will continue to grow from the lessons learned through the pandemic and to use 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 directions 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 2022/23 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 2022/23 Annual Accounts.

2.6.3 Annual Governance Statement

The Annual Governance Statement is printed in full in the 2022/23 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. 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.

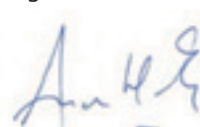
The auditors perform their work in accordance with the National Audit Office Code of Audit Practice and their work comprises two key elements:

- 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.

Signed



Chief Executive Officer, 22 June 2023

New nature reserve opens
for staff and visitors to enjoy.

Part 3 Sustainability Report

3.1 Sustainability Leadership and Engagement

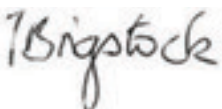
Introduction by Tracey Brigstock - Executive Lead for Sustainability/Net Zero

The Trust has set its Net Zero reduction targets aligned to the national NHS targets of 2040 and 2045 and the last year has seen tremendous changes to allow this work to happen. The key to success is that every member of staff has support to make change to reduce climate impact. The governance structure at the start of the year was improved to allow the speed of change required to meet Net Zero targets. This was the first challenge to make the organisation ready for climate reduction and to meet the targets within the Trust Green Plan. The Trust has increased the Net Zero team to support the transition to a zero-carbon business. The Trust has:

- A Sustainable Development Manager focussing on the non-clinical challenges within estates, travel, transport etc.
- A Clinical Lead for Net Zero to engage with clinical staff to develop ideas within clinical teams, this has already proved an amazing success, speeding up change in clinical areas, reducing emissions and providing efficiencies.
- A Net Zero Information Analyst who provides visibility of opportunities and carbon hotspots, in line with UHCWi methodology making the invisible visible.

To get Net Zero into the everyday business of the Trust, sustainability has been made one of the five pillars of the Trust Strategy, and the detail sits in the Trust Green Plan which has been reviewed for 2023 onwards.

Working in partnership is the key to success, Net Zero is a huge challenge that we cannot achieve alone - it must include staff, patients, visitors, and business partners. The Trust has been working with partners to develop solutions to some of the challenges, working in partnership with J&J and Sharpsmart to recycle single use instruments to recover the metals, reducing waste, cost and CO2e. Working in partnership with the rest of the regional healthcare providers as part of the Integrated Care Service is also crucial to drive efficiency and reduce carbon impact.



Tracey Brigstock
Chief Nursing Officer
Executive Lead for Sustainability/Net Zero

3.2 Mitigating Climate Change: Working Towards Net Zero By 2040

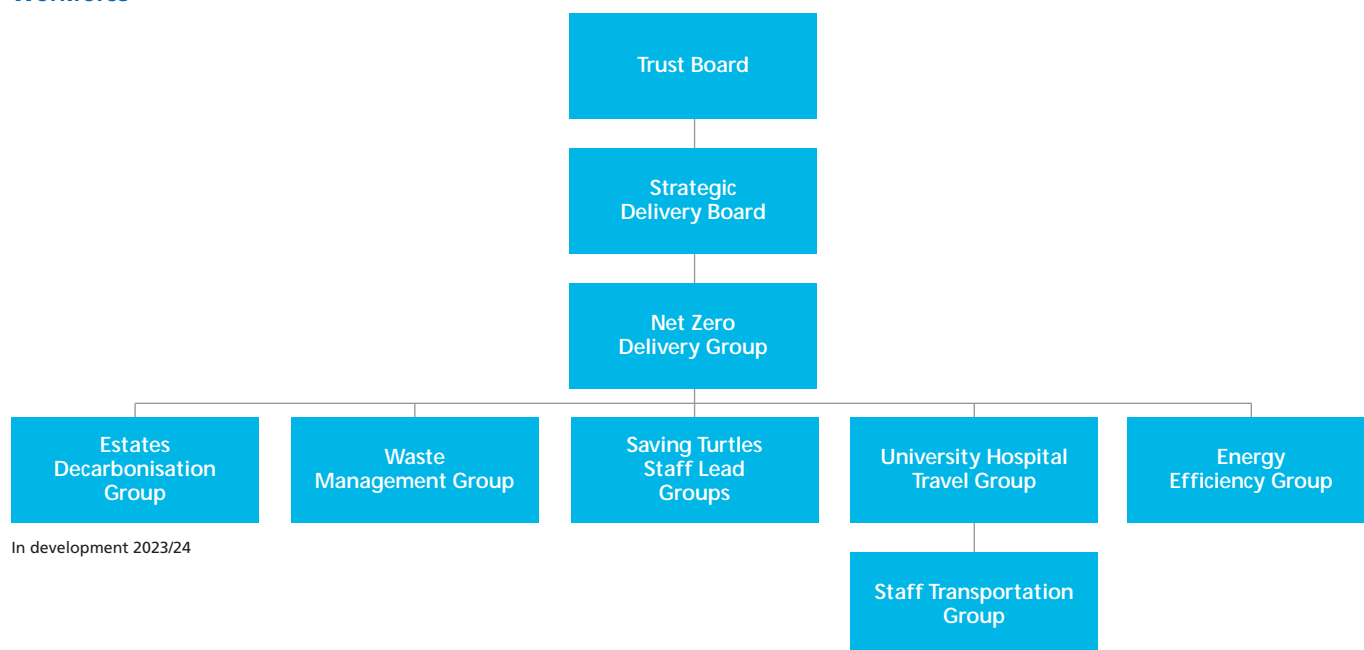
Organisational Vision – UHCW Journey to Net Zero

Sustainability Organogram - Sustainability Reporting within UHCW Workforce and Leadership

Workforce and Leadership

In support of the Green Plan, it is crucial that staff are engaged in carbon reduction to achieve Net Zero. The Trust has improved staffing levels and leadership within Net Zero, led by the Chief Nursing Officer – the Executive Lead for Net Zero as part of the restructure created a new post of Clinical Lead for Net Zero, created to engage with clinical staff on areas such as Sustainable Models of Care.

Workforce



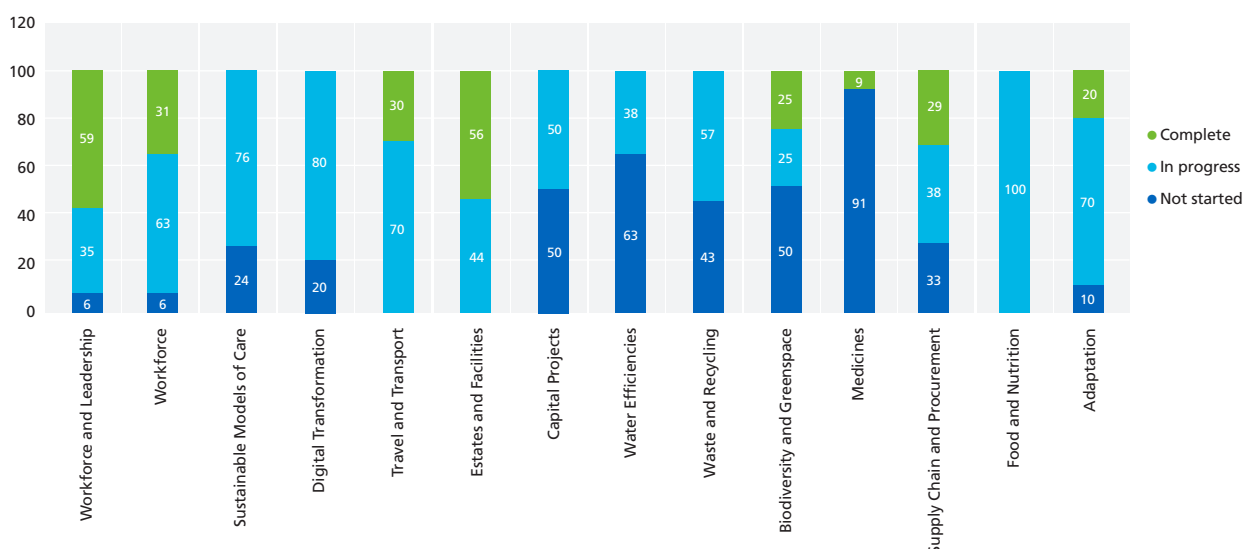
The organogram above shows the restructure to provide the governance to meet Net Zero targets.

The Green Plan – Towards Net Zero

Sustainability is embedded in the Trust Strategy as one of its five pillars, under that sits the Trust Green Plan which details the Trust actions to achieve Net Zero. The Green Plan has been revised for 2023 onwards. In 2022 the Trust has worked to develop the support structures, governance and monitoring to ensure Net Zero targets will be met.

The Green Plan is split into different workstreams detailed below:

Progress by percentage 2023/2024 targets



The engagement of staff is crucial to UHCW reaching Net Zero, led by the Clinical Lead for Net Zero. This work has led to the creation of the Net Zero Superheroes staff champions network which has been built up over the year; into a powerhouse of engaged, enthusiastic staff driving the agenda forward. The Communications lead for Net Zero has created a website and social media networks for staff to be updated and get involved via suggestion pages, pledge platforms and open engagement opportunities.

Sustainable Models of Care

Our home-based treatment and early intervention services allow us to provide excellent preventative care. Adhering to the Getting it Right First-Time programme (GiRFT) helps to avoid additional hospital bed days and patient and visitor travel to our clinics, and their associated environmental impacts. Strong interagency partnership working enhances GiRFT, providing a better care package. Our Trust will commit to linking Green House Gas Emissions (GHG) reductions with our delivery of the Long-Term Plan sustainable care model.

Digital Transformation

The NHS Planning Guidance requires that at least 25% of all clinically necessary outpatient appointments should be delivered remotely by telephone or video consultation, the Trust has currently achieved 23%. Streamlining and digitising administrative functions also reduces paper waste and expedites processes. The Trust is committed to promoting innovation and is an advocate for digital transformation, which is reflected in its working practices. We have an expert team looking at digital technology and systems to streamline service delivery and support functions, while improving the associated use of resources and reducing carbon emissions.

Travel and Transport

We operate a fleet of 28 vehicles, ranging from cars to small, medium and large vans. These vehicles are used by our Estates department for the maintenance and operation of our sites, the secure transportation of patients, and for transporting goods between sites. As part of the examination of transport the Trust has undertaken a review of business transport with the assistance of the energy saving Trust.

Estates and Facilities

The Trust has been working on reducing carbon emissions from buildings and infrastructure for many years, with a focus on the older Hospital of St Cross, replacing lighting with LED, upgrading the Building Management System (BMS) and grant received for solar PV and air source heat pumps. The Trust is working with its PFI partners to improve energy efficiency and reduce energy usage across the estate, including decarbonising heating and hot water systems.

Capital Projects

How we design and construct our buildings in the future will play a decisive role in our collective ability to achieve Net Zero. The Trust is applying the new NHS Net Zero Building Standard for all new builds and refurbishments. The Trust is committed to all capital development achieving BREEAM Excellent (Building Research Establishment Environmental Assessment Methods) or above on current projects (whenever possible).

Water Efficiencies

Although the emissions are low compared to those produced by energy use, being water efficient is important to prevent and alleviate water stress, this occurs when the demand for water exceeds supply, such as periods of drought. Water conservation is being explored, including rainwater harvesters collecting rainwater for non-potable purposes, such as for flushing toilets. University Hospital has a Sustainable Urban Drainage System in place (SUDs), which help reduce water stress and alleviates flooding by attenuating fluvial and surface water flooding in storm events.

Waste and Recycling

The Trust is managing waste in line with the national clinical waste strategy and Health Technical Memorandum 07-01 and is aligned to the new waste targets. The Trust has already made changes to increase the offensive waste towards 60-20-20 clinical waste segregation. There have been several areas that are now recycling single use metal instruments and also an increase in reuse through the Net Zero Lead for Equipment Reuse providing a platform for office furniture and equipment reuse.

Biodiversity and Greenspace

The Trust, in partnership with the Centre for Sustainable Healthcare, created a nature reserve at University Hospital to give staff, patients, visitors and the local community access to a green space to promote positive mental and physical health. The Trust has invested significant funds over the last year to revitalise the area improving facilities and making it accessible.

Medicines, Volatile Anaesthetic Gases, and Inhalers

This is a large area of work led by Dr Laura May, Net Zero Lead for Anaesthetics and Rosie Kimber, Net Zero Lead for Pharmacy. The Trust is taking action to reduce carbon emissions relating to prescribing and use of medicines and medical products. The Trust has removed Desflurane and N2O from the Hospital of St Cross.

Supply Chain and Procurement

Our supply chain emissions represent a huge portion of UHCW's overall carbon footprint. UHCW is committed to engage with its suppliers to meet the Green Plan and support national sustainable procurement objectives.

Food and Nutrition

While promoting healthier foods and reducing emissions, UHCW in partnership with ISS are looking to source more food products from local suppliers where possible, increasing the positive economic impact for our communities and reducing the emissions associated with food transport.

Adaptation

UHCW is already engaged with other public authorities and partners in tackling extreme weather events, such as heatwaves and flooding. Led by the Head of Emergency Planning and Operational Emergency Planning, analysing climate risks and developing actions to protect care delivery.

The Future

The Trust intends to update the Green Plan annually to show progress against targets and introduce new targets to ensure continued movement towards Net Zero.

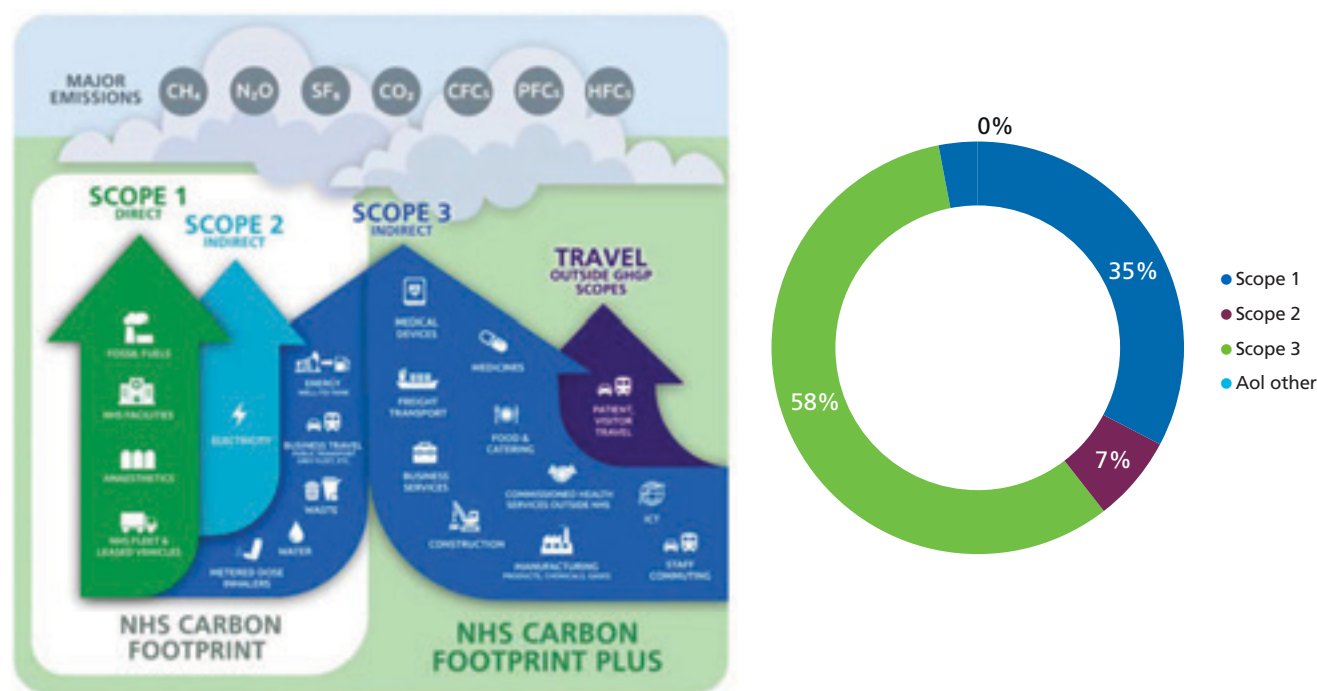
View of solar panels installed across rooftops of the Hospital of St Cross Rugby



3.3 Carbon Footprint

The graphic below shows the NHS carbon footprint methodology - NHS carbon footprint is what the NHS controls, NHS carbon footprint plus is what the NHS influences.

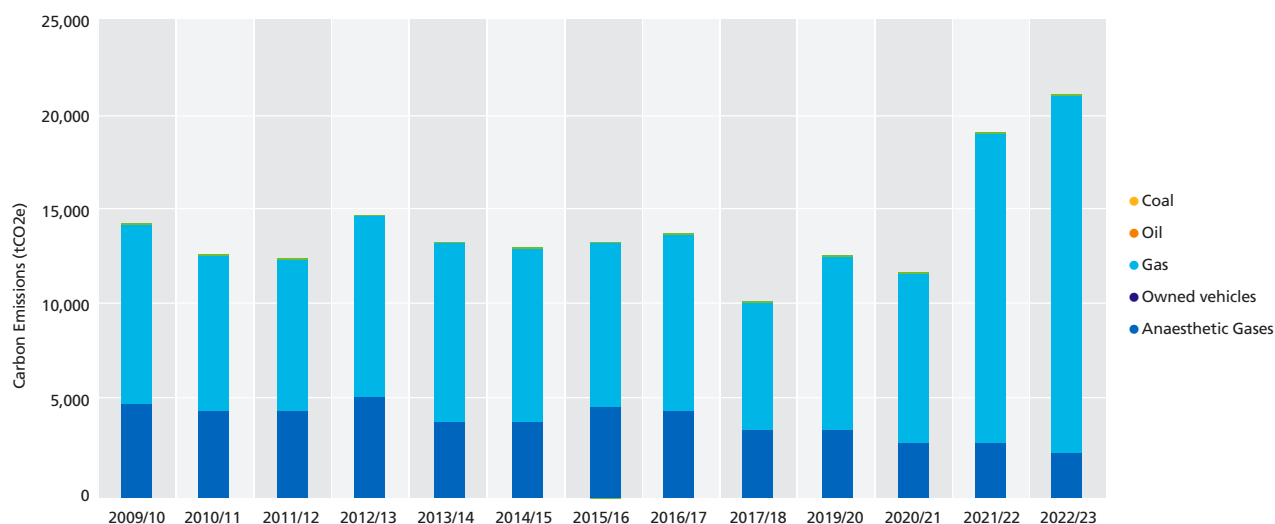
The Graph below shows carbon emissions from all three scopes (excluding footprint plus):



3.3.1 Commentary on Carbon Footprint

The carbon footprint data for 2022/2023 shows a reduction in overall carbon emissions for the year. This is due to several factors: In Scope 1 the Net Zero Lead for Anaesthetics removing desflurane from use. In Scope 2 the purchase of electricity via a 100% green contract and the rest from on-site generation. In Scope 3 the work by the Clinical Lead for Net Zero and the Net Zero Superheroes on several fronts removing carbon from clinical activity.

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, anaesthetic gases, gas emissions from boilers and air-conditioning refrigerant leaks. An analysis of gas related consumption, in kWh is included.



The carbon emissions from Scope 1 have increased. This is primarily due to the increased use of gas in the Combined Heat and Power plant (CHP) due to improvements to access to site load via some complex metering. This has allowed the engine to run at maximum capacity creating a significant amount of the electricity used at the University Hospital site. The CHP is hydrogen ready and can be converted as soon as the technology is available.

