

**THE ROBERT JONES AND
AGNES HUNT
ORTHOPAEDIC HOSPITAL
NHS FOUNDATION TRUST**

**ANNUAL REPORT AND
ACCOUNTS 2022/23**

The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust

**Annual Report and Accounts for the
period of 1 April 2022 to 31 March 2023**

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

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ANNUAL REPORT

PERFORMANCE REPORT

Overview of Performance

This section of the report provides an opportunity to highlight some of the considerable work that has been undertaken to enhance the Trust's services and to improve patient care and experience in the last year, centred on our key strategic themes. It also highlights the key risks to the achievement of the Trust's objectives.

Statement of Chief Executive and Chair

At The Robert Jones and Agnes Hunt (RJAH) NHS Foundation Trust we aspire to deliver world-class patient care. As a high-quality specialist orthopaedic hospital our core purpose is to care for our patients, our staff, and our finances. We are a leading orthopaedic centre of excellence with a reputation for innovation. Our staff pride themselves on the standards we achieve, and, in the feedback, we receive from our patients on the quality of the care and services that we provide.

The following Annual Report details our performance for the 2022/23 financial year. The report outlines our key objectives and how we have progressed against these; it describes our governance arrangements and provides detail on the important aspects of quality and finance which underpin our organisational achievements. The full performance report across all these areas is contained within this document.

Throughout the 2022/23 financial year, our focus has been the recovery and restoration of our services and tackling our waiting lists as a result of the covid-19 pandemic. We must ensure our colleagues continue to be supported during this time of ongoing challenge. We are confident that, with the right support from colleagues and the understanding of our patients, we shall start to see the waiting times for treatment reduce as all of our staff work collectively and commit to getting them back to where they were in as short a period of time as possible. As a Board of Directors, we shall do all that we can to support our staff in this task.

In November 2022, we started the process to appoint a permanent and substantive Chief Executive Officer to the Trust. In December, we confirmed that Stacey Keegan was appointed to the role after already having two interim periods in which she guided the Trust through some of the most challenging periods of the covid-19 pandemic and leading our efforts to deliver on the National Elective Recovery Plan.

There are so many reasons to look back on this last year with pride.

On 11 November 2022, we marked the Headley Court Veterans' Orthopaedic Centre being officially open for business with a special ribbon cutting event. A small number of local dignitaries and supporters of the project gathered to mark the occasion, with a special Remembrance Day Service taking place after the opening outside the state-of-the-art building. 1 December 2022 saw the first patient being treated in the building – former Royal Air Force Wing Commander Mr Alex Baxter, who came for a follow-up review, having had both hips replaced by Lieutenant Colonel Carl Meyer. We were delighted with the excellent feedback we received from our patients over the past year.

Overall patient experience at RJAH was rated as the best in the country compared to other NHS Trusts, according to the annual Adult Inpatient Survey carried out by the Care Quality Commission (CQC). As part of the survey results, RJAH was also named as one of just six organisations placed in the top band of Trusts delivering results that are considered "much better than expected", delivering patient experience that is substantially better than elsewhere. The same survey also saw the food we prepare and serve at RJAH rated as the best in the country for the 16th time in 17 years, as well as the wards and rooms being highlighted as the cleanest in the country for a third year in a row.

During an unprecedented year we continued to focus on delivery of safe, high-quality services for our patients, underpinned by robust business management. A key focus area for the Trust continued to

be our Infection, Prevention and Control Improvement plan. Following an MRSA outbreak* during summer 2021, which involved hospital acquired MRSA for eight patients, the Trust continued to work hard to implement changes outlined by NHS England. In May 2022 a breach of license was confirmed and Trust were to be moved to segment 3 on the single oversight framework (SOF3). Over the course of 2022/23 the Trust made significant improvements and successfully implemented actions, providing assurance that sustainable changes have been embedded across the Trust. The Trust met the objectives set by NHS England, resulting in the Trust being moved from “red” to “green” on the Infection Prevention Control risk matrix and the removal of formal undertakings. The Trust also regularly received positive feedback that the improvements have been embedded and sustained across the organisation. Thank you to all our staff for their hard work during this period.

The Trust set a deficit target of £0.8m under challenging planning assumptions and out turned with a favourable variance of £3.3m delivering a total surplus of £2.5m. By the end of 2022/23 the NHS continued to broadly operate on a simplified financial framework which set a fixed minimum level of income to provide planning certainty to enable focus on operational and clinical challenges. Strong financial performance was therefore driven by largely fixed income and a reduction in marginal costs linked to the variable restoration of services during the year partially offset by significant costs incurred to fill workforce gaps and address IPC recommendations.

It is also important to note that the Shropshire, Telford and Wrekin Integrated Care System is in significant financial distress and is under formal recovery actions. As a partner in the system the Trust will continue to support improvement in the financial position across the county.

We have to ensure our colleagues continue to be supported during this time of ongoing challenge. We are confident, that with the right support from colleagues and the understanding of our patients, we shall start to see the waiting times for treatment reduce as all of our staff work collectively and commit to getting them back to where they were in as short a period of time as possible. As a Trust Board, we shall do all that we can to support our staff in this task.



Harry Turner
Chairman



Stacey Keegan
Chief Executive Officer

Footnote: *outbreak NHS definition ‘An outbreak is any two or more cases of an infection of the same type, where a common link can be established. A hospital outbreak simply reflects a link with the hospital’.

Highlights of the year

The Trust had plenty of reasons to celebrate in 2022/23. Here are just a few of our many achievements from the year:

- Patient experience at RJAH was rated as the best in the country, according to the annual Adult Inpatient Survey. RJAH was named as one of just nine organisations placed in the top band of Trusts delivering results that are considered “much better than expected,” with patient experience that is substantially better than elsewhere.
- The same report highlighted results showing that RJAH had the cleanest wards and rooms in the NHS. Its food was also rated the best in the country – for the 16th time in the past 17 years.
- The Headley Court Veterans’ Orthopaedic Centre took a momentous leap forward as building was completed in November, and a ‘soft launch’ ribbon-cutting ceremony took place. The £6 million facility is the UK’s first dedicated orthopaedic centre for Armed Forces veterans. It welcomed its first patient in December.
- Hard work and a focus on quality added up to success for the hospital Finance Team – who achieved Level 3 accreditation – the highest available – in the Future Focused Finance (FFF) assessment framework. The first finance team in the Midlands to reach this level.
- The Trust had two reasons to celebrate at the inaugural National Orthopaedic Alliance (NOA) Excellence in Orthopaedics Awards. RJAH, who are a founding member of the NOA, took home the Working Towards Net Zero – Greener NHS award for the RJAH Green Plan, and the Staff Wellbeing Initiative prize for its Path of Positivity project.
- RJAH was again named as a National Joint Registry Quality Data Provider – for the fourth year in a row - after successfully submitting a national programme of data audits.
- The hospital signalled its commitment to supporting its staff by introducing a series of cost-of-living measures. These included free breakfasts of porridge or toast, as well as discounted ‘winter warmer’ lunches. Free hot and cold drinks have also been made available to every department.
- RJAH signed a contract with System C to provide a new Electronic Patient Record (EPR) solution. The new system, which was named Apollo, will transform the way staff work and deliver care to patients by providing the right information at the right time to deliver the best possible care.
- Patients and visitors were able to benefit from the installation of a state-of-the-art Changing Places facility – a dedicated space which supports the needs of those with learning and/or physical disabilities. People with severe disabilities, such as muscular dystrophy, cerebral palsy and multiple sclerosis, and their carers say Changing Places facilities can be life changing and allow them to go out in public or attend hospital appointments without fear or stress.
- Twenty-three runners – who took on the 2022 London Marathon in aid of the RJAH Charity – raised a staggering £44,000 which will be used to fund projects across the hospital to support patient care and improve staff services.
- Former Chair of the Trust Frank Collins, who stepped down at the end of January 2022, was named an OBE in the Honours List announced to mark the Queen’s 70th Jubilee in June 2022. His award was in recognition of his service to the NHS.

We can be proud of the performance we have delivered in 2022/23. Below I have summarised some of our key items in terms of the impact on our patients, our staff, and our finances.

There are some notable successes, and I am proud of each and every one. Across them all, however, is the quality of care we deliver.

Caring for Patients

The Trust was found to be in breach of its license in relation to IPC and have since been moved to 'green' on the NHSE Infection Prevention and Control escalation matrix. NHS England have praised the Trust for working hard to embed and sustain improvements across the organisation.

Caring for Staff

The Trust has been supporting staff through the ongoing cost-of-living crisis by introducing a series of cost-of-living. These included free breakfasts of porridge or toast, as well as discounted 'winter warmer' lunches. Free hot and cold drinks have also been made available to every department.

Thirty-five members of staff celebrated 30 years NHS service at the annual Long Service Awards, where they were presented with certificates and vouchers by Chair Harry Turner and Chief Executive Stacey Keegan.

Caring for Finances

The Trust set a deficit target of £0.8m under challenging planning assumptions and out turned with a favourable variance of £3.3m delivering a total surplus of £2.5m. By the end of 2022/23 the NHS continued to broadly operate on a simplified financial framework which set a fixed minimum level of income to provide planning certainty to enable focus on operational and clinical challenges. Strong financial performance was therefore driven by largely fixed income and a reduction in marginal costs linked to the variable restoration of services during the year partially offset by significant costs incurred to fill workforce gaps and address IPC recommendations.

The Trust has continued to invest significantly in its capital programme with expenditure of £18.5m in year, with notable projects including the finalisation of the Headley Court Veterans Centre, beginning the implementation of a new Electronic Patient Record system, improvements to IPC across the hospital and starting construction of new theatre suite to provide additional capacity for operating.

It is also important to note that the Shropshire, Telford, and Wrekin Integrated Care System is in significant financial distress and is under formal recovery under segment 4 of the Single Oversight Framework. As a partner in the system the Trust continues to support improvement in the financial position collaborating with partners and leading key areas of development such as MSK Transformation.

Purpose and Activities

The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust (RJAH) is one of the UK's five Specialist Orthopaedic Centres. It is a leading orthopaedic centre of excellence with a reputation for innovation.

The Trust provides both specialist and routine orthopaedic care to its local catchment area and nationally. It is a specialist centre for the treatment of spinal injuries and disorders and also provides specialist treatment for children with musculoskeletal disorders.

The hospital has nine inpatient wards including a private patient ward; 12 operating theatres, including a day case surgery unit; and full outpatient and diagnostic facilities.

In addition to the above, the Trust works with partner organisations to provide specialist treatment for bone tumours and community-based rheumatology services.

The Trust is based on a single site in Oswestry, close to the border with Wales. The surrounding geographical area includes Shropshire, Wales, Cheshire, and the Midlands. As such, we serve the people of both England and Wales, as well as a wider national catchment. We also host some local services which support the communities in and around Oswestry. We value our links with the local community, who are strong supporters of the hospital. The Trust has contracts with a number of commissioners.

The largest English commissioner was the Shropshire Clinical Commissioning Group (Shropshire CCG) until 31st May 2022. Due to structural changes to the NHS in England, the CCG was abolished on 31st May and the largest English commissioning body from 1st June 2022 onwards was NHS Shropshire, Telford and Wrekin Integrated Care Board. The Betsi Cadwaladr University Hospital Board is the largest Welsh Commissioner followed by Powys Teaching Health Board. Commissioning for our specialised services is undertaken by NHS.

England, which is represented locally by the Birmingham and Black Country Local Area Team.

Brief History and Background

The Orthopaedic Hospital has been in existence as an independent hospital since 1900. It was taken into the NHS in 1948 and achieved NHS Trust status in 1994. In August 2011 the hospital was awarded NHS Foundation Trust status. This means that RJAH can better shape healthcare services around local needs and priorities and the requirements of commissioners of healthcare.



Sir Robert Jones



Dame Agnes Hunt

The Vision and Goals of the Trust



MISSION	Our core purpose	Caring for Patients, Caring for Staff, Caring for Finances								
VISION	What we aspire to achieve	Aspiring to deliver World Class Patient Care								
STRATEGY	Our strategic priorities	<table border="1"> <tr> <td>Operational Excellence</td> <td>Local Musculoskeletal Services</td> <td>Specialist Work</td> </tr> <tr> <td colspan="3">Culture and Leadership</td> </tr> </table>	Operational Excellence	Local Musculoskeletal Services	Specialist Work	Culture and Leadership				
Operational Excellence	Local Musculoskeletal Services	Specialist Work								
Culture and Leadership										
ENABLING STRATEGIES	Strategies to support delivery of our priorities	<table border="1"> <tr> <td>Quality Strategy</td> <td>Finance Strategy</td> <td>IT Strategy</td> <td>Patient Experience Strategy</td> </tr> <tr> <td>Organisational Development Strategy</td> <td>Risk Management Strategy</td> <td colspan="2">Communication Strategy</td> </tr> </table>	Quality Strategy	Finance Strategy	IT Strategy	Patient Experience Strategy	Organisational Development Strategy	Risk Management Strategy	Communication Strategy	
Quality Strategy	Finance Strategy	IT Strategy	Patient Experience Strategy							
Organisational Development Strategy	Risk Management Strategy	Communication Strategy								
CORPORATE OBJECTIVES	How we organise and monitor our day-to-day activities	<table border="1"> <tr> <td>Delivering timely access to patient care</td> <td>Delivering outstanding outcomes and experience</td> </tr> <tr> <td>Achieving outstanding patient safety</td> <td>Being an extraordinary place to work</td> </tr> <tr> <td>Spending our money wisely</td> <td>Delivering undertakings and not being in breach of our licence</td> </tr> </table>	Delivering timely access to patient care	Delivering outstanding outcomes and experience	Achieving outstanding patient safety	Being an extraordinary place to work	Spending our money wisely	Delivering undertakings and not being in breach of our licence		
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VALUES and CULTURAL CHARACTERISTICS	How we go about delivering our vision	<table border="1"> <tr> <td data-bbox="1099 1051 1339 1348"> </td> <td data-bbox="1339 1051 1919 1348"> <ol style="list-style-type: none"> 1. We respect people for their skills and devotion. Not their grade. 2. Patient need over rules process. 3. We choose positivity (we look for strength before weaknesses). 4. The person who knows most about something is able to get on with it. 5. Being humble is a sign of greatness, not weakness. 6. People are aware of – and manage – the impact they have on others. 7. We are honest and transparent in our dealings with each other. 8. If we see a problem we can fix it, if we see an opportunity we can grasp it. 9. We strive constantly to make things better for our patients, ourselves and the hospital. 10. We know that our differences are valuable – we don't believe that our differences make us superior or inferior. 11. We are do-ers not bystanders if we see something we don't like we say so (and do something about it), and if we see something we do like, we say so. </td> </tr> </table>		<ol style="list-style-type: none"> 1. We respect people for their skills and devotion. Not their grade. 2. Patient need over rules process. 3. We choose positivity (we look for strength before weaknesses). 4. The person who knows most about something is able to get on with it. 5. Being humble is a sign of greatness, not weakness. 6. People are aware of – and manage – the impact they have on others. 7. We are honest and transparent in our dealings with each other. 8. If we see a problem we can fix it, if we see an opportunity we can grasp it. 9. We strive constantly to make things better for our patients, ourselves and the hospital. 10. We know that our differences are valuable – we don't believe that our differences make us superior or inferior. 11. We are do-ers not bystanders if we see something we don't like we say so (and do something about it), and if we see something we do like, we say so. 						
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Principal Risks

The Trust aims to deliver high quality healthcare services; however, it is recognised that there are inherent risks with providing these services.

The Board Assurance Framework (BAF) captures the risks to delivery of the Trust's strategic objectives. The highest scoring risks captured in the BAF in March 2023 related to:

- Workforce capacity and capability
- Insufficient capacity to meet demand
- Cyber risk
- Constrained resources (incorporating system investment restrictions)
- Delivery of year-on-year efficiencies and productivity gains

More detail on the BAF is included within the Accountability Report.

In May 2022 it was confirmed that the Trust was in breach of license in relation to infection, prevention, and control (IPC) following an outbreak within the organisation relating to eight hospital acquired infections. The Trust devised and delivered a comprehensive improvement plan and established an IPC Quality Assurance Committee. The Committee met on eleven occasions and the Committee Chair presented an assurance report to the Board following each meeting.

The Trust received a compliance certificate from NHSE/I on 27th January 2023 which stated that *"NHS England hereby certifies that it is satisfied that the Trust has complied with all the Trust's Enforcement Undertakings accepted by NHS Improvement / England on 26 January 2023"*.

In March 2023, the Board agreed that the Committee had delivered its purpose. The dedicated committee was therefore disestablished and oversight of the residual actions, and the wider IPC agenda, were transferred back to the Quality and Safety Committee. This arrangement was to be reviewed in six months' time, to ensure sufficient focus was still being paid to the IPC agenda.

Overview of Financial Performance

It has been another challenging year for the Trust alongside the rest of the NHS with a tight focus on restoration of services while still managing the aftereffects of the Covid-19 pandemic, industrial action and unprecedented workforce challenges to deliver safe, high quality services for our patients, underpinned by robust business management.

By the end of 2022/23 the NHS continued to broadly operate on a simplified financial framework which set a fixed minimum level of income to simplify financial arrangements for the majority of contracts to provide planning certainty to focus on operational and clinical challenges.

The Trust's annual accounts provide full detail of the Trust's financial performance but to summarise; The Trust set a deficit target of £0.8m and out turned with a favourable variance of £3.3m delivering a total surplus of £2.5m. The strong performance was largely driven by the fixed level of income and a reduction in marginal costs linked to the variable restoration of services during the year. While this resulted in a favourable position to plan, it should be noted significant costs were incurred to fill workforce gaps via agency and to address IPC recommendations.

The Trust has continued to invest significantly in its capital programme with expenditure of £18.5m in year, with notable projects including the finalisation of the Headley Court Veterans Centre, beginning the implementation of a new Electronic Patient Record system, improvements to IPC across the hospital and starting construction of new theatre suite to provide additional capacity for operating.

The Trust has been successful in attracting national and charitable funding to support the capital programme and combined with the healthy surplus position in year closing cash balances remain strong at £25.5m enabling us to continue to invest in improving services for our patients.

It is also important to note that the Shropshire, Telford, and Wrekin Integrated Care System is in significant financial distress and is under formal recovery under segment 4 of the Single Oversight Framework. As a partner in the system the Trust continues to support improvement in the financial position collaborating with partners and leading key areas of development such as MSK Transformation.

Going concern disclosure

In accordance with the requirements of the Department of Health and Social Care Group Accounting Manual (GAM), the Trust has prepared its accounts on a going concern basis, applying the 'continuing provision of services' approach, reflecting the anticipated continued provision of the Trust's services (rather than necessarily the financial position of the Trust as a legal entity).

The Trust's cash balances are expected to remain sufficient to meet its working capital requirements for 12 months from the date of the approval of the financial statements. The Trust Board monitors financial performance using the monthly performance report. The key risks to the Trust's financial stability are included in the Board Assurance Framework and are monitored at the Finance, Planning and Digital Committee and the Audit and Risk Committee.

The directors having taken assurance from this and, having reviewed future plans and financial forecasts for a period of at least one year, have agreed the following statement: "After making enquiries, the directors have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts".

Performance Analysis

Delivery of the 2022/23 Strategic Plan

The Trust's overarching corporate objectives for 2022/23 were:

- Develop and maintain safe services.
- Further develop the veterans service to ensure it is established as a centre of Excellence.
- Support MSK integration across the system.
- Optimise the potential of digital technologies to transform the care of patients and their outcomes.
- Maintaining statutory and regulatory compliance.

Each overarching corporate objective is underpinned by further, more detailed objectives and description of how success will be measured. Progress against the objectives is presented to the Board of Directors. Updates at the end of 2022/23 are included below:

1. Developing and Maintaining Safe Services			
Our mission	How we will do it	Measure	Update/Comment – April 2023
Caring for Patients	Undertake full-service reviews to include specialised commissioning to ensure we have the right services to serve our patients	<ul style="list-style-type: none"> • Service Review programme agreed by the end of Q1. • Delivery of 2022/23 service reviews in line with agreed service review programme 	<p>Programme agreed Q1 with all services planned to complete reviews by July 2023.</p> <p>Service reviews progressing – Commenced programme for presenting outcomes to the Trust Management Group (TMG) with workplan to include service reviews on the agenda April, May, June, and July 2023.</p> <p>This will inform the Trust combined Clinical Strategy.</p>
	Development of a specialist revision knee service	<ul style="list-style-type: none"> • Service specification and resource requirements presented to (Finance, Performance and Digital Committee) FPD • Implementation of the service specification requirements agreed by March 2023. 	<p>The Trust has been selected as one of 15 Major Revision Centres nationally.</p> <p>The Revision Knee service multi-disciplinary team (MDT) is now live. The Trust has assessed its progress as fully compliant in achieving 13 of the 22 standards, with 8 identified as amber where actions are in place to progress to full compliance, and one has been assessed as red rated (psychological services).</p>

1. Developing and Maintaining Safe Services			
Our mission	How we will do it	Measure	Update/Comment – April 2023
	Securing robust and sustainable microbiology support	<ul style="list-style-type: none"> • Service specification agreed with service provider. • Trust membership on the N8 pathology network 	There have been ongoing challenges with regards to sustaining a robust microbiology service. The decision has been made to split the existing provision into different elements. Peri prosthetic microbiology due to go live at Sheffield in Q1 2023/24, the infection prevention and control (IPC) and general microbiology service is provided by Shrewsbury and Telford Hospital NHS Trust (SATH) and the Trust is working with SATH to ensure that there is appropriate resilience to support the RJAH requirements.
	Further developing equality and inclusion initiatives for patients	<ul style="list-style-type: none"> • Delivery of Inclusion Action Plan 	<p>Key deliverables achieved in 2022/23 include:</p> <ul style="list-style-type: none"> • 2 facilitated patient engagement sessions completed jointly with Healthwatch re: accessibility/Equality, Diversity, and Inclusion (EDI) • Accessible Information standard policy written. • Learning Disability and Autism awareness training launched and > 92% for all staff achieved. • Patient video for patients with learning disabilities (LD) and autism accessing our services. • PLACE assessment completed Sept 22 • Patient safety partners appointed as part of National Patient Safety strategy.
Caring for staff	Recruiting and retaining staff to ensure we have the right staff, in the right place at the right time.	<p>Delivery of key performance indicators (KPIs) in our 2022/23 workforce plan:</p> <ul style="list-style-type: none"> • Nursing vacancy rate: 7.2% • Medical vacancy rate: 2.5% • HCSW vacancy rate: 0% • Staff Turnover: 8% 	<p>The Trust has undertaken a number of key initiatives in 2022/23. Key highlights include:</p> <ul style="list-style-type: none"> • Establishment of a Recruitment and Retention working group from September 2022. • Increased the strategic grip with dedicated Director level leadership to drive the recruitment and retention agenda. • Dedicated Recruitment manager to ensure focus in this area. • The Trust has developed initiatives related to recruitment by running 2 recruitment days with positive recruitment outcomes.

1. Developing and Maintaining Safe Services

Our mission	How we will do it	Measure	Update/Comment – April 2023
			<ul style="list-style-type: none"> • Cost of Living initiatives put in place to support the Trust’s retention programme. <p>There has been an increase in the vacancy rate in 2022/23 with the following outturn position in March 2023:</p> <ul style="list-style-type: none"> • Nurse vacancy rate increased to 16.13% • Medical vacancy rate increased to 8.07% • HCSW vacancy rate reduced to 7%. • Staff turnover increased to 12.1% <p>However, the Trust has demonstrated that the impact of the intervention saw improvements in the second half of the year with further staff in the current recruitment pipeline that will mean further improvement in 2023/24. In particular:</p> <ul style="list-style-type: none"> • HCSW vacancy rate reduced from 13.28% in September to 7 % in March 2023, and is expected to continue to reduce. • Medical vacancy rate reduced from 9.73% to 8.07% in March 2023. • Staff turnover reduced from 12.87% in September to 12.1% in March 2023.
	Further developing equality and inclusion initiatives for staff	<ul style="list-style-type: none"> • Delivery of Inclusion Action Plan • Staff survey results 	<p>The following key developments have been undertaken in 2022/23 against the delivery of the Inclusion action plan for staff:</p> <ul style="list-style-type: none"> • The Trust has commissioned external support to review the Trust’s EDI policy, support with listening events and develop an EDI strategy. • Workforce Race Equality Scheme (WRES) and Workforce Disability Equality Standard (WDES) action plans and EDI Internal Audit recommendations action plans have been developed. Oversight is through the ED&I committee.

1. Developing and Maintaining Safe Services			
Our mission	How we will do it	Measure	Update/Comment – April 2023
			<ul style="list-style-type: none"> • Veterans Network established. • A programme of events to thank staff and promote inclusion is being developed for 2023/24. • Staff survey results show Improvement in discrimination metrics for Gender, disability, and age, with deterioration in discrimination due to sexual orientation. • Strengthened RJAH engagement in system staff networks.
Caring for Finances	Review of funding models and service line reporting to ensure robust financial management	<ul style="list-style-type: none"> • Service line reports (SLR) presented to Finance, Performance and Digital (FPD) Committee 	<p>SLR report presented to Finance, Performance and Digital Committee with indicative performance based on a return to national tariff (income is on block for the current financial year).</p> <p>Going forward SLR will be reported on a half yearly basis.</p>

2. Develop our Veterans service to ensure it is established as a centre of excellence			
Our mission	How we will do it	Measure	Update/Comment – April 2023
Caring for Patients	Develop a communications, marketing and branding strategy aimed at enhancing links with key stakeholders.	<ul style="list-style-type: none"> • Communication, Marketing and Branding in place 	<p>Communication Strategy for Veterans completed with a phased approach planned for communication and marketing aligned to growth.</p> <p>Phase 1 of the strategy 2022/23 included:</p> <ul style="list-style-type: none"> • 'Soft Launch'/Remembrance Day – a celebration designed to mark the end of the build phase. Done respectfully to mark Remembrance Day as well as the opening of the new building. • Board stories – Lt Col Carl Meyer was formally presented with his Veterans Award. This will attract further media coverage. We will look for regular opportunities to highlight the project at Board.

2. Develop our Veterans service to ensure it is established as a centre of excellence			
Our mission	How we will do it	Measure	Update/Comment – April 2023
			<ul style="list-style-type: none"> • Official Royal opening April 2023 with wide media coverage of the event. • ICS board – RJAH had the opportunity to showcase the work to the Integrated Care System (ICS) with Carl Meyer due to present our long-term vision to the ICS Board at their next meeting. • Breakfast Club – on-site veterans’ breakfast club meetings within the Veterans’ Centre as a means of connecting with the local veteran’s community. • Supporting the next generation –In partnership with Moreton Hall School, sixth form students were welcomed for a programme of Multiple Mini Interviews at the centre on the 16th of November which provided an opportunity to show the high-quality environment we can now offer in the new centre.
	Maintain Veteran accreditation and explore other relevant accreditation opportunities.	<ul style="list-style-type: none"> • Veteran accreditation maintained • Additional accreditation application opportunities reviewed and progressed 	<p>Veteran accreditation re-accredited in 2022/23. Key highlights from the areas that the Trust successfully demonstrated as part of the reaccreditation process included:</p> <ul style="list-style-type: none"> • Establishment and opening of the new dedicated veteran’s facility. • Board leadership for developing Veterans services. • Trust’s HR policies in place to support reservists. • Veterans’ awareness signposting • Actively encouraging veteran patients to be identified as such within our service on referral. • Collaboration with 202 Field Hospital • Collaboration with SATH to support ICS level joint working. <p>The Trust has also supported other organisations to sign the Veterans Covenant in 2022/23, including:</p>

2. Develop our Veterans service to ensure it is established as a centre of excellence			
Our mission	How we will do it	Measure	Update/Comment – April 2023
			<ul style="list-style-type: none"> • League of Friends Charity • Orthopaedic Institute • Pave Away Ltd
Caring for staff	Identification and utilisation of key recruitment links for the Veterans service	<ul style="list-style-type: none"> • Phase 2 business case has supporting recruitment strategy in place 	Phase 2 business case in development to include workforce plan, scheduled for completion in June 2023. The Trust holds the Ministry of Defence (MOD) Employer Recognition Scheme Gold Award and has developed leaflets to promote the Trust as a place to work which has been shared across military groups and networks to encourage military personnel that are leaving or considering leaving to consider the Trust as the first point of contact for their future career.
	Roll out of Veterans awareness training	<ul style="list-style-type: none"> • Staff training to include Veterans awareness training for relevant staff 	<p>Re-launch of Veterans Aware training in 2022/23, to help give staff the tools to support veterans and members of the Armed Forces. Key development includes the following:</p> <ul style="list-style-type: none"> • Veterans' Awareness introduced into new starter inductions. • Information added to the staff handbook. • Board veterans training completed. • Veterans Awareness training will form part of the Trust's mandatory training in 2023/24. <p>This training is led by Becky Warren as an RJAH reservist and Sarah Kerr in order to lend credibility and authenticity.</p>
Caring for finances	Sustainable funding model to be agreed to optimise further investment opportunities	<ul style="list-style-type: none"> • Business case presented to FPD on phase 2 for the Veterans service 	Phase 2 (growth) business case in development, scheduled for completion in June 2023 and focus on expanding consultant capacity. Discussions taken place with MoD regarding a pilot of serving Veterans being treated at RJAH – awaiting approval.

2. Develop our Veterans service to ensure it is established as a centre of excellence			
Our mission	How we will do it	Measure	Update/Comment – April 2023
			Rehabilitation strategic outline case (SOC) presented to Board and Headley Court in January 2023 with detailed business case due to be presented to FPD in June 2023.
	Programme of review to ensure best use of resource	<ul style="list-style-type: none"> Deliver to agreed timescales and budget 	<p>Veterans centre delivered to time and budget. The Headley Court Veterans' Orthopaedic Centre was built by local contractor Pave Aways, onsite at The Robert Jones and Agnes Hunt Orthopaedic Hospital (RJAH) following a £6 million donation from The Headley Court Charity with the soft launch opening taking place in November 2022.</p> <p>The £6 million two-storey building features nine standard examination and clinic rooms, an enhanced treatment room for minor outpatient procedures, an assessment room, a splinting, and therapy room, as well as clinic space for virtual appointments.</p> <p>In the main entrance of the building, there is a café and dedicated Veterans' Hub where Shropshire Council and various military charities will provide support to veteran patients and their family and friends, with issues that range from homelessness, finance, debt management, welfare, post-traumatic stress disorder (PTSD), benefits and more.</p>

3. Support MSK integration across the system			
Our mission	How we will do it	Measure	Update/Comment – April 2023
Caring for patients	Leading the MSK Transformation Board and contributing to the delivery of the transformation programme	<ul style="list-style-type: none"> MSK transformation Board Chair's reports presented to FPD committee 	The Trust Chief Operating Officer has taken over as chair of the MSK transformation board since September 2022. In March 2023 the Trust took a case to the Integrated Care Board (ICB) for the organisation to be appointed the strategic lead responsible for the design and delivery of

3. Support MSK integration across the system			
Our mission	How we will do it	Measure	Update/Comment – April 2023
			MSK services across the system. This was approved by the ICB. Revised governance structures are now being developed to take this forward.
	Standardising pathways and access for patients	<ul style="list-style-type: none"> Standardised pathways to be implemented in line with MSK Transformation board implementation programme 	In February 2023 the Musculoskeletal service for Shropshire and Telford (MSST) was launched. This attempts to standardise the triage and interface services across STW and provide a single point of MSK referral for primary care.
	Levelling up of outcomes for patients across all providers	<ul style="list-style-type: none"> NJR outcomes PROMs GIRFT metrics Model Hospital data 	ICS (Getting it Right First Time) GIRFT meeting held in January 2023 with opportunities for improvement for the STW system identified. Levelling up of outcomes for patients across all providers was a key driver for the establishment of RJAH as an MSK lead provider. Outcomes for patients will inform the scope of the transformation board workplan. Delivery will be achieved through collaboration with partners across the STW system.
Caring for staff	Integrated OD solution for MSK providers in the system	<ul style="list-style-type: none"> Agreed MSK OD strategy in place for system providers 	System commissioned Value Circle to provide independent support in developing the system direction of travel for MSK services. Further enabler activities will be considered as part of the MSK transformation programme plan for 23/24.
	Enhancement of non-medical roles	<ul style="list-style-type: none"> Standardised pathways for integrated care Introduction of enhanced roles and new non-medical roles into MSK services 	In February 2023 the Musculoskeletal service for Shropshire and Telford (MSST) was launched. Business case approved for additional therapy provision for the service. Recruitment commenced in 2023 and will continue in 23/24.
Caring for Finances	Delivery of efficiencies outlined in the ICS plan	<ul style="list-style-type: none"> Transformation programme delivered to timescales. Achievement of 2022/23 efficiency target 	Delayed go live of standardised pathways and interface model. Efficiency benefits not anticipated to be realised until 2024/25, due to recruitment timelines and the requirement for backlog reduction in MSK services in 2023/24. Savings

3. Support MSK integration across the system			
Our mission	How we will do it	Measure	Update/Comment – April 2023
			of £0.7m forecast for 2022/23 which is £0.5m off plan due to slippage in go live date.

4. Optimise the potential of digital technologies to transform the care of patients and their outcomes			
Our mission	How we will do it	Measure	Update/Comment – April 2023
Caring for Patients	Continue to develop patient facing apps to optimise patient outcomes and explore the use of artificial intelligence (AI).	<ul style="list-style-type: none"> • Roll out of My Recovery app to agreed clinical pathways. • Complete review of new technologies • Business cases for investments presented to FPD as appropriate 	<p>My Recovery app roll out commenced in 2022/23. Currently deployed in Foot & Ankle, Arthroplasty, and Veterans and SOOS. Sports Injuries, Upper Limb, and Spinal Disorder to follow in May 2023.</p> <ul style="list-style-type: none"> • Over 6000 invitations sent to patients. • Over 2870 patients have engaged and responded to invitations • Over 9000 pain and quality of life scores collected direct from patients. Patients giving favourable feedback as app allows them to track and plot their own pain scores and see in a graphical format and helps understanding of their treatment plan. • The app has been shown to improve shared decision making with the patient with approx. 80% of patients giving positive feedback. <p>Assessment of clinical service requirements for digital enablers being considered as part of the clinical service reviews.</p> <ul style="list-style-type: none"> • Pilot project working alongside Radiology to test AI reads of CT Scans to provide a “second opinion” in order to improve patient safety. • The aim is to increase confidence and flag any potential “errors in observation”. • Trial will run for 3 months. • Opportunities identified for AI use in patient contact.

4. Optimise the potential of digital technologies to transform the care of patients and their outcomes

Our mission	How we will do it	Measure	Update/Comment – April 2023
			<p>Theatre developments</p> <ul style="list-style-type: none"> • Digital are working alongside and bringing in suppliers to showcase equipment that can potentially be used in the future. • New theatres specification to consider how to future proofing theatres technological development where possible. • “hololens” cameras being trialled to project augmented reality view. <p>Technology areas to look at opportunities in 2023/24</p> <ul style="list-style-type: none"> • Theatre scheduling • Patient tracking through theatres • Scanning for safety <p>The new Digital Strategy will be published in July 2023.</p>
<p>Caring for Staff</p>	<p>Programme of education for staff on digital awareness</p>	<ul style="list-style-type: none"> • Development of appropriate training & awareness programme and demonstrate staff uptake and compliance 	<p>The Trust has undertaken engagement with staff to understand digital needs: Local department reviews to understand digital needs have commenced across the Trust.</p> <p>EPR Programme has identified training requirements, including fundamentals to ensure that staff will understand how to interact with the system. Full training plans being developed currently for all modules, including admin, clinical nurse, physician, lab technician, pharmacy, physiotherapy, radiology etc. for rollout later this year. Key areas to note are as follows:</p> <ul style="list-style-type: none"> • Training Lead (fixed term) being recruited to for EPR to commence in post in May 2023. • Courses will be delivered through a mix of face to face and digital courses being available.

4. Optimise the potential of digital technologies to transform the care of patients and their outcomes			
Our mission	How we will do it	Measure	Update/Comment – April 2023
			<ul style="list-style-type: none"> Digital literacy will be included and will have adaptive methods to ensure that staff have understood the content of the course. Patient portal app will also have its own training package for staff and patients.
Caring for Finances	Commence delivery of the next stages of the EPR programme, ensuring processes are reviewed to improve workflows and outcomes.	<ul style="list-style-type: none"> Deliver to agreed timescales and budget Reports and oversight through FPD Committee 	<p>A Go Live date has been agreed between the supplier and the Trust with the aim to migrate for April 2024.</p> <p>Key delivery milestones achieved in 2022/23:</p> <ul style="list-style-type: none"> Electronic patient record (EPR) contract signed in June 2022 Funding has been approved and year 1 funding received from NHSE (£4m+) Digital Transformation Programme Board established and chaired by the CEO and meets monthly. Regular monthly updates on progress are presented to the Finance Performance and Digital Committee programme established with project group in place. Functional Design Groups have been established to review current and future state workflows, with attendees from across the organisation. Groups include Patient Admin, Outpatients, Bookings, Pre Op and Theatres, Testing and Reporting, Pharmacy First pass and testing of Data Migration has commenced. Benefit Tracking (clinical and non) workflow has commenced and currently collating baseline information to be monitored by the Digital Transformation Programme Board.

5. Maintaining statutory and regulatory compliance

Our mission	How we will do it	Measure	Update/Comment – April 2023
Caring for Patients	Progress towards full compliance with accessible information standard to coincide with EPR programme.	<ul style="list-style-type: none"> • Accessible information standards compliance included in ERP implementation programme 	<p>The new Apollo EPR has included supplier compliance with the Accessible Information Standards (v1.1) as part of the core contract.</p> <p>This will enable RJAH to support everyone with information or communication needs relating to disability, impairment, or sensory loss.</p> <p>RJAH external website has been updated to incorporate accessible information standards.</p> <p>Synertec supporting with accessible information improvements in our appointment letters.</p>
	Maintaining CQC rating	<ul style="list-style-type: none"> • Trust CQC Action plan and preparedness plans monitored through Quality and Safety Committee • Trust CQC rating 	<p>No review has taken place in 2022/23. The Trust has a CQC preparedness action plan in place with oversight through our Regulatory Oversight Group. As part of our ongoing preparation in 2022/23 the following key actions have taken place:</p> <ul style="list-style-type: none"> • CQC toolkit for staff updated. • Patient Safety Walkabouts (linked to the CQC domains) implemented. • Regular engagement meetings with inspector and relationship manager • CQC medicines safety pilot inspection – RJAH rated good across all domains. • Awaiting new CQC SOF
	Delivery of IPC Improvement Programme	<ul style="list-style-type: none"> • Delivery of IPC Improvement plan to agreed timescales. • Monitored through internal IPCC, IPC Quality Assurance Committee with system 	<p>Completed with undertakings removed. Key highlights on the IPC programme of work to achieve this status are highlighted below:</p> <ul style="list-style-type: none"> • Moved from Red to Green on NHSE IPC matrix. • Strengthened governance and oversight. • Increased compliance with IPC training

5. Maintaining statutory and regulatory compliance			
Our mission	How we will do it	Measure	Update/Comment – April 2023
		oversight at the STW System Quality Group	<ul style="list-style-type: none"> • Introduction of new roles (housekeepers and stores) • Estates improvement and investment • After action reviews implemented post outbreak and HCAI
	Compliance with ED&I requirements	<ul style="list-style-type: none"> • Compliance with Regulatory requirements evidenced through Trust regulatory submissions and declarations reported to Trust Board. 	Submissions completed and requirements met.
Caring for Staff	Compliance with ED&I requirements	<ul style="list-style-type: none"> • Compliance with Regulatory requirements evidenced through Trust regulatory submissions and declarations reported to Trust Board 	<p>Submissions completed and requirements met.</p> <p>The Trust's Workforce Equality Report has been published on the trust website.</p>
Caring for Finances	Delivery of Financial Plan	<ul style="list-style-type: none"> • Deliver Trust financial plan budget by 31st March 2023 • Deliver Trust efficiency programme • Ensure activity delivery plan is managed within available sources of funding 	<p>Achieved a £2.45M surplus which is £3.23M favourable to plan.</p> <p>Efficiency programme outturn was £184K adverse to plan. Any shortfalls will be carried forward into 23/24.</p>
	Improve System Oversight Framework rating from SOF3 to SOF2.	<ul style="list-style-type: none"> • Trust improvement plan in place and delivering to agreed timescales. 	<p>The Trust self-assessment was undertaken which assessed the Trust as SOF2 status which was supported by the ICS.</p> <p>NHSI advised that the Trust remains at SOF3 due to NHSI requirements regarding waiting times.</p>

Sustainable Development

The Trust has undertaken risk assessments and has a Green Plan aligned to the NHSEI 'Delivering a Net Zero NHS' and Climate Change Adaptation Plan in place which takes account of UK Climate Projections 2018 (UKCP18). The Trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with. The Green Plan can be found at: <https://www.rjah.nhs.uk/about-us/publications/trust-documents/green-plan/>

Health Inequalities

RJAH reports Health Inequalities updates through its Quality and Safety committee which is a sub-committee of Trust board.

The Trust has been observing data through different lens in widening understanding of health inequalities.

Reports have been created to look at Priority 1: Restore NHS services inclusively. The Trust has improved ethnicity data collection (Priority 3: Ensure datasets are complete and timely). The Trust has also assessed virtual outpatient activity for patients not attending (Priority 2: Mitigate against digital exclusion).

As part of continuous evaluations, the Trust also developed business cases during 2022/23 that directly or indirectly support with addressing health inequalities.

For example, population assessments for 2019/20 (latest published data) from NDFA (National Diabetes Foot Audit) showed Shropshire and Telford to have the highest rate of minor amputations in the UK. The orthotics service put a case together to increase input within the Acute Diabetic Service to support this population.

A further example can be seen from the Trust submission and approval of the 'Theatre and Elective Beds Scheme' through NHS England's Targeted Investment Fund (TIF). The Scheme indirectly supports the PLUS 5 strategy, in particular severe mental illness, by improving access to surgery which will significantly improve patients' quality of life. In addition, the Scheme is addressing the needs of children and young people waiting for paediatric spinal surgery, by the increase in consultant capacity and by enabling succession planning for the workforce for the provision of complex paediatric and adult spinal surgery for our population. Finally, to further support continued improvements in outcomes for our patients the Trust during 2022/23 has piloted and launched a digital app (MyRecovery) to further support patients. The app is a suite of tools designed to support, empower, and inform a patient through their treatment. The aim is that better informed and engaged patients are less anxious, have a better experience and ultimately have improved outcomes. It further supports in monitoring of patient reported outcomes (PROMs) for our patients too.