Site decarbonisation is a key part of carbon reduction, this year following a successful SALIX grant bid for £4 million, the Trust has installed at the Hospital of St Cross a 200 kW Air Source Heat Pump (ASHP) connected to a district heating system linking three existing plant rooms to the ASHP via 320 metres of pipework. The increased electricity usage has been offset by installing 1,200 solar panels across the roofs of the site creating 501 kWp solar array. This approach followed a detailed HYSOPT study which shows efficiency of the current system and what savings can be made via the new system and areas to target carbon reduction within the heating system in the future. Going forward the Trust is seeking funding to install an additional larger ASHP into the district heating system offer set by solar panels over the car parks, this will reduce site need for natural gas by 93%. It is the Trust aspiration to remove gas from site by 2027.

Anaesthetic gases have seen significant reduction over the year with them being finally removed in March 2023, therefore the figures will not demonstrate the true drop until the 2023/2024 annual report.

3.3.2 Commentary on Scope 1 anaesthetics

Over the last 12 months the Anaesthetic Department has undertaken many projects to reduce our carbon footprint and move towards the NHS Net Zero target.

Anaesthetic gases make up 5% of the carbon footprint from acute hospital trusts. Of the anaesthetic gases, Desflurane is the most harmful with a global warming effect 2,540 times more than CO₂ and it stays in the troposphere for 14 years. Desflurane use at UHCW was around 21% by volume compared to the other two agents, Sevoflurane and Isoflurane.

We embarked upon a project to reduce our Desflurane use to below 10% as per the Trust's Green Plan. We gave a series of educational talks to the Anaesthetic Department, removed Desflurane from every theatre and provided restrictions over its use. Over the following 12 months 2023/2024, Desflurane use dropped to below 1% by volume, saving 250 tonnes of CO₂e. The equivalent of driving a car 1,147,142 miles, or 46 times around the world!

With the support of the Royal College of Anaesthetists and Association of Anaesthetists (AoA), the NHS has committed to decommissioning Desflurane from early 2024. However, we have taken the decision at UHCW to remove Desflurane use at the Trust earlier, with effect from March 31st 2023.

To provide a more eco-friendly alternative to anaesthetic gases, we have worked to promote the use of Total Intravenous Anaesthesia (TIVA) by providing regular educational sessions. Practically to achieve this, we have procured more equipment to allow the switch from a volatile anaesthetic.

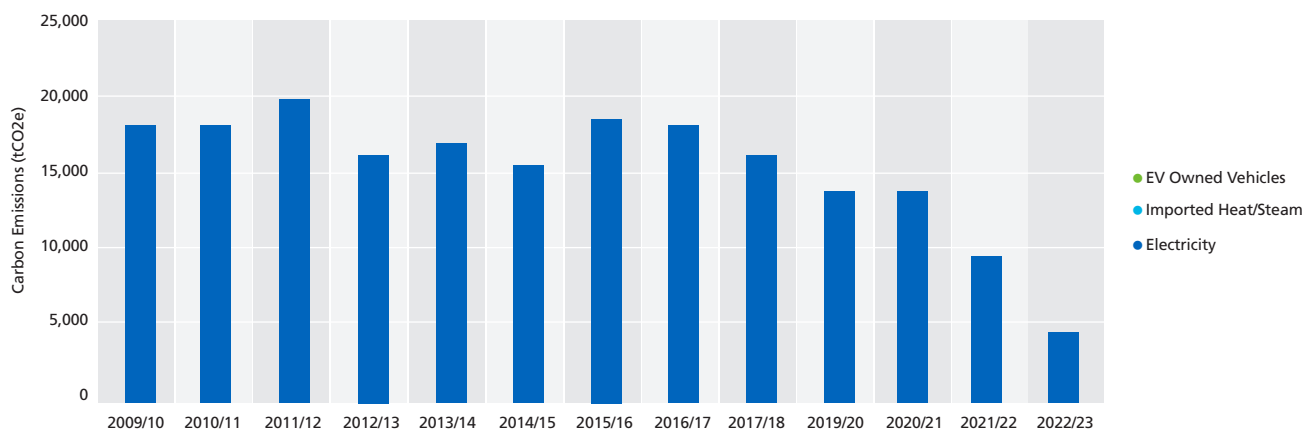
Nitrous Oxide N₂O accounts for 2/3 of anaesthetic emissions in the acute sector. It is 300x worse than CO₂, lasts 114 years in the troposphere, and depletes the ozone layer. We have looked at our anaesthetic use of N₂O, and our speciality does not report using it at Rugby. However, data suggests at Rugby alone, we are using 30L/Hr, or 260,000L/Year. We have therefore suggested the manifold is decommissioned (out of service May 23) which would save us 153 tonnes of CO₂e annually, which equates to 50% of our annual surgical usage of N₂O.

Looking to the future, we are in talks with SageTech to trial their gas recapture technology. We have also investigated 'cracking' options on Labour Ward to enable the capture of exhaled nitrous oxide. With the exciting ongoing work, we hope the future looks greener for everyone.

Dr Laura May

Net Zero Lead for Anaesthetics

Graph Showing Carbon Emissions by Scope 2



Scope 2 – emissions have reduced over the year, this is due to the purchase of electricity on a 100% renewables contract and the on-site generation of electricity at University Hospital. The move to decarbonise the UHCW estate by the removal of gas-powered heating and hot water will see an increase in electricity consumption in future years. Works at the Hospital of St Cross have replaced all lighting with LED reducing the electrical load and reducing CO2 emissions and the replacement of the Building Management System (BMS) allowing better control of plant and equipment reducing electrical load. The current works at St Cross will show in next year's report, the installation of Air Source Heat Pumps (ASHP) increasing electrical need and a 501 kWp solar array that will supply the additional electricity required by the ASHP. The works were designed following a HYSOPT survey and has allowed different technologies to be modelled virtually before installing the best fit solution.

3.3.3 The Future

The next phase of decarbonisation at the Hospital of St Cross is to install another larger Air Source Heat Pump (ASHP) and solar PV above the larger car parks to compensate for the increased electricity usage. This will make the site 95% gas free. The third phase is to install a wind turbine and electric heating solutions in the remaining areas that are still gas, the site will then be gas free.

3.3.4 Commentary on Scope 3 Carbon Emissions

Scope 3 emissions are by far the hardest to capture as it is mostly embedded in the supply chain. There has been a lot of work done this year on Scope 3 following the creation of a new job role - Clinical Lead for Net Zero.

The Scope 3 emissions are reported separately as waste and promoting waste efficiency, Business Travel and water in paragraphs below.

Ethyl chloride is a cold spray used to check how well neuroaxial blocks are working in anaesthetics. However, it is a hazardous air pollutant with a significant carbon footprint. CoolSticks are reusable stainless-steel sticks which are kept refrigerated and allow a more sustainable alternative for checking neuroaxial blocks both on the wards and in theatre. Following a successful trial period in obstetrics and paediatric HDU, and with the support of the department, 37 CoolSticks have been introduced throughout theatres, recovery and wards at University Hospital and the Hospital of St Cross. By making the swap we can potentially save 17,500 kgCO2 worth of carbon emissions per year. Following the trial period there has been a reduction in ethyl chloride use from an average of 42 cans between June to September 2022 to just 25 cans in January 2023 - a reduction of 40%.

Over the last few months, we have been able to spread the word about the oral paracetamol project beyond anaesthesia to the wider hospital. Teaching has been delivered to multiple staff groups including recovery staff, foundation trainees, medical trainees and at grand round for which we have received positive feedback about the initiative. We hope this helps spread the word about oral paracetamol and helps reduce the impact of intravenous paracetamol whilst maintaining good quality care for our patients. This has translated into results as within the last six months we have seen a 12-fold increase in oral paracetamol usage and a reduction of 20% of intravenous paracetamol.

To help deliver teaching to a wider audience, we have produced a series of educational videos. The videos support the face-to-face sessions and can then be used by local staff members to educate both prescribers and non-prescribers about the evidence base. This work has been supported by the acute pain team through Acute Pain management guidelines. Our next steps include posters to improve pre-medication in the paediatric and adult population.

Waste has not escaped the green treatment with the implementation of recycling within the theatres and the department, both for general rubbish alongside surgical laparoscopic equipment. Reusable sharps bins have been introduced, further reducing our single use plastic usage.

Dr Laura May
Net Zero Lead for Anaesthetics

3.3.5 Staff Engagement in Sustainability

As part of UHCW NHS Trust's commitment to Net Zero, new roles have been introduced to the organisation to the organisation and restructured, developing a dynamic team. There is now a Clinical Lead for Net Zero who has been in post for 6 months and a Net Zero Information Analyst due to start imminently.

Net Zero has historically been considered part of the Estates domain and inevitably gets tagged along with its agenda. However, there is an untapped wealth of savings both environmentally and financially, if a clinical eye is cast over patient pathways.

The Clinical Lead has been able to engage with staff and challenge established wasteful practice. They have been pivotal in allowing these conversations to occur in a way that demonstrates understanding of the existing preconceptions and barriers and look for ways to overcome them. This has led to increased engagement across the organisation.

The Saving Turtles Sustainability Decision Making Council is now in its second year. Membership has grown to many and comes from all clinical groups across the organisation. These staff are passionate advocates of the green agenda and are driving the Trust forward. Three of the clinical groups have started their own Net Zero Councils which feed into the Trust Net Zero Delivery Group.

The Trust now captures staff at the start of their employment journey at UHCW. Sustainability is part of induction and is presented at Newly Qualified Nurse and Associate Nurse preceptorship, Allied Health Professional preceptorship and new starters to Theatres Workshop.

Group members have had a productive year with many projects currently in the implementation stage. These successes are shared across the group who have become known for their supportive principles and community spirit. This supportive network has been recognised locally and nationally with members of the group receiving commendations from the NHS Chief Sustainability Officer, Dr Nick Watts as part of the Chief Allied Health Professions Officer Awards 2022 and reaching the shortlisting stage of UHCW's Outstanding Service and Care Awards (OSCA's).

Other members of the group have been involved in national projects that have resulted in acknowledgment in the British Medical Journal.

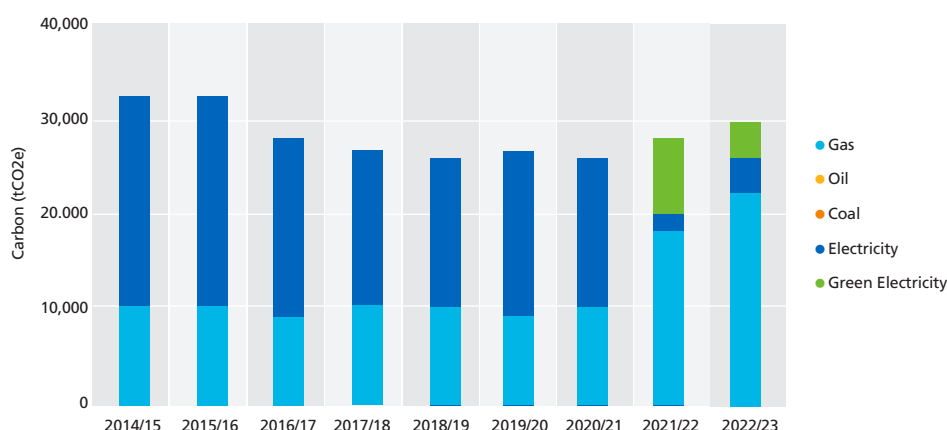
Liz Fitzhugh

Clinical Lead for Net Zero

3.3.6 Healthy Food

Commentary on healthy food – the Trust in partnership with its soft service provider has already introduced plant-based options for patients, and for staff and visitors at all retail outlets. This includes seasonal menu changes. There has also been a reduction in sugary drinks available at all retail outlets, all outlets have removed single use plastics and replaced single use items with vegware.

Energy Usage – Scope 1 and 2

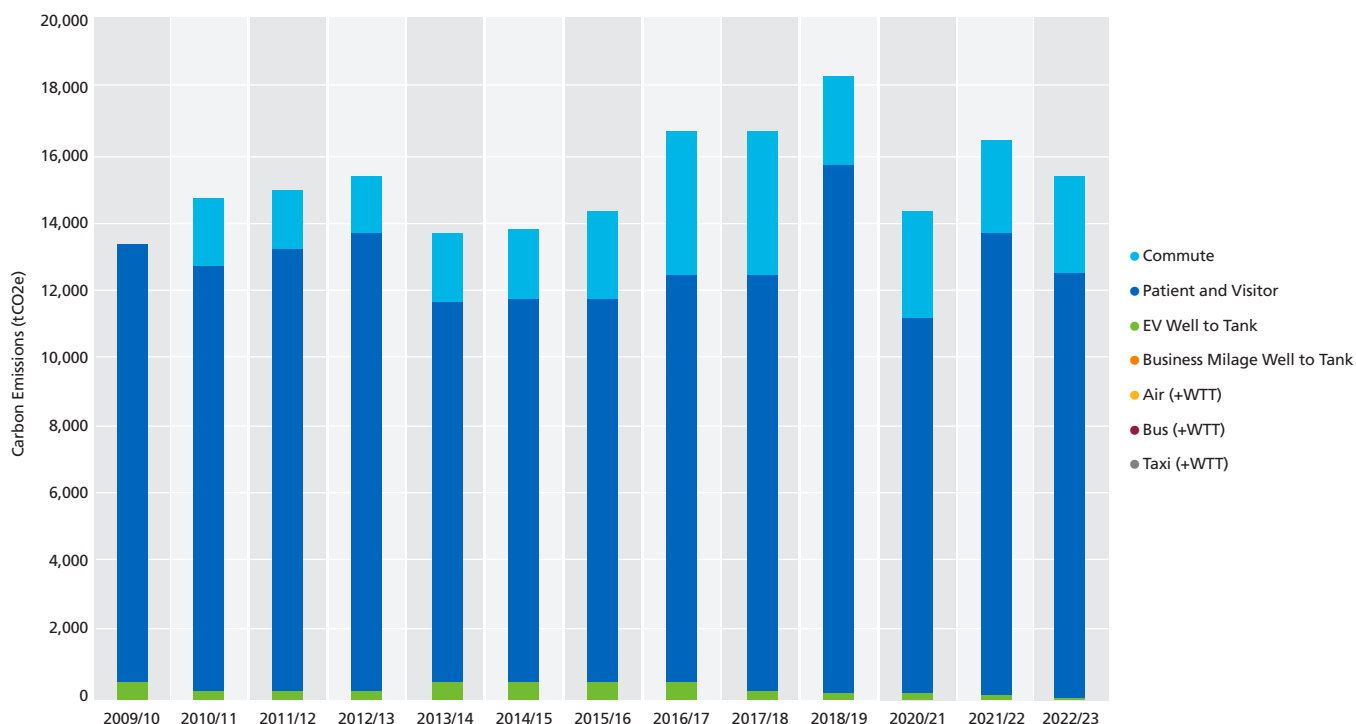


3.3.7 Commentary on Energy Usage

The Trust purchases 100% green grid electricity for both sites and a significant amount of the electricity on the Coventry site is generated by a Combined Heat and Power Plant (CHP), this in part has increased gas usage in turn increasing CO2e, it is hydrogen ready, but that supply is not currently available. This year an improvement to access to the full site load has allowed the CHP to run at capacity, hence increasing gas use compared to previous years.

3.3.8 Travel Mileage and Carbon Emissions

Scope 3 Emissions - Travel



3.3.9 Commentary on Travel

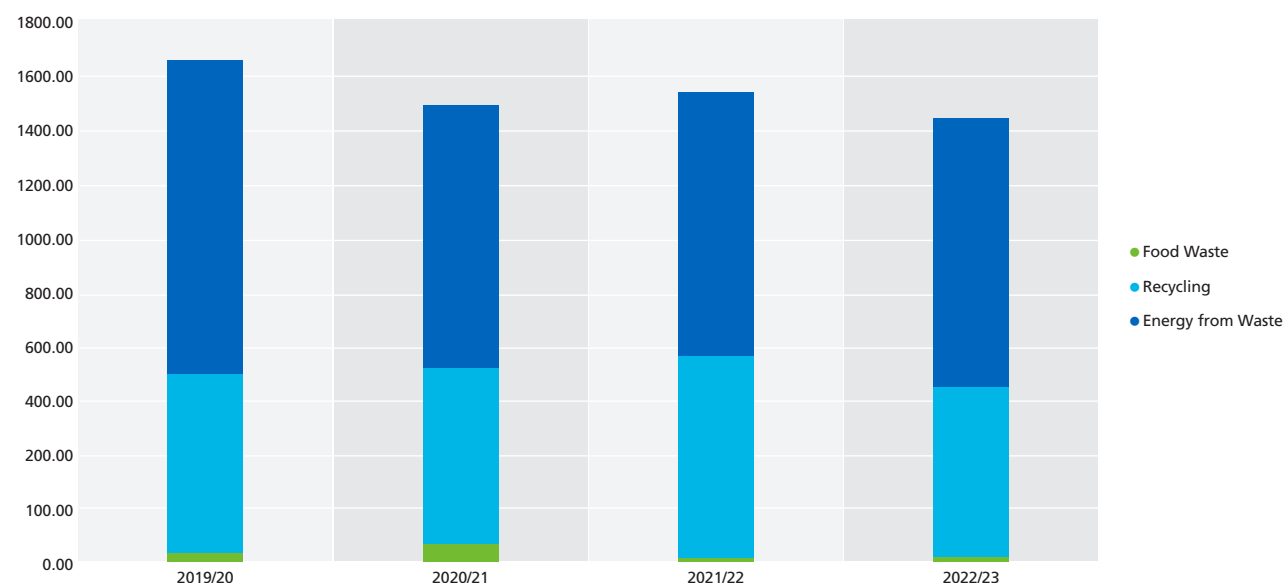
The Trust has worked with public sector partners to develop cycle access to both sites which has provided significantly improved cycle lanes to both sites. The Coventry site is connected to the city centre via a four-mile segregated cycle route, which is nearing completion. The Hospital of St Cross is connected to three parts of the town by three segregated cycle routes completed earlier in the reporting period.

The Trust is now reporting travel data monthly to the Net Zero Delivery Group, working reduction strategies. Following a fleet review by the Energy Saving Trust the internal fleet is being re-examined to streamline and reduce carbon emissions.

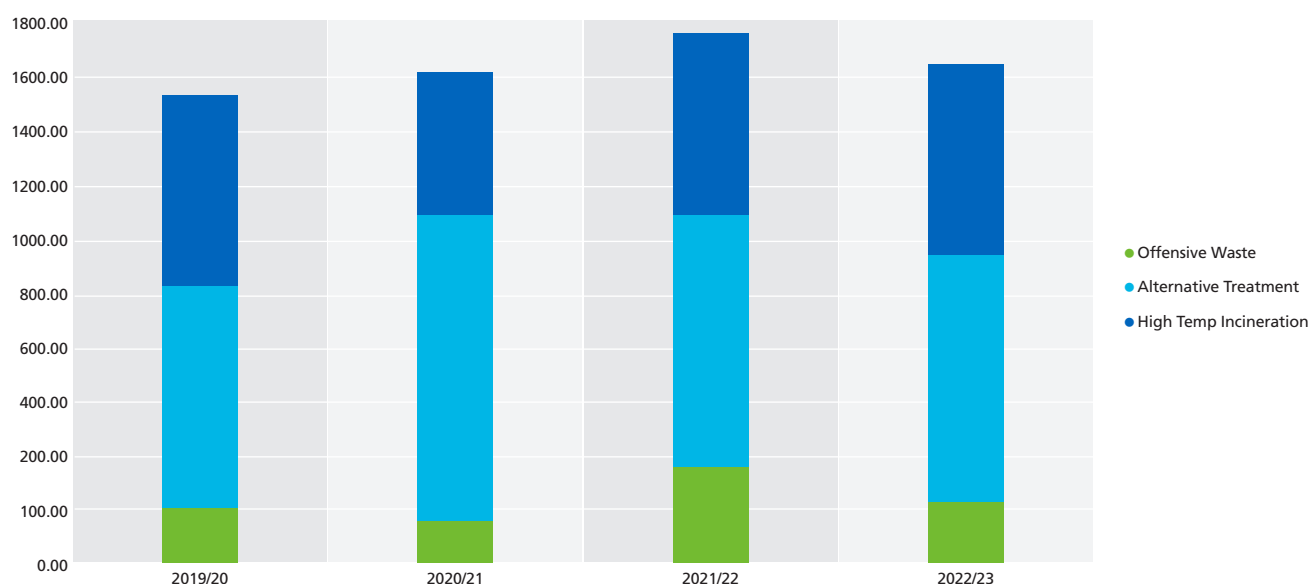
3.4 Minimising Waste and Promoting Resource Efficiency

The amount of CO₂e in the waste stream changes with disposal type, the Trust works towards the best available technique for disposal or treatment.