A 2022/23 system wide evaluation covering the 'Health Inequalities Implementation Plan 2022-2023 for NHS Shropshire Telford and Wrekin' was undertaken which will also support with next steps.

The Trust leads on and is part of the Shropshire, Telford and Wrekin (STW) MSK transformation programme, which is focusing on new clinical models, and transformation of existing models of care due to the recognition of unmet demand.

Looking ahead to 2023/24

Looking ahead, the strategic priorities will continue to be based on the Trust's ambition to be the leading centre for high quality, sustainable orthopaedic and related care, achieving excellence in both experience and outcomes for our patients. The Trust aspires to deliver world-class patient care.

The Trust's clinically led High Impact Provider-Led Strategy (HIPS) will redefine the future of the Trust through new ambitious objectives against 5 key strategic priorities:

- Clinical Services
- MSK Transformation
- Veterans
- Growth
- Research and Innovation

The next financial year will also focus on building on the great work of the last three years in delivering against the NHS national standards. It will involve looking at those performance targets that have not been achieved in 2022/23 and what actions need to be taken to achieve these. The Trust will ensure that patient safety and quality standards are maintained and continue to be at the forefront of its business.

Key priorities for the Trust in 2023/24 will be to:

- Reduce waiting times to 65 weeks by March 2024
- Maintain performance against the cancer waiting times standard
- Restore elective services to greater than pre-covid levels
- Improve staff recruitment and retention

Conclusion of the Performance Report

I have presented this report in my capacity as the Accounting Officer and confirm that the Trust's auditors have reviewed the Performance Report for consistency with the financial statements.



Stacey Keegan
Chief Executive Officer
22 June 2023

ACCOUNTABILITY REPORT

Directors' Report

Meet the Board

The directors present their annual report together with the audited financial statements for the year 01 April 2022 to 31 March 2023.

As can be seen from the directors' biographies below and from our compliance with the requirements of the Foundation Trust Code of Governance, the Board has an appropriate composition, balance of skills and depth of experience to lead the Trust for the good of patients, staff and the communities it serves.

Details of the directors who currently hold office are listed below and unless specified have held office for the full financial year. Any directors who held office during the financial year but have since left the Trust are cited later in the report:



Harry Turner
Chair

Between 2008 and 2016 Harry served as a Non-Executive Director and subsequently as the Chairman for the Worcestershire Acute NHS Trust before joining the Trust in January 2017.

Harry was appointed Chairman of RJAH on 01 February 2022.

Harry also took up the position of Chairman of the John Taylor Hospice in Birmingham in October 2016 and is also the Chairman of Dudley Integrated Health and Care NHS Trust.

Harry has also been a Justice of the Peace in Worcestershire Courts for more than a decade and previously worked as an Operations Director in the hotel industry for businesses including Travel Inn and Marriott International.



Stacey Keegan
Chief Executive Officer

Stacey joined RJAH as Interim Director of Nursing in November 2019, before becoming substantive Chief Nurse and Patient Safety Officer in March 2020. From March - October 2020, Stacey was

Interim Chief Executive, before returning to the Chief Nurse and Patient Safety Officer role. In August 2021, Stacey was appointed the Trust's Interim Chief Executive before being appointed to the substantive position in December 2022.

Stacey is an NHS Trust Partner Member on the Shropshire Telford and Wrekin Integrated Care Board.

Her time as CEO has already seen her leading the Trust through the coronavirus pandemic - which has proved to be one of the most challenging periods in history, not just for this organisation but for the NHS as a whole.

A registered and practicing trauma and orthopaedic nurse, she has held various leadership and management roles in a variety of NHS Trusts.

Stacey has an MSc in Senior Healthcare Leadership and the NHS Leadership Academy's Elizabeth Garrett Anderson Award.



Chris Beacock
Non-Executive Director

Mr Christopher Beacock lives in Shropshire and is a Foundation Trust member and takes a keen interest in the hospital.

He has 27 years clinical experience as a Consultant Urological Surgeon at the Shrewsbury and Telford Hospital NHS Trust. He formally retired in 2014 and has been re-employed on a part time contract since then.

He has worked across a wide range of acute trusts, integrated care organisations and community service providers. He has had a long-standing interest in medical management and held various posts up to and including that of Deputy Medical Director. He has also served as

Chair of the Risk Management Committee and Chairs the Trusts Quality and Safety Committee.



Paul Kingston
Non-Executive Director

Paul joined the Trust in January 2019 and is the Chair of the Trust's newly founded People Committee. He is also a member of the Trust's Audit and Quality and Safety Committees.

Paul is a Professor of Ageing and Mental Health and the Director of the Centre for Ageing and Mental Health at the University of Chester. He has been one of the academic leads of the RAID evaluation team since its inception at City Hospital in Birmingham.

Paul is the nominated senior independent director / deputy chair.



Sarfraz Nawaz
Non-Executive Director

Sarfraz joined the Board of Directors at RJA on 01 October 2021.

A qualified Accountant with the Chartered Institute of Public Finance and Accountancy (CIPFA), he

is currently the Director of Finance and Procurement for Ofwat, the regulator for the water industry in England and Wales. He has also held several financial leadership roles across the public sector including the NHS and Coventry City Council.



Martin Newsholme
Non-Executive Director

Martin was appointed as a Non-Executive Director for RJA on 04 May 2022. A chartered accountant, Martin's career was primarily spent at KPMG where he was an audit partner for 15 years. He

currently has a number of Trustee and Non-executive roles including Warrington Housing Association and Shropshire Doctors Co-operative.



Penny Venables
Non-Executive Director

Penny joined the Board of Directors at RJA on 19 June 2022 as Non-Executive Director. Having almost 40 years' experience of working in NHS management, including previous experience at Executive Director and Chief Executive roles across the NHS, including in other specialist hospitals.

Penny is currently an Associate at In-Form Solutions. She has provided specialised support and expertise to the health, social care and non-for-profit sectors across Birmingham and Solihull.



Craig Macbeth,
Chief Finance and
Planning Officer /
Deputy CEO

Craig joined the Trust in 2008 as Deputy Director of Finance having previously worked at Shrewsbury and Telford Hospitals.

Craig was instrumental in supporting the Trust's sustainable services programme taking the lead on the contracting and commissioning elements. He subsequently led the finance team through the Foundation Trust application process and has more recently been leading the business planning for the Trust.

Craig became Acting Director of Finance in October 2015. He was later named Associate Director of Finance, before becoming Director of Finance on 1 April 2017. Craig is also the Deputy CEO.



Sara Ellis Anderson
Interim Chief Nurse and
Patient Safety Officer

Sara was appointed Interim Chief Nurse and Patient Safety Officer in August 2021 having worked at RJAH since 2016. She initially joined the Trust as a

Matron, supporting a number of the hospital's services including surgical wards, High Dependency Unit, paediatrics, outpatients, therapies and radiology. In 2020, she was successful in being appointed as Assistant Chief of Professions.

She brings a wealth of leadership experience to this the Board of Directors, having worked previously at Selly Oak Hospital and then University Hospitals Birmingham in Acute Medicine and A&E, before moving to the Royal Shrewsbury Hospital to manage the Acute Medical Unit and short stay medical wards and subsequently, the Royal Free Hospital to lead a Nurse-Led Patient Treatment Unit.



Ruth Longfellow
Chief Medical Officer

Ruth has been Chief Medical Officer at RJAH since April 2021.

Ruth graduated from the University of Edinburgh with her Bachelor of Medicine and Bachelor of

Surgery (MB ChB) degree. She then completed her Fellow of the Royal College of Surgeons (FRCA) examination in 2006 and a Diploma in Medical Education at Nottingham University in 2011.

In 2011, she was appointed to RJAH as a Consultant Anaesthetist. In April 2019, she became the Associate Medical Director for the Trust.

Ruth's interests include patient safety and Human Factors, medical education and regional anaesthesia.



Mike Carr
Chief Operating Officer

Mike joined RJAH on 04 July 2022 as Chief Operating Officer. He started his career in healthcare as a Mental Health Support Worker for a charity in Staffordshire, after

graduating from Keele University he joined the NHS Graduate Management Training Scheme in 2011. Mike has an MSc in Leadership and Service Improvement from the University of Manchester and in 2021 completed The King's Fund Leadership for Population Health programme which is a specific area of interest for him.

Mike has held a number of senior operational leadership roles which have focused on planned care and more recently community services.

Mike joined RJAH from Sandwell and West Birmingham Hospitals NHS Trust where he was Group Director of Operations. Leading on the integration of health and social care services and developing community services as part of the redesign of acute care.

The following members of the Board left the organisation within 2022/23:



Kerry Robinson
Chief Performance,
Improvement and
Organisational
Development Officer

Kerry started at RJAH in July 2016 as Director of Strategy and

Planning. Kerry joined from the Countess of Chester Hospital NHS Foundation Trust where she was Assistant Director of Planning. She began her NHS career in 2008 at the Countess of Chester Hospital, having trained as an accountant.

As of 01 April 2019, Kerry's role changed to become lead director of Performance as well as retaining her existing roles as lead director for Service Improvement alongside her responsibility of implementing the Trust's Organisational Development Strategy.

Kerry has a passionate belief in caring for staff to deliver patient focused service design through successful partnership working and clinical engagement at all levels.

Kerry left the Trust on 30 June 2022.

Although not formal members of the Board, the following Directors, appointed to bring particular skills and knowledge, have supported the Board of Directors during the year and have been regular attendees at the Board of Directors' Meetings:



John Pepper
Associate Non-Executive Director

Dr Pepper joined the RJAH Board on 01 July 2022 as Associate Non-Executive Director. He is a GP who has worked in Shropshire since 1996, and previously

was Chair of Shropshire, Telford and Wrekin Clinical Commissioning Group (CCG).



Martin Evans
Associate Non-Executive Director

Martin joined RJAH on 06 September 2022 as Associate Non-Executive Director.

Martin, who is Shropshire born and bred, has worked within the public sector for over 30 years and has recently retired from the Police Service where he served latterly as an Assistant Chief Constable with West Mercia Police having responsibility for delivery of 24/7 policing services across the counties of Shropshire, Telford, Worcestershire and Herefordshire. He was the national policing lead for Collision Investigation and led on many developments and operations both nationally and across Europe in relation to roads policing, targeting travelling organised criminals whilst at the same time striving to make our roads safer and reduce the number of people killed and seriously injured.

He has many years of experience working at an operational and strategic level with other partner agencies including within the health service; and

he is confident that this will enable him to add value to the board and to the work that is needed moving forward.



Denise Harnin
Chief People Officer

Denise started at RJAH on 14 July 2022.

She is a highly experienced human resources practitioner, having worked initially in the private sector before joining the NHS in 1988 where she has worked in large acute hospitals across the West Midlands area.



David Gilbert
Associate Non-Executive Director

David was a member of the People and Culture Committee and of the Finance, Performance and Digital Committee.

Previously, David was the Chair to the Audit and Risk Committee.

He is a qualified accountant and has worked as Director of Finance in roles across the NHS at Health Authority, Trust and Regional level.

More recently, David has worked as an independent consultant specialising in financial turnaround for NHS organisations in financial difficulty. In this capacity he worked at the Trust from June 2007 to July 2008 as interim Director of Finance & Turnaround.

David was a Non-Executive Director until November 2021 and re-joined the organisation as an Associate Non-Executive Director from February 2022 until 30 December 2022.

Declarations of Interest of the Board of Directors

The Board undertakes an annual review of its Register of Declared Interests. At each meeting of the Board a standing agenda item also requires all directors to make known any interests in relation to the agenda.

The Register is available for inspection during normal office hours in the Trust Secretary's office and is also published on the Trust's website.

Independence of Non-Executive Directors

The Trust assesses the independence of its Non-Executive Directors against the Foundation Trust (FT) Code of Governance.

Cost allocation and charging guidance

The Trust has complied with the above guidance issued by HM Treasury.

Modern Slavery Act 2015

In accordance with the Act, the Trust has agreed and published its statement. This can be viewed at: <https://www.rjah.nhs.uk/about-us/publications/trust-documents/modern-slavery-act-2015/>

Political Donations

The Trust can confirm that no political donations were made in the current or prior year.

Better Payment Practice Code

The Better Payment Practice Code requires the Trust to pay invoices within 30 days of receipt of the goods or receipt of the invoice, whichever is later, with performance being measured in terms of both number and value of invoices.

During 2022/23 the Trust paid 91% of the number of invoices and 96% of the value of invoices within the target. No late payment interest was due.

	2022/23		2021/22	
	Number of invoices	Value in £000s	Number of invoices	Value in £000s
Total invoices paid	44,778	108,647	38,159	90,403
Invoices paid within target	40,905	104,057	36,098	87,946
Percentage paid within target	91%	96%	95%	97%

Governance using the Well-Led Framework

The Board of Directors ensures that the principles set out in the Well-Led Framework not only inform their work but are also embedded across the organisation. The governance structures support delivery of the principles outlined in the framework's key lines of enquiry and arrangements undergo regular review to ensure they remain effective and support good governance and high quality, sustainable services.

Quality Governance

Quality in the NHS encompasses three domains – Patient Safety, Patient Experience and Clinical Outcomes. The Trust's work in this area embraces a number of strands of work including complaints,

clinical effectiveness and risk. All these elements are critical in ensuring our patients and their carers receive excellent care, and the Trust continues to meet its core values.

All staff have responsibility for safety and quality. There are, however, designated roles within the Trust who led or are directly involved in these activities under the executive lead of the Chief Nurse and Patient Safety Officer, the Chief Medical Officer, with the Chief Executive Officer being ultimately responsible.

The Trust has in place a robust governance framework to underpin the delivery of enhanced quality and further detail on this framework is contained within the Annual Governance Statement.

Quality Governance Framework

The Quality Governance framework has been further assessed and is part of the Quality account declaration. The Trust remains compliant with this framework, and this is supported by internal audit reviews during 2022/23.

The Trust was last inspected by the Care Quality Commission in December 2018. The findings in the five domains of the assessment framework were:

Safe	GOOD
Effective	GOOD
Caring	OUTSTANDING
Responsive	GOOD
Well-led	GOOD

As described in the Board Assurance Structure section of this Report, the Trust has a Quality and Safety Committee which is responsible for ensuring effective clinical governance are in place and high standards of care are provided.

In May 2022 the Trust commissioned the Good Governance Institute (GGI) to review clinical governance arrangements and identify further improvement work related to the wider clinical governance and quality agenda. In September 2022 the GGI shared the final report with the Trust, and it was considered by the Board in October 2022.

In their report, the GGI outlined many examples of work where the Trust had taken action to improve clinical governance but stated that they did not see the full impact across the wider organisation and that further work to embed change was required. GGI highlighted 5 themed areas in their report that they had assessed and provided feedback on:

- Assurance and Accountability
- Infection Prevention and Control
- Clinical Governance – resources, structures and processes
- Patient safety and learning from Experience.
- Risk management.

Overall progress in delivering the action plan is overseen by the Audit and Risk Committee and individual committees have overseen particular recommendations that align with their remit. Good progress has been made in delivering the action plan and this remains a live document that undergoes regular review.

Quality Outcomes

The Trust contributes to the National Registries to collect outcomes data. Currently these include:

- British Spine Registry
- National Ligament Registry
- UK Hand Registry
- Foot and Ankle Registry (BOFAS)
- British Hip Registry (NAHR)
- National Joint Registry

The Trust also collects large volumes of PROMs (patient reported outcome measures) for total hip and knee procedures to submit to the national PROMS programme. The programme led by NHS England mainly focuses on those specific procedures. Over the past year work has taken place to expand our outcomes collection throughout the organisation and ensure that these measures are collected and analysed across all procedures and treatment taking place in the trust. Electronic data collection has allowed us to further expand to all teams within the organisation and any services that patients may require along the pathway. Regular data collection is now evolving for all teams and services that are listed below. We continue to work with other areas to ensure the work supports outcomes monitoring for all areas.

- Hip and Knee Arthroplasty
- Upper Limb
- Sports Injuries
- Foot and Ankle
- Spinal Disorders
- Shropshire Orthopaedic Outreach Service (SOOS)
- Physiotherapy
- Anaesthetics

Outcomes data is being used regularly in the organisation to monitor patients pain scores and quality of life while on the waiting list and following surgery/treatment. Data collected will support identifying areas of improvement for patient care and services.

Patient Care Activities

We are aligned to the requirements of national strategy in that quality is at the core of all we do. Our aim is to continue delivering outstanding patient care to every patient every day. We pride ourselves in the standards we achieve and in the feedback from our patients on the quality of our services.

We aim to safeguard our patients, both adults and children, at all times. This is achieved through clear policies and procedures that protect and support patients and their families during their stay and beyond. This also means working in partnership with other agencies to get the right outcome for our patients.

For quality to flourish we need to recognise the need to change and to improve where systems and processes are hindering our staff to deliver high quality care to patients every day. We need to set a clear vision so staff and patients understand what our aims and goals in delivering that high quality service look like and how they can contribute to enhancing our services.

There needs to be clear lines of responsibility for safety and quality from board to ward/departments with each person including those using our services understanding their roles and responsibilities in ensuring improvements are made. Even the smallest change can make a difference to the patient, carer or staff experience.

The quality of the services we provide to patients is routinely reviewed by the Integrated Care System (ICS) through quality review meetings that consider performance on Trust wide quality issues. These provide the ICS with the opportunity for any areas of concern to be discussed and reviewed.

The quality of the services we provide to patients is routinely reviewed by our Commissioners as part of monthly performance reviews that consider summary dashboard reporting on Trust wide quality issues. These provide opportunity for any areas of concern to be discussed and reviewed.

Quality risks are identified from the Trust's risk management processes and are monitored, managed and mitigated at local, delivery unit and corporate levels. Each risk is clearly defined and includes clear action plans to control and mitigate the risk.

The corporate risk register and Board Assurance Framework are reviewed quarterly by the Board and identify the key quality risks for the organisation with clear mitigations and action plans.

Each Delivery unit in the Trust produces a Quality Report to be presented to the Quality and Safety Committee on a quarterly basis. These provide a solid foundation for scrutiny and challenge of the quality performance at operational level. The reports have continued to evolve and have been aligned to the Trust's performance metrics and the CQC standards in order to provide a cohesive overview and response of quality performance with a focus on patient engagement.

Performance Against Key Health Care Targets

The Trust publishes information on its performance against a number of key measures within integrated performance reports that are considered by the Board of Directors. Information on the quality of services provided by the Trust is also presented in the Annual Quality Account. This document is published on the Trust's website.

Quality Improvement Strategy

In September 2017 the Trust agreed its Quality Improvement Strategy. In this we set out our Quality aims for a five-year period. The Trust rolled this Strategy on and has continued to work towards the delivery of the aims outlined in the strategy. The Trust is currently working on its Quality Strategy for 2023/24 onwards.

Our Quality Aims:

Aim 1 – Reducing Patient Harm

- Prevent avoidable deaths
- Managing the deteriorating patient
- Ensuring the safe transfer of patients to and from the hospital

Aim 3 – Improving Documentation

- Audit Process
- Review of Pathways
- Improving consistency

Aim 2 – Reviewing leadership roles and accountability

- Divisional Structure
- Performance Review Process
- Cultural Behavioural Characteristics

Aim 4 – Providing effective and reliable care

- 100% Delivery of WHO checklist
- Implementation of the Sepsis care bundle
- Continued development of the STAR accreditations process

In addition, the Trust has in place a Patient Experience Strategy. The Strategy outlines a number of Always events and also starts our journey on co-production with our patients.

Always Events

Always Event 1: Improve the patient journey.

We will improve the experience of our patients and carers from their first contact with the Trust, through to their safe discharge from our care.

Always Event 2: Improving communication.

We will improve the information we provide to enhance communication between our staff, patients and carers.

Always Event 3: Meet care needs.

We will meet our patients' physical, emotional and spiritual needs while they are using our services, recognising that every patient is unique.

This strategy will underpin our efforts to achieve our Always Events with our staff, patients and the public, commissioners and partner organisations. An annual evaluation of progress towards our ambitions will be undertaken and published on the Trust's website.

Listening to Patients and Carers

Collecting Patient experience data is an important part of monitoring the quality of care provided at the RJAH and helps promote an open learning culture by identifying and sharing examples of good complaints practice and learning that was identified through patient feedback.

The table below shows overall patient feedback in 2022/23 compared to 2021/22:

Feedback	2021/22	2022/23	Diff from 2021/21 to 2022/23	% Change
Complaints	115	91	-24	-20.9
Local resolution	19	29	10	52.6
PALS concerns	206	304	98	47.6
PALS enquiries	3667	3981	314	8.6
Compliments	6281	10684	4403	70.1

Key Highlights

CQC Action Plan

During December 2018, the CQC carried out an inspection of the Trust and the outcome of this inspection was published in February 2019. This showed the Trust to be 'Good' overall with 'Outstanding' achieved for caring. The breakdown of ratings is shown in the table below:

Ratings for The Robert Jones and Agnes Hunt Hospital

	Safe	Effective	Caring	Responsive	Well-led	Overall
Medical care (including older people's care)	Good ↑ Feb 2019	Good ↑ Feb 2019	Outstanding ↑ Feb 2019	Good ↑ Feb 2019	Good ↑ Feb 2019	Good ↑ Feb 2019
Surgery	Good ↑ Feb 2019	Good ↔ Feb 2019	Good ↔ Feb 2019	Good ↔ Feb 2019	Good ↔ Feb 2019	Good ↔ Feb 2019
Critical care	Requires improvement ↔ Feb 2019	Requires improvement ↔ Feb 2019	Good ↔ Feb 2019	Good ↑ Feb 2019	Requires improvement ↓ Feb 2019	Requires improvement ↔ Feb 2019
Services for children and young people	Good ↑ Feb 2019	Good ↑ Feb 2019	Outstanding ↑ Feb 2019	Good ↔ Feb 2019	Good ↑ Feb 2019	Good ↑ Feb 2019
Outpatients	Good Feb 2019	N/A	Good Feb 2019	Good Feb 2019	Good Feb 2019	Good Feb 2019
Diagnostic imaging	Good Feb 2019	N/A	Good Feb 2019	Good Feb 2019	Good Feb 2019	Good Feb 2019
Overall*	Good ↑ Feb 2019	Good ↑ Feb 2019	Outstanding ↑ Feb 2019	Good ↑ Feb 2019	Good ↑ Feb 2019	Good ↑ Feb 2019

In response to the inspection report the Trust put in place a robust action plan to address the areas for improvement highlighted by the CQC. Completion of this action plan has been monitored via the Quality and Safety Committee with all actions except one completed. The ongoing action relates to the Trust's system for robust implementation of the accessible information standard, and this is being progressed as part of the Trust's electronic patient record programme. The general themes for the actions that have been undertaken can be categorised as follows:

- Ensuring robust policy management
- Monitoring of staff training compliance down to departmental level
- Review of the High Dependency Unit against the Critical Care Standards
- Continued addressing of staff bullying and harassment in known pockets of the organisation.

The Trust was due to undergo a further inspection in Quarter 4 of 2019/20 however, this was paused in light of the Covid-19 pandemic and further information regarding a future inspection is awaited. The Trust is expecting a CQC inspection shortly.

Patient Feedback

In 2022/23, the Patient Experience and Engagement Strategy 2021-2024 was refreshed and outlines the Trust's commitments to provide patients, carers, their relatives with world class care.

We know that a positive experience during a care episode promotes a positive clinical outcome. If a patient feels listened to and involved in their care they will respond better to medical, nursing and therapy interventions and be better able to manage their own journey of care.

During 2022/23 the Trust has been working towards achievement of the commitments to provide the best experience of care at each phase of the patient pathways and interaction with our staff to put patient experience at the heart of everything we do.

Our commitments are:

1. We will work in partnership with our patients and actively involve them in decisions about their care.
2. We will communicate to our patients in a manner that is accessible and appropriate to their own individual needs whilst listening to our patients about their priority of care and what matters most to them.
3. We will involve our patients and services users and the public generally in decisions regarding the way we deliver services and any future developments.
4. We will engage with our patients to facilitate patients to manage their own health conditions and get the best out of their wellbeing.
5. We will further develop the role of volunteers to ensure we maximise their input to enhance patient experience.

The Trust uses Patient feedback as a key measure of monitoring the quality of care, this an important “health check” for the services we provide as well as promoting a strong culture of listening to patients to help improve services.

The Trust offers many opportunities for patients and carers to give their feedback including Trust email, Twitter and Facebook, local and national patient feedback surveys, Friends and Family Test (FFT) survey, patient stories, patient forums, Trust Governor forums and comments received direct. All feedback is shared with the clinical areas and is responded to by the Communications Team or the Patient Advice and Liaison Service (PALS) Team.

In addition, the Trust has robust processes in place which enables patients to raise their concerns formally via the Complaints process and informally via the Patient Advice and Liaison Service (PALS).

These concerns are all investigated in line with the Trust’s complaints policy and action plans put in place, where applicable, to ensure learning and improvement.

Friends and Family Question

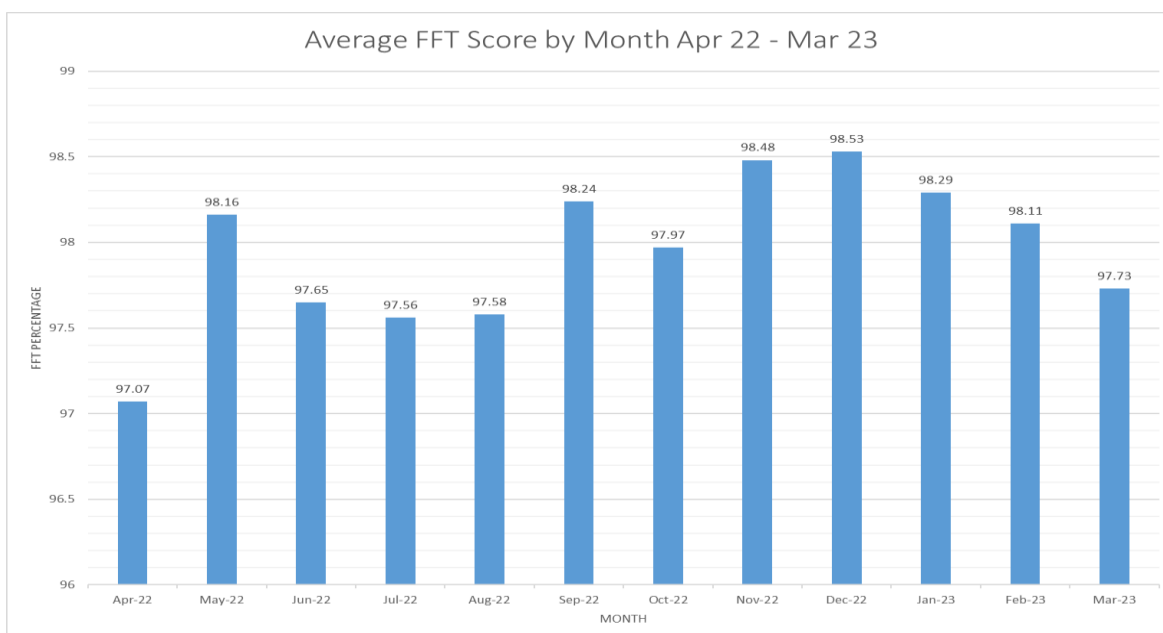
The NHS Friends and Family Test (FFT) “Overall, how was your experience of our service” was created to help Trusts understand whether patients are happy with the service provided, or to provide suggestions on any improvements needed. It is a quick and straightforward way for patients to give their views after receiving NHS care or treatment.

The results from FFT provides insights into how we can improve or celebrate the positive patient feedback received with the staff delivering the services.

FFT data is collected in real time using the IQVIA patient feedback system and patients are sent a text to invite them to complete a FFT survey electronically (after discharge or clinic appointment).

For 2022/23, 21,543 patients completed a FFT survey and 97.7% of patients (inpatients and outpatients) said they would rate their experience as good or very good.

The chart below shows the average FFT score per month:



The Trust is committed to improving the percentage of patients who would rate their experience as good or very good.

Staff are sent an email alert in real time as soon as a low FFT score is received, and comments are immediately uploaded into IQVIA for staff to respond to within department.

The FFT results are shared in Unit, department, and Speciality level Governance Quality reports with trends of low scores monitored on a monthly basis.

The results for the Trust over the last five years are as follows based on the average percentage of FFT score (inpatients and outpatients).

	2018/19	2019/20	2020/21	2021/22	2022/23
National Average	96%	96%	94%	94%	94%*
Highest Score	100%	100%	100%	100%	100%*
Lowest Score	76%	73%	65%	64%	73%*
The Robert Jones and Agnes Hunt	99%	99%	98%	98%	98%

*for 2022/23 national data includes up to Jan 23

Stakeholder Relations

Stakeholder relationships have continued to be supportive and positive during 2022/23.

The Trust worked constructively with NHS Shropshire, Telford, and Wrekin Clinical Commissioning Group during the first quarter on the year and became an integral member of Shropshire, Telford and Wrekin Integrated Care Board (STW ICB) from 1 July 2022. The Trust Chief Executive is a member of the ICB Board and members of the Trust Board have played an active role supporting system-wide initiatives.

The Trust continued to work closely with colleagues in NHS Wales to deliver services to Welsh patients.

The Trust has an excellent relationship with Healthwatch and has regular meetings in place to share intelligence regarding their consultation events.

In July 2022 the Trust agreed a Foundation Trust (FT) Public Membership Development and Engagement Strategy, the aim of which to grow its public membership and ensure that FT members are engaged both directly and through their elected public governors, in the development of the Trust's services.

Section 43 (2A) NHS Act 2006 Statements Regarding Income Disclosures

The Trust has fulfilled its principal purpose as its total income from the provision of goods and services for the purposes of the health service in England has been greater than its total income for the provision of goods and services for any other purposes.

Private practice complements the NHS services provided by the Trust and makes up a very small amount of our overall activity. Private patients only use facilities when they are not required for the NHS and this generates extra income which is used to enhance services and, in turn, benefits NHS patients every year.

Statement as to disclosure to auditors

For each individual director who was a director at the time this report was approved:

- So far as the director is aware there is no relevant audit information of which the Trust's auditor is unaware; and
- The director has taken all the steps they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

A director is regarded as having taken all these steps that they ought reasonably to have taken as a director in order to do the things mentioned above and:

- Made such enquiries of his/her fellow directors and of the Trust's auditors for that purpose; and
- Taken such steps (if any) for that purpose, as are required by his/her duty as a director of the Trust to exercise reasonable care, skill, and diligence.



Stacey Keegan
Chief Executive Officer
22 June 2023

Remuneration Report

This report contains the annual statement from the Chair of the Remuneration Committee and includes details regarding “senior manager’s” remuneration in accordance with the following:

- Sections 420 to 422 of the Companies Act 2006 as they apply to foundation trusts.
- Regulation 11 and Parts 3 and 5 of Schedule 87 of Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI2008/410).
- Parts 2 and 4 of Schedule 8 of the Regulations as adopted by Monitor and
- Elements of the NHS Foundation Trust Code of Governance.

The Trust considers that disclosures in this report and the staff report meet the requirements of the NHS Act 2006 on the work of the Trust’s Remuneration Committee.

Annual Statement on Remuneration by the Chairman of the Nomination and Remuneration Committee (Trust Chairman, Mr Harry Turner)

The membership of the Nomination and Remuneration Committee is as follows:

- Harry Turner, Chair
- Chris Beacock, Non-Executive Director
- Paul Kingston, Non-Executive Director
- Sarfraz Nawaz, Non-Executive Director
- Martin Newsholme, Non-Executive Director (from 04 May 2022)
- Penny Venables, Non-Executive Director (from 19 June 2022)

In addition, the Chief Executive Officer and Chief People Officer have been in attendance as requested by the Committee along with Associate Non-Executive Directors, John Pepper, Martin Evans, and David Gilburt (until December 2022).

The Nomination and Remuneration Committee met six times during the year and approved changes to the senior management structure to strengthen the Board of Directors as follows:

- Recruitment of a full time Chief Operating Officer
- Proposal to recruit for a substantive Chief People Officer
- Proposal to recruit for a substantive Chief Executive Officer
- Proposal to recruit for a substantive Chief Nurse and Patient Safety Officer

All of the members of the Committee attended all meetings with the following exceptions, when the following apologies were noted:

- Penny Venables and Chris Beacock on 09 November 2022.
- Chris Beacock and Paul Kingston on 15 November 2022.
- Paul Kingston on 11 January 2023.

Senior Managers’ Remuneration Policy

The remuneration of the Chief Executive Officer and Executives directly accountable to the Chief Executive Officer is determined by the Remuneration Committee. Details of the membership of this Committee and attendance at its meetings are set out above and in the Foundation Trust Governance section of the report.

The Executive and Associate Directors' Remuneration framework, which was not subject to formal consultation, is agreed by the Committee and determines remuneration of the Chief Executive Officer and Executives directly accountable to the Chief Executive Officer. This Framework was last reviewed and updated at the Remuneration Committee in June 2022.

National Context

The Committee will take into consideration any guidance given from the Department of Health regarding public sector pay including the inflation uplifts.

Pay Comparators

Salaries are benchmarked against the NHS Chief Executives and Directors Salary Surveys and NHS Improvement Pay Comparators. Further in November 2020 a review of the Chief Executive and Director's salaries was undertaken by the Midlands Commissioning Support Unit, this review also gave consideration to those receiving salaries in excess of £150k.

Ranges for each post are agreed based on this information.

Performance-Related Pay and Assessment Process

The Executive and Associate Directors Remuneration Framework policy states that Directors may earn a maximum of 3% Performance-Related Pay annually.

Directors will be set annual objectives which address the following six areas:

- Annual Corporate Objectives
- Corporate Risks
- Supporting Strategies
- Other e.g., legislative
- Standards of Business Conduct & Trust Values
- Personal Development Review

Performance-related pay will not be consolidated for a period of 12 months and is not therefore pensionable for this period. After 12 months, performance-related pay will be consolidated into the director's salary subject to sustained full-year financial performance and subject to upper salary limits based on benchmarking information.

There is no provision for the recovery of sums paid to a Director following confirmation of sustained performance.

The directors all hold permanent contracts, which include a six months' notice period.

None of the directors' contracts include any provision for compensation for early termination of employment.

The full Council of Governors determined the remuneration for Non-Executive Directors in 2011 and review remuneration levels periodically via the Council of Governors Remuneration Committee.

Future Policy

The Trust's future policy is as outlined in the table below:

Item	Salary/Fees	Taxable Benefits	Annual Performance Related Bonus	Long Term Related Bonus	Pension Related Benefits
Support for the short- and long-term objectives of the Foundation Trust	Ensure the recruitment and retention of directors of sufficient calibre to deliver the Trust's objectives	All payments made relate to car lease or car allowance for staff with significant travel requirements for their role	As per the Performance Related Pay and Assessment Process section above	None paid	Ensure the recruitment and retention of directors of sufficient caliber to deliver the Trust's objectives
How the component operates	Paid in even twelfths	Paid in even twelfths	As per the Performance Related Pay and Assessment Process section above	None paid	Employee and employer contributions
Maximum payment	As set out in Senior Managers' Remuneration Table	As set out in Senior Managers' Remuneration Table	As per the Performance Related Pay and Assessment Process section above	None paid	As set out in Senior Managers' Remuneration Table
Framework used to assess performance	Trust appraisal system	Not applicable	As per the Performance Related Pay and Assessment Process section above	None paid	Not applicable
Performance measures	Tailored to individual posts	Not applicable	As per the Performance Related Pay and Assessment Process section above	None paid	Not applicable
Amount paid for minimum level of performance and any further level of performance	Salaries are agreed on appointment and set out in the contract of employment	Not applicable	As per the Performance Related Pay and Assessment Process section above	None paid	Not applicable
Explanation of whether there are any provisions for recovery of sums paid to directors or provisions for withholding payments	Any overpayments may be recovered	Any overpayments may be recovered	Any overpayments may be recovered	None paid	Any overpayments may be recovered

Non-Executive Directors are appointed on fixed terms contracts, normally three or four years in length, and they do not gain access to the Pension Scheme as a result of this engagement. The fee payable to Non-executive Directors is set out in the tables on the next pages. They do not receive any other payments from the Trust.

Any changes to the future policy will be discussed by the Remuneration Committee taking account of national arrangements.

Service Contract Obligations

There are no obligations on the Trust which could give rise to, or impact on, remuneration payments or payments for loss of office but which are not disclosed elsewhere in the remuneration report.

Policy on Payment for Loss of Office

Notice periods for all Executive Directors are set at six months. Any payments for loss of office will be made in accordance with NHS Terms and Conditions of Service and HM Treasury guidance 'Managing Public Money' where appropriate.

Statement of Consideration of Employment Conditions

Employment conditions for Senior Managers mirrors those set out in Agenda for Change. The remuneration policy takes account of national pay comparators provided by NHS Improvement and the scale of any inflationary pay award.

Service Contracts

For each senior manager who has served during the year, the date of their service contract, the unexpired term and details of the notice period are set out below:

Officer	Start date	End date of current term	Notice period
Turner, H Chair	01 February 2022	31 January 2025	N/A
Beacock, C Non-Executive Director	04 July 2016	03 July 2023	N/A
Kingston, P Non-Executive Director	01 January 2019	31 December 2024	N/A
Nawaz, S Non-Executive Director	01 February 2022	31 January 2025	N/A
Newsholme, M Non-Executive Director	04 May 2022	03 May 2025	N/A
Venables, P Non-Executive Director	19 June 2022	18 June 2025	N/A
Gilburt, D Associate Non-Executive Director	01 February 2022	N/A (as left the Trust on 30 December 2022)	N/A
Pepper, J Associate Non-Executive Director	01 July 2022	30 June 2025	N/A
Evans, Martin Associate Non-Executive Director	06 September 2022	05 September 2025	N/A
Keegan, S Chief Nurse, and Patient Safety Officer	18 November 2019 (Interim) 01 February 2020 (Substantive)	N/A (as a permanent employee)	6 months
Keegan, S Chief Executive Officer	01 August 2021 (Interim)		

Officer	Start date	End date of current term	Notice period
	19 December 2022 (Substantive)		
Macbeth, C Chief Finance and Planning Officer	01 April 2017	N/A (as a permanent employee)	6 months
Longfellow, R Chief Medical Officer	01 April 2021	N/A (as a permanent employee)	6 months
Robinson, K Chief Performance, Improvement and OD Officer	01 November 2019	N/A (as a permanent employee)	N/A (as left the Trust on 30 June 2022)
Sheppard, S Chief People Officer	01 December 2018	N/A (as a permanent employee)	N/A (as left the Trust on 22 July 2022)
Ellis Anderson, S Chief Nurse and Patient Safety Officer	01 August 2021 (Interim)	N/A (as a permanent employee)	6 months
Carr, M Chief Operating Officer	04 July 2022	N/A (as a permanent employee)	6 months
Harnin, D Chief People and Culture Officer *	14 July 2022	N/A (as a permanent employee)	N/A (as a permanent employee)

Disclosures Required by Health and Social Care Act

The following information is required by section 156 (1) of the Health and Social Care Act 2012, which amended paragraph 26 of Schedule 7 to the NHS Act 2006

Senior Managers' Remuneration – subject to audit

For the purposes of this report 'senior managers' are defined as 'those persons in senior positions having authority or responsibility for directing the major activity of the Trust. The Trust's Chief Executive has agreed the definition.

The value of pension related benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights. This derived value does not represent an amount that will be received by the individual. It is a calculation that is intended to provide an estimation of the benefit being a member of the pension scheme could provide. The pension entitlement table provides further information on the pension benefits accruing to the individual.

Senior Managers Remuneration 2022/23						
Name and Job Title	Salary & fees (bands of £5,000) £'000	Taxable benefits (to nearest £100) Note 1 £	Annual performance related bonuses (bands of £5,000) £'000	Subtotal of remuneration paid by the Trust (bands of £5,000) £'000	All pension- related benefits (bands of £2,500) Note 2 £'000	Total (bands of £5,000) £'000
Harry Turner Chair	45 - 50			45 - 50		45 - 50
Chris Beacock Non-Executive Director	10 - 15			10 - 15		10 - 15
Paul Kingston Non-Executive Director	10 - 15			10 - 15		10 - 15
Safraz Nawaz Non-Executive Director	10 - 15			10 - 15		10 - 15
Martin Newsholme Non-Executive Director (from May 22)	10 - 15			10 - 15		10 - 15
Penny Venables Non-Executive Director (from May 22)	10 - 15			10 - 15		10 - 15
Stacey Keegan Chief Executive	135 - 140	4,600	0	140 - 145	102.5 - 105	240 - 245
Craig Macbeth Chief Finance Officer	110 - 115	4,600	0	115 - 120	57.5 - 60	175 - 180
Ruth Longfellow Chief Medical Officer	180 - 185	0	0	180 - 185	67.5 - 70	250 - 255
Sara Ellis-Anderson Acting Chief Nurse	85 - 90	0	0	85 - 90	52.5 - 55	140 - 145
Kerry Robinson Chief of Improvement, Perf. & OD (to Jun 22)	20 - 25	1,200	0	20 - 25	22.5 - 25	45 - 50
Mike Carr Chief Operating Officer (from Jul 22)	80 - 85	0	0	80 - 85	50 - 52.5	130 - 135

Notes

1. Taxable benefits relate to a car allowance.
2. Pension related benefits are based on the HMRC approved calculation and assume a pension will be drawn for 20 years from retirement. This excludes employee contributions.
3. The Chief Medical Officer's salary includes payments relating to clinical duties.