The graph below shows the breakdown in domestic waste disposal.



The graph below shows the breakdown in clinical waste disposal.



3.4.1 Commentary on Waste – Scope 3 Emissions

The domestic waste stream has reduced slightly over the last year; mostly due to the work of the Clinical Lead for Net Zero and clinical teams reducing packaging waste entering the building through consolidation of orders through working in partnership with suppliers. There has also been a drive to reuse equipment, and this impacted the figures.

Work is ongoing to implement the offensive waste stream fully across the business and progress reported monthly to the Net Zero Delivery Group.

The Trust has introduced reusable sharps containers. These containers have a 10-year life span. The life cycle assessment (LCA) projected over a 10-year period concludes that the containers will reduce CO₂e by 2,053 tonnes equating to a 92% reduction when compared to single use bin.

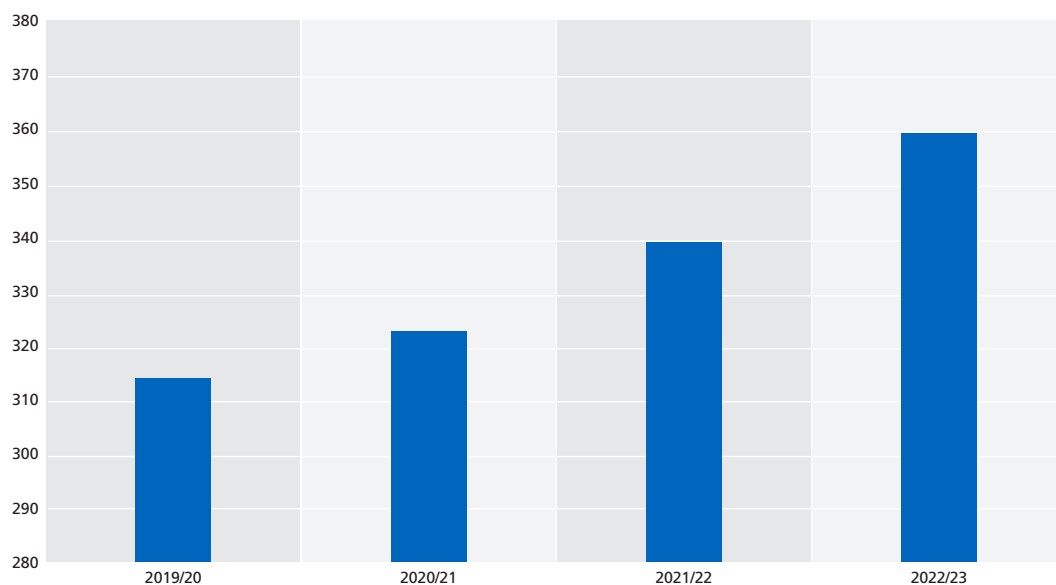
The Trust has signed up to the NHS pledge to remove single use plastics and has removed plastics from catering moving to vegware compostable packaging.

The Table below shows waste costs for 2022/2023

3.4.2 Reducing our Water Use – Scope 3 Emissions

Waste Disposal	22/23
HTI	£539,834
AT	£360,759
OW	£48,588
Landfill	£0
Domestic incineration without energy recovery	£0
Domestic waste incinerated with energy recovery	£126,080
Recycling	£38,636
Food waste	£1,155
Confidential waste	£2,135

Reducing our Water Use – Scope 3 Emissions Water and Sewage tCO2e



3.4.3 Commentary on Water Usage

Water usage has increased in the last financial year due to leaks on both sites, the incidents were managed speedily, but there was a significant loss of water. The Trust has water reduction as a work stream for 2023/24 and is working with its PFI partners to find water reduction solutions. The Trust in partnership with PFI partners is looking to improve water metering across both sites to improve reporting and speed up leak identification. There has also been significant expansion of services affecting water usage.

3.5 Procuring Sustainable Products and Services

UHCW is committed to sourcing goods and services that meet or are working towards the following targets:

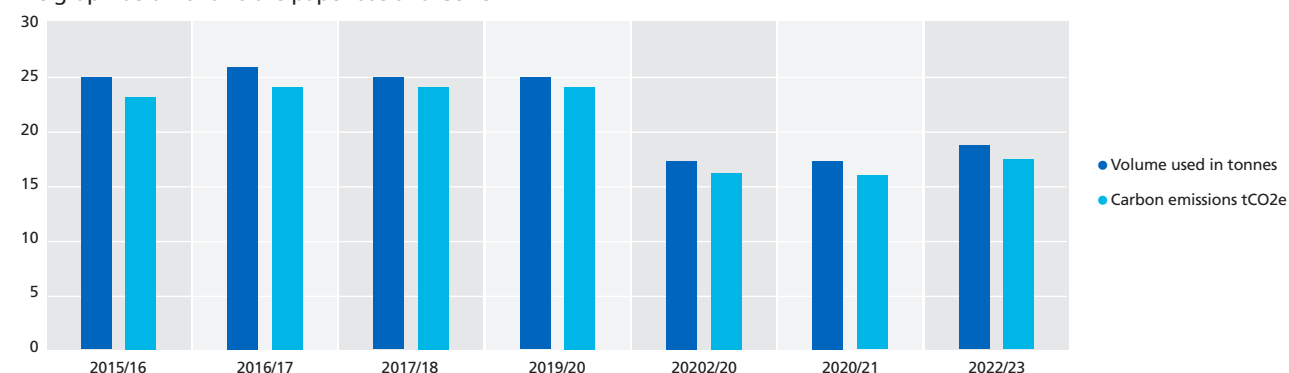
UHCW Green Plan

- Recycling Goods
- Reduction and leading to a removal of single use plastics
- Recycled Paper
- Logistics providers delivering in electric vehicles
- Supporting the local economy to manufacture and deliver goods and services
- Implementing Social Value to all tender exercises

Greener NHS

- All Zero emission vehicles by 2032
- Renewable energy for all hospitals
- Significantly reduce waste and where there is waste ensure it is processed for recycling
- Remove single use plastics from the supply chain at the point of developing the sourcing strategy

The graph below shows the paper use and CO2e



3.5.1 Paper Usage

Since the base line year of 2019/2020 paper use has reduced across the Trust due to the introduction of centralised printing moving away from individual printers. The Trust has expanded over the last year taking on new services, which has increased the use

of paper in the last year. The Trust has many initiatives that will now impact on figures until the next reporting period, including Electronic Patient Record (EPR) and several departments becoming paperless, 98% of all paper is now recycled paper.

3.6 Towards 2023/24

The Trust has built the foundations and governance in 2022 to take the organisation towards Net Zero. The next year will see the expansion of the Net Zero Superhero network which has already been a major success, having started making changes across all disciplines. Nitrous Oxide has already been removed from the Hospital of St Cross and work will continue led by a specialist task and finish group, looking to remove it from use.

It is hoped that the second phase works at the Hospital of St Cross will receive external funding for that to proceed expanding the previous year's energy saving work.

The work within clinical areas will continue to expand existing projects such as cannula reduction, swapping IV paracetamol for oral where clinically appropriate.

3.6.1 Adapting to Climate Change

The Trust has a nominated lead for Climate Adaptation who is the Head of Emergency Planning and Operational Emergency Planning. There is a working Group developing a climate adaptation plan for the Trust and they are working in partnership with the Coventry Climate Change Board working group, Resilient Pathway Development Pathway Meeting ensuring a city-wide view of climate adaptation.

3.6.2 Reducing Environmental Impacts from ICT and Digital

Digital solutions play an increasingly vital role at UHCW NHS Trust. However, it is essential to acknowledge and address the environmental impacts associated with these technologies. By adopting sustainable practices, UHCW NHS Trust can contribute to improved sustainability while still delivering high-quality healthcare services.

1. **Energy Efficiency:** Implement energy-efficient practices across IT infrastructure. This includes optimising server rooms (PFI dependent), consolidating equipment, and utilising power management settings on devices. Transitioning to energy-efficient hardware over time will significantly reduce energy consumption and associated carbon emissions.
2. **Visualisation and Cloud Computing:** The Trust is approximately 90% virtual with 5% cloud and 5% physical servers. The Trust can achieve greater efficiency, reduce the need for additional hardware, and minimise energy consumption by migrating further to the Cloud.
3. **Green Procurement:** When procuring new IT equipment and devices, prioritise vendors who prioritise sustainability. Use energy-efficient products with eco-label certifications and consider the entire lifecycle of the equipment, including extending life and disposal or recycling.
4. **Going Paper-Lite:** The implementation of EPR plus the patient portal and other technologies such as voice recognition will help reduce the volume of paper and postage for the Trust.
5. **Remote Working and Video Calling:** Promote remote work options for appropriate roles, reducing the need for commuting and associated carbon emissions. Encourage the use of video conferencing (Teams) for staff and remote consultation/telemedicine to minimise travel requirements for patients and healthcare professionals.

By implementing these strategies, UHCW NHS Trust can significantly reduce its environmental impacts from ICT and Digital.

3.6.3 Nature Recovery and Biodiversity Action Planning

The Trust has been improving the natural green environment on its sites for many years, as it is aware of the physical and mental wellbeing that green space can bring. This year has seen improvements to the accessibility of the nature reserve, first created in 2010 in partnership with the Centre for Sustainable Healthcare it is an area well loved by patients, visitors and staff. Its popularity prompted improvements to the path to make it accessible in most weather conditions and additional seating areas, places to stop and enjoy the calming space. This redevelopment was funded by University Hospitals Coventry and Warwickshire Charity.

University Hospital has reintroduced its No Mow areas to allow green areas to be reclaimed by wildflowers providing a valuable food source for pollinators and a beautiful spectacle for patients, visitors and staff.

The Trust has supported beekeepers for many years, providing green space for beehives managed by apiarists from the Warwick and Leamington Beekeepers.

Going forward the Trust has aspiration to create a cardiac rehabilitation garden at the Hospital of St Cross. It will be a fantastic space for patients to come to with their relatives, for peace and relaxation from a busy ward environment. Conversely if relatives felt the need for solitude or somewhere to go to reflect, this space would be ideal.

For staff it will also provide a restful and relaxation space where they can have a break or eat lunch away from the busy ward/office. The evidence shows that staff that have a break away from their desk/ward are more productive in the afternoon than those who stay and have a working lunch. This area will provide somewhere else to go especially from spring through to autumn. Long term, as the project grows the goal would be for local GPs to participate in Social Prescribing and the recovery garden would be an alternative to traditional pharmacology to appropriate patients.

Staff preparing for a new
Electronic Patient Record system
in our Maple Unit



Part 4 Accountability Report

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 2023, the Board comprised;

- A non-executive chair (voting)
- A chief executive officer (voting)
- Five non-executive directors (voting)
- 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 in section 4.1.8 of this report.

Register of Interests

Details of the register of interests can be found in the Annual Governance Statement in section 4.1.8 of this report.

Trust Board and Board Committees

Detail of the Trust Board and its committees can be found in the Annual Governance Statement in section 4.1.8 of this report.

External Auditor Remuneration

KPMG LLP is the Trust's appointed external auditor.

The total external audit fees/remuneration recorded in the accounts for 2022/23 is £138,000 excluding VAT, in comparison to £126,032 in 2021/22 excluding VAT.

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 that critical functions are provided, 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).

NHS England and Improvement revised EPRR compliance standards in July 2022 detailing the minimum standards which NHS organisations must meet by September 2022. UHCW has previously been graded as "substantially compliant" with these standards; however, following these changes UHCW is now "non-compliant" with EPRR standards. The main reason for reduced compliance is due to changes in legislation and therefore a change in minimum standards. UHCW is not alone in seeing a reduction in compliance achieved which has been seen across the region in other NHS organisations.

There is significant work that is being undertaken to improve compliance with Emergency Preparedness Standards in the light of revised standards and assessment style. This offers an opportunity to revise and refresh UHCW preparedness and a robust work plan has been developed to achieve a phased improvement.

Training Staff

Training is carried out to ensure staff can discharge their role and responsibilities during an incident. This 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.

Following the outbreak of Covid-19 in December 2019, and the repeated challenges faced, some EPRR activities, such as training, were paused to allow staff to focus to be on incident response. All EPRR activity has since fully recommenced to Trust staff and our partners, to ensure our staff can effectively operate when required under emergency conditions.

Responding to Incidents

During 2022/23, there were no activations of the Major Incident Plan, however, the Trust did declare a critical incident on 16th January 2023 following an external power interruption which caused loss of power across the University Hospital site.

In addition, during 2022/23 there have also been a number of Business Continuity incidents affecting the Trust and requiring implementation of relevant plans.

Elements of Business Continuity Planning are invoked to ensure critical services operate with minimal impact. The following incidents have occurred at UHCW within the past 12 months which has impacted across the organisation:

- Girpi pipe leaks
- Full Capacity Protocol activations
- Heatwave MET office level 3 and 4 activations
- Cold Weather MET office level 3 activations
- Numerous supply chain challenges
- Industrial action strike days
- Loss of hot water
- ICT system failures.

Summary

Comprehensive plans are in place to ensure the Trust is able to respond to a range of incidents and emergencies as listed above. Working both internally and externally with partner organisations, the Trust continues to test and revise these plans following incidents and planned exercises and has delivered training to staff involved in the management of incidents.

Active management continues in order to improve compliance with Emergency Preparedness Standards in the light of revised standards. The work generated from these standards along with learning through incidents and exercises ensures that UHCW meets regional and national plans, guidance and best practice.

4.1.3 Care Quality Commission (CQC) Registration

Under the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014 and the Care Quality Commission (Registration) Regulations 2009, University Hospitals Coventry and Warwickshire NHS Trust is required to be registered with the CQC in order to carry out its statutory duties.

The Trust is registered with the CQC to provide nine regulated activities across our three sites, with no conditions placed on the Trust's registration throughout 2022/2023.

The Chief Quality Officer is the CQC Nominated Individual (NI) and is responsible for supervising the management of the carrying on of the regulated activity.

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 intelligence, for example feedback from the public, data and inspection activity.

The CQC continues to carry out inspection activity where they have concerns about quality or safety, 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 remains rated as Good overall and Good in all five domains, with the exception of Responsive which is rated as Requires Improvement. On 9 November 2022, the CQC carried out an unannounced inspection of Maternity services against the Safe and Well-led domains. During the inspection, the team visited areas across Maternity and spoke with staff

and patients. On 10 March 2023, the final report was published by the CQC. Overall the rating of the service stayed the same and was rated Good. The rating for the Safe domain stayed the same and was rated Good, however the rating of well-led improved. They rated well led as Outstanding.

The Trust continues to engage with the CQC through regular provider engagement, including meetings with the CQC relationship owner for the Trust. During 2022/23, the Trust has also engaged in the CQC's Dynamic Monitoring Approach (DMA) to provide additional assurance to the CQC, through virtual meetings about the services provided.

Further detail is available in the Quality Account.

4.1.4 NHS Litigation Authority

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 58 clinical negligence claims to NHSR in the financial year 2022/23. During the year there have been 21 new personal injury claims 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 facilitates 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 Trust's 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 the 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 where patient stories are shared with the Trust Board. It is imperative we continue to understand our patients' 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.

Patient Led Assessment of the Care Environment (PLACE)

These annual assessments were suspended during Covid-19, but have since recommenced in October 2022 with responsibility having been recently transferred to the Patient Experience Team, supported by the Estates and Facilities Team. The PLACE assessments are unannounced visits which look at a range of experience and environmental factors and are a mechanism to assure ourselves of the quality of our services as well as identify areas for improvement. Every NHS patient should be cared for with compassion and dignity in a clean, safe environment. Where standards fall short, they should be able to draw it to the attention of managers and hold the service to account. PLACE assessments provide motivation for improvement by providing a clear message, directly from patients, about how the environment or services might be enhanced. The assessments take place every year, and results are published to help drive improvements in the care environment. The results show how hospitals are performing both nationally and in relation to other hospitals providing similar services.

"Thinking of You"

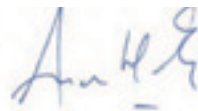
The Patient Insight and Involvement Team continue to lead on the "Thinking of You" initiative which enables friends or family members of patients in hospital to send a letter and photographs to their loved ones.

Patient Partners

All members are assigned to a work stream identified by the Patient Experience and Engagement Committee. As well as being involved with the Patient Partner Programme, the Patient Partners also support several groups within the Trust. These include Cancer Support Groups, the ReSPECT Forum, Healing Arts, and a number of Research Committees. The aim is to strengthen the group and ensure that there is community

representation from the members of the group.

For more information about work being undertaken by the Patient Experience Team please read the Trust's Quality Account 2022-23.



Chief Executive Officer, 22 June 2023

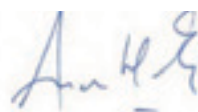
4.1.6 The statement of the Chief Executive's Responsibilities as the Accountable Officer of the Trust

The Chief Executive of NHS England has designated that the Chief Executive should be the Accountable Officer of the Trust. The relevant responsibilities of Accountable Officers are set out in the NHS 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.



Chief Executive Officer, 22 June 2023

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

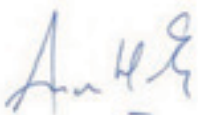
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts and
- prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

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



Chief Executive Officer, 22 June 2023



Chief Finance Officer, 22 June 2023

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 2023 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 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 at every Board and committee meeting. The BAF was reviewed in February and March 2022 and a new BAF was implemented with effect from 1 April 2022 to take account of the critical risks facing the organisation alongside the development of a refreshed organisational strategy.

The BAF monitors the following critical risks against the delivery of strategic objectives:

- Quality of Care and Patient Experience (monitored by the Quality and Safety Committee)
- Service Stability (monitored by the Quality and Safety Committee)
- Financial Stability (monitored by the Finance and Performance Committee)
- Operational Performance (monitored by the Finance and Performance Committee)
- Staff Wellbeing and Morale (monitored by the People Committee)
- Workforce Supply (monitored by the People Committee)
- Cyber Security (monitored by the Audit and Risk Committee, with effect from January 2023).

The BAF considers first, second and third lines of assurance alongside associated corporate risks. At the conclusion of every committee meeting, the assurances received during that meeting are considered in the context of the traffic light 'RAG' ratings previously given, and any changes are agreed. This ensures the BAF remains a dynamic document which reflects the assurances that are received and is owned by the committee. The BAF is reported to every Board meeting, for assurance and overview as a whole, and BAF ratings may be changed by the Board based on assurances it also receives.