Senior Managers Remuneration 2021/22						
Name and Job Title	Salary & fees (bands of £5,000) £'000	Taxable benefits (to nearest £100) Note 1 £	Annual performance related bonuses (bands of £5,000) £'000	Subtotal of remuneration paid by the Trust (bands of £5,000) £'000	All pension- related benefits (bands of £2,500) Note 2 £'000	Total (bands of £5,000) £'000
Frank Collins Chair (to Jan 22)	30 - 35			30 - 35		30 - 35
Harry Turner Non-Executive Director (to Jan 22) & Chair (from Feb 22)	15 - 20			15 - 20		15 - 20
Chris Beacock Non-Executive Director	10 - 15			10 - 15		10 - 15
David Gilbert Non-Executive Director (to Nov 21)	5 - 10			5 - 10		5 - 10
Rachel Hopwood Non-Executive Director (to Jan 22)	10 - 15			10 - 15		10 - 15
Paul Kingston Non-Executive Director	10 - 15			10 - 15		10 - 15
Alison Tumilty Non-Executive Director (from Sep 21)	5 - 10			5 - 10		5 - 10
Mark Brandreth Chief Executive (to Aug 21)	70 - 75	2,500	0 - 5	80 - 85	32.5 - 35	110 - 115
Stacey Keegan Chief Nurse (to Jul 21) & Acting Chief Executive (from Aug 21)	120 - 125	4,600	0 - 5	125 - 130	52.5 - 55	180 - 185
Sara Ellis-Anderson Acting Chief Nurse (from Aug 21)	55 - 60	0	0	55 - 60	50 - 52.5	105 - 110
Craig Macbeth Chief Finance Officer	105 - 110	4,600	0 - 5	115 - 120	25 - 27.5	140 - 145
Kerry Robinson Chief of Improvement, Performance & OD	95 - 97.5	4,600	0 - 5	100 - 105	22.5 - 25	125 - 130
Steve White Chief Medical Officer (to Apr 21)	10 - 15	0	0	10 - 15	0	10 - 15
Ruth Longfellow Chief Medical Officer	170 - 175	0	5 - 10	175 - 180	295 - 297.5	470 - 475

Notes

1. Taxable benefits relate to a car allowance.

2. Pension related benefits are based on the HMRC approved calculation and assume a pension will be drawn for 20 years from retirement. This excludes employee contributions.

3. The Chief Medical Officer's salary includes payments relating to clinical duties.

Governor and Director Expenses

The following table provides details of expenses claimed by either Directors or Governors during the reporting period and provides comparative data for the previous year. Most expenses relate to travel. These figures are affected by the Trust returning to in-person meetings during 2022/23.

Name	Role	2022/23	2021/22
Directors			
Frank Collins	Chair	£0	£1,558
Harry Turner	Chair	£5,057	£809
Chris Beacock	Non-Executive Director	£564	£0
David Gilbert	Non-Executive Director	£749	£0
Sarfraz Nawaz	Non-Executive Director	£1,791	£0
John Pepper	Non-Executive Director	£1,342	£0
Penny Venables	Non-Executive Director	£1,872	£0
Stacey Keegan	Chief Executive	£1,000	£0
Craig Macbeth	Chief Finance and Planning Officer	£26	£11
Kerry Robinson	Chief Performance, Improvement and OD Officer	£0	£21
Governors			
Collette Gribble	Governor	519	0
Katrina Morphet	Governor	£584	£0
Total		£13,504	£2,399

Pension Entitlement

The CETV in the table below is the actuarially assessed capitalised value of the pension scheme benefits accumulated by a member at a particular point in time. The benefits valued are the member's accumulated benefits and any contingent spouse's pension payable from the scheme. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

The disclosures include accrued benefits derived from the member's purchase of added years of service and any "transferred-in" service.

Senior Managers Pension Entitlement 2022/23							
Name and Job 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 on 31 March 2023 (bands of £5,000) £'000	Lump sum at pension age related to accrued pension on 31 March 2023 (bands of £5,000) £'000	Cash Equivalent Transfer Value on 31 March 2023 £'000	Cash Equivalent Transfer Value on 31 March 2022 £'000	Real increase in Cash Equivalent Transfer Value £'000
Stacey Keegan Chief Executive	5 - 7.5	7.5 - 10	35 - 40	70 - 75	617	517	92
Craig Macbeth Chief Finance Officer	2.5 - 5	2.5 - 5	45 - 50	90 - 95	871	795	66
Ruth Longfellow Chief Medical Officer	2.5 - 5	0 - 2.5	50 - 55	105 - 110	909	831	66
Sara Ellis-Anderson Acting Chief Nurse	2.5 - 5	0 - 2.5	15 - 20	25 - 30	216	181	33
Kerry Robinson Chief of Improvement, Perf. & OD (to Jun 22)	0 - 2.5	0	20 - 25	0	272	250	19
Mike Carr Chief Operating Officer (from Jul 22)	2.5 - 5	0	15 - 20	0	155	831	28

Information provided by the NHS Pensions Agency

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.

NHS Pensions are still assessing the impact of the McCloud judgement in relation to changes to benefits in 2015. The benefits and related CETVs disclosed do not allow for any potential future adjustments that may arise from this judgement.

Senior Managers Pension Entitlement 2021/22							
Name and Job 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 31 March 2022 £'000	Cash Equivalent Transfer Value at 31 March 2021 £'000	Real increase in Cash Equivalent Transfer Value £'000
Mark Brandreth Chief Executive (to Aug 21)	2.0 - 2.5	0 - 2.5	65 - 70	135 - 140	1,165	1108	51
Stacey Keegan Chief Nurse (to Jul 21) & Acting Chief Executive (from Aug 21)	2.5 - 5	2.5 - 5	30 - 35	65 - 70	517	457	58
Sara Ellis-Anderson Acting Chief Nurse (from Aug 21)	2.5 - 5	2.5 - 5	10 - 15	20 - 25	181	143	37
Craig Macbeth Chief Finance Officer	0.0 - 2.5	0	40 - 45	85 - 90	795	749	42
Kerry Robinson Chief of Improvement, Performance & OD	0.0 - 2.5	0	20 - 25	0	250	223	25
Ruth Longfellow Chief Medical Officer	12.5 - 15	32.5 - 35	45 - 50	100 - 105	831	569	259

Information provided by the NHS Pensions Agency

Note: Steve White has taken his pension so there are no figures to disclose.

Fair Pay Disclosure – subject to audit

NHS Foundation Trusts are required to disclose the relationship between the remuneration of the highest paid director and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The remuneration figures include salary, non-consolidated performance related pay and benefits in kind, but not employer pension contributions and the cash equivalent transfer value of pensions.

The banded remuneration of the highest paid director in 2022/23 was £182,500 (2021/22 was £177,500). This is a change between years of 2.8%.

For employees of the Trust as a whole, the range of remuneration in 2022/23 was from £22,500 to £227,500 (2021/22 was from £17,500 to £222,500).

The percentage change in average employee remuneration (based on total for all employees on an annualised basis divided by full time equivalent number of employees) between years was 10.5% (2.8% for 2021/22). This includes the 2022/23 element of the Agenda for Change pay offer which ranged from 3.5% to 8.2%.

20 employees received remuneration in excess of the highest paid director in 2022/23 (4 in 2021/22).

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

The calculation is based on annualised full-time equivalent pay and benefits of all staff at the reporting period end date.

2022/23	25th percentile	Median	75th percentile
Total pay & benefits (excluding pension benefits)	23,933	29,928	43,848
Pay & benefits (excluding pension): pay ratio for highest paid director	7.6	6.1	4.2

2021/22	25th percentile	Median	75th percentile
Total pay & benefits (excluding pension benefits)	19,918	25,655	39,027
Pay & benefits (excluding pension): pay ratio for highest paid director	8.9	6.9	4.5

Payments for Loss of Office

There were no payments for loss of office recorded in 2022/23.

Payments to Past Senior Managers

No payments have been made to past senior managers during in 2022/23.

Staff Report

Staff Costs – subject to audit

Staff costs are shown in the table below. Costs have increased mainly due to pay awards and incremental drift.

	2022/23			2021/22
	Permanent £'000	Other £'000	Total £'000	Total £'000
Salaries & wages	64,896	446	65,342	58,522
Social security costs	6,705	-	6,705	5,686
Apprenticeship levy	306	-	306	285
Employer's contributions to NHS pensions	10,366	-	10,366	10,135
Pension cost - other	32	-	32	29
Termination benefits	18	-	18	123
Temporary staff		4,771	4,771	2,209
Total gross staff costs	82,323	5,217	87,540	76,989
Recoveries in respect of seconded staff	-720	-	-720	-868
Total staff costs	81,603	5,217	86,820	76,121
<i>Of which:</i>				
<i>Costs capitalised as part of assets</i>	337	-	337	117

Average number of employees – subject to audit

The average number of employees on a whole-time equivalent basis (WTE) is shown in the table below, analysed over professional groupings.

	2022/23			2021/22
	Permanent Number	Other Number	Total Number	Total Number
Medical & dental	144	3	147	143
Administration & estates	525	17	542	547
Healthcare assistants & other support staff	246	35	281	250
Nursing, midwifery & health visiting staff	283	30	313	305
Scientific, therapeutic & technical staff	193	6	199	208
Healthcare science staff	10	-	10	6
Total average numbers	1,401	91	1,492	1,459

Exit packages – subject to audit.

All exit packages agreed in 2022/23 and 2021/22 are shown in the table below.

Exit package cost band	2022/23			2021/22		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
<£10,000					4	4
£10,001 - £25,000	2	1	3			
£25,001 - £50,000	2		2			
Total number	4	1	5	0	4	4
Total cost	£114,000	£12,000	£126,000	£0	£22,000	£22,000

Analysis of the non-compulsory payments:

Exit package cost band	2022/23		2021/22	
	Number of agreements	Value of agreements	Number of agreements	Value of agreements
Contractual payments in lieu of notice	1	£12,000	3	£14,000
Non-contractual payments requiring HMT approval			1	£8,000
Total number of exit packages	1	£12,000	4	£22,000

Trade Union Facility

Through our Recognition Agreement, we recognise a number of Trade Unions and Professional Associations for the purpose of collective bargaining on behalf of **all employees** who are directly employed by the Trust, whether full time or part time, permanent or temporary.

The members of each of these organisations elect representatives who work with us to represent their members. They can be carrying out union duties, which means that under legislation, employers are obliged to pay elected representatives to carry it out. They can also be carrying out union activities – which means that employers are not legislatively obliged to provide paid time to elected representatives.

The overarching term ‘facility time’ covers both union duties and activities.

Where facility time is paid, payment is made at the amount the representative would otherwise have received had they been at work. Where union duties are in addition to the normal contracted hours of the individual accredited representative, payment is made at single time, or the equivalent time off given – no overtime pay is applicable.

It is our statutory duty to publish this information for the previous financial year by the end of July each year and our publications can be found via the following link: <https://www.rjah.nhs.uk/About-Us/Publications/Corporate-Documents/Facility-Time.aspx>

Staff gender distribution

A breakdown of the number of persons who were directors of the Trust, senior managers, and other employees during 2022/23 is shown below:

	Male	Female
Executive Directors	2	4
Non-executive Directors	7	1
Other senior managers	9	14
Other employees	453	1454
Total	471	1473

Staff Sickness Absence

The sickness absence figures in the table below are provided to the Trust, calculated from statistics published by NHS Digital. They are for calendar years, due to timing difficulties with financial year data. The Department of Health & Social Care considers the figures to be a reasonable proxy for the financial year.

2022/23			2021/22		
Average FTE 2022	FTE Days Lost 2022	Average Sick Days per FTE 2022	Average FTE 2021	FTE Days Lost 2021	Average Sick Days per FTE 2021
1,424	19,284	13.5	1,398	13,057	9.3

Note: FTE = Full Time Equivalent

Staff Equality and Diversity

The age, ethnic breakdown, staff gender distribution and number of staff with recorded disabilities is shown below:

The Trust employed 1943 staff on 31st March 2023 (including Bank Staff).

The demographic profiles of our staff are shown below:

Age Range	Headcount	% Headcount
19 and below	21	1%
20 - 29 Years	227	12%
30 - 39 Years	457	24%
40 - 49 Years	424	22%
50 - 59 Years	521	27%
60 and above	293	15%
Total	1943	

Gender	Headcount	% Headcount
Female	1472	76%
Male	471	24%
Total	1943	

Ethnicity	Headcount	% Headcount
Any Other Ethnic Group	16	0.82%
Asian or Asian British	73	3.75%
Black or Black British	23	1.18%
Chinese	5	0.26%
Mixed - Any mixed background	12	0.62%
Not stated	86	4.43%
White - British	1633	84.05%
White - Other	95	4.89%
Total	1943	

Part Time/Full Time	Full Time	Part Time	% of Gender Full Time	Total
Female	560	912	38%	1472
Male	349	122	74%	471
Total	909	1034		1943

Information on the gender pay gap is included in the Trust's Workforce Report, published on the Trust's website at: <https://www.rjah.nhs.uk/about-us/publications/trust-documents/workforce-report/>

Staff Turnover

Staff turnover continues to be monitored by Trust Board, through the Integrated Performance Report and additionally the Trusts Recruitment and Retention Group.

The Trust haven't maintained voluntary turnover below the threshold of 8% within 2022/2023. Review of threshold has been undertaken in line with local and national NHS comparators, with a phased 2023/2024 target introduced from 13% to 10% by February 2024.

Actions to support retention of staff have been introduced such as stay conversations, revision of the exit interview process to increase compliance with the process and gain learning to support retention. Development of people's potential, by way of development schemes has also been introduced as well as revision and promotion of the Trust's study leave policy to support career development within our workforce. The Trust remain committed to work-life balance and promotes the utilisation of both flexible and agile working.

Supporting Staff with Disabilities

The Trust's policies ensure full and fair consideration is given to all job applications from people with a disability and ensures adaptations and support are available to facilitate the continued employment and training of staff with a disability.

Recruitment data is collected and analysed to ensure applicants to the Trust are free from any form of discrimination. Candidates who declare themselves as having a disability and who meet the essential requirements of the job description and person specification are guaranteed an interview by the Trust.

In the event that a staff member becomes disabled while employed by the Trust, the Trust's policies ensure support, reasonable adjustments to the role or alternative roles are offered to enable them to remain in employment.

Health and Safety

Health and Safety incidents were monitored on an ongoing basis throughout the year. All incidents were investigated, and remedial actions taken to prevent or reduce the likelihood of reoccurrence.

Those incidents reported involving specified injuries, dangerous occurrences or resulting in a member of staff taking more than seven days off work as a result of a work-related accident were also reported to the Health and Safety Executive (HSE) under the Reporting of Injuries Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR). During 2022-23 there were seven incidents reported to the HSE under the requirements of the RIDDOR regulations. No regulatory action or sanction was received in respect of the reported incidents.

The Chief Finance and Planning Officer retained Board-level responsibility for health and safety. The Trust employed a 0.5 WTE Health and Safety Manager, with support from a 0.5 WTE Health and Safety Advisor, to comply with the requirement to appoint a competent person under section 7(1) of the Management of Health and Safety Regulations 1999.

A Health and Safety Committee met bi-monthly, chaired by the Director of Estates and Facilities, and included health and safety representatives from staff side unions in compliance with the Safety Representatives and Safety Committees Regulations, 1977.

Staff Engagement

Culture and Leadership is one of the four strategic themes, and its work streams underpin the five-year People Plan: Make the Difference which has the objective: "To continuously improve our performance through consistently bettering our employee experience" and ambition: "to be an extraordinary place to work" and cultural aim: "to move from 'Rebuilding Relationships' to everyone wanting to 'Make the Difference'".

Countering fraud and corruption

The Trust has in place a Local Counter Fraud Specialist team who oversee any investigations of potential fraud. On an annual basis the Trust assesses the effectiveness of its counter fraud service, and this is reported to the Audit Committee. Both Lead and Support Local Counter Fraud Specialists at the Trust have access to the new fraud case management system, CLUE, which will assist them in the investigation and reporting of allegations.

The Trust has in place security and counter fraud policies to ensure compliance with NHS Counter Fraud Authority guidance. The Trust has an established Counter Fraud Protocol which outlines the role of the Local Counter Fraud Specialist and the cross over and interaction with the Trust's Local Security Management Specialist.

The Trust has transitioned to the Government Functional Standard for Fraud, Bribery and Corruption recently introduced by the Cabinet Office to help ensure consistency of approach across the public sector.

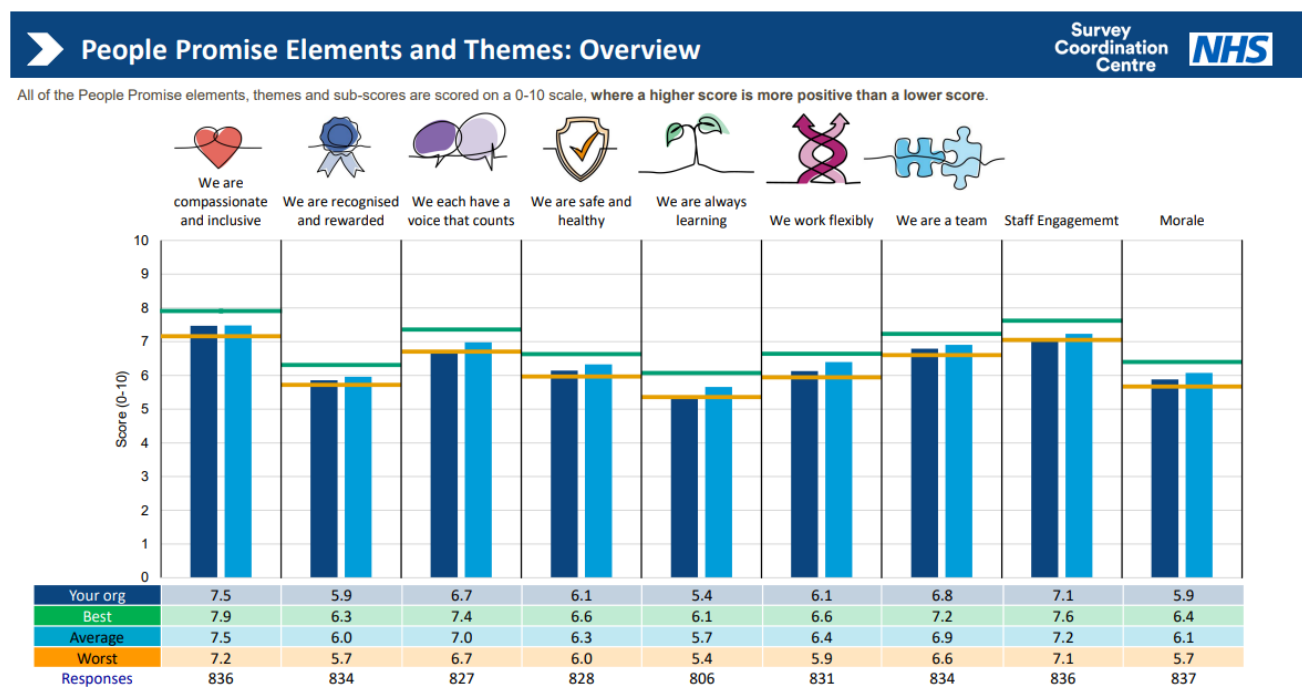
In line with national guidance the Trust maintains a Managing Conflicts of Interest Policy in order to provide a clear outline of the Trust’s position on issues where there is the potential for conflict to arise such as through the acceptance of gifts and hospitality. The policy also outlines the requirements on senior staff, consultants, and approvers on the Trust’s procurement system with regard to the declaration of interests.

Staff Survey Results

All RJAH colleagues were invited to participate in the National NHS Staff Survey between October and November 2022. The survey results are reported in a benchmark format, with our organisation benchmarked against 13 other Acute Specialist Trusts. 52% of our people participated in the 2021 survey, which was exactly the median response rate in our benchmark group.

We are proud that that our organisation remains one of the best in our benchmark group, and across the wider NHS, when responding to the question if a friend or relative needed treatment staff would be happy with the standard of care provided by the organisation. We had been the best scoring organisation in our benchmark group for each of the last 5 years prior to 2022, and while our score was not the very highest this time around, it was still one of

For the 2022 survey, questions were aligned to the People Promise (which sets out in the words of NHS staff, the things that would most improve their working experience).



Our scores demonstrates that within our benchmark group we were around average in the following People Promise Themes:

- **We are compassionate and inclusive.** We saw an improvement in percentage of respondents who said their role makes a difference to patients/service users. We also saw good improvements in the number of respondents saying their immediate manager supports them and listens to them with regards to problems, challenges, and concerns.
- **We are recognised and rewarded.** We saw improvements in the number of respondents saying they got recognition for good work, and that their immediate manager values their work.

However, in common with most Trusts, there was a drop in staff showing satisfaction with their level of pay.

- **We are a team.** We saw improvements across the board for questions related to line management within this theme – including encouragement, feedback and taking an interest in health and wellbeing. However, we did see a fall in the percentage of respondents who said teams in this organisation work well together to achieve their objectives.

We recognise from our results this year that further work is required to ensure improvements in recognition and value of our people; developing their potential and careers; supporting their work-life balance and enabling our teams through autonomy and freedom in how they work.

Question	Historic Scores				2022	Benchmark comparison		
	2018	2019	2020	2021		2022 Worst	2022 Average	2022 Best
The extent to which my organisational values my work	55.0%	53.3%	53.5%	42.1%	42.9%	42.5%	46.9%	55.0%
There are opportunities for me to develop my career in this organisation				46.2%	49.9%	49.0%	54.7%	60.5%
I have opportunities to improve my knowledge and skills				64.6%	65.0%	62.6%	73.0%	76.2%
I feel supported to develop my potential				51.6%	55.7%	50.7%	58.2%	66.2%
Satisfaction with the opportunities for flexible working patterns	56.3%	58%	61%	51.4%	52.9%	50.0%	57.2%	64.9%
My team has enough freedom in how to do its work				56.2%	56.2%	55.1%	64.2%	69.4%
Teams within this organisation work well together to achieve their objectives				52.2%	45.9%	45.9%	55.3%	70.8%

Expenditure on consultancy - Off-payroll arrangements

The table below provides details of the Trust's off payroll engagements during 2022/23 and comparator data for the previous years.