The Trust has not carried out 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.

On 9 November 2022, the CQC carried out an unannounced inspection of Maternity services against the Safe and Well-Led domains. During the inspection, the team visited areas across

Maternity and spoke with staff and patients. On 10 March 2023, the final report was published by the CQC. Overall the rating of the service stayed the same and was rated Good. The rating for the Safe domain stayed the same and was rated Good, however the rating of well led improved. They rated well-led as Outstanding.

During 2022/23, the Trust managed the following significant risks which were subsequently closed or downgraded to local registers:

- Inadequate level of service from contractor relating to biochemistry and serology services
- Stroke centralisation – recruitment funding
- 2022/23 Contract income – Elective Recovery Fund
- 2022/23 Covid costs
- 2022/23 Waste reduction delivery
- 2022/23 Agency expenditure
- 2022/23 Capital programme delivery
- 2022/23 Capital programme funding.

The following significant risks were managed during 2022/23 and remained on the Corporate Risk Register at the end of the year:

- 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
- Risks relating to the cold/hot water pipe system within the hospital
- Potential for delays in medicine supply
- Safety of CAMHS patients
- Emergency Medicine overcrowding and patient flow
- Registered midwife vacancies
- Ambulance turnaround performance.

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.

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 12 months, as required by the 'Managing Conflicts of Interest in the NHS' guidance, and has arrangements in place for the annual publication for 2022/23 early in the 2023/24 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.

The Trust has undertaken risk assessments and has plans in place which take account of the 'Delivering a Net Zero Health Service' report under the Greener NHS programme. The Trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

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

In 2022/23, the NHS funding regime continued to be an emergency financial regime as a result of the Covid-19 pandemic and therefore the majority of the Trust's income from NHS commissioners was in the form of block contract arrangements. New for 2022/23 was the inclusion of the Elective Recovery Fund, which was also a block arrangement in year.

The financial performance achieved in 2022/23 was a deficit of £14.65m which was an improvement of £0.15m against a plan deficit of £14.80m.

For efficiency in year, we transacted £38.8m, with recurrent savings of £7.0m included.

The Trust maintains a high cash balance at the end of 2022/23, the balance being £41.5m (2021/22 £72.1m) on 31 March 2023. The high cash balance reflects the roll-forward of a high cash balance of £72.1m in 2021/22, and also a positive cashflow of £15.0m on capital investment timing, which is for capital creditors that will be paid in early 2023/24.

The Trust will continue to be a very active participant in the Coventry and Warwickshire Health Partnership, with a key focus on the Coventry and Rugby Places. Our primary focus for the year ahead is likely to be consumed with the recovery needed as we transition from the Covid-19 pandemic, but there is also a critical focus on the longer term financial sustainability

Information Governance

The Trust will submit the assessment of the Data Security and Protection Toolkit (DSPT) to NHS England/NHS Digital by 30th June 2023. It is anticipated that the Trust's performance will be at 'Standards Met' this year.

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

There have been four Information Governance breaches in 2022-23 that are summarised in the table below:

Date of incident (month)	Nature of incident	Number affected	How patients were informed	Lessons learned
April 2022	A member of staff employed by a partner organisation accessed family members' clinical records on a UHCW system.	3	Letter of apology.	To remind staff that confidential information can only be accessed for legitimate purposes.
May 2022	Breach of confidentiality; a clinical letter was sent to an old address of a patient.	1	Verbally and by letter.	To ensure that systems are kept up to date and when changes are made to patient demographics.
August 2022	A patient mistakenly had been sent copies of three pages of another patient's records within their subject access request.	1	Letter of apology.	To check patient records for any mis-filed notes.
October 2022	Discarded patient paperwork left in rented accommodation.	83	Patients were not informed.	For staff to not take home any printed confidential information and dispose of it securely at work.

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. This system is used to record information about patients 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 put right any issues. The Trust submitted records from 2022-23 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 between April 2022 to March 2023, which included the patient's valid NHS number was:

- 99.8% for admitted patient care
- 99.9% for outpatient care
- 96.2% for accident and emergency care.

The percentage of records in the published data between April 2022 to March 2023 which included the patient's valid General Medical Practice Code was:

- 100% for admitted patient care
- 100% for outpatient care
- 99.9% for accident and emergency care.

Data quality is high on the Trust's agenda to improve patient safety and experience. To further support this agenda and improve data quality the following work streams are embedded:

- A Data Quality Assurance Group is held on a recurring basis to provide assurance that there is a consistent approach to reviewing and monitoring compliance of the Data Quality Policy across the Trust.
- Published Data Quality Policy and Data Quality Framework.
- 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.

Performance

As set out in the performance analysis above, there have continued to be unique performance challenges in 2022/23 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. Further national challenges with staffing and ambulance availability have added to the pressures across the Trust.

To 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.

Additionally, the Trust is now midway through the implementation of the new Electronic Patient Record system, which is heavily reliant on the Informatics, Data Quality and Validation teams – as well as ITC, and a programme of learning for the wider Trust staff is in progress. It is expected that this will have a positive impact on the performance and patient flow once completed (targeted for October), and will bring new opportunities for improvement across all areas of the Trust.

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 its committees
- 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 implemented the outcome of a 2021/22 review of its committees for the start of 2022/23 to ensure the Trust is best placed to continue to improve, meet the challenges faced and focus on appropriate risks moving into 2022/23. This included the establishment of a People Committee to give appropriate focus to this area of risk to the delivery of strategic objectives.

Trust Board and Committee Structures

Following changes to the arrangements for Board and its committee during and following the Covid-19 pandemic, an established pattern of face-to-face and online meetings has now been established.

- Board meets as a whole face-to-face every month. Six of these meetings are formal Board meetings including public and private sections. Four of these meetings are set aside as Board Strategic Workshops. The final two meetings are set aside for Board Development
- The Audit and Risk Assurance Committee takes place five to six times per year. As well as having specific responsibility to monitor the effectiveness of controls and governance, it has an overarching responsibility for other areas of committeewide governance, such as the Board Assurance Framework and the committee effectiveness
- The Finance and Performance Committee meets 10 times per year, with half of these meetings taking place remotely, and half face-to-face
- The People Committee and Quality and Safety Committee take place on alternate months, each meeting six times per year, with half of these meetings taking place remotely, and half face-to-face
- The Remuneration Committee takes place as required, usually face-to-face following a Board meeting.
- Any urgent or extraordinary meetings will be summoned as required.

Trust Board

The role of our Trust Board is to govern the organisation, develop strategy 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.

Name	Position	Possible Meetings	Meetings Attended	Attendance rate
Stella Manzie	Chair	6	6	100%
Tracey Brigstock	Chief Nursing Officer	6	6	100%
Donna Griffiths	Chief People Officer	6	6	100%
Jerry Gould	Vice Chair	6	5	83.33%
Andy Hardy	Chief Executive Officer	6	5	83.33%
Gaby Harris	Chief Operating Officer	6	5	83.33%
Douglas Howat	Associate Non-Executive Director (part-year)	3	3	100%
Mo Hussain	Chief Quality Officer	6	6	100%
Afzal Ismail	Non-Executive Director	6	4	66.67%
Sudhesh Kumar	Non-Executive Director (part-year)	2	2	100%
Jenny Mawby-Groom	Non-Executive Director	6	5	83.33%
Carole Mills	Non-Executive Director	6	5	83.33%
Jaiye Olaleye	Associate Non-Executive Director (part-year)	1	1	100%
Kiran Patel	Chief Medical Officer	6	5	83.33%
Gavin Perkins	Non-Executive Director (part-year)	4	3	75%
Justine Richards	Chief Strategy Officer	6	5	83.33%
Susan Rollason	Chief Finance Officer	6	4	66.67%
Janet Williamson	Non-Executive Director (part-year)	3	2	66.67%

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 principal 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

Quality and Safety Committee has been established as a committee of the Trust Board and its business will be focused on the following areas:

- Patient safety and quality;
- Patient experience;
- Clinical effectiveness; and
- Health and safety.

The duties of Quality and Safety Committee are as follows:

- To approve the Quality Strategy;
- To agree the Quality Account and review delivery against it;
- To receive reports from chief officers relating to organisational performance and quality within the remit of the Committee;
- To receive assurance on the delivery of strategic objectives within the remit of the Committee;
- To review performance against quality indicators and seek assurance about the effectiveness of remedial actions and identify good practice;
- To receive assurance about the effectiveness of arrangements for:
 - infection prevention and control;
 - patient safety;
 - patient experience;
 - clinical effectiveness; and
 - health and safety;
- To review proposals for ensuring quality and developing clinical governance in services provided by the Trust;
- To ensure there are proper and widely publicised procedures for voicing complaints, concerns and compliments; and
- To review the terms of reference for the Committee and recommend approval to the Trust Board, and to endorse the terms of reference for reporting sub-committees.

Finance and Performance Committee

Finance and Performance Committee has been established as a committee of the Trust Board and its business will be focused on the following areas:

- Financial management and performance;
- Operational performance;
- Estates and facilities; and
- Information and communications technology.

The duties of Finance and Performance Committee are as follows:

- To review the financial strategy and consider risks against its delivery;
- To review outline and final business cases for capital investment the value is above that delegated to chief officers;
- To receive reports from chief officers relating to organisational performance within the remit of the Committee;
- To receive assurance on the delivery of strategic objectives within the remit of the Committee;
- To review performance against financial and operational indicators and seek assurance about the effectiveness of remedial actions and identify good practice;
- To receive and review the capital programme;
- To receive assurance about the effectiveness of arrangements for:
 - Financial management;
 - Operational performance;
 - PFI arrangements;
 - Emergency preparedness;
 - Insurance and risk pooling schemes (LPST/CNST/RPST);
 - Cash management;
 - Waste reduction and environmental sustainability.
- To receive reports from the Chief Finance Officer on actual and forecast financial performance against budget and operational plan;

- To review proposals for the acquisition, disposal or change of use of land and/or buildings; and
- To review the terms of reference for the Committee and recommend approval to the Trust Board, and to endorse the terms of reference for reporting sub-committees.

People Committee

People Committee has been established as a committee of the Trust Board and its business will be focused on the following areas:

- Strategic people and workforce priorities;
- Strategic workforce needs, including well-being, recruitment, retention, development of people and organisational capacity;
- Legislative and regulatory compliance as an employer; and
- Ethics and duty of care including whistleblowing and the Trust's equality duty. The duties of People Committee are as follows:
 - To shape, develop and drive the Trust's People Strategy and assure its implementation to ensure appropriate impact;
 - To oversee progress on the development and delivery of workforce, organisational/cultural development and equalities strategic programmes of work, ensuring alignment to the Trust's organisational strategy, ICS people agenda and national People Plan;
 - To ensure that the Trust's values are embedded across the employee lifecycle supported by appropriate policies and procedures, and receive assurance on their implementation timeliness, fairness, integrity and consistency;
 - To ensure the delivery of a strategic programme of work relating to health and wellbeing;
 - To ensure the Trust is actively seeking to reduce inequalities in staff experience and is promoting equality, diversity and inclusion in a systematic and effective way;
 - To oversee and ensure compliance against equality, diversity and inclusion reporting requirements including the timely consideration of Gender Pay, WRES and WDES reports;
 - To ensure that the Trust has comprehensive leadership and management development programmes to reinforce the culture the Trust is seeking to achieve, and to periodically evaluate the effectiveness of the programmes to inform further improvements;
 - To shape, approve and drive improvements arising from the triangulation of employee voice and engagement mechanisms including national staff surveys and the Freedom to Speak Up Guardian;
 - To remain informed of the strategic approach for education, learning and development across all disciplines;
 - To review, assess and gain assurance on the effectiveness of mitigations and action plans as set out in the Board Assurance Framework specific to the Committee's purpose and function;
 - To consider the control and mitigation of workforce-related risks and provide assurance to the Board that such risks are being effectively controlled and managed;
 - To receive reports relating to the Trust's workforce performance indicators and provide assurance that any necessary corrective plans and actions are in place
 - To gain assurance or receive exception reports from sub-committees through the receipt of periodic reports as required; and

- To review the terms of reference for the Committee and recommend approval to the Trust Board, and to endorse the terms of reference for reporting sub-committees.

Internal Audits

A number of internal audits were undertaken by CW Audit during 2022/23 and a summary of the findings were as follows:

- **Significant** assurance was given in relation to Complaints, Financial Sustainability and Financial Systems
- **Moderate** assurance was given in relation to Learning Disability Improvement Standards – Access to Healthcare and Payroll
- **Limited** assurance was given in relation to Discharge Planning - TTOs

Audits not attracting formal assurance levels were also undertaken in relation to DSPT Toolkit Interim Confidence Level, Board Assurance Framework, West Midlands Surgical Training Centre Governance Review Follow-up, HFMA Improving Financial Sustainability, Innovate Grant – Project PathLAKE (various), Cancer Wait Times – Faster Diagnosis Standard, Pathway to Net Zero Follow-up and Maternity Triage.

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, it was noted that there had been a challenge for the Trust in meeting service demands during the year, as noted within this Annual Governance Statement and elsewhere within this Annual Report.

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 area of risk was the ability to maintain financial sustainability in the medium term. This is in light of large deficits and efficiency targets at both Trust and Integrated Care System (ICS) level, together with continued pressures within the wider healthcare system. The work concluded that there was no significant weakness in this area. 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, completeness of expenditure and management override of controls. No material misstatements were identified, although a recommendation was raised in relation to the transparency of the disclosure in the accounts for land and building valuation.

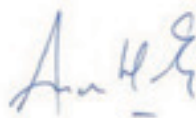
Conclusion

Like many other NHS providers, this year has presented a number of challenges in relation to performance and meeting service demand. UHCW had previously led the way in reducing the

number of 104-week waiters to zero and has worked tirelessly on the next target of 78-week waiters, alongside other national targets including cancer wait times. However, factors beyond the Trust's control have contributed to the pressures in achieving these.

Nonetheless, the risks have been effectively managed during the year. During 2022/23, UHCW has refined its usage of the Full Capacity Protocol to prioritise 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.

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 2022/23.



Chief Executive Officer, 22 June 2023

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 2022/23 (and 2021/22) 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 given consideration to chief officer pay in view of the Remuneration Policy during the year. Some changes consistent with benchmarking data available and in line with the policy were made at the meeting of the committee on 1 September 2022, with the committee also committing to regular review of very senior manager pay on an annual basis.

Senior Managers' Remuneration 2022/23

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	Chief Executive Officer	260 - 265	1,400	0	0	0	260 - 265
Justine Richards	Chief Strategy Officer	140 - 145	0	0	0	27.5 - 30.0	170 - 175
Susan Rollason	Chief Finance Officer	175 - 180	1,400	0	0	22.5 - 25.0	200 - 205
Donna Griffiths	Chief People Officer	135 - 140	2,900	0	0	30.0 - 32.5	170 - 175
Tracey Brigstock	Acting Chief Nursing Officer	125 - 130	0	0	0	0	125 - 130
Gabrielle Harris	Chief Operating Officer	130 - 135	600	0	0	125.0 - 127.5	255 - 260
Kiran Patel	Chief Medical Officer /Deputy Chief Executive Officer	240 - 245	700	0	0	0	240 - 245
Mohammed Hussain	Chief Quality Officer	120 - 125	2,300	0	0	0	125 - 130
Stella Manzie	Chairman	55 - 60	1,600	0	0	0	60 - 65
Afzal Ismail	Non Executive Director	10 - 15	0	0	0	0	10 - 15
Carole Mills	Non Executive Director	10 - 15	500	0	0	0	10 - 15
Sudhesh Kumar	Non-Executive Director (to 30/06/22)	0 - 5	0	0	0	0	0 - 5
Gavin Perkins	Non-Executive Director (from 01/07/22)	10 - 15	0	0	0	0	10 - 15
Jeremy Gould	Non-Executive Director (Vice Chair)	10 - 15	900	0	0	0	10 - 15
Jenny Mawby-Groom	Non-Executive Director	10 - 15	0	0	0	0	10 - 15
Janet Williamson	Non-Executive Director (from 01/09/22)	5 - 10	100	0	0	0	5 - 10
Douglas Howat	Associate Non-Executive Director (from 01/09/22)	5 - 10	0	0	0	0	5 - 10
Jaiye Olaleye	Associate Non-Executive Director (from 01/02/23)	0 - 5	0	0	0	0	0 - 5

N.B. 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. Gabrielle Harris was Acting Chief Operating Officer until 31st October 2022 and her appointment was made permanent from 1st November 2022.
3. Sudhesh Kumar and Gavin Perkins are on the payroll of Warwick University and their salaries recorded above are either invoiced or accrued sums which are payable to Warwick University for their services.
4. In certain circumstances pension related benefits may be negative in which case they are recorded above as nil.
5. 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 pensions 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.
6. The value recorded for all pension related benefits states the individuals total pension benefits for the financial year 2021/22 and is not apportioned for their period in post as a senior manager.

Senior Managers' Remuneration 2021/22

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	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	Chief Nursing Officer (to 14/11/21)	90 - 95	0	0	0	30.0 - 32.5	120 - 125
Tracey Brigstock	Acting Chief Nursing Officer (from 15/11/21)	45 - 50	0	0	0	0	45 - 50
Laura Nelson	Chief Operating Officer (to 03/10/21)	65 - 70	1,500	0	0	37.5 - 40.0	105 - 110
Gabrielle Harris	Acting Chief Operating Officer (from 04/10/21)	55 - 60	0	0	0	102.5 - 105.0	160 - 165
Kiran Patel	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	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

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 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.
9. The value recorded for all pension related benefits states the individuals total pension benefits for the financial year 2021/22 and is not apportioned for their period in post as a senior manager. In the Trust's Annual Report for the financial year 2020/21, the value of all pension related benefits was apportioned on the basis of the individual's time in post as a senior manager. These prior year figures have been restated in this year's Annual Report on an unapportioned basis.

Senior Managers' Pensions 2022/23

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 2023 (bands of £5,000) £'000	Lump sum at pension age related to accrued pension at 31 March 2023 (bands of £5,000) £'000	Cash equivalent transfer value at 1 April 2023 £'000	Real increase in cash equivalent transfer value £'000	Cash equivalent transfer value at 31 March 2023 £'000	Employers contribution to stakeholder pension £'000
Justine Richards	Chief Strategy Officer	2.5 - 5.0	0	45 - 50	95 - 100	824	29	898	0
Susan Rollason	Chief Finance Officer	0.0 - 2.5	0.0 - 2.5	40 - 45	80 - 85	646	28	700	0
Donna Griffiths	Chief People Officer	2.5 - 5.0	0	45 - 50	95 - 100	824	30	898	0
Gabrielle Harris	Chief Operating Officer	5.0 - 7.5	10.0 - 12.5	40 - 45	75 - 80	511	98	643	0
Mohammed Hussain	Chief Quality Officer	0.0 - 2.5	0	30 - 35	45 - 50	425	0	437	0

N.B. Information in the above table is subject to audit.

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

Our libraries are home to range of education and support services for staff



Senior Managers' Pensions 2021/22
University Hospitals Coventry and Warwickshire NHS Trust
Directors' Pensions Disclosure 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 2022 (bands of £5,000) £'000	Lump sum at pension age related to accrued pension at 31 March 2022 (bands of £5,000) £'000	Cash equivalent transfer value at 1 April 2021 £'000	Real increase in cash equivalent transfer value £'000	Cash equivalent transfer value at 31 March 2022 £'000	Employers contribution to stakeholder pension £'000
Andrew Hardy	Chief Executive Officer	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	Chief People Officer	5.0 - 7.5	7.5 - 10.0	25 - 30	40 - 45	274	52	347	0
Antonina Morgan	Chief Nursing Officer (to 14/11/21)	0.0 - 2.5	0	30 - 35	10 - 15	459	12	501	0
Laura Nelson	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

N.B. Information in the above table is subject to audit.