Off- payroll engagements as at 31 March 2023, for more than £245 per day and lasting more than six months	2022-23	2021-22	2020-21	2019-20	2018-19
Number of existing engagements as at 31 March 2023	29	12	2	13	13
Of which					
have existed for less than one year at the time of reporting	16	9	1	8	7
have existed for between one and two years at the time of reporting	12	2	1	2	4
have existed for between two and three years at the time of reporting	0	1	0	1	2
have existed for between three and four years at the time of reporting	1	0	0	2	0
have existed for four or more years at the time of reporting	0	0	0	0	0
Assurance has been sought and received from all of the individuals above that they have made appropriate arrangements for the payment of their tax liabilities					
New Off- payroll engagements or those that reached six months duration between 1 April and 31 March 2023, for more than £245 per day and lasting more than six months	2022-23	2021-22	2020-21	2019-20	2018-19
New Off- payroll engagements or those that reached six months duration between 1 April and 31 March 2023, for more than £220 per day and lasting more than six months	16	9	1	8	7
Number of the above which include contractual clauses giving the Trust the right to request assurance in relation to Income tax and National Insurance obligations	16	9	1	8	5
Number of whom assurance has been requested	16	9	1	8	0
Of which					
Assurance has been received	16	9	1	8	
Assurance has not been received	0	-	-	-	-
have been terminated as a result of assurance not being received	0	-	-	-	-

Off- payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April and 31 March 2023	2022-23	2021-22	2020-21	2019-20	2018-19
Off- payroll engagements of board members, and/or senior officials with significant financial responsibility during the financial year	0	0	0	0	-
Number of individuals that have been deemed board members, and/or senior officials with significant financial responsibility during the financial year. NB includes both off-payroll and on-payroll engagements	0	0	0	0	1



Stacey Keegan
 Chief Executive Officer
 22 June 2023

NHS Foundation Trust Code of Governance Disclosures

Statement of compliance with the NHS Foundation Trust Code of Governance

The Robert Jones and Agnes Hunt Orthopaedic NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis. The NHS Foundation Trust Code of Governance, most recently revised in October 2022, is based on the principles of the UK Corporate Governance Code issued in 2012.

The Trust is a public benefit corporation established under Section 35 of the National Health Service Act 2006. The Board attaches great importance to ensuring that the Trust operates to high ethical and compliance standards. In addition, it seeks to observe the principles set out in the NHS Foundation Trust Code of Governance.

The Board is responsible for the management of the Trust and for ensuring proper standards of corporate governance are maintained. The Board accounts for the performance of the hospital and consults on its future strategy with its members through the Council of Governors.

The Council of Governors' role is to influence the strategic direction of the Trust to take into account the needs and views of the members, local community and key stakeholders, to hold the Board to account for its performance, to develop a representative, diverse and well-involved membership and to make a noticeable improvement to the patient experience. It also has to undertake other statutory and formal duties, including the appointment of the Chairman and Non-Executive Directors of the Trust and appointment of the external auditors.

In the event of a dispute between the Board and the Council a disputes procedure is described in the Constitution.

In accordance with its Licence, the Trust has in place mechanisms in its Constitution to ensure that no person who is an unfit person may become or continue as a governor, except with the approval in writing of NHS Improvement.

The Board has established governance policies that reflect the principles of the NHS Foundation Trust Code of Governance. These are outlined within this Report and key elements are listed below:

The Directors' Report includes:

- Details of the chair, the deputy chair, the chief executive, the senior independent director

The Meet the Board and Meet the Trust's Council of Governors sections include:

- A brief biography of the board of directors, including their terms of appointment (if applicable).
- Details of the chair's other significant commitments which were disclosed to the council of governors before appointment.
- Details of the Trust's membership and Council of Governors, their appointments, attendance records and constituencies represented.
- Information on arrangements to ensure effective communication between the Council of Governors and the Board of Directors (particularly the non-executive directors)
- Information on how the public can contact the Board and the Governors.

The Annual Governance Statement includes:

- A summary of the Trust's governance structure, including the maintenance of a schedule of matters reserved for the board of directors which includes a clear statement detailing the roles and responsibilities of the council of governors, the Board, and the Trust's Directors.
- The required statements on how directors have prepared the annual report and accounts, and 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 NHS Foundation Trust's performance, business model and strategy.
- The respective roles of the Board's committees, including the Audit and Risk Committee
- A summary of the Trust's approach to quality governance.
- A summary of the Trust's arrangements for the maintenance of an internal audit and an external audit function
- A section on the review of the effectiveness of its system of internal controls
- Information on the Trust's arrangements for maintaining an internal audit and an external audit function.
- Information on the annual reviews of committee effectiveness.
- Information on the maintenance and availability of the required registers of interests.
- Information on the Trust's arrangements for making appointments to the Board and for assessing directors' performance.

Meet the Trust's Council of Governors

The Council of Governors consists of nine Public Governors, three Staff Governors and three Stakeholder Governors. The Trust's Governor can be contacted via the following email address: rjah.governors@nhs.net



Katrina Morphet
Public Governor – Cheshire and Merseyside



Phil White
Public Governor - Rest of England & Wales



Victoria Sugden
Lead Governor – Stakeholder Governor



Allen Edwards
Staff Governor



Kate Chaffey
Staff Governor



Kate Betts
Staff Governor



Tony Wright
Public Governor - West Midlands



Martin Bennett
Public Governor - Shropshire



Sheila Hughes
Public Governor – North Wales



Colin Chapman
Public Governor - Shropshire



William Greenwood
Public Governor - Powys



Colette Gribble
Public Governor – North Wales



Simon Jones
Stakeholder Governor



Karina Wright
Stakeholder Governor



Nikki Kuiper
Public Governor - Shropshire

Council of Governors Terms of Office and Elections

Type of Governor	Constituency	Term of Office Years	Appointed / Elected	Date Term in Office Ends
Stakeholder Governors (Appointed)				
Victoria Sugden	Shropshire Council	-	-	-
Karina Wright	Keele University	-	-	-
Peter David	Voluntary Services Committee	-	-	-
Staff Governors (Elected)				
Kate Chaffey	Staff	3	30 Jun 21	30 Jun 24
Allen Edwards	Staff	3	30 Jun 21	30 Jun 24
Kate Betts	Staff	3	05 Aug 22	05 Aug 25
Public Governors (Elected)				
Colin Chapman	Shropshire	3	30 Jun 21	30 Jun 24
Sheila Hughes	North Wales	3	05 Aug 22	05 Aug 25
Tony Wright	West Midlands	3	06 Oct 21	06 Oct 24
Martin Bennett	Shropshire	3	05 Aug 22	05 Aug 25
Nikki Kuiper	Shropshire	3	05 Aug 22	05 Aug 25
Phil White	Rest of England and Wales	3	30 Jun 21	30 Jun 24
Colette Gribble	North Wales	3	30 Jun 21	30 Jun 24
William Greenwood	Powys	3	05 Aug 22	05 Aug 25
Katrina Morphet	Cheshire and Merseyside	3	30 Jun 21	30 Jun 24

In January 2023 Victoria Sugden was appointed Lead Governor following an expression of Interest process. The Council commended William Greenwood for his professionalism, contributions, and leadership. William formally resigned as Lead Governors in January 2023.

Council of Governor Meetings

During 2022/23 the Trust held four meetings of the Council of Governors. The Trust recognises the importance of these meetings in ensuring that the members of the Board of Directors, and in particular the Non-Executive Directors, develop an understanding of the views of the Governors and its members. Governors have been engaged in the development and review of the Trust's forward plan, including its objectives, priorities, and strategy. These views have been communicated to the board of directors.

Attendance at the Council of Governors meetings by the Executive and Non-Executive Directors is outlined below. It should be noted that the Executive Directors are not members of the Council and therefore attendance is not a requirement but on an adhoc basis to support specific agenda items:

Name	Council of Governors
Total 2022/23	4
Harry Turner, Chairman	4/4
Sarfraz Narwaz, Non-Executive Director	3/4
Chris Beacock, Non-Executive Director	1/4
David Gilbert, Non-Executive Director	3/3
Paul Kingston, Non-Executive Director	2/4
Martin Newsholme, Non-Executive Director	4/4
Penny Venables, Non-Executive Director	2/2
John Pepper, Associate Non-Executive Director	3/3
Martin Evans, Associate Non-Executive Director	2/2
Stacey Keegan, Chief Executive Officer	3/4
Trust Secretary Representation	4/4

To ensure that the Board, and in particular the non-executive directors, develop an understanding of the views of governors and members, Board members attend meetings of the Council of Governors. Governors are also invited to attend meetings of the Board and its committees.

A survey of governors' opinions is also undertaken annually, and the lead governor has regular meetings with the Chair and the Trust Secretary to support effective communication between the membership, governors, and Board of Directors.

Membership

The Trust reviews its membership on a quarterly basis at the Council of Governors meeting. This review looks at the number of members and analyses the demographic information to ensure that, as far as possible, the membership remains representative of the community the Trust serves. The table below provides a breakdown of the membership by constituency for the financial year 2022/23. In addition, there were 1,220 staff members at the end of March 2023.

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
Cheshire & Merseyside	357	357	356	355	355	353	352	368	370	370	370	369
North Wales	926	925	929	925	904	863	867	885	884	879	884	884
Powys	537	539	542	540	524	523	522	533	533	533	531	531
Shropshire	2,750	2,757	2,757	2,755	2,703	2,544	2,542	2,623	2,632	2,634	2,639	2,639
West Midlands	529	530	531	530	531	530	530	545	547	545	546	547
Rest of England & Wales	249	249	249	249	249	249	248	261	262	262	263	264
Out of Trust Area	118	128	138	139	150	160	181	49	57	63	75	82
Total	5,466	5,495	5,502	5,493	5,416	5,222	5,242	5,264	5,285	5,286	5,308	5,316

The Trust set a target to achieve a year-on-year increase in membership. In April 2022, overall membership stood at 6644. On 1 April 2023, overall membership stood at 6528. As such, there was a 1.7% decrease over the 2022/23.

Though the membership total has fallen year-on-year, the low point was September 2022, when the figure was 6377. The membership was affected by a cessation of recruitment activity during the COVID pandemic. This activity restarted in late 2022 and between September 2022 and 1 April 2023, the membership rose by 2.4%.

NHS Oversight Framework

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

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

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

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

In May 2022 NHS England & NHS Improvement confirmed that the Trust was in breach of license in relation to infection, prevention, and control (IPC) following an outbreak within the organisations relating to eight hospital acquired infections. As a result, the Trust was moved from segment 2 ("Plans that have the support of system partners in place to address areas of challenge. Targeted support may be required to address specific identified issues") to segment 3 ("Significant support needs against one or more of the five national oversight themes and in actual or suspected breach of the licence") on the Oversight Framework.

In response to the identified IPC issue, the Trust devised and delivered a comprehensive improvement plan and established an IPC Quality Assurance Committee. The Committee met on eleven occasions and the Committee Chair presented an assurance report to the Board following each meeting.

The Trust received a compliance certificate from NHSE/I on 27th January 2023 which stated that *"NHS England hereby certifies that it is satisfied that the Trust has complied with all the Trust's Enforcement Undertakings accepted by NHS Improvement / England on 26 January 2023"*.

NHS England wrote to the Shropshire, Telford, and Wrekin Integrated Care Board on 1st June 2023 to confirm the Q4 and year-end segmentation for the system and its providers. Though the IPC issues had been addressed, the Trust remained in segment 3 due to the challenges around waiting times for elective care which contribute towards the "Quality of care, access and outcomes" theme of the Oversight Framework.

This segmentation information is the Trust's position as at 31st March 2023. Current segmentation information for the Trust is published on the NHS England and NHS improvement website: <https://www.england.nhs.uk/publication/nhs-system-oversight-framework-segmentation/>

Statement of the Chief Executive's Responsibilities as the Accounting Officer of The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust

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

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

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

- observe the Accounts Direction issued by NHS England, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- make judgements and estimates on a reasonable basis.
- state whether applicable accounting standards as set out in the *NHS Foundation Trust Annual Reporting Manual* (and the *Department of Health and Social Care Group Accounting Manual*) have been followed and disclose and explain any material departures in the financial statements.
- ensure that the use of public funds complies with the relevant legislation, delegated authorities, and guidance.
- confirm that the annual report and accounts, taken as a whole, is fair, balanced, and understandable and provides the information necessary for patients, regulators and stakeholders to assess the Foundation Trust's performance, business model and strategy; and
- prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

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

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



Stacey Keegan
Chief Executive Officer
22 June 2023

Annual Governance Statement 2022/23

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust "(the 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 the Trust for the year ended 31 March 2023 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Trust considers that risk management is everyone's business, ranging from staff taking individual responsibility for the safety of themselves, their colleagues, or patients to Executive Director responsibility for strategic risks or the Non-Executive responsibilities for robust challenge of effective risk management and assurance of adequate control.

The Trust has in place a robust Risk Management Strategy which outlines its vision for risk management and defines the Trust's approach, as agreed by the Board of Directors. The risk management strategy was reviewed during the last quarter of 2022/23 and an updated policy will be launched during the first quarter of 2023/24, along with an updated training programme for staff. A supporting strategy will be developed to support the Trust's objectives for 2023/24.

The Risk Management Strategy delegates leadership and responsibilities for risk management to the following senior managers and Executive Directors:

Chief Executive Officer

- Accounting Officer
- Maintain a sound system of internal control.
- Prudent and economic administration of the organisation
- Strategic leadership for the Trust's Information Management and Technology infrastructure and services

Chief Finance and Planning Officer

- Advise Board on Financial Strategy and Management
- Ensure sound financial management, including compliance with SFIs.
- Ensure that external financial reporting complies with the relevant standards.
- Ensure that there are systems in place to meet the Trust's operational targets and objectives.
- Ensure sound financial management of the Capital Programme
- Health and Safety management and compliance with statutory requirements

Chief Nurse and Patient Safety Officer

- Board lead for Quality and Safety (in conjunction with the Chief Medical Officer)
- Sound Clinical Governance
- Professional Leadership of Nursing Staff and Allied Health Professionals
- Patient and Public involvement
- DIPC (Director of Infection Prevention and Control)
- Safeguarding
- Oversight of risk management process
- Accountable Officer for controlled drugs

Chief Medical Officer

- Responsible Officer including the appraisal, revalidation, and performance management of medical staff.
- Professional Leadership of Medical Staff
- Ensure that medical staff have the requisite skills to provide high quality medical care.
- Lead on clinical governance, accountability, and quality (in conjunction with the Chief Nurse and Patient Safety Officer)
- Lead for the Clinical Services Strategy (in conjunction with the Managing Director of Strategy and Planning)
- Leading the Trust's relationships with General Practitioners and Medical Schools
- Lead medical input into litigation and claims management.
- Ensure that sound governance arrangements are in place for research.
- Caldicott Guardian / Information Governance

Chief People Officer

- Effective matching of workforce to activity
- Leading and facilitating continuous professional development
- Develop the leadership capacity and capability.
- Ensuring the development and implementation of the Organisational Development Strategy
- Equality, diversity, and inclusion

Chief Improvement, Organisational Development and Performance Officer / Chief Operating Officer

- Ensuring the Trust has adequate oversight of its performance.
- Strategic leadership for the Trust's service improvement framework and agenda
- Design and ensure the effective operation of the Trust's process of continuous improvement.
- Emergency Planning, Resilience and Response (EPRR)

Trust Secretary

- Provide central support and advice to the Board regarding the establishment of an effective system of internal control.
- Develop and maintain the Trust's Board Assurance Framework

Clinical Chairs / Managing Directors / Assistant Chief Nurses

- Manage risks at a local level and developing an environment where staff are encouraged to identify and report risk issues proactively.
- Maintain a risk register and presenting key risks to the Risk Management Committee on a bi-monthly basis.
- Ensure that their staff report immediately any near-miss incidents, adverse incidents, and serious incidents, using the Trust's incident reporting procedure.

- Provide appropriate feedback regarding specific incidents reported and implement recommendations following investigations to reduce the likelihood of recurrence.
- Efficient delivery of operational and clinical support services
- Implementation of national policy on waiting list targets
- Ensure that there are systems in place to meet the Trust's operational targets and objectives.

Director of Digital

- As Senior Information Risk Owner (SIRO) ensuring that risks to data security are recognised and managed.
- Lead for Cyber Security

Assistant Chief Executive Officer

- The Trust's Data Protection Officer in accordance with the General Data Protection Regulation (GDPR)

Risk awareness is promoted throughout the organisation with all staff expected to have an understanding of the Trust's incident reporting procedure and knowledge of the process for escalating risks. Staff are trained in risk management awareness both at induction for new starters and as refresher training.

The Risk and Control Framework

The Trust's Risk Management Strategy sets out the framework and systems for implementation of risk management and governance in the Trust. The strategy clearly defines how risks are identified, reviewed, managed and, where appropriate, escalated. Further, it sets out individual and committee roles and responsibilities and defines the levels of authority for the management of identified levels of risk. It also describes the Trust's interpretation and definition of 'acceptable risk'.

The Trust's Risk Management Strategy was due for review in October 2022. This was noted during the Good Governance Institute (GGI)'s review of clinical governance at the Trust, which was completed in September 2022. GGI were subsequently commissioned to deliver a programme of risk improvement work which included updating and developing a training programme based on a learning needs analysis. The previous strategy document was rebadged as a policy and the updated policy and associated training plan were considered at the Audit and Risk Committee in March 2023 and have been rolled out in the first quarter of 2023/24.

The Trust utilises an online risk management database to escalate risks up and down through the organisation in accordance with the matrix outlined in the Risk Management Policy.

The policy includes the following key elements:

- It describes what is meant by 'risk management'.
- It identifies the roles and responsibilities of all staff within the Trust.
- It clearly describes the roles and responsibilities of the key accountable officers.
- The training requirements for staff

It sets out the process of risk management as follows:

- i. Risk identification
- ii. Risk evaluation
- iii. Risk recording
- iv. Risk treatment and escalation

The Board of Directors is responsible for setting the Trust's risk appetite on an annual basis according to its present position and anticipated direction of travel for the financial year ahead.

The defined appetite is then applied through implementation of the Trust’s Risk Management Strategy.

In 2022/23 a Risk Management Working Group was established to oversee the effectiveness of the operational management of risk, with the Audit and Risk Committee overseeing the effectiveness of the governance framework and controls.

In addition, there are several internal and external assurances gained throughout the year through sources such as:

Internal
<ul style="list-style-type: none">•Strategic and business planning•Adverse incident analysis•Complaints•Claims•Analysis of compliance with statutory duties and guidance•Intelligence from internal health and safety, fire or security inspections•Internal Audit
External
<ul style="list-style-type: none">•Safety alerts or hazard warnings•External body recommendations•New legislation•External inspections or assessments•External Audit•Regulatory reviews

The Trust utilises a risk assessment matrix to ensure a consistent approach is taken to assessing the potential consequences and likelihoods of risks and furthermore that appropriate action is taken to address each risk based on the resulting risk score. This process of assessment is conducted via the online risk management system referenced previously.

The Trust is committed to ensuring that any potential risks are mitigated to the lowest possible level and where possible negated altogether and uses both internal and external expertise, as required, to decide on the most appropriate treatment of identified risks.

Governance Framework of the Organisation

The Trust has continued to develop its governance structures over the last 12 months in line with internal and external audit recommendations. The structures in place are aimed at delivering an integrated governance agenda. Integrated governance is the combination of systems, processes, and behaviours which the Trust uses to lead, direct and control its functions in order to achieve its organisational objectives.

Over the course of the last 12 months the Trust has focused on reverting back to pre-pandemic ways of working. All meetings that were suspended as result of the pandemic have been reinstated and the Board of Directors and Board Committee Meetings are now held in person.

The Board Assurance Framework

The Board Assurance Framework (BAF) captures the risks to delivery of the Trust's strategic objectives.