1. 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 arrangement during the reporting year and therefore no disclosures are made in this table.
2. 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.
3. Antonina Morgan, Chief Nursing Officer to 14th November 2021, left the NHS Pension Scheme prior to her ceasing this role.
4. Laura Nelson was previously known as Laura Crowne

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.

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 of the employee at the 25th percentile, median and 75th percentile is further broken down to disclose the salary component.

The banded remuneration of the highest paid director / member in University Hospitals Coventry and Warwickshire NHS Trust in the financial year 2022-23 was £262,500 (2021-22, £247,500). The relationship to the remuneration of the organisation's workforce is disclosed in the below table.

2022-23	25th percentile	Median	75th percentile
Total remuneration (£)	27,925	35,963	48,152
Salary component of total remuneration (£)	27,925	35,950	48,036
Pay ratio information 2021-22	9.4:1	7.3:1	5.2:1
Total remuneration (£)	24,248	32,306	43,465
Salary component of total remuneration (£)	24,248	32,306	43,406
Pay ratio information	10.2:1	7.7:1	5.7:1

In 2022-23, 0 (2021-22, 6) employees received remuneration in excess of the highest-paid director / member. Remuneration ranged from £2,167 to £255,595 (2020-21 £6,453 - £314,937).

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

The pay multiples ratios have decreased in 2022-23 from 2021-22; this is because of the effect of the flat rate component of the 2022/23 pay award resulting in a higher percentage increase for employees on lower bands. The median annualised remuneration increased by £3,657 to £35,963.

4.2.2 Staff report

Off Payroll Engagements

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*.

* 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 1: Length of all highly paid off-payroll engagements

For all off-payroll engagements as of 31 March 2023, for more than £245 per day:-

Number of existing engagements as of 31 March 2023	2
Of which the number that have existed:	
for less than one year at time of reporting	0
for between one and two years at time of reporting	1
for between two and three years at time of reporting	0
for between three and four years at time of reporting	0
for four or more years at time of reporting	1

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

For all off-payroll engagements between 1 April 2022 and 31 March 2023, for more than £245 per day:

No. of temporary off-payroll workers engaged between 1 April 2022 and 31 March 2023	2
Of which...	
Number assessed as caught by IR35	2
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 2022 and 31 March 2023:

Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year	2
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

Over 700,000 people use
our outpatients every year

The one "off-payroll" engagement of board members and/or senior officers with significant financial responsibility during the year related to two of the Trust's non-executive directors - assurance has been received that the individuals concerned are employed on the payroll of Warwick University and are 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).

Valuing and Enabling our People – Our first dedicated People Strategy

This year we developed and launched our first dedicated People Strategy. It links directly to the Trust strategy as an enabling strategy and expands on the Trust's strategic purpose of 'valuing and enabling our people'. It provides an outline both in terms of key principles, how our People Strategy will look and feel in practice and the first steps we will take to achieve our people related aims. The strategy sets out the key measures we expect to improve that will demonstrate impact and success. The People Strategy is a Trust-wide document and will be the responsibility of everyone to implement, with oversight from the Trust Board. We believe that focusing our attention and effort on the pillars of this strategy enables all our strategic purposes. The three pillars are 'living the values', 'building on the basics' and 'supporting our people'. The strategy sets out how we will achieve this vision in several ways and celebrates our wonderful staff and the impact they have had on our success and the outcomes our patients receive. It includes a summary of where we are now (Winter 2022/23) in relation to our key outcome measures and where we expect to see changes and improvements going forward. It includes a vision under each pillar as to how our experience will be different in 2030 and sets out a series of first steps that start our journey towards that vision. Finally, the strategy sets out the key measures we expect to improve and by what measure these improvements will impact.

National Staff Survey 2022

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 once again been based on the NHS national People Promise which sets out how nationally we are committing to work together. The themes from the people promise were based on conversations across the NHS about what matters most to people and what would make the greatest difference in improving their experience at work.

The survey is conducted nationally every autumn and remains the largest workforce survey in the world with almost 500,000 participants each year. Just under 4,000 people responded from

UHCW in 2022 giving the Trust a response rate of 43% which is in line with comparator organisations in the NHS. In 2022 the Trust also opted to survey those who have 'bank' contracts (staff members who work flexible hours on an as needed basis) with the Trust thus furthering our commitment to ensuring everyone who works for the Trust has a voice and can share their experience.

Overall, the Trust performed in line with other similar comparator organisations in all People Promise themes other than one. 'We are always learning' scored significantly higher than other organisations we compare ourselves against which has been cause for celebration and further commitment to build on this success going forward. This was driven primarily by our staff saying that they felt able to develop a career at the Trust, develop their knowledge and skills, their potential and that they have quality conversations during appraisals. The Trust also performed well in questions relating to improvement, involvement and working together as teams to find solutions to collective challenges. This was pleasing to see and validates our commitment to our improvement management system, UHCWi.

We will be working together across the Trust to address areas of improvement and having now published our People Strategy, valuing and enabling our people, this allows us a renewed focus on improving the things that matter most to our people. This includes a focus on equality, diversity and inclusion, living our values, building on the basics and supporting our people. We are planning a focus on how our Trust values are lived day to day, how our culture can develop to ensure all our people feel they belong, ensuring our staff have everything they need to deliver first class care and that our people are always learning, growing, developing skills and knowledge supported by brilliant leaders and managers.

The national staff survey is a significant indicator of our success and our scores along with several other measures will be used to track our performance and progress towards our vision as set out in the People Strategy.

UHCWi

Our Management System: UHCWi has developed based on our original partnership with the Virginia Mason Institute (VMI) in Seattle, USA. Whilst this commenced as a partnership where VMI were coaching and training UHCW staff, this has now become a partnership where we are still coached by VMI but we also co-deliver transformation programmes to other NHS organisations. We have commenced our first co-delivery partnership with another NHS organisation, and this is anticipated to be the first of many both within the UK and also within other healthcare organisations from other countries.

This has the dual benefit of ensuring we remain true to this management system within our organisation as the foundation of our strategy triangle, whilst moving us towards our vision to be a national and international leader in healthcare, rooted in our communities.

The philosophy of UHCWi as a management system remains around a cultural shift of empowering staff to deliver patient first, safer care through incremental and continuous improvement. This is fundamental to our Trust strategy and its underpinning People Strategy where the expectation is that our senior leaders are all trained in Advanced Lean thinking to support our staff to reduce waste. This training has commenced this year with all senior leaders being pushed to model certain behaviours around problem framing, looking at root cause and being visible amongst staff observing processes and engaging staff in improving processes for themselves and our patients.

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

Innovation

The Innovation Team adopt a user centred approach to innovation, supporting the Trust's strategic purpose of research, innovation and education. This ensures that all innovative solutions are clearly mapped to a defined challenge. This year we have refined our processes to ensure we are able to triage all projects for desirability, feasibility and viability, ensuring our resources are focussed on projects which are most aligned to the Trust's strategic objectives.

During the previous year, the Innovation team have received 18 new ideas or focussed challenges from our people across the Trust. There are currently 24 live ideas and challenges in the pipeline at various stages of development.

This year we were proud to launch our Speak Up app which allows staff to raise concerns anonymously or in confidence. We have seen a significant increase in engagement since this launch supporting our People Strategy ambition of living our values of respect, openness and learning. Other significant launches have included the piloting of the MyCompass app – a tool to support the Professional Midwifery Advocacy (PMA) programme and the launch of W8Buddy, the first digital tool to support Tier 3 weight management services.

We continue to work with several local and national partners, SME's and entrepreneurs from a range of industries developing solutions and ideas related to healthcare, providing advice, signposting and exploring collaboration.

In addition, we continue to support staff to develop skills, tools, knowledge and resources to support innovation including masterclasses and supported applications to the NHS Tool Digital Fellowship programme.

Valuing & Recognising Our Staff

We recognise the contribution that our staff make through our annual OSCAs (Outstanding Service and Care Awards) – this year our nominations continue to increase with over 1,000 staff recognised. Staff are also able to nominate for our World Class Colleague award which is presented quarterly. The annual Long Service Awards are held for those staff achieving 25 years of NHS service. We also have the DAISY Award, an international recognition programme that honours and celebrates the skilful, compassionate care Nurses and Midwives provide every day.

Thank you cards are promoted throughout the year for staff to recognise a colleague's contribution and a chance to say thank you.

Equality, Diversity and Inclusion

The Inclusion Delivery Plan 2023 – 2025 links to our People Strategy by setting out commitments to action and is designed to enable us to progress towards our People Strategy vision of 'belonging' under the pillar of living our values. The plan considers the protected characteristics which are defined by the Equality Act 2010 as well as two further characteristics, Caring Responsibilities and Support for Veterans.

These commitments will be delivered by actively engaging and listening to our staff, linking in with regional and national communities of practice / forums and working closely with our three staff networks which are:

- **Pride Network** – a driving force for change, ensuring a supportive working environment for all LGBTQ+ staff / volunteers and allies.
- **SPOC Network** – provides a platform and supports all People of Colour to share views and experiences.
- **DAWN Network** – works to create a disability-positive organisational culture enabling disabled members of staff to speak openly about their disability and any challenges they face.

The Inclusion Delivery Plan lists our **Top 10 High Impact Actions for 2023** which include a focus on our people related processes such as recruitment, coaching and mentoring, how staff report and are supported through incidents related to discrimination, tools to support awareness raising and training, policy review and ensuring we meet the standards required for several external accreditation schemes relating to equality.

During 2022 / 2023 we achieved: Disability Passports

Disability passports were launched in January 2022. The passports allow staff to discuss and fully explain their disability with managers and team members so they can understand the best ways to support their colleague.

Carers passport

This passport enables a carer and their manager to hold a supportive conversation and document the flexibilities needed to support the carer in combining caring and work.

The aim is to minimise the need to re-negotiate these flexibilities every time an employee moves post, moves between departments, or is assigned a new manager.

No Excuse for Abuse

This campaign was launched in Autumn 2021 and is ongoing. This also links to our review of reporting discrimination and abuse processes and supports staff and patients when accessing our services.

Disability Confident Level 2

We successfully renewed our Level 2 Disability Confident Employer status. We are working towards the Level 3 status in 2023.

Menopause Pledge

We have joined over 1,000 employers including the BBC, AstraZeneca, Royal Mail, Co-op, Tesco, John Lewis, and other NHS Trusts and signed up to the Menopause Workplace Pledge.

Rainbow Badge Phase 2

Phase 2 of the Rainbow Badge moved to an assessment and accreditation model. It allows Trusts to demonstrate their commitment to reducing barriers to healthcare for LGBT people, by evidencing the work they have already undertaken. The Trust received the Initial Certificate Stage in 2022.

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. We are playing an active role with our partners in our local health and care system to look at how we work collectively towards a joint Equality Delivery System across Coventry and Warwickshire.

Workforce Race Equality Standard (WRES) and Workforce Disability Equality Standard (WDES)

Although there are some slight changes in the data for both reports in 2022, there are no areas of significant concern. A number of robust actions have been co-developed with

the Supporting People Of Colour (SPOC) Network and our DAWN (Disability and Wellbeing) Network to address improvements in our recruitment and retention processes, reducing the experience of violence and aggression and increasing belonging for those from minority backgrounds.

Equality Impact Assessments (EIA)

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 process is continuing to be reviewed and revised so that it encourages meaningful consideration of the needs of the diverse communities and workforce we serve and work with.

Equality Summit 2022

The Trust held its first Equality Summit in 2022. The summit was attended by staff members along with key partners. Our speakers included Karl George and Darren Harris. The objectives were as follows:

- A platform to discuss the improvements made in addressing inequalities for both patients and our staff
- An opportunity to network and build professional relationships with local community groups and organisations, enabling a more equitable, diverse and inclusive service.
- Learning from our speakers and their lived experiences.
- Have a better understanding of intersectionality and how that affects discrimination and disadvantage.

Equality Reference Group

The Equality Reference Group has been created to enable a platform to share information, as well as provide an opportunity for equality interest organisations to raise equality issues on behalf of their members / service users relating to UHCW services.

Partners include Grapevine, Healthwatch Warwickshire and Healthwatch Coventry, Warwickshire Pride, Coventry Refugee and Asylum Centre, Coventry and Warwickshire Deaf Children's Association, Warwickshire Vision, Ekta Unity, Carer's Trust, Coventry Haven, Refuge Warwickshire and EQuIP.

Developing our People

Our people are diverse, professionally and culturally, and they bring unique perspectives and approaches to their work. This is fundamental to our success. We employ over 10,000 people from over 90 different countries, in over 200 different careers alongside trainees, students, apprentices and volunteers who all work together to provide care for the residents

of Coventry and Warwickshire and beyond. 80% of our staff live in Coventry and Warwickshire and we know that by providing effective careers in an environment where people feel cared for and can find fulfilment ultimately benefits the patients and communities we serve. This is why developing our people is an important part of our approach as an employer.

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:

- The Trust offer a variety of employability programmes to unemployed people aged between over 18 which includes the Step into the NHS programme delivered in partnership with Coventry and Warwickshire Partnership Trust and Get into programme delivered in partnership with The Prince's Trust. The programmes are delivered over five weeks and support people to gain work experience and training to support them to secure further opportunities such as volunteering, traineeships, apprenticeships or jobs. The Trust are working in partnership with South Warwickshire University NHS Foundation Trust, George Eliot Hospital NHS Trust and Coventry and Warwickshire Partnership NHS Trust. to increase opportunities further supporting care leavers, refugees and people with disabilities by creating meaningful education, employment and training opportunities for 400 people each year.
- The Trust has been working with a local refugee charity and Coventry City Council to showcase opportunities available. The Trust have supported with application support and offered tours to refugees to find out more about the different roles across the Trust.
- The Trust has steadily increased the use of the apprenticeship levy to support development and 280 staff are currently undertaking a Level 2-7 apprenticeship. In relation to entry level apprenticeships the Trust continue increase entry level opportunities with 65 people employed into entry level apprenticeships.
- 6 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 2023. Previous cohorts have had 80% success rate in supported interns gaining employment within the Trust. The Trust is working to increase opportunities within the next two years.

Essential/Mandatory training has remained a priority as we need to ensure staff have the key 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. In December 2022, our compliance figures against these standards was 94.07%.

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, conflict resolution and facilitation skills. We have also stepped up to equipping and supporting people managers in the organisation by introducing a 'step into management' development programme and a growing people manager development offer of essential knowledge and skills needed to manage people compassionately. Our People Strategy brings further commitments to this agenda through a focus on our values in practice and developing our collective knowledge and skills in relation to equality, diversity and inclusion.

As the organisation 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. This has included shared system-wide development programmes in relation to systems leadership, supported by our local Leadership and Lifelong Learning Academy and through our relationships with Coventry and Warwick Universities. We have also continued to invest 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 of a compassionate and inclusive approach in leadership.

This programme has been in place since summer 2021 and further cohorts under a slightly revised second phase of the programme are in place through to 2024 and beyond.

Growing our team

During 2022, as we developed our People Strategy, we heard from our colleagues how important getting the basics right was to their day-to-day experience of working here. Getting this right enables and ensures all our people have what they need to deliver first class patient care.

Key to this is ensuring our people have the right resources, tools, technology, systems and people around them. From a people perspective ensuring a timely, sustainable and flexible flow of people into the Trust has been key.

The Trust's overall vacancy rate at March 2023 was 6.2% against our target of 10%. This reflects the significant work that has been undertaken to improve our recruitment processes, candidate and manager experience and efficiency.

Our key recruitment focus has been on:

Nurses - We successfully recruited our target of 159 International nurses over the period March 22 – March 23. A further investment case is being developed to recruit a further 10 International nurses per month on a rolling programme throughout 2023/2024.

We work hard to ensure that our international recruitment programmes are ethical, sustainable and rewarding for the staff that join us. We ensure all international staff are fully supported on arrival, whilst in training, in their orientation period and on an ongoing basis. Our pastoral care package is substantial and far-reaching.

We continue to work with our ICS partners to attract candidates to come and work and/or live in the Coventry and Warwickshire area.

Project 1,000 - sets out to recruit an extra 1,000 nurses to staff the region's health and care services. 'Project 1,000' is an ambitious local plan to recruit 1,000 nurses over the next five years in Coventry and Warwickshire, as part of the NHS response to the national shortage of nurses. UHCW is working in collaboration with our ICS partners across three work streams of our Unique Selling Point (USP)/Branding, Future Nurse and Career Pathways. The project is in addition to the business-as-usual recruitment and attraction work across the system.

Healthcare Assistants – Through targeted campaigns between April 2022 and March 2023 we have recruited 229 Healthcare Support Workers at UHCW. Additional assessment days are being held monthly to recruit to all remaining posts.

Midwives – Additional funding for a second 'Go Further' programme to recruit 14 International Midwives over the next 12 months, commencing April 2023 has been secured. This is in addition to the eight International Midwives we have already committed to recruiting by March 2024, bringing the total to 22 midwives being recruited internationally during 2023/2024.

Radiographers continue to be a hard to fill post nationally but we are pleased that we have successfully recruited 20 international radiographers during 2022/23 through a combination of agencies and directly sourced candidates. We anticipate that we will continue to attract international candidates directly to UHCW through new starters and their networks as our newly emerging population of international staff grows within Coventry and Warwickshire.

Recruitment Experience - To improve the candidate and manager experience we have continued to identify and change the way we recruit staff. During 2022/2023 we have embedded our "check in and chat" sessions in which we seek feedback on staff experiences when joining UHCW, we have undertaken a range of kaizen improvement schemes to improve experiences and also reduce our time to hire, often utilising new technology.

Identity Verification Technology (IDVT) builds on the success of our focussed work on improving the time taken to hire staff into UHCW. Using UHCW methodology, further waste has been identified in the way we validate Right to Work and Identity documents. From April 2023, Identity and DBS document checks can be verified and validated through a Home Office certified Identity Service Provider (IDSP) to carry out digital identity checks, negating the need for individual and time consuming in-person checks. Checks are secure, conducted in almost real time and eliminate the risk of forged documentation being presented. We will continue to ensure that we horizon scan for future improvement opportunities and build on best practice.

Gender Pay Gap 2022/23

The gender pay gap report for using data from March 2022 was published in March 2023 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. The full report is available on our website.

Areas of Analysis	2021 Results*	2022 Results	Comparison
Pay Gap - Mean (Average)	32.88%	31.34%	Positive decrease in pay gap
Pay Gap - Medium (Middle)	24.75%	22.97%	Positive decrease in pay gap
Bonus - Mean (Average)	46.31%	54.05%	Negative increase in pay gap
Bonus - Medium (Middle)	51%	54.05%	Negative increase in pay gap

*2021 data has been revised due to a reporting error

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

- An additional 93 males were employed within the lowest pay quartile within 2022 which shows we are successfully attracting more males to roles perceived as non-traditional e.g., Healthcare Assistants
- Increased to 66.78% of senior managerial roles being held by females
- Higher proportion of Executive Team being female
- Percentage of female Medical and Dental staff has reduced from 41.72% (2021) to 39.14% in 2022. Targeted work is being undertaken to attract more female staff into these roles through wider promotion of vacancies and also work to support them when applying to National and Local Pay bonuses which have a direct impact on the gender pay gap.

To support the continued reduction in the pay gap a number of actions are being developed to 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.

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 volunteers.

We also have staff who are based at hospital sites other than our main sites in Coventry and Rugby, such as 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.

Our Team UHCW Staff Facebook Page provides 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.

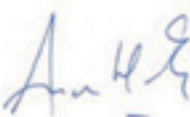
Question and answer sessions have also been held on a regular basis to enable staff to ask questions, make suggestions and raise potential focus areas with Chief Officers.

Our staff recognition and awards schemes continue to celebrate the efforts of employees across the Trust. The 'World Class Colleagues' scheme celebrates the efforts, endeavours and expertise of two colleagues (clinical and non-clinical) every month, with nominations open to staff and members of the public.

The 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 University Hospitals Coventry and Warwickshire Charity.

We are also continuing to recognise our employees, partners and volunteers at our annual Outstanding Service and Care Awards (OSCAs). In its 15th year, the OSCAs reached new heights with more than 1,200 nominations submitted, with teams and individuals honoured for helping to make a difference to the lives of our patients throughout the year.

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, 22 June 2023



Part 5 Financial Statements

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 University Hospitals Coventry and Warwickshire NHS Trust ("the Trust") for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Taxpayers Equity and Statement of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

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

Basis for opinion

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

Going concern

The 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 either cease the Trust's services or dissolve the Trust without the transfer of its services to another public sector entity. They have also concluded that 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 associated with the continuity of services provided by the Trust over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified and concur with the Directors' assessment that there is not, a material uncertainty related

to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Trust will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive, or pressure to, commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management, the Audit 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 financial performance targets delegated to the Trust by NHS England
- Reading Board and Audit and Risk Assurance Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

As required by auditing standards, and taking into account possible pressures to meet delegated targets, we performed procedures to address the risk of management override of controls in particular the risk that Trust management may be in a position to make inappropriate accounting entries. On this audit we did not identify a fraud risk related to revenue recognition due to the block nature of the funding provided to the Trust during the year, and the simple recognition criteria and low individual value of other income streams. We therefore assessed that there was limited opportunity for the Trust to manipulate the income that was reported.

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 recognised a fraud risk related to non-depreciation expenditure recognition, particularly in relation to completeness of year-end accruals.¹ This fraud risk is in response to pressure to manipulate expenditure in order to report that the planned financial position has been met.

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 unexpected account combinations with revenue, expenditure, borrowings and cash
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.
- Inspecting cash payments and expenditure transactions in the period following 31 March 2023 to verify expenditure had been recognised in the correct accounting period.

Identifying and responding to risks of material misstatement related 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.

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 the financial reporting aspects of NHS legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

We are also required to make a referral to the Secretary of State under section 30 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 other legal and regulatory matters, we made a Section 30 referral to the Secretary of State on 12 June 2023 relating to the Trust's failure to comply with its "breakeven duty" set out in paragraph 2(1) of Schedule 5 to the National Health Service Act 2006. 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 non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information in the Annual Report

The Directors are responsible for the other information, which comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

- we have not identified material misstatements in the other information; and
- in our opinion the other information included in the Annual Report for the financial year is consistent with the financial statements.

Annual Governance Statement

We are required by the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") to report to you if the Annual Governance Statement has not been prepared in accordance with the requirements of the Department of Health and Social Care Group Accounting Manual 2022/23. We have nothing to report in this respect.

Remuneration and Staff Reports

In our opinion the parts of the Remuneration and Staff Reports subject to audit have been properly prepared in all material respects, in accordance with the Department of Health and Social Care Group Accounting Manual 2022/23.

Directors' and Accountable Officer's responsibilities

As explained more fully in the statement set out on page 61, 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 either cease the services provided by the Trust or 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 60 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 is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Report on other legal and regulatory matters

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

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

We have nothing to report in this respect.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

As explained in the statement set out on page 60, the Chief Executive, as the Accountable Officer, is responsible for ensuring that value for money is achieved from the resources available to the Trust. We are required under section 21(2A) of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have planned our work and undertaken our review in accordance with the Code of Audit Practice and related statutory guidance having regard to whether the Trust had proper arrangements in place to ensure financial sustainability, proper governance and to use information about costs and performance to improve the way it manages and delivers

its services. Based on our risk assessment, we undertook such work as we considered necessary.

Statutory reporting matters

We are required by Schedule 2 to the Code of Audit Practice 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.


On 12 June 2023 we made a section 30 referral to the Secretary of State in respect of the Trust's breach of its "breakeven duty" set out in paragraph 2(1) of Schedule 5 to the National Health Service Act 2006. The Trust had previously breached its five-year breakeven duty and reported an adjusted in-year deficit of £14.650 million in 2022/23, resulting in a cumulative deficit of £44.209 million at 31 March 2023.

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

This report is made solely to the Board of Directors of 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 University Hospitals Coventry and Warwickshire NHS Trust for the year ended 31 March 2023 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

5.2 Annual Accounts

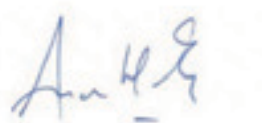
Statement of comprehensive income

		2022/23	2021/22
	Note	£000	£000
Operating income from patient care activities	3	847,517	800,750
Other operating income	4	70,699	76,933
Operating expenses	6, 8	(912,204)	(842,847)
Operating surplus/(deficit) from continuing operations		6,011	34,836
Finance income	10	1,447	-
Finance expenses	11	(28,626)	(27,646)
PDC dividends payable		(6,445)	(5,424)
Net finance costs		(33,624)	(33,070)
Other gains / (losses)	12	(1,640)	1,446
Deficit for the year from continuing operations		(29,253)	3,212
Deficit for the year		(29,253)	3,212
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	(272)	(57)
Revaluations	16	11,961	13,191
Total comprehensive income for the period		(17,564)	16,346
Adjusted financial performance (control total basis):			
Surplus for the period		(29,253)	3,212
Remove net impairments not scoring to the Departmental expenditure limit		18,190	(2,470)
Remove I&E impact of capital grants and donations		(3,569)	(886)
Remove net impact of inventories received from DHSC group bodies for Covid-19 response		(18)	294
Remove loss recognised on return of donated Covid-19 assets to DHSC		-	134
Adjusted financial performance surplus		(14,650)	284

Statement of Financial Position

		31 March 2023 £000	31 March 2022 £000
	Note		
Non-current assets			
Intangible assets	13	22,085	13,339
Property, plant and equipment	14	434,263	417,389
Right of use assets	17	34,783	-
Investment property	18	10,440	12,080
Receivables	20	38,940	6,244
Total non-current assets		540,511	469,052
Current assets			
Inventories	19	16,515	16,367
Receivables	20	62,230	54,120
Cash and cash equivalents	21	41,517	72,118
Total current assets		120,262	142,605
Current liabilities			
Trade and other payables	22	(101,361)	(104,795)
Borrowings	24	(7,758)	(6,420)
Provisions	26	(9,111)	(3,290)
Other liabilities	23	(12,479)	(9,423)
Total current liabilities		(130,709)	(123,928)
Total assets less current liabilities		530,064	487,729
Non-current liabilities			
Borrowings	24	(266,747)	(232,755)
Provisions	26	(3,399)	(4,029)
Total non-current liabilities		(270,146)	(236,784)
Total assets employed		259,918	250,945
Financed by			
Public dividend capital		256,016	229,479
Revaluation reserve		98,743	87,937
Income and expenditure reserve		(94,841)	(66,471)
Total taxpayers' equity		259,918	250,945

The notes on pages 6 to 61 form part of these accounts.



Professor Andrew Hardy
Chief Executive Officer
22 June 2023

Statement of Changes in Equity for the year ended 31 March 2023

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2021 - brought forward	229,479	87,937	(66,471)	250,945
Surplus/(deficit) for the year	-	-	(29,253)	(29,253)
Impairments	-	(272)	-	(272)
Revaluations	-	11,961	-	11,961
Public dividend capital received	26,537	-	-	26,537
Other reserve movements	-	(883)	883	-
Taxpayers' and others' equity at 31 March 2023	256,016	98,743	(94,841)	259,918

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

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

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.

Financial assets reserve

This reserve comprises changes in the fair value of financial assets measured at fair value through other comprehensive income. When these instruments are derecognised, cumulative gains or losses previously recognised as other comprehensive income or expenditure are recycled to income or expenditure, unless the assets are equity instruments measured at fair value through other comprehensive income as a result of irrevocable election at recognition.

Income and expenditure reserve

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

Statement of Cash Flows

		2022/23	2021/22
	Note	£000	£000
Cash flows from operating activities			
Operating surplus / (deficit)		6,011	34,836
Non-cash income and expense:			
Depreciation and amortisation	6.1	31,860	26,940
Net impairments	7	18,190	(2,470)
Income recognised in respect of capital donations	4	(4,142)	(1,365)
(Increase) / decrease in receivables and other assets		(18,530)	(7,790)
(Increase) / decrease in inventories		(148)	(2,317)
Increase / (decrease) in payables and other liabilities		11,649	9,974
Increase / (decrease) in provisions		5,233	2,027
Net cash flows from / (used in) operating activities		50,123	59,835
Cash flows from investing activities			
Interest received		1,447	-
Purchase of intangible assets		(13,878)	(4,629)
Purchase of PPE and investment property		(52,925)	(32,057)
Receipt of cash donations to purchase assets		4,142	1,365
Net cash flows from / (used in) investing activities		(61,214)	(35,321)
Cash flows from financing activities			
Public dividend capital received		26,537	33,580
Movement on loans from DHSC		(890)	(890)
Capital element of finance lease rental payments		(4,454)	(313)
Capital element of PFI, LIFT and other service concession payments		(4,981)	(6,777)
Interest on loans		(35)	(47)
Interest paid on finance lease liabilities		(573)	(191)
Interest paid on PFI, LIFT and other service concession obligations		(28,065)	(27,441)
PDC dividend (paid) / refunded		(7,049)	(5,053)
Net cash flows from / (used in) financing activities		(19,510)	(7,132)
Increase / (decrease) in cash and cash equivalents		(30,601)	17,382
Cash and cash equivalents at 1 April - brought forward		72,118	54,736
Cash and cash equivalents at 1 April - restated		72,118	54,736
Cash and cash equivalents at 31 March	21.1	41,517	72,118

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 2022/23 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 (FRM). For the year ending 31 March 2023, the Trust is reporting a deficit of £14,650k on an adjusted financial performance (control total) basis, an improvement against an initial plan target of a £14,802k deficit.

In 2022/23, the NHS funding regime continued to be an emergency financial regime as a result of the Covid-19 pandemic, and therefore the majority of the Trust's income from NHS commissioners was in the form of block contract arrangements. New for 2022-23, was the inclusion of the Elective Recovery Fund, which was initially expected to be earned based on activity delivery, however reverted to a block arrangement in year. 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.

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 2022/23, 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 has changed since 2020/21. This has resulted in historic loan debt has being 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 2022/23, the balance being £41.5m (2021/22 £72.1m), on 31 March 2023. The high cash balance is expected to lower significantly in early 2023/24 with disbursement of significant capital and non-capital creditors.

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 2022/23 capital spending envelope derived from the system-level allocation, with UHCW receiving a total system envelope of £14.7m (2021/22: £21.9m) in 2022/23.

In the financial landscape for 2023/24, the Trust's income will be driven via an API model with an Elective allocation based on 109% which will be varied in year, based on actual delivery. The remaining elements of commissioning contracts will in essence be a block arrangement through an API framework. Contract support arrangements associated with Covid-related additional support payments are expected to reduce.

The Directors have concluded that whilst the financial position for 2023/24 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 the foreseeable future 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:- Per paragraph 121 of the Standard the Trust does not disclose information regarding performance obligations 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 paragraph B16 of the Standard where the right to consideration corresponds directly with value of the performance completed to date.

The GAM has mandated the exercise of the practical expedient offered in C7A of 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. Funding envelopes are set at an Integrated Care System (ICS) level. The majority of the Trust's income is earned from NHS commissioners in the form of fixed payments to fund an agreed level of activity.

In 2022/23, fixed payments are set at a level assuming the achievement of elective activity targets. These are termed 'aligned payment and incentive' contracts.

Elective recovery funding provides additional funding for the delivery of elective services. In 2022/23, elective recovery funding was included within the aligned payment and incentive contracts. In 2021/22, income earned by the system based on achievement of elective recovery targets was distributed between individual entities by local agreement and income earned from the fund was accounted for as variable consideration.

The Trust also receives income from commissioners under Commissioning for Quality Innovation (CQUIN) and Best Practice Tariff (BPT) schemes. Delivery under these schemes is part of how care is provided to patients. As such CQUIN and BPT payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the overall contract with the commissioner. In 2022/23 payment under these schemes is included in fixed payments from commissioners based on assumed achievement of criteria.

Revenue from research contracts

Where research contracts fall under 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

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

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 are used to fund capital expenditure, it is credited to the consolidated statement of comprehensive income once conditions attached to the grant have been met. Donations are treated in the same way as government grants.

Apprenticeship service income

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

Note 1.6 Expenditure on employee benefits

Short-term employee benefits

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

Pension costs

NHS Pension Scheme

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

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

Note 1.7 Expenditure on other goods and services

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

Note 1.8 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, e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful lives.

Subsequent expenditure

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

Measurement

Valuation

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

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

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

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

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

The Trust engaged Avison Young, a professional property valuer to undertake a desktop revaluation of its owned land, buildings, residences and investment properties as at 31st March 2023 in order to reflect current valuations of those assets. The valuer used national BCIS cost and tender price indices. Whilst this resulted in a net overall increase in asset values, some individual assets incurred impairment losses. The impact of the revaluation is reflected as appropriate in the Statement of Comprehensive Income including gains on investment assets, asset impairments (in excess of balances held in the revaluation reserve) and reversals of previous impairments charged to the Statement of Comprehensive income. The balance of the revaluation gain was credited to the revaluation reserve.

Upon the adoption of the accounting standard for leases, IFRS16, on the 1st April 2022, the Trust also elected to apply the revaluation model under IAS16, to specific 'right of use' assets. This was because the normal choice of cost as a proxy for fair value was not appropriate. The Trust again engaged the professional property valuer, Avison Young, to undertake a revaluation of these specific property 'right of use' assets. The impact of the revaluation being an impairment charged to the Statement of Comprehensive Income.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with IAS 23, borrowings costs. Assets are revalued and depreciation commences when the assets are brought into use.

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful lives or low values or both, as this is not considered to be materially different from current value in existing use.

Depreciation

Items of property, plant and equipment are depreciated over their remaining useful lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.

Property, plant and equipment which has been reclassified as 'held for sale' cease to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

Revaluation gains and losses

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

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

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

Impairments

Potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

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

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

De-recognition

Assets intended for disposal are reclassified as 'held for sale' once the criteria in IFRS 5 are met. The sale must be highly probable and the asset available for immediate sale in its present condition.

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

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

Donated and grant funded assets

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

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

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

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

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

The annual contract payments are apportioned between the repayment of the liability, a finance cost, the charges for services and lifecycle replacement of components of the asset. The element of the annual unitary payment increase due to cumulative indexation is treated as contingent rent and is expensed as a finance cost 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 life years
Buildings, excluding dwellings	2	59
Dwellings	4	25
Plant & machinery	3	35
Transport equipment	7	7
Information technology	4	10
Furniture & fittings	5	30

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, e.g. 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, e.g. 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 they do not meet the definitions of investment properties or assets held for sale.

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

Amortisation

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

Useful lives of intangible assets

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

	Min life years	Max life years
Software licences		4

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.

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 three 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, i.e. when receipt or delivery of the goods or services is made.

Classification and measurement

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

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

- Financial assets are classified as subsequently measured at amortised cost.
- Financial liabilities 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 and a financing income or expense.

In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets, 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 20.3.

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

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

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

The Trust as a lessee

Recognition and initial measurement

At the commencement date of the lease, being when the asset is made available for use, the Trust recognises a right of use asset and a lease liability.

The right of use asset is recognised at cost comprising the lease liability, any lease payments made before or at commencement, any direct costs incurred by the lessee, less any cash lease incentives received. It also includes any estimate of costs to be incurred restoring the site or underlying asset on completion of the lease term.

The lease liability is initially measured at the present value of future lease payments discounted at the interest rate implicit in the lease. Lease payments includes fixed lease payments, variable lease payments dependent on an index or rate and amounts payable under residual value guarantees. It also includes amounts payable for purchase options and termination penalties where these options are reasonably certain to be exercised.

Where an implicit rate cannot be readily determined, the Trust's incremental borrowing rate is applied. This rate is determined by HM Treasury annually for each calendar year. A nominal rate of 0.95% applied to new leases commencing in 2022 and 3.51% to new leases commencing in 2023.

The Trust does not apply the above recognition requirements to leases with a term of 12 months or less or to leases where the value of the underlying asset is below £5,000, excluding any irrecoverable VAT. Lease payments associated with these leases are expensed on a straight-line basis over the lease term or other systematic basis. Irrecoverable VAT on lease payments is expensed as it falls due.

Where there is a requirement for practical expediency, the Trust will elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated nonlease components as a single lease component. The Trust will not apply this practical expedient to embedded derivatives that meet the criteria in paragraph 4.3.3 of IFRS 9 Financial Instruments.

Subsequent measurement

As required by a HM Treasury interpretation of the accounting standard for the public sector, the Trust employs a revaluation model for subsequent measurement of right of use assets, unless the cost model is considered to be an appropriate proxy for current value in existing use or fair value, in line with the accounting policy for owned assets. Where consideration exchanged is identified as significantly below market value, the cost model is not considered to be an appropriate proxy for the value of the right of use asset.

The Trust subsequently measures the lease liability by increasing the carrying amount for interest arising which is also charged to expenditure as a finance cost and reducing the carrying amount for lease payments made. The liability is also remeasured for changes in assessments impacting the lease term, lease modifications or to reflect actual changes in lease payments. Such remeasurements are also reflected in the cost of the right of use asset. Where there is a change in the lease term or option to purchase the underlying asset, an updated discount rate is applied to the remaining lease payments.

The Trust as a lessor

The Trust assesses each of its leases and classifies them as either a finance lease or an operating lease. Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Where the Trust is an intermediate lessor, classification of the sublease is determined with reference to the right of use asset arising from the headlease.

Finance leases

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

Operating leases

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

Initial application of IFRS 16

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

The standard has been applied using a modified retrospective approach with the cumulative impact recognised in the income and expenditure reserve on 1 April 2022. Upon initial application, the provisions of IFRS 16 have only been applied to existing contracts where they were previously deemed to be a lease or contain a lease under IAS 17 and IFRIC 4. Where existing contracts were previously assessed not to be or contain a lease, these assessments have not been revisited.

The Trust as lessee

For continuing leases previously classified as operating leases, a lease liability was established on 1 April 2022 equal to the present value of future lease payments discounted at the Trust's incremental borrowing rate of 0.95%. A right of use asset was created equal to the lease liability and adjusted for prepaid and accrued lease payments and deferred lease incentives recognised in the statement of financial position immediately prior to initial application. Hindsight has been used in determining the lease term where lease arrangements contain options for extension or earlier termination.

No adjustments have been made on initial application in respect of leases with a remaining term of 12 months or less from 1 April 2022 or for leases where the underlying assets has a value below £5,000. No adjustments have been made in respect of leases previously classified as finance leases.

The Trust as lessor

Comparatives for leasing transactions in these accounts have not been restated on an IFRS 16 basis. Under IAS 17 the classification of leases as operating or finance leases still applicable to lessors under IFRS 16 also applied to lessees. In 2021/22 lease payments made by the Trust in respect of leases previously classified as operating leases were charged to expenditure on a straight line or other systematic basis.