Each of the risks captured in the BAF are overseen by one of the Board's assurance committees. More information on the committees in operation during the year is included in the Board Assurance structure section. The risks and oversight committees (at 31 March 2023) are outlined in the below:

BAF Risk	Headline Description	Assurance Committee
1	<p>Effectiveness of engagement with the workforce - If the engagement with the workforce is not effective there is a risk that opportunities for improvement and innovation will be missed, and staff morale will deteriorate with potential to result in loss of staff. Engagement can be hampered by the prioritisation of operational and clinical duties and there is potential for there to be insufficient time given to managers and clinical staff working together.</p> <p>Rating at 31 March 2023: Likelihood 3 x Consequence 4 = 12</p>	People and Culture Committee
2	<p>Workforce capacity and capability - Inadequate succession planning and talent management resulting in gaps in levels of expertise. Risk to staff morale resulting in increased turnover. Inability to increase activity safely to meet national targets resulting in further regulatory scrutiny. Poor patient experience and potential patient safety risks. Lack of innovative roles reduces the potential staff being attracted to the organisation.</p> <p>Rating at 31 March 2023: Likelihood 4 x Consequence 4 = 16</p>	People and Culture Committee
3	<p>Equality, Diversity & Inclusion capacity, and capability - Potential for non-compliance with statutory and regulatory requirements. Poor staff experience impacting on staff morale and lack of inclusion, sickness absence and turnover. Inability to improve staff survey results. Potential for health inequalities to not be addressed impacting on patient experience.</p> <p>Rating at 31 March 2023: Likelihood 4 x Consequence 3 = 12</p>	Quality and Safety Committee / People and Culture Committee
4	<p>Community Infection Prevalence - Impact on staff absence, increased potential for covid outbreaks, adverse impact on patient safety and patient experience, reputational damage, additional regulatory scrutiny, impact on the capacity of the IPC Team</p> <p>Rating at 31 March 2023: Likelihood 3 x Consequence 5 = 15</p>	Quality and Safety Committee
5	<p>Insufficient capacity to meet demand - Inability to restore activity levels to that provided pre-Covid resulting in increasing waiting times and poor patient experience. Regulatory and system scrutiny and loss of reputation.</p> <p>Rating at 31 March 2023: Likelihood 4 x Consequence 4 = 16</p>	Quality and Safety Committee / Finance, Performance and Digital Committee
6	<p>IT capacity and functionality to support new ways of working - Impact on roll out of EPR, inability to adapt to emerging requirements, opportunities of the system constrained by finances, inability to progress with compliance with accessible information standard resulting in inadequately meeting patient needs and poor patient experience.</p> <p>Rating at 31 March 2023: Likelihood 3 x Consequence 5 = 15</p>	Quality and Safety Committee / Finance Performance and Digital Committee
7	<p>Cyber risk - Potential for cyber-attack impacting on systems and processes required for delivering patient care, information governance breach, poor patient experience.</p>	Finance Performance and Digital Committee

BAF Risk	Headline Description	Assurance Committee
	Rating at 31 March 2023: Likelihood 4 x Consequence 4 = 16	
8	Constrained resources (incorporating system investment restrictions) - The local ICS has one of the biggest proportional financial deficits in the Country and is required to take action to return to break-even. In tackling this additional controls on new investments have been introduced through a triple lock process that requires three tiers of authorisation (Organisation, System and Regulator). This has led to multiple organisational approved investments being paused pending identification of system funding with consequential risks to quality, standards of care and patient experience. Rating at 31 March 2023: Likelihood 4 x Consequence 4 = 16	Finance Performance and Digital Committee
9	Delivery of year-on-year efficiencies and productivity gains - Operational plan requires delivery of efficiency programme and return to pre COVID levels of productivity for patient throughput. Rating at 31 March 2023: Likelihood 4 x Consequence 4 = 16	Finance Performance and Digital Committee
10	Compliance with strategic oversight framework - Failure to satisfy NHSE criteria, continued breach of licence and SOF3, increased regulatory scrutiny, reputational damage. Rating at 31 March 2023: Likelihood 3 x Consequence 5 = 15	Quality and Safety Committee

The BAF risk “heatmap” displays these risks (at March 2023) against the rating scale:

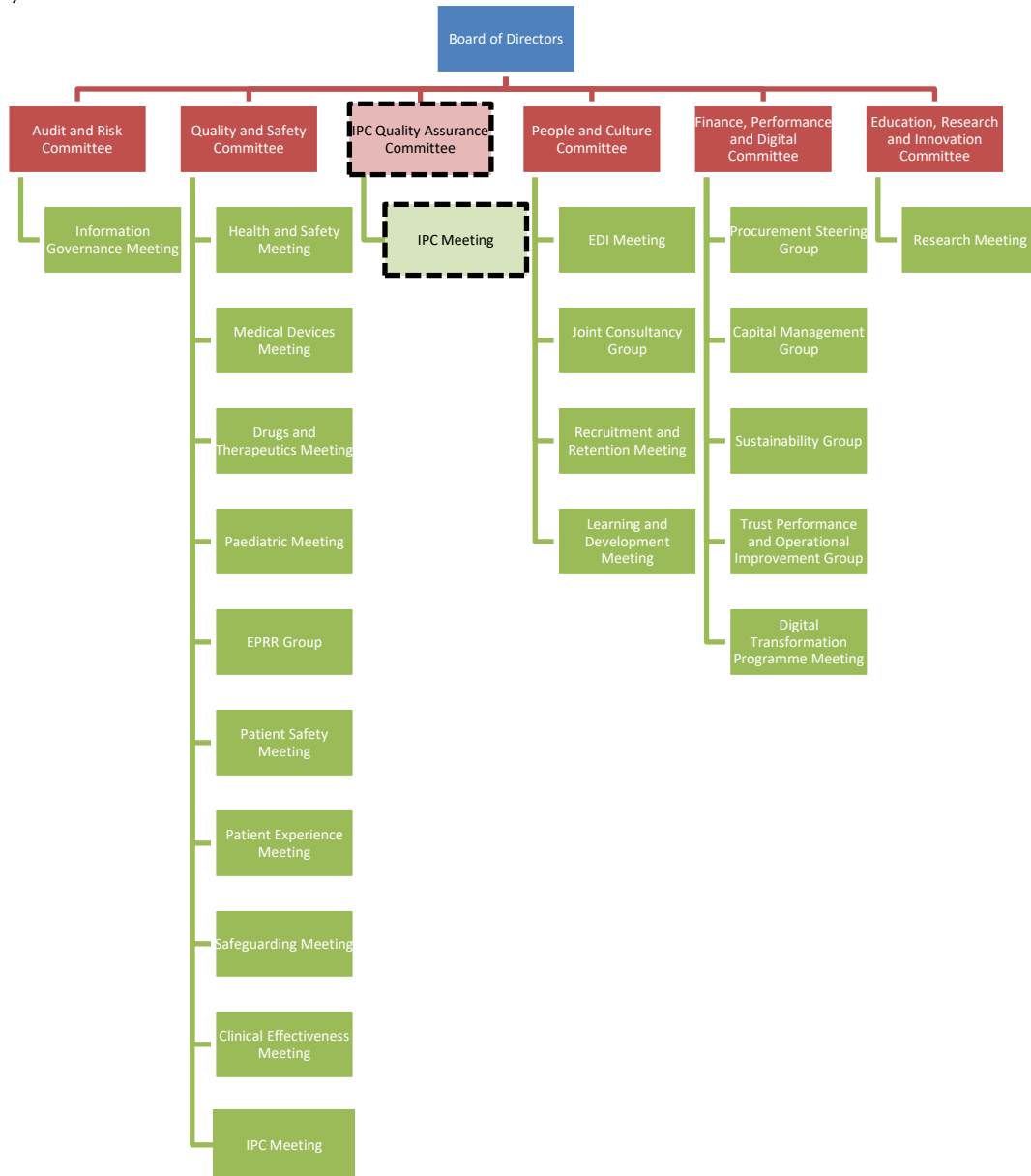
		Consequences				
		(1) Insignificant	(2) Minor	(3) Moderate	(4) Major	(5) Catastrophic
Likelihood	(5) Almost certain					
	(4) Likely			BAF 3	BAF 2 BAF 5 BAF 7 BAF 8 BAF 9	
	(3) Occasionally / Possible				BAF 1	BAF 4 BAF 6 BAF 10
	(2) Unlikely					
	(1) Rare					

Many of the key risks faced in 2022/23 will continue to apply in 2023/24. Many of these challenges are national, or system-wide challenges. These will include challenges around recruitment and retention and the continued reduction of waiting times (which increased while

activity was paused during the COVID pandemic). The Board Assurance Framework will undergo a full refresh in early 2023/24 to reflect the Trust’s objectives.

Board Assurance Structure

The Board of Directors leads on integrated governance and delegates key duties and functions to its committees whilst retaining certain decision-making powers on strategy and aspects of financial management. The diagram below sets out the committee structure during 2022/23. The elements in the dotted boxes were not in place at the end of the year (as explained in the footnotes):



Footnote:

1. Operational meeting (green)
2. Assurance meetings (red) reporting directly to the Board (Blue)
3. The Trust established the Infection Prevention and Control (IPC) Quality Assurance Committee in March 2022 to enhance oversight of IPC matters. The committee was disestablished in February 2023 and oversight of IPC then transferred back into the Quality and Safety Committee. This is described in more detail in the following narrative section.
4. The Trust held the first Education, Research, and Innovation Committee in March 2023. Therefore, the Research Committee has been realigned from the Quality and Safety Committee.

The roles and responsibilities of the Board Committees are described more fully below, and performance of these committees is evaluated on an annual basis with onward reports to the Audit and Risk Committee.

Board of Directors

The Board meets regularly to discuss an agenda based on four key elements:

- Strategy and Policy
- Performance and Governance
- Quality and Safety
- People and Workforce

The Board is responsible for setting the organisation's strategy and for ensuring that the Trust meets its statutory duties and effectively manages risk. The Board gains assurance through the Board Assurance Framework. The Board holds prime responsibility for corporate governance and the development of systems and processes for internal control, including risk management, the Board Assurance Framework and compliance with Care Quality Commission (CQC) regulations. The Board Assurance Framework is tabled for discussion at each of the assurance Committees meetings for consideration and approval. The Committees have the opportunity to reflect on the risks aligned to their remit and recommend any amendments to the Audit and Risk Committee before presentation to the Board of Directors on a quarterly basis.

The Board maintains responsibility for setting and approving work plans and monitoring the delivery of planned objectives. The Board of Directors regularly receives reports from its committees on the business covered, risks identified, and action taken as well as regular performance related reports.

The Board is responsible for ensuring the financial viability through the establishment of effective financial stewardship.

Membership of the Board comprises the Trust Chairman, Chief Executive, Non-Executives and Executive Directors with attendance from non-voting Directors and the Trust Secretary.

Audit and Risk Committee

The Audit and Risk Committee is accountable to the Board. It is chaired by a Non-Executive Director and membership consists solely of Non-Executive Directors with Board Executives invited to attend.

It is responsible for ensuring there is an effective system of risk management and internal control across the Trust. The operational management of risk continues to be aligned with the Audit Committee to streamline oversight and assurance of the processes and systems. The Committee has since been named the Audit and Risk Committee. The Committee provides an oversight of the activities of internal audit, external audit, the local counter fraud service, and the assurance on internal control, including compliance with the law and regulations governing the Trust's activities.

The Committee's responsibilities included the following:

- Reviewing the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisations (clinical and non-clinical) that supports the achievement the organisations objective.
- Ensuring that there is an effective internal audit function that meets the Public Sector Internal Audit Standards 2017 and provide appropriate independent assurance to the Committee, Chief Executive Officer, and the Board of Directors
- Reviewing and monitoring the external audits' independence and objectivity and the effectiveness of the audit process. In particular, the Committee will review the work and findings of the External Auditor and consider the implications and management's responses to their work

- Satisfying itself that the organisation has adequate arrangements in place for counter fraud, bribery and corruption that meet NHSCFA's standards and shall review the outcome of work in these areas
- Monitoring the integrity of the financial statements of the origination and any formal announcements relating to its financial performance
- Ensuring that the systems for financial reporting to the Board, including those of budgetary control, are subject to review as to completeness and accuracy of the information provided.
- Reviewing, as appropriate, reports and assurances from directors and managers on the overall arrangements for governance, risk management and internal control.
- Reviewing the annual report and before submission to the Board, focusing particularly on:
 - The wording in the annual governance statement and other disclosures relevant to the relevant to the terms of reference of the Committee
 - Changes in, and compliance with, accounting policies, practices, and estimation techniques
 - Unadjusted misstatements in financial statements
 - Significant judgments in preparation of the financial statement
 - Significant adjustment resulting from the audit
 - Letters of representation
 - Explanation for significant variances

Quality and Safety Committee

The Quality and Safety Committee is accountable to the Board. It is chaired by a Non-Executive Director and is attended by a further two Non-Executive Directors and members of the Executive Team.

The purpose of the Quality and Safety Committee is to assist the Board obtaining assurance that high standards of care are provided and any risks to quality identified and robustly addressed at an early stage. The Committee will work with the Audit and Risk Committee to ensure that there are adequate and appropriate quality governance structures, processes, and controls in place throughout the Trust to:

- Promote safety and excellence in patient care
- Identify, prioritise, and manage risk arising from clinical care
- Ensure efficient and effective use of resources through evidence based clinical practice

Key responsibilities of the Committee are to:

- Promote excellence in patient care in all aspects of quality and safety and monitor and review the "Quality Improvement Strategy"
- Ensure the Trust is meeting core standards and is compliant with national guidelines to include (but not be limited to) prevention and control of infection and effective and efficient use of resources through evidence based clinical practice
- Consider NHSI Quality Governance Framework in the delivery of its key responsibilities
- Receive an agreed level of clinical data and trend analysis from clinical forums and working groups, which provides adequate clinical matrix to inform and analyse the clinical services provided at the Trust
- Ensure that the Committee has adequate information on which to advise and assure the Board on standards of care provision
- Receiving assurance / escalation reports from formal meetings of the Trust working on areas within the Committee's remit
- Review the draft Quality Accounts before submission to the Trust Board
- Approve such policies as the Board has not reserved to itself and as required by the Trust's Policy Control Policy
- In relation to Clinical outcomes:
 - Monitoring the effectiveness of the Trust's arrangements for the systematic monitoring of mortality and other patient outcomes

- Receiving and commenting on action plans and progress reports proposed by management in response to monitoring data on patient outcomes
- In relation to Incident reporting and investigation
 - Monitoring the effectiveness of the Trust's systems for reporting and investigating Serious Incidents (SIs), near misses and other incidents
 - Reviewing the outcomes of investigations, ensuring that the information is presented in sufficient detail to enable systemic failings in patient care to be identified; receiving and commenting on action plans and progress reports proposed by management in response to SIs, near misses and other incidents
- In relation to Patient Experience:
 - Monitoring the effectiveness of the Trust's systems for complaints handling and reviewing complaints for trends and themes.
 - Monitoring the effectiveness of the Trust's systems for advocacy and the encouragement of feedback from patients and relatives
- Review CQUIN requirements
- In relation to Patient Information Governance:
 - Monitoring the arrangements to ensure the security of personally identifiable data.

The Committee also oversees Board Assurance Framework and Corporate Risks relevant to its remit on behalf of the Board.

Infection Prevention and Control (IPC) Quality Assurance Committee (established by the Board in March 2022 until February 2023)

The IPC Quality Assurance Committee was accountable to the Board. It was chaired by a Non-Executive Director and attended by a further Non-Executive Director and members of the Executive Team. Infection, Prevention and Control is usually aligned to the Quality and Safety Committee but, as an area of particular focus for the Trust during the year, IPC issues were reported directly into the Board via the IPC Quality Assurance Committee.

The terms of reference of the Committee defined its role and key responsibilities as follows:

- Promote excellence in patient care in all aspects of Infection, Prevention and Control and monitor and review the “Quality Improvement Strategy”
- The purpose of the IPC Quality Assurance Committee is to assist the Board obtaining assurance that high standards of care are provided and any risks to quality identified and robustly addressed at an early stage. The Committee will work with the Audit Committee and Risk Management Committee to ensure that there are adequate and appropriate quality governance structures, processes, and controls in place throughout the Trust in relation to Infection, Prevention and Control in order to:
 - Promote safety and excellence in patient care
 - Identify, prioritise, and manage risk arising from clinical care
 - Ensure efficient and effective use of resources through evidence based clinical practice
- To ensure the Trust is meeting core standards and is compliant with national guidelines and regulatory requirements in relation to prevention and control of infection
- To oversee the delivery of the infection prevention and control improvement plan and provide appropriate assurances to the Board and escalate any areas of concern
- To ensure that the Committee has adequate information on which to advise and assure the Board on standards of care provision in relation to Infection, Prevention and Control
- To receive Chairs Assurance Reports from the following the Infection Control Committee
- The Committee shall approve such policies as the Board has not reserved to itself and as required by the Trust’s Policy Control Policy

Due to:

- The good progress made in delivering the IPC Improvement Plan
- Confirmation that the Trust had successfully delivered the undertakings set by NHSE; and

- The Trust returning to “Green” on the NHSE/ IPC matrix

The Committee recommended, at its meeting on 9 February 2023 that it be disestablished and responsibility for providing assurance on IPC matters, including oversight of the residual actions arising from the IPC action plan, be transferred back to the Quality and Safety Committee. The Board agreed this recommendation, subject to the arrangements being kept under review.

Both the Committee and Board noted that the Infection Prevention Meeting continued to deliver the IPC agenda. The only change to the arrangements was the assurance reporting route to the Board (which would then be delivered via the Quality and Safety Group, rather than directly from the IPC Meeting).

Finance, Performance and Digital Committee (previously, Finance, Planning and Digital)

The Finance, Performance and Digital Committee is accountable to the Board. It is chaired by a Non-Executive Director and attended by a further Non-Executive Director and members of the Executive Team.

The purpose and key responsibilities of the Committee, according to the TOR, are outlined below:

The Finance, Performance and Digital Committee supports and advises the Board on all aspects of the Trust’s Annual and Long-Term Financial Plans and recommends adoption of the plans to the Board of Directors.

Strategy:

- To consider and approve the key planning and financial assumptions to be used in the five-year strategy and annual operational plan
- Oversight of strategic issues related to income e.g., changes to tariff, commissioning intentions, tendering for new services, risks from competition and market share
- To consider recommendations of investment and disinvestment of Trust sub-specialty / service reviews ensuring strategic steer in keeping with the Trust strategy and objectives
- Capital planning oversight, ensuring forward planning, regular review and recommendations including acquisitions and disposal of assets, in line with the Trust strategy and objectives
- To consider, evaluate and if appropriate recommend for Board approval commercial developments and partnerships opportunities in keeping with the Trust strategy and objectives
- To consider and recommend Board approval of material business cases as defined by the Trust SFI’s (currently investments above c£250k)
- Consider post project evaluation reports on significant capital investments. This will include all schemes over £250k and other schemes which are considered to represent a significant risk to the Trust
- To consider and recommend Board approval of the Trust’s Digital Strategy
- Oversight of the Trust’s digital risks

Oversight and Scrutiny:

- Receive regular reports on financial performance including the overall financial performance against plan and associated risk rating, performance of Capital programme and the performance of activity against contract
- To evaluate progress and recommend further actions from the review of in year financial, CIP, activity, RTT and productivity performance information, including SLR review
- Review the Trust’s investment register of cash investment as required

- To evaluate progress of service transformation and investment plans, ensuring establishment of models of best practice in line with the Trust strategy
- Promoting sustainability and receiving sustainability KPIs
- To receive routine Chair Assurance Reports from designated working groups e.g., Capital Management Group, Procurement Steering Group, STW MSK Programme Board, Digital User Group, Sustainability Working Group, Veterans Project Board, Trust Performance and Operational Improvement Group and Digital Transformation Board
- Receive relevant internal audit reports
- To provide oversight in respect of all aspects of business planning, partnerships, and development
- To provide oversight to the Trust annual plan and its subsequent delivery
- To oversee the delivery of the Trust's digital strategy
- To receive deep dives for scrutiny and further assurance into key performance areas. At the time of the meeting, the Committee will decide which deep dive will be presented at the following meeting

Policies/Strategies:

- The Committee shall approve such policies and strategies as the Board has not reserved to itself and as required by the Trust's Policy Control Policy
- Review progress made in delivering key enabling strategies such as (but not limited to) Estates, Procurement, and Digital Services raising any significant risks regarding their delivery to the Board

The Committee also oversees Board Assurance Framework and Corporate Risks relevant to its remit on behalf of the Board.

People and Culture Committee (previously, People Committee)

The People and Culture Committee is accountable to the Board. It is chaired by an Associate Non-Executive Director and is attended by further Non-Executive Directors and members of the Executive Team.

The purpose of the People and Culture Committee is to assist the Board in obtaining assurance that the Trust's workforce strategies and policies are aligned with the Trust's strategic aims and support a patient-focused, performance culture where staff engagement, development and innovation are supported. The Committee will work with the Audit and Risk Committee to ensure that there are adequate and appropriate governance structures, processes, and controls in place throughout the Trust to:

- Promote excellence in staff health and wellbeing
- Identify, prioritise, and manage risks relating to staff
- Ensure efficient and effective use of resources

The role of the Committee includes:

- Ensuring the Trust is meeting its statutory and regulatory requirements in relation to workforce management
- Overseeing the development and implementation of the People Plan and any related workforce plans
- Monitoring and developing the Trust's plans for talent management, succession planning, staff engagement, performance, reward and recognition strategies and policies
- Receiving an agreed level of workforce data and trend analysis to inform and analyse workforce issues
- Ensuring that the Committee has adequate information on which to advise and assure the Board on 'Caring for Staff'
- Receiving assurance / escalation reports from formal meetings of the Trust working on areas within the Committee's remit

- Ratifying such policies as the Board has not reserved to itself and as required by the Trust's Policy Approval Framework
- Reviewing progress made in delivering key enabling workforce strategies, raising any significant risks regarding their delivery to the Board
- Assuring and advising the Board on any issues of significance relating to the Committee's remit

The Committee also oversees Board Assurance Framework and Corporate Risks relevant to its remit on behalf of the Board.

Education, Research, and Innovation Committee (from March 2023)

The Education, Research and Innovation Committee is accountable to the Board and has overall responsibility for the development and implementation of research, education, and training strategies, and to monitor, investigate and address any activity within its terms of reference. It is authorised to seek a range of views and expertise and request the attendance of individuals and advisors with relevant experience and expertise where necessary.

This Committee is chaired by a Non-Executive Director and attended by a further Non-Executive Director and members of the Executive Team.