2021/22 comparatives

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

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 2023:

		Nominal rate	Prior year rate
Short-term	Up to five years	3.27%	0.47%
Medium-term	After five years up to 10 years	3.20%	0.70%
Long-term	After 10 years up to 40 years	3.51%	0.95%
Very long-term	Exceeding 40 years	3.00%	0.66%

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 2023:

	Inflation rate	Prior year rate
Year one	7.40%	4.00%
Year two	0.60%	2.60%
Into perpetuity	2.00%	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of 1.70% in real terms (prior year: minus 1.30%).

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at note 26.2 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 26 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 27, 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-trustsand-foundation-trusts>.

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

Note 1.19 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

The 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 2022/23.

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

IFRS 16 Leases - application of liability measurement principles to PFI and other service concession arrangements

From 1 April 2023, the measurement principles of IFRS 16 will also be applied to the Trust's PFI liabilities where future payments are linked to a price index representing the rate of inflation. The PFI liability will be remeasured when a change in the index causes a change in future repayments and that change has taken effect in the cash flow. Such remeasurements will be recognised as a financing cost. Under existing accounting practices, amounts relating to changes in the price index are expensed as incurred.

Initial application of these principles will be on 1 April 2023 using a modified retrospective approach with the cumulative impact taken to reserves. This is expected to result in an increased PFI liability on the statement of financial position. The effect of this has not yet been quantified.

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. As mentioned above, from the 1 April 2023, the measurement principles of IFRS16 will be applied to the Trust's PFI liabilities, replacing IAS17.

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 7 and 16) 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 however to indicate the key judgemental assumptions applied within the valuation process, the table below summarises the percentages applied to various elements of property with the property portfolio in the valuation:-

Key Assumption Percentages Applied	Coventry UHCW	Rugby St Cross
Build Cost Index	4.17% – 12.5%	7.51% – 9.38%
Obsolescence Factor	0% – 15%	0% – 42.5%

The varying obsolescence percentages applied reflects the varying age and conditions of the properties existing on the two sites, with older elements of the the Hospital of St Cross, Rugby site having a high obsolescence factor applied.

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 Scheme of 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

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 susceptible 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 Board receives reports on the Trust's financial performance based upon the Statement of Comprehensive Income (or Net Expenditure) which is adjusted in accordance with HM Treasury rules on measuring financial performance.

These adjustments are set out below the Statement of Comprehensive Income (or Net Expenditure) and in notes 35 and 36, relating to breakeven performance.

Income Sources

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

- Integrated Care Boards from which £416.0 million (Nil in 2021/22) was received;
- Clinical Commissioning Groups (CCGs) from which £129.0 million (£541.8 million in 2021/22) was received; and
- NHS England from which £276.5 million (£229.1 million in 2021/22) 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)

	2022/23 £000	2021/22 £000
Acute services		
Income from commissioners under API contracts*	685,591	680,24
High cost drugs income from commissioners (excluding pass-through costs)	74,818	57,750
Other NHS clinical income	5,417	6,522
All services		
Elective recovery fund	23,012	12,949
Agenda for change pay offer central funding	16,480	-
Additional pension contribution central funding**	20,546	19,226
Other clinical income	21,652	24,063
Total income from activities	847,517	800,750

*Aligned payment and incentive contracts are the main form of contracting between NHS providers and their commissioners. More information can be found in the 2022/23 National Tariff payments system documents. <https://www.england.nhs.uk/publication/past-national-tariffs-documents-and-policies/>

**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)

	2022/23 £000	2021/22 £000
Income from patient care activities received from:		
NHS England	276,515	229,089
Clinical commissioning groups	128,966	541,813
Integrated care boards	416,014	-
Department of Health and Social Care	97	39
Other NHS providers	15,863	19,649
Local authorities	236	221
Non-NHS: private patients	1,555	1,285
Non-NHS: overseas patients (chargeable to patient)	2,407	1,308
Injury cost recovery scheme	4,169	3,738
Non NHS: other	1,694	3,608
Total income from activities	847,517	800,750
Of which:		
Related to continuing operations	847,517	800,750
Related to discontinued operations	-	-

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

	2022/23	2021/22
	£000	£000
Income recognised this year	2,407	1,308
Cash payments received in-year	423	235
Amounts added to provision for impairment of receivables	3,659	1,751
Amounts written off in-year	850	1,240

Note 4 Other operating income

	2022/23			2021/22		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	11,638	-	11,638	11,171	-	11,171
Education and training	25,545	889	26,434	27,429	1,032	28,461
Non-patient care services to other bodies	7,439	-	7,439	6,774	-	6,774
Reimbursement and top up funding	4,971	-	4,971	6,029	-	16,029
Income in respect of employee benefits accounted on a gross basis	3,829	-	3,829	3,677	-	3,677
Receipt of capital grants and donations and peppercorn leases	-	4,142	4,142	-	1,365	1,365
Charitable and other contributions to expenditure	-	2,155	2,155	-	2,523	2,523
Revenue from operating leases	-	1,271	1,271	-	1,279	1,279
Amortisation of PFI deferred income / credits	-	-	-	-	-	-
Other income	8,819	-	8,819	5,259	395	5,654
Total other operating income	62,241	8,458	70,699	70,339	6,594	76,933
Of which:						
Related to continuing operations			70,699			76,933
Related to discontinued operations			-			-

Note 5 Operating leases - University Hospitals Coventry and Warwickshire NHS Trust

Trust as lessor

This note discloses income generated in operating lease agreements where University Hospitals Coventry and Warwickshire NHS Trust is the lessor.

The Trust has applied IFRS 16 to account for lease arrangements from 1 April 2022 without restatement of comparatives. Comparative disclosures in this note are presented on an IAS 17 basis. This includes a different maturity analysis of future minimum lease receipts under IAS 17 compared to IFRS 16.

Note 5.1 Operating lease income

	2022/23	2021/22
	£000	£000
Lease receipts recognised as income in year:		
Minimum lease receipts	1,271	1,279
Variable lease receipts / contingent rents	-	-
Other	-	-
Total in-year operating lease income	1,271	1,279

Note 5.2 Future lease receipts

Trust as lessor

This note discloses income generated in operating lease agreements where University Hospitals Coventry and Warwickshire NHS Trust is the lessor.

The Trust has applied IFRS 16 to account for lease arrangements from 1 April 2022 without restatement of comparatives. Comparative disclosures in this note are presented on an IAS 17 basis. This includes a different maturity analysis of future minimum lease receipts under IAS 17 compared to IFRS 16.

Note 5.1 Operating lease income

	31 March 2023
Future minimum lease receipts due at 31 March 2023:	£000
Not later than one year	1,400
Later than one year and not later than two years	1,422
Later than two years and not later than three years	784
Later than three years and not later than four years	465
Later than four years and not later than five years	465
Later than five years	47,788
Total	52,324
	31 March 2022
Future minimum lease receipts due at 31 March 2022:	£000
Not later than one year;	1,305
Later than one year and not later than five years;	2,670
Later than five years.	91,001
Total	94,976

Note 6.1 Operating expenses

	2022/23	2021/22
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	1,366	2,398
Purchase of healthcare from non-NHS and non-DHSC bodies	7,931	11,018
Staff and executive directors costs	534,310	493,814
Remuneration of non-executive directors	145	206
Supplies and services - clinical (excluding drugs costs)	95,113	100,950
Supplies and services - general	4,899	6,367
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	74,212	73,449
Inventories written down	258	379
Consultancy costs	-	722
Establishment	10,952	10,374
Premises	30,159	21,248
Transport (including patient travel)	2,131	1,916
Depreciation on property, plant and equipment	30,032	25,378
Amortisation on intangible assets	1,828	1,562
Net impairments	18,190	(2,470)
Movement in credit loss allowance: contract receivables / contract assets	2,877	2,284
Increase/(decrease) in other provisions	6,219	699
Change in provisions discount rate(s)	(716)	103
Fees payable to the external auditor audit services- statutory audit	166	151
Internal audit costs	113	104
Clinical negligence	20,551	20,447
Legal fees	285	315
Insurance	410	465
Research and development	12,986	13,907
Education and training	9,336	9,525
Variable lease payments not included in the liability (current year only)	63	-
Operating lease expenditure (comparative only)	-	3,913
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	42,592	39,467
Hospitality	45	54
Losses, ex gratia & special payments	774	491
Other	4,977	3,611
Total	912,204	842,847
Of which:		
Related to continuing operations	912,204	842,847
Related to discontinued operations	-	-

Note 6.2 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £1 million (2021/22: £1 million).

	2022/23	2021/22
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Unforeseen obsolescence*	6,116	674
Changes in market price**	12,074	(3,144)
Total net impairments charged to operating surplus / deficit	18,190	(2,470)
Impairments charged to the revaluation reserve	272	57
Total net impairments	18,462	(2,413)

* Unforeseen obsolescence: The majority of the impairment charges of £6,116k are charges for equipment purchased through the Trust's PFI contract. A significant element of the equipment impairment charges are pricing gains earned by the PFI contractor as a result of the terms of the contract, and gains on the final purchase price of the equipment purchased in relation to the standard price agreed in the contract. Values impaired in 2022/23 includes actual pricing gains for up to 2021/22 and an estimate for 2022/23.

** Changes in market prices: The Trust engaged a professional property valuer to undertake a revaluation of owned land, buildings, residences and investment properties as at 31st March 2023. Also, specific property 'right of use' assets were revalued as at 1st April 2022 on transition to IFRS16, and again on 31 March 2023 in order to reflect current valuations of those assets.

For owned land and buildings, a net impairment reversal of £1,019k was recorded. The revaluation had 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.

Following the revaluation of specific property 'right of use' assets, an impairment charge of £13,093k was recorded. This was where there was a net decrease in value to the 'right of use' asset value calculated on transition to IFRS16 on 1st April 2022.

Note 8 Employee benefits

	2022/23	2021/22
	Total	Total
	£000	£000
Salaries and wages	419,477	382,093
Social security costs	41,033	36,601
Apprenticeship levy	2,096	1,902
Employer's contributions to NHS pensions	66,350	61,950
Pension cost - other	225	00
Other post employment benefits	-	-
Other employment benefits	-	-
Termination benefits	-	-
Temporary staff (including agency)	20,702	25,697
Total gross staff costs	549,883	508,443
Recoveries in respect of seconded staff	(641)	(967)
Total staff costs	549,242	507,476
Of which		
Costs capitalised as part of assets	4,179	1,869

Note 8.1 Retirements due to ill-health

During 2022/23 there was one early retirement from the Trust agreed on the grounds of ill-health (three in the year ended 31 March 2022). The estimated additional pension liabilities of these ill-health retirements is £7k (£171k in 2021/22).

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

Note 9 Pension costs

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2022, is based on valuation data as 31 March 2021, updated to 31 March 2022 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

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

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

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

<https://www.nhsbsa.nhs.uk/nhs-pension-scheme-accounts-and-valuation-reports>.

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 10 Finance income

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

	2022/23	2021/22
	£000	£000
Interest on bank accounts	1,276	-
Interest on other investments / financial assets	171	-
Total finance income	1,447	-

Note 11.1 Finance expenditure

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

	2022/23	2021/22
	£000	£000
Interest on loans from the Department of Health and Social Care	30	43
Interest on lease obligations	573	191
Main finance costs on PFI and LIFT schemes obligations	12,956	13,313
Contingent finance costs on PFI and LIFT scheme obligations	15,109	14,128
Total interest expense	28,668	27,675
Unwinding of discount on provisions	(42)	(29)
Total finance costs	28,626	27,646

Note 12 Other gains / (losses)

	2022/23	2021/22
	£000	£000
Losses on disposal of assets	-	(134)
Total gains / (losses) on disposal of assets	-	(134)
Fair value gains / (losses) on investment properties	(1,640)	1,580
Total other gains / (losses)	(1,640)	1,446

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 - 2022/23

	Software licences £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2022 - brought forward	15,203	8,122	23,325
Additions	-	10,574	10,574
Valuation / gross cost at 31 March 2023	14,886	18,696	33,5825
Amortisation at 1 April 2022 - brought forward	9,986	-	9,986
Provided during the year	1,828	-	1,828
Disposals / derecognition	(317)	-	(317)
Amortisation at 31 March 2023	11,497	-	11,497
Net book value at 31 March 2023,	389	18,696	22,085
Net book value at 1 April 2022	5,217	8,122	13,339

Note 13.2 Intangible assets - 2021/22

	Software licences £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2021 - as previously stated	13,325	-	13,325
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 - as previously stated	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 14.1 Property, plant and equipment - 2022/23

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information & fittings	Furniture equipment	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2022 - brought forward	22,441	302,162	388 1	8,139	171,521	-	44,785	160	559,596
IFRS 16 implementation - reclassification of existing finance leased assets to right of use assets	-	-	-	-	(9,698)	-	-	-	(9,698)
Additions	-	15,970	-	12,580	14,126	-	45	-	42,721
Impairments	-	(4,344)	-	-	-	-	-	-	(4,344)
Reversals of impairments	-	4,955	-	-	-	-	-	-	4,955
Revaluations	12	307	(16)	-	-	-	-	-	303
Reclassifications	-	10,052	-	(16,521)	4,999	197	1,273	-	-
Disposals / derecognition	-	-	-	-	-(13,130)	-	(2,510)	-	(15,640)
Valuation/gross cost at 31 March 2023	22,453	329,102	372	14,198	167,818	197	43,593	160	577,893
Accumulated depreciation at 1 April 2022 - brought forward	-	-	-	-	113,961	-	28,100	146	142,207
IFRS 16 implementation - reclassification of existing finance leased assets to right of use assets	-	-	-	-	(3,885)	-	-	-	(3,885)
Provided during the year	-	11,630	28	-	11,820	-	3,149	- 2	6,627
Impairments	-	-	-	-	5,878	-	101	-	5,979
Reversals of impairments	-	-	-	-	-	-	-	-	-
Revaluations	-	(11,630)	(28)	-	-	-	-	-	(11,658)
Reclassifications	-	-	-	-	(13,130)	-	(2,510)	-	(15,640)
Disposals / derecognition	-	-	-	-	-	-	-	-	-
Accumulated depreciation at 31 March 2023	-	-	-	-	114,644	-	28,840	146	143,630
Net book value at 31 March 2023	22,453	329,102	372	14,198	53,174	197	14,753	14	434,263
Net book value at 1 April 2022	22,441	302,162	388	18,139	57,560	-	16,685	14	417,389

Note 14.2 Property, plant and equipment - 2021/22

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information & fittings	Furniture equipment	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2021 - as previously stated	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	-	(3,288)	-	-	-	-	-	-	(3,288)
Reversals of impairments	-	6,375	-	-	-	-	-	-	6,375
Revaluations	74	2,849	11	-	-	-	-	-	2,934
Reclassifications	-	2,008	-	(2,251)	30	-	213	-	-
Disposals / derecognition	-	-	-	-	(17,636)	-	(7,089)	-	(24,725)
Valuation/gross cost at 31 March 2022	22,441	302,162	388	18,139 1	71,521	-	44,785	160	559,596
Accumulated depreciation at 1 April 2021 - as previously stated	-	-	-	-	119,033	-	32,045	146	151,224
Provided during the year	-	10,231	26	-	11,977	-	3,144	-	25,378
Impairments	-	11,630	28	-	11,820	-	3,149	- 2	6,627
Impairments	-	-	-	-	453	-	-	-	453
Revaluations	-	(10,231)	(26)	-	-	-	-	-	(10,257)
Disposals / derecognition	-	-	-	-	(17,502)	-	(7,089)	-	(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	14	379,632

Note 14.3 Property, plant and equipment financing - 31 March 2023

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information & fittings	Furniture equipment	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	22,453	59,338	372	14,172	24,501	133	14,753	14	135,736
On-SoFP PFI contracts and other service concession arrangements	-	263,233	-	-	25,795	-	-	-	289,028
Owned - donated/granted	-	6,531	-	26	2,878	64	-	-	9,499
Total net book value at 31 March 2023	22,453	329,102	372	14,198	53,174	197	14,753	14	434,263

Note 14.4 Property, plant and equipment financing - 31 March 2022

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information & fittings	Furniture equipment	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	22,441	43,316	388	18,139	22,856	-	16,609	14	123,763
Finance leased	-	-	-	-	5,812	-	-	-	5,812
On-SoFP PFI contracts and other service concession arrangements	-	256,170	-	-	25,623	-	-	-	281,793
Owned - donated/granted	-	2,676	-	-	3,269	-	76	-	6,021
Total net book value at 31 March 2022	22,441	302,162	388	18,139	57,560	-	16,685	14	417,389

Note 14.5 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2023

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information & fittings	Furniture equipment	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	22,441	43,316	388	18,139	22,856	-	16,609	14	123,763
Finance leased	-	-	-	-	5,812	-	-	-	5,812
On-SoFP PFI contracts and other service concession arrangements	-	256,170	-	-	25,623	-	-	-	281,793
Owned - donated/granted	-	2,676	-	-	3,269	-	76	-	6,021
Total net book value at 31 March 2022	22,441	302,162	388	18,139	57,560	-	16,685	14	417,389

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, a professional property valuer to undertake a desktop revaluation of its owned land, buildings, residences and investment properties as at 31st March 2023 in order to reflect current valuations of those assets. The valuer used national BCIS cost and tender price indices. Whilst this resulted in a net overall increase in asset values, some individual assets incurred impairment losses. The impact of the revaluation is reflected as appropriate in the Statement of Comprehensive Income including gains on investment assets, asset impairments (in excess of balances held in the revaluation reserve) and reversals of previous impairments charged to the Statement of Comprehensive income. The balance of the revaluation gain was credited to the revaluation reserve.

Upon the adoption of the accounting standard for leases, IFRS16, on the 1st April 2022, the Trust also elected to apply the revaluation model under IAS16, to specific 'right of use' assets. This was because the normal choice of cost as a proxy for fair value was not appropriate. The Trust engaged the professional property valuer, Avison Young, to undertake a revaluation of these specific property 'right of use' assets at the transition date of 1st April 2022, again at the 31st March 2023. The impact of the revaluations being a net impairment, charged to the Statement of Comprehensive Income



Note 17.1 Right of use assets - 2022/23

	Property (land and buildings) £000	Plant & machinery £000	Information technology £000	Total £000	Of which: leased from DHSC group bodies £000
IFRS 16 implementation - reclassification of existing finance leased assets from PPE or intangible assets	-	9,698	-	9,698	-
IFRS 16 implementation - adjustments for existing operating leases / subleases	33,883	2,068	578	36,529	16,591
Additions	3,363	1,405	-	4,768	289,028
Remeasurements of the lease liability	3,558	614	-	4,172	3,363
Impairments	(13,094)	-	-	(13,094)	1,468
Revaluations	(266)	-	-	(266)	(13,094)
Valuation/gross cost at 31 March 2023	27,444	13,785	578	41,807	8,062
IFRS 16 implementation - reclassification of existing finance leased assets from PPE or intangible assets	-	3,885	-	3,885	-
Provided during the year	2,003	1,037	365	3,405	404
Revaluations	(266)	-	-	(266)	(266)
Accumulated depreciation at 31 March 2023	1,737	4,922	365	7,024	138
Net book value at 31 March 2023	25,707	8,863	213	34,783	7,924
Net book value of right of use assets leased from other NHS providers					526
Net book value of right of use assets leased from other DHSC group bodies					7,398

Note 17.2 Revaluations of right of use assets

Direct operating expense arising from investment property which generated rental

Note 17.3 Reconciliation of the carrying value of lease liabilities

Lease liabilities are included within borrowings in the statement of financial position. A breakdown of borrowings is disclosed in note 24.1.

	2022/23
	£000
Carrying value at 31 March 2022	6,080
IFRS 16 implementation - adjustments for existing operating leases	36,720
Lease additions	4,768
Lease liability remeasurements	4,172
Interest charge arising in year	573
Lease payments (cash outflows)	(5,027)
Carrying value at 31 March 2023	47,286

Lease payments for variable lease payments not dependent on an index or rate are recognised in operating expenditure in Note 6.1.

Short term leases, leases of low value underlying assets are not disclosed separately as immaterial in value and impractical to disclose as a separate expenditure item.

Note 17.4 Maturity analysis of future lease payments at 31 March 2023

	Total	Of which leased from DHSC group bodies:
	31 March	31 March
	2023	2023
	£000	£000
Undiscounted future lease payments payable in:		
Not later than one year;	4,644	1,562
Later than one year and not later than five years;	13,485	6,100
Later than five years.	36,354	16,347
Total gross future lease payments	54,483	24,009
Finance charges allocated to future periods	(7,197)	(3,819)
Net lease liabilities at 31 March 2023	47,286	20,190
Of which: Leased from other NHS providers		528
Leased from other DHSC group bodies		19,662

Note 17.5 Maturity analysis of finance lease liabilities at 31 March 2022 (IAS 17 basis)

The following table details the maturity of obligations under leases the Trust previously determined to be finance leases under IAS 17 at 31 March 2022.

	31 March 2022 £000
Undiscounted future lease payments payable in:	
Not later than one year;	689
Later than one year and not later than five years;	2,099
Later than five years.	4,557
Total gross future lease payments	7,345
Finance charges allocated to future periods	(1,265)
Net finance lease liabilities at 31 March 2022 of which payable:	13,425
Not later than one year;	535
Later than one year and not later than five years;	1,579
Later than five years.	3,966
Total of future minimum sublease payments to be received at the reporting date	-

Note 17.6 Commitments in respect of operating leases at 31 March 2022 (IAS 17 basis)

This note discloses costs incurred in 2021/22 and commitments as at 31 March 2022 for leases the Trust previously determined to be operating leases under IAS 17.

	2021/22 £000
Undiscounted future lease payments payable in:	
Operating lease expense	
Minimum lease payments	3,913
Total	3,913
	31 March 2022 £000
Future minimum lease payments due:	
Not later than one year;	4,532
Later than one year and not later than five years;	11,178
Later than five years.	23,230
Total	38,940
Future minimum sublease payments to be received	-

Note 17.7 Initial application of IFRS 16 on 1 April 2022

IFRS 16 as adapted and interpreted for the public sector by HM Treasury has been applied to leases in these financial statements with an initial application date of 1 April 2022.

The standard has been applied using a modified retrospective approach without the restatement of comparatives. Practical expedients applied by the Trust on initial application are detailed in the leases accounting policy in note 15.

Lease liabilities created for existing operating leases on 1 April 2022 were discounted using the weighted average incremental borrowing rate determined by HM Treasury as 0.95%.

Reconciliation of operating lease commitments as at 31 March 2022 to lease liabilities under IFRS 16 as at 1 April 2022

	1 April 2022
	£000
Operating lease commitments under IAS 17 at 31 March 2022	38,940
Impact of discounting at the incremental borrowing rate	
IAS 17 operating lease commitment discounted at incremental borrowing rate	33,689
Other adjustments:	
Differences in the assessment of the lease term	2,173
Public sector leases without full documentation previously excluded from operating lease commitments	623
Rent increases/(decreases) reflected in the lease liability, not previously reflected in the IAS 17 commitment	191
Finance lease liabilities under IAS 17 as at 31 March 2022	5,954
Other adjustments	170
Total lease liabilities under IFRS 16 as at 1 April 2022	42,800

Note 18 Investment Property

The following table details the maturity of obligations under leases the trust previously determined to be finance leases under IAS 17 at 31 March 2022.

	2022/23	2021/22
	£000	£000
Carrying value at 1 April - brought forward	12,080	10,500
Movement in fair value	(1,640)	1,580
Carrying value at 31 March	10,440	12,080

Note 18.1 Investment property income and expenses

	2022/23	2021/22
	£000	£000
Direct operating expense arising from investment property which generated rental income in the period	(386)	(384)
Direct operating expense arising from investment property which did not generate rental income in the period	(8)	(11)
Total investment property expenses	(394)	(395)
Investment property income	409	378

Note 19 Inventories

	31 March	31 March
	2023	2022
	£000	£000
Drugs	5,712	5,286
Consumables	10,804	11,081
Total inventories	16,515	16,367
of which:		
Held at fair value less costs to sell	-	-

Inventories recognised in expenses for the year were £138,244k (2021/22: £141,915k). Write-down of inventories recognised as expenses for the year were £258k (2021/22: £379k).

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 2022/23 the Trust received £1,576k of items purchased by DHSC (2021/22: £2,185k).

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

Note 20.1 Receivables

	31 March 2023 £000	31 March 2022 £000
Current		
Contract receivables	47,997	28,876
Allowance for impaired contract receivables / assets	(6,064)	(4,716)
Prepayments (non-PFI)	6,156	7,467
PFI lifecycle prepayments	10,590	20,915
PDC dividend receivable	369	-
VAT receivable	3,026	1,500
Other receivables	156	78
Total current receivables	62,230	54,120
Non-current		
Contract receivables	7,549	7,081
PFI lifecycle prepayments	30,354	18,122
Other receivables	1,037	1,041
Total non-current receivables	38,940	26,244
Of which receivable from NHS and DHSC group bodies:		
Current	35,758	15,225
Non-current	1,037	1,041

Note 20.2 Allowances for credit losses

	2022/23 Contract receivables and contract assets £000	All other receivables £000	2021/22 Contract receivables and contract assets £000	All other receivables £000
Allowances as at 1 April - brought forward	4,716	-	4,347	-
New allowances arising	5,081	-	3,074	-
Reversals of allowances	(2,204)	-	(790)	-
Utilisation of allowances (write offs)	(1,529)	-	(1,915)	-
Allowances as at 31 March 2023	6,064	-	4,716	-

Note 20.3 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 care, however, the income from such patients is in effect partly underwritten by the local Integrated Care Board. In 2022/23, this value has been fixed and is included within the contractual blocks received from UHCW commissioners based on inflated 2019/20 values. 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 92%.

Injury cost recovery income is subject to a provision for impairment of receivables of 24.86% 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 2023 are based on the following average percentages for outstanding invoices by age category:

- Outstanding invoices aged 0 - 30 days: 2%
- Outstanding invoices aged 31 - 60 days: 61%
- Outstanding invoices aged 61 - 90 days: 12%
- Outstanding invoices aged 91 - 180 days: 54%
- Outstanding invoices aged over 180 days: 36%

Note 21.1 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.

	2022/23 £000	2021/22 £000
At 1 April	72,118	54,736
Net change in year	(30,601)	17,382
At 31 March	41,517	72,118
Broken down into:		
Cash at commercial banks and in hand	201	33
Cash with the Government Banking Service	41,316	72,085
Total cash and cash equivalents as in SoFP	41,517	72,118
Total cash and cash equivalents as in SoCF	41,517	72,118

Note 21.2 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 2023 £000	31 March 2022 £000
At 1 April	72,118	54,736
Bank balances	32	38
Total third party assets	32	38

Note 22.1 Trade and other payables

	31 March 2023 £000	31 March 2022 £000
Current		
Trade payables	13,094	15,558
Capital payables	11,482	23,083
Accruals	68,882	57,773
Social security costs	271	82
VAT payables	227	431
Other taxes payable	615	745
PDC dividend payable	- 2	35
Pension contributions payable	6,310	6,064
Other payables	480	824
Total current trade and other payables	101,361	104,795
Of which payables from NHS and DHSC group bodies:		
Current	8,203	6,243
Non-current	-	-

Note 23 Other liabilities

	31 March 2023 £000	31 March 2022 £000
Current		
Deferred income: contract liabilities	12,479	9,423
Total other current liabilities	12,479	9,423

Note 24.1 Borrowings

	31 March 2023 £000	31 March 2022 £000
Current		
Loans from DHSC	899	904
Lease liabilities*	3,955	535
Obligations under PFI, LIFT or other service concession contracts	2,904	4,981
Total current borrowings	7,758	6,420
Non-current		
Loans from DHSC	890	1,780
Lease liabilities*	43,331	5,545
Obligations under PFI, LIFT or other service concession contracts	222,526	225,430
Total non-current borrowings	266,747	232,755

* The Trust has applied IFRS 16 to lease arrangements within these accounts from 1 April 2022 without restatement of comparatives. More information about leases and the impact of this change in accounting policy can be found in note 17.

Note 24.2 Reconciliation of liabilities arising from financing activities - 2022/23

	Loans from DHSC	Finance leases	PFI and LIFT schemes	Total
	£000	£000	£000	£000
Carrying value at 1 April 2022	2,684	6,080	230,411	239,175
Cash movements:				
Financing cash flows - payments and receipts of principal	(890)	(4,454)	(4,981)	(10,325)
Financing cash flows - payments of interest	(35)	(573)	(12,956)	(13,564)
Non-cash movements:				
Impact of implementing IFRS 16 on 1 April 2022	-	36,720	-	36,720
Additions	-	4,768	-	4,768
Lease liability remeasurements	-	4,172	-	4,172
Application of effective interest rate	30	573	12,956	13,559
Carrying value at 31 March 2023	1,789	47,286	225,430	274,505

Note 24.3 Reconciliation of liabilities arising from financing activities - 2021/22

	Loans from DHSC	Finance leases	PFI and LIFT schemes	Total
	£000	£000	£000	£000
Carrying value at 1 April 2021	3,578	6,029	237,188	246,795
Prior period adjustment	-	-	-	-
Carrying value at 1 April 2021 - restated	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
Other changes	-	126	-	126
Carrying value at 31 March 2022	2,684	6,080	230,411	239,175

Note 26.1 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2022	1,088	2,131	197	3,903	7,319
Change in the discount rate	(97)	(619)	-	(928)	(1,644)
Arising during the year	149	215	142	9,252	9,758
Utilised during the year	(113)	(86)	(10)	(63)	(272)
Reversed unused	-	(10)	(85)	(2,535)	(2,630)
Unwinding of discount	(14)	(28)	-	21	(21)
At 31 March 2023	1,088	2,131	197	3,903	7,319
Expected timing of cash flows:					
- not later than one year;	159	95	244	8,613	9,111
- later than one year and not later than five years;	590	363	-	51	1,004
- later than five years.	264	1,145	-	986	2,395
Total	1,013	1,603	244	9,650	12,510

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 26.2 Clinical negligence liabilities

At 31 March 2023, £205,060k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of University Hospitals Coventry and Warwickshire NHS Trust (31 March 2022: £196,069k).

Note 27 Contingent assets and liabilities

	31 March 2023 £000	31 March 2022 £000
Value of contingent liabilities		
NHS Resolution legal claims	73	81
Gross value of contingent liabilities	73	81
Amounts recoverable against liabilities	-	-
Net value of contingent liabilities	73	81
Net value of contingent assets	-	-

Note 28 Contractual capital commitments

	31 March 2023 £000	31 March 2022 £000
Property, plant and equipment	2,225	3,466
Intangible assets	3,239	7,246
Total	5,464	10,712

Note 29 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 29.1 On-SoFP PFI, LIFT or other service concession arrangement obligations

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

	31 March 2023 £000	31 March 2022 £000
Gross PFI, LIFT or other service concession liabilities	383,863	401,800
Of which liabilities are due		
- later than one year and not later than five years;	72,098	68,464
- later than five years.	296,158	315,400
Finance charges allocated to future periods	(158,433)	(171,389)
Net PFI, LIFT or other service concession arrangement obligation	225,430	230,411
- not later than one year;	2,904	4,981
- later than one year and not later than five years;	24,305	19,501
- later than five years.	198,221	205,929

Note 29.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

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

	31 March 2023 £000	31 March 2022 £000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	1,876,348	1,794,418
Of which payments are due:		
- not later than one year;	95,005	86,478
- later than one year and not later than five years;	380,020	345,912
- later than five years.	1,401,323	1,362,028

Note 29.3 Analysis of amounts payable to service concession operator

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

	2022/23	2021/22
	£000	£000
Unitary payment payable to service concession operator	93,195	85,895
Consisting of:		
- Interest charge	12,956	13,313
- Repayment of balance sheet obligation	4,981	6,778
- Service element and other charges to operating expenditure	42,592	39,467
- Capital lifecycle maintenance	13,434	8,748
- Contingent rent	15,109	14,128
- Addition to lifecycle prepayment	4,123	3,461
Total amount paid to service concession operator	93,195	85,895

Note 30 Financial instruments

Note 30.1 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 has one remaining historical government loan for capital expenditure, with two years remaining on its term and an interest rate fixed for the life of the loan. Such capital loans have been replaced by the issuing of Public Dividend capital, described in Note 1.18. 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 2023 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

The Trust's operating costs are incurred under contracts with integrated care boards, 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 30.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2023

	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	49,620	49,620
Cash and cash equivalents	41,517	41,517
Total at 31 March 2023	91,137	91,137

Carrying values of financial assets as at 31 March 2022

	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	31,147	31,147
Cash and cash equivalents	72,118	72,118
Total at 31 March 2022	103,265	103,265

Note 30.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2023

	Held at amortised cost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	1,789	1,789
Obligations under leases	47,286	47,286
Obligations under PFI, LIFT and other service concession contracts	225,430	225,430
Trade and other payables excluding non financial liabilities	100,248	100,248
Provisions under contract	9,894	9,894
Total at 31 March 2023	384,647	384,647

Carrying values of financial liabilities as at 31 March 2022

	Held at amortised cost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	2,684	2,684
Obligations under leases	6,080	6,080
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	346,550	346,550

Note 30.4 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 2023	31 March 2022
	£000	£000
In one year or less	130,268	125,884
In more than one year but not more than five years	86,533	72,427
In more than five years	333,498	320,940
Total	550,299	519,257

Note 31 Losses and special payments

Total	2022/23	Total value	2021/22	Total value
	Total number of cases Number	of cases £000	Total number of cases Number	of cases £000
Losses				
Cash losses	13	7	20	32
Bad debts and claims abandoned*	315	864	521	1,287
Stores losses and damage to property	4	258	4	379
Total losses	332	1,129	545	1,698
Special payments				
Compensation under court order or legally binding arbitration award	1	20	-	-
Extra-contractual payments	-	-	-	-
Ex-gratia payments	20	274	9	1
Special severance payments	-	-	1	12
Extra-statutory and extra-regulatory payments	-	-	-	-
Total special payments	21	294	10	3
Total losses and special payments	353	1,423	555	1,711

* The bad debts recorded above mainly relate to the provision of urgent/emergency care to overseas visitors and cases range from £23 to £67,042. The overseas losses recorded are the net position of losses written off in year less any subsequent reversal of the write-offs in year. These write-off reversals can be where the patient subsequently gains residency or subsequently pays the debt in year. Reversals of write-offs relating to debt written off in previous years totals £127k have also been transacted in year but are not recorded in this note, in order to present the net position for the current year in this note.

Note 32 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.

- South Warwickshire University NHS Foundation Trust
- Coventry and Warwickshire Partnership NHS Trust
- George Eliot Hospital NHS Trust
- NHS Birmingham and Solihull ICB
- NHS Coventry and Warwickshire ICB
- NHS Leicester, Leicestershire and Rutland ICB
- NHS Northamptonshire ICB
- NHS Coventry and Warwickshire CCG (demised 01/07/22)
- NHS Northamptonshire CCG (demised 01/07/22)
- NHS England (including regional offices)
- Health Education England
- NHS Resolution

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, who was a Non-Executive Director of the Trust until 30 June 2022, holds the position of Dean of Warwick Medical School which is part of the University of Warwick. He was also a Non-Executive Director and Vice Chair of NHS Digital while a Non-Executive Director of the Trust.

Professor Gavin Perkins was appointed as a Non-Executive Director of the Trust from 1 July 2022 and holds the positions of Deputy Dean of Warwick Medical School and Director of the Warwick Clinical Trials Unit, which are both part of the University of Warwick. Dr Douglas Howat became a Non-Executive Director of the Trust from 1 September 2022 and holds the position of Dean for Undergraduate Studies at Coventry University.

Two directors of the Trust and two senior managers of the Trust were also trustees of University Hospitals Coventry and Warwickshire Charity during 2022/23. 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 2022/23, 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 £000s	Expenditure £000s
University of Warwick	1,756	4,568
University Hospitals Coventry and Warwickshire Charity	367	0

Note 33 Better Payment Practice code

	2022/23 Number	2022/23 £000	2021/22 Number	2021/22 £000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	115,010	527,085	124,349	518,234
Total non-NHS trade invoices paid within target	105,639	504,294	105,635	489,002
Percentage of non-NHS trade invoices paid within target	91.9%	95.7%	85.0%	94.4%
NHS Payables				
Total NHS trade invoices paid in the year	4,318	147,310	3,575	139,423
Total NHS trade invoices paid within target	3,009	139,057	2,438	130,474
Percentage of NHS trade invoices paid within target	69.7%	94.4%	68.2%	93.6%

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 34 External financing limit

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

	2022/23 £000	2021/22 £000
Cash flow financing	(46,813)	8,218
External financing requirement	(46,813)	8,218
External financing limit (EFL)	(46,813)	8,218
Under / (over) spend against EFL	-	-

Note 35 Capital Resource Limit

	2022/23 £000	2021/22 £000
Gross capital expenditure	62,235	57,444
Less: Disposals	-	(134)
Less: Donated and granted capital additions	(4,142)	(1,365)
Plus: Loss on disposal from capital grants in kind and peppercorn lease disposals	-	134
Charge against Capital Resource Limit	58,093	56,0793
Capital Resource Limit	58,093	56,789
Under / (over) spend against CRL	-	710

Note 36 Breakeven duty financial performance

	2022/23
	£000
Adjusted financial performance surplus / (deficit) (control total basis)	(14,650)
Remove impairments scoring to Departmental Expenditure Limit	-
Add back non-cash element of On-SoFP pension scheme charges	-
IFRIC 12 breakeven adjustment	768
Breakeven duty financial performance surplus / (deficit)	(13,882)

Note 37 Breakeven duty rolling assessment

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance	10,234	4,162	1,465	1,916	214	(16,900)	(9,129)
Breakeven duty cumulative position	12,792	16,954	18,419	20,335	20,549	3,649	(5,481)
Operating income	465,211	472,923	484,816	509,163	528,881	550,196	585,157
Cumulative breakeven position as a percentage of operating income	2.7%	3.6%	3.8%	4.0%	3.9%	0.7%	(0.9%)

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance	703	(15,713)	(25,011)	9,175	3,110	2,889	(13,882)
Breakeven duty cumulative position	(4,778)	(20,491)	(45,502)	(36,327)	(33,217)	(30,328)	(44,209)
Operating income	608,790	630,651	668,046	727,084	806,313	877,683	918,215
Cumulative breakeven position as a percentage of operating income	(0.8%)	(3.2%)	(6.8%)	(5.0%)	(4.1%)	(3.5%)	(4.8%)

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 five year break even duty at 31 March 2023. The value of cumulative deficit for the period of 2018/19 to 2022/23 is £23.7M. The Trust plans to recover this will be linked to the control total mechanism and future development of system plans.









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