Non-Executive Directors Remuneration and Appointment Committee

The Committee is responsible for appointing Non-Executive Directors, including the Chairman, to the Board of Directors. It shall ensure there is a formal, rigorous, and transparent procedure for the appointment of new Directors and that Directors are 'fit and proper' to meet the requirements of the general conditions of the Trust's provider licence.

The Committee will also periodically be satisfied that plans are in place for orderly succession for appointments to Non-Executive positions, so as to maintain an appropriate balance of skills and experience on the board.

The Committee will recommend to the Council of Governors remuneration and terms of service policy for Non-Executive Directors, taking into account the views of the chair (except in respect of his own remuneration and terms of service) and the chief executive and any external advisers. The Committee will agree the process and receive and evaluate reports about the performance of individual Non-Executive Directors and consider this evaluation output when reviewing remuneration levels.

Executive Directors' Remuneration and Appointments Committee Terms of Reference

To be responsible for identifying and appointing candidates to fill all the Executive Director positions on the board.

When appointing the Chief Executive, the Committee shall be the Committee described in Schedule 7, 17(3) of the National Health Service Act 2006 (the Act). When appointing other Executive Directors, the committee described in Schedule 7, 17(4) of the Act.

The Committee shall ensure there is a formal, rigorous, and transparent procedure for the appointment of new Directors and that Directors are 'fit and proper' to meet the requirements of the general conditions of the Trust's provider licence.

Council of Governors

The Trust's governors are elected representatives of the local communities the Trust serves and together they form the Council of Governors which is an integral part of the Trust's governance framework. They are not responsible for the operational management of the Trust but rather are responsible for challenging and holding to account the Board of Directors.

They plan an active role in the development of the Trust and its activities and are included in the initiatives and collaborative committees run throughout the year. The statutory powers and duties of the Council of Governors include:

- To appoint, remove and decide upon the terms of office of the Chair and Non-Executive Directors of the Trust
- To determine the remuneration of the Chair and Non-Executive Directors
- To appoint or remove the Trust's auditor
- To approve or not approve the appointment of the Trust's Chief Executive
- To receive the annual report and accounts and auditor's report at a general meeting
- To hold the Non-Executive Directors to account for the performance of the Board
- To represent the interests of members and the public
- To approve or not approve increases to non-NHS income of more than 5% of total income.
- To approve or not approve acquisitions, mergers, separations, and dissolutions.
- To jointly approve changes to the Trust's constitution with the Board
- To express a view on the Board's plans for the Trust in advance of the Trust's submission to NHS England
- To consider a report from the Board each year on the use of income from the provision of goods and services from sources other than the NHS in England

The Trust has a duty to ensure that governors are equipped with the skills to perform this role. As required by the Health and Social Care Act 2012 and would usually run a number of workshops, these were however paused due to the pandemic with arrangement underway for the year ahead for a programme of virtual sessions.

The Board works closely with the Council of Governors. The Trust's Chairman is also the Chair of the Council of Governors meetings and is supported at each meeting by other members of the Board. The Chairman works closely with the nominated Lead and Co-ordinating Governors. Governors meet prior to each meeting of the Council of Governors to agree items to be discussed and review key issues.

Attendance at the Trust's Board of Directors and Board level committees is monitored on a monthly basis and the table below outlines the attendance for the year. In the event that attendance fell below expected levels this would be addressed on an individual basis.

Name	Board of Directors	Audit and Risk	Quality and Safety	IPC Quality Assurance	Finance Performance and Digital	People and Culture	Education, Research, and Innovation
Meetings held in 2022/23	12	5	11	11	17	10	1
Harry Turner, Chair	12/12						
Chris Beacock, Non-Executive Director	11/12	5/5	11/11	11/11		10/10	
Paul Kingston, Non-Executive Director	10/12	3/5	6/11	8/11		2/10	1/1
Sarfraz Nawaz, Non-Executive Director	11/12	4/5			15/17	6/10	
Martin Newsholme, Non-Executive Director *	9/11	5/5	10/10	9/10	15/17		
Penny Venables, Non-Executive Director *	9/9		9/9	7/9		8/9	
John Pepper, Associate Non-Executive Director *	9/9		8/9	5/9	11/12		1/1
Martin Evans, Associate Non-Executive Director *	5/7					7/7	
David Gilbert, Associate Non-Executive Director *	9/9				7/12	4/8	
Stacey Keegan, Chief Executive Officer	12/12		5/11	8/11	11/17	6/10	
Craig Macbeth, Chief Finance and Planning Officer	12/12	4/5		3/11	15/17		
Ruth Longfellow, Chief Medical Officer	10/12	2/5	11/11	10/11	4/5	8/10	1/1
Sara Ellis Anderson, Chief Nurse and Patient Safety Officer	12/12	0/5	8/11	9/11		7/10	0/1
Denise Harnin, Chief People Officer *	8/8					7/9	0/1
Mike Carr, Chief Operating Officer *	7/9				9/11	2/9	
Kerry Robinson, Chief Improvement, Performance and Organisational Development Officer *	1/3				2/4		
Sarah Sheppard, Chief People Officer *	3/4					3/3	

Footnotes: grey box = not required to attend the meeting

Internal Audit

The Trust's internal auditors are Mersey Internal Audit Agency (MIAA) who met mandatory NHS Internal Audit Standards and provided appropriate independent assurance to the Audit and Risk Committee, Chief Executive and Board. They primarily provide an independent and objective opinion to the Trust on the degree to which risk management, control and governance processes support the achievement of the Trust's objectives. The recommendation to appoint Mersey Internal Audit as the Trust's new internal audit and counter fraud provider for 3 years from the 1st of April 2022 was approved by the Board of Directors.

External Audit

The Trust's external auditors are Deloitte LLP. External audit is an essential element of corporate governance, contributing to the stewardship and process of accountability for use of resources. The scope of audits is extended to cover not just financial statements but the arrangements to secure value for money. The Trust's external auditors report into the Audit and Risk Committee.

Quality Governance

The Board is responsible for ensuring that the Trust has sound Quality Governance arrangements in place. It is supported in this by the Quality and Safety Committee which reviews evidence from a number of sources including, specialist committees, clinical audit reports and patient stories. It receives reports and reviews in full all serious incident root-cause analysis reports and any actions taken in response to them.

The Trust updated its Quality Strategy in 2017 following consultation with key stakeholders on the priorities to be included and the Board is regularly updated on progress against the key quality initiatives. The Trust is currently refreshing its Quality Strategy to incorporate Allied Health Professionals, and this will be taken through the Quality and Safety Committee in the first instance in June 2023.

Staff are required to report all untoward incidents through a formal system, and these are reviewed by the Clinical Governance Team who are responsible for ensuring that all learning is shared, and actions agreed and implemented as per the Trust's Incident Management and Serious Incident Management Policies.

The Trust reviews all of the complaints it receives, and the results of this review are reported to the Quality and Safety Committee and the Board.

The Trust has a well-established openness policy, which includes whistleblowing. Whistleblowing is included on the staff induction training which all staff are required to attend. In addition, the Trust has in place a Freedom to Speak Up Guardian, as well as an Executive and Non-Executive lead and this year has introduced 7 new Freedom to Speak Up Champions to the Trust.

A rigorous process is in place for doctors' appraisals, supported by the production of a comprehensive data set for each doctor. In addition, the Trust is compliant with the doctor's revalidation programme.

In May 2022 it was confirmed that the Trust was in breach of license in relation to Infection, Prevention and Control following an outbreak within the organisations relating to eight hospital acquired infections. The Trust has completed IPC, training and governance reviews along with receiving the undertakings letter from NHSE/I. Following these reviews, recommendations were presented, and an improvement plan was devised to ensure delivery of the areas of improvement.

Over the course of 2022/23 the Trust made significant improvements and successfully implemented actions, providing assurance that sustainable changes have been embedded across the Trust. The Trust met the objectives set by NHS England, resulting in the Trust being moved from "red" to "green" on the Infection Prevention Control risk matrix and the removal of formal undertakings.

The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust is fully compliant with the registration requirements of the Care Quality Commission (CQC)

The Trust was subject to a planned inspection by the CQC in December 2018 following which it received an overall rating of 'Good' with findings of 'Good' for well led and 'Outstanding' for caring. Notwithstanding the significantly improved ratings, the Trust devised an action plan to address the CQC recommendations and observations. Completion of this action plan has been overseen by the Quality and Safety Committee, with quarterly updates to the Board of Directors. The sole outstanding action relates to the introduction of an integrated electronic patient record. Work on the development and implementation of that system has continued during 2022/23. In preparation for future inspection the Trust has been completing mock inspections, has provided

a CQC toolkit as a guide for staff and has reviewed and tested the actions implemented following the previous inspections.

Use of the Care Quality Commission (CQC)'s Well-Led Framework

The Trust is fully compliant with the registration requirements of the Care Quality Commission. In December 2018 the Trust underwent a well led assessment as part of a CQC inspection. The outcome of this was a 'GOOD' rating for the well-led domain. An action plan was developed to address all recommendations made by the CQC. The well-led elements were particularly focused on policy management and staff training and these actions have been completed.

In June 2020 the Trust undertook a well-led review however due to the Covid-19 pandemic, it was recognised that this was not a typical period for review and a supplementary review was undertaken in early 2021. The Board received developmental feedback regarding its well led arrangements and took these through its public Board in September 2021 with a full action plan developed in response. The Trust has been working to deliver this action plan during the year.

Managing Conflicts of Interest

The Trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by the Trust with reference to the guidance) within the past twelve months as required by the Managing Conflicts of Interest in the NHS guidance.

NHS Pension Scheme

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

Equality, Diversity and Human Rights

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. More information on the Trust's work to address health inequalities and promote equality and inclusion is included within the Performance Report. More information on the Trust's approach to equality and diversity, including its Equality and Diversity Annual Report can be accessed at: <https://www.rjah.nhs.uk/about-us/equality-and-diversity/>

Emergency Preparedness and Civil Contingency

The Trust is identified under the Civil Contingencies Act (CCA) 2004 as a 'category one' responder. This means it has a legal duty to develop robust business continuity management arrangements which will help to maintain its critical functions if there is a major emergency or disruption. This could include, for example, an infectious disease outbreak, severe weather, fuel shortages, industrial action, loss of accommodation, loss of critical information, loss of communication technology (ICT) and supply chain failure.

In order to do this, the Trust has approved a Corporate Business Continuity Plan to outline procedures and strategies to be implemented in the event of a service disruption affecting the ability of the Trust to deliver its normal service obligations.

Workforce Strategies and Safeguards

The Trust ensures that short, medium and long-term workforce strategies and staffing systems are in place which assure the Board that staffing processes are safe, sustainable and effective. This assurance is obtained in a number of ways:

- The development and implementation of a People Plan

- Regular reporting on safe staffing and junior doctor working to the Quality and Safety Committee, People and Culture Committee and Board of Directors
- Staff survey results
- Internal audit

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

The Trust sets targets for improvements of economy, efficiency and effectiveness in its Operational Plan and these are reflected in its leadership on MSK Transformation across the ICS and Internal Efficiency Programmes. Target improvements are set alongside ICS partners and cascaded internally through Unit Managing Directors and Corporate Service Leads, performance is monitored as part of the Board performance report and the system of unit/service performance reviews. These programmes are also approved by the Chief Medical Officer and Chief Nursing Officer to ensure that they have no adverse effect on quality. The Trust's efficiency process has been benchmarked against national data sets including model hospital and corporate services while utilising GIRFT best practice principles.

During 2022/23 the Trust tracked its financial performance, including the economic, efficient and effective use of resources via the Finance Planning and Digital Committee and the Board receives a monthly update on the Trust's financial performance along with a chairs report from the Financial Planning and Digital Committee.

Information Governance

The NHS Information Governance Framework sets the processes and procedures by which the NHS handles information about patients and employees, in particular personal identifiable information. The NHS Information Governance Framework is supported by a data security and protection toolkit and the annual submission process provides assurances to the Trust, other organisations and to individuals that personal information is dealt with legally, securely, efficiently and effectively.

The Trust has an established information governance management framework and continues to develop information governance processes and procedures in line with the information governance toolkit. The Trust's Information Governance status is the subject of ongoing review by the Information Governance Committee which is responsible for reviewing policy and monitoring compliance with Department of Health Guidelines. This process is overseen by the Audit and Risk Committee which also has a role in ensuring that all serious data governance risks or incidents are brought to the attention of the appropriate Board Committee. The Trust has in place the Chief Medical Officer as the Caldicott Guardian, and the Director of Digital as the Senior Information Risk Owner (SIRO). Further, the Assistant Chief Executive Officer is the Data Protection Officer.

The requirements of the Data Security and Protection Toolkit (DSPT) are designed to encompass the National Data Guardian review's 10 data security standards.

The Robert Jones and Agnes Hunt Orthopaedic NHS Foundation Trust's Information Governance DSPT rating overall for 2022/23 has not yet been determined as the final submission date is 30 June 2023. For 2021/22 the Trust's rating was **STANDARDS MET**.

During 2022/23 the Trust identified and reported no serious IG breaches.

Data Quality and Governance

The Trust Board and each of its Committees reviews quality performance at each meeting and a data quality rating for each KPI is included within the 'heatmap' section of the performance report.

The indicator score is based on audits undertaken by the Data Quality Team and are further validated as part of the audit assurance programme.

Blue	No improvement required to comply with the dimensions of data quality
Green	Satisfactory – minor issues only
Amber	Requires improvement
Red	Significant improvement required

The Trust continues to format its integrated performance report (IPR) on the ‘Making Data Count’ principles. The IPR is now presented using SPC charts which are supported by two icons: variation and assurance. The icons have been designed to give an overview of how each measure is performing at a glance. The variation icon is used to show whether the latest month is of a concerning or improving nature by using SPC rules, and the assurance icon shows whether we can reliably hit the target or not.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the Annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit and Risk Committee and other Board Committees and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Trust gains assurance on the maintenance of an effective system of internal control in a number of ways:

- The maintenance of a Board governance pack detailing the key governance structures and their inter-relationships. This was reviewed by the Board in March 2022 and is currently being updated for review in 2023.
- Regular internal and external review of risk management and governance arrangements, as described throughout this report.
- A programme of Internal Auditor reviews, the summary findings of which are included below:

Assurance Opinions and Summaries of Key Findings

Waiting List Management – Substantial Assurance

Overall, there was a good system of internal control, however, in some minor areas there was room for improvement. Areas of good practice included an effective system for the validation of waiting lists. The Trust has a dedicated team in place to validate pathways on an ongoing basis. In addition, there are regular meetings in place to ensure that waiting lists Key Performance Indicators (KPI) are reviewed at a divisional and Trust-wide level including taking actions for failing KPIs. The Trust policy now requires a little updating to reference the new ICB arrangements and the demise of the CCGs. It is important that patients receive To Come In (TCI) dates in line with their risk assessment.

Medical Rota Review – Limited Assurance

Overall, the review identified that controls were not satisfactory, with evidence of inadequate segregation of duties in place. Controls require improvement with the development of a standard system and procedure, which provides for a clear audit trail and enables business intelligence reporting and adequate control. A quarterly report is completed by the Guardian of Safe Working Hours, which could be enhanced, with proactive analysis and annual reporting, rather than reliance on junior doctors to report exceptions. Improvements have also been identified regarding annual leave and claim systems.

Quality Spot Checks – Moderate Assurance

MIAA testing, undertaken a review of policies, key nursing documentation and a random sample review of patients records within each ward, showed that processes were not operating effectively. Cleanliness overall was in line with the requirements set out in the National standards for cleanliness in NHS 2021. There were arrangement in place to support infection There were arrangements in place to support infections control

Assurance Opinions and Summaries of Key Findings

requirements with washing facilities, hand gel, supplies off gloves and aprons. Staff were observed to be 'bare below the elbow' and in general the Uniform and Dress Code Policy was adhered to. Infection Control boards were well presented, visible and informative. Each ward has a Infection Prevention and Control Link Nurse in place. We observed staff undertaken Hand Hygiene 5 moments in each of the clinical areas that we visited. Staff utilities aprons and gloves appropriately. The review highlighted weakness in regard to the following areas; discharge checklists, sharps management, mental capacity assessment (MCA) and deprivation of liberty safeguards (Dolls) and intentional rounding. All issues were discussed with ward management on the day of the audit.

IT Threat and Vulnerability Review – Limited Assurance

Overall, there were some weaknesses in some key controls. It was also noted that threats to passwords have continued to rise, inflating the level of risk, and requiring further actions to be taken by organisations. Examples of such attacks include password spraying attacks, which target numerous accounts with commonly used / weak passwords and the targeting of key individuals / privileged accounts. Areas for improvement were around strengthening patching, hardening / access controls and assurance arrangements, as well as formalising the role of the cyber lead. Whilst several technical controls, and tools were in place and operating to identify and remediate threats, the support framework (policies and procedures, risk assessments and reporting) required improvement to ensure that the organisation's strategy for threat and vulnerability management is transparent, communicated and adequately reported on. Senior management and staff within the Trust actively engaged with this review to better understand the controls in place and identify areas where controls could be strengthened.

Bank and Agency Review – Substantial Assurance

Overall, the review identified that the controls are well designed and operating effectively. Areas of good practice are specifically noted around system access and authorisation controls. We recognise that the Trust have been reporting adverse performance for core agency spend against the cap. Whilst the reports have in recent months consistently shown the actions being taken to help reduce these costs, including reinforcing agency approval and oversight arrangements. Bank and Agency costs are reported at circa £193K YTD variance. This is a recognised and ongoing challenge for the Trust going forward. Our report provides two medium risk rated recommendations, namely, to enhance clarity on the role of the Recruitment Working Group, i.e. for monitoring and reporting on Bank & Agency usage and our audit testing noted gaps in evidence to support required pre-employment checks. Three low risk rated recommendations are made to address the less than 100% compliance rates for Bank staff and the requirement to undertake mandatory training. The new Policy should contain an Anti-fraud warning. For financial context Trust reporting shows Agency expenditure of circa £200k – which is £68k adverse to cap. The full year forecast adverse to agency cap is circa £650k. This position is driven by hourly rates exceeding cap and off framework costs. This is reported internally and at system level on a regular basis. It's a system wide issue and the Trust now need to work with partners across the ICS to agree a plan and solution to the workforce issues. Oversight sits with the Trust's People Committee.

HFMA improving NHS financial sustainability checklist – N/A

The Trust submitted the self -assessment complying with required guidance and submission deadlines. Improvement actions identified set out its planned improvement action within the checklist. Timescales and responsible officers for completion of the action are detailed in a separate action plan.

Risk Management Review – Limited Assurance

The Trust has recognised that its internal mechanisms for risk management required strengthening and as such commissioned this review. We have raised two high-risk recommendations to improve risk management training availability and underpinning guidance and to ensure that there is a clear alignment between the application of risk management and the Trust's risk appetite. Going forward the Trust will also need to consider how its organisational risk management arrangements align with and feed into the wider system and Integrated Care Board risk and assurance arrangements. The Trust has an action plan tracker to ensure all recommendations are implemented to support the improvements suggested.

The Trust's Head of Internal Audit provides an annual opinion on the assurance framework and for the financial year to 31 March 2023 this can be summarised as follows:

“Moderate Assurance, can be given that there is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some of the organisation's objectives at risk.”

Progress against the recommendations of the internal audit reviews undertaken during the year were considered at the Audit and Risk Committee meeting on 30 March 2023. The Committee concluded that good progress had been made, particularly in addressing the “High” priority recommendations.

The Trust has in place a robust governance structure with clear responsibilities delegated to Board Committees and Executive Directors. There is a process in place to assess the effectiveness of the Board Committees and this is overseen by the Audit and Risk Committee and reported to the Board for assurance.

During 2022/23 all the Executive Directors have completed appraisals which have included reflections on the discharging of their duties as Directors.

Conclusion

I can confirm that notwithstanding the formal enforcement undertakings relating to infection, prevention, and control, which were successfully delivered during the year, as confirmed in the compliance certificate from NHS England/Improvement on 27th January 2023, there are no significant internal control issues identified. My review confirms that The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust has a generally sound system of internal control that supports the achievement of its policies, aims and objectives.

To the best of my knowledge and belief I have properly discharged the responsibilities set out in the NHS Foundation Trust Accounting Officer Memorandum.



Stacey Keegan
Chief Executive Officer
22 June 2023

Independent Auditor's Report 2022/23

Independent auditor's report to the Council of Governors and Board of Directors of The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust (the 'Foundation Trust') and its subsidiary (the 'Group'):

- give a true and fair view of the state of the Group's and the Foundation Trust's affairs as at 31 March 2023 and of the Group's and the Foundation Trust's income and expenditure for the year then ended;
- have been properly prepared in accordance with the accounting requirements of the Department of Health and Social Care Group Accounting Manual, as directed by NHS England; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

We have audited the financial statements which comprise:

- the Group and the Foundation Trust statement of comprehensive income;
- the Group and the Foundation Trust statement of financial position;
- the Group and the Foundation Trust statement of changes in equity;
- the Group and the Foundation Trust statement of cash flows; and
- the related notes 1 to 38.

The financial reporting framework that has been applied in their preparation is applicable law and the accounting requirements of the Department of Health and Social Care Group Accounting Manual, as directed by NHS England.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), the Code of Audit Practice issued by the Comptroller & Auditor General and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Foundation Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Foundation Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

The going concern basis of accounting for the Group and the Foundation Trust is adopted in consideration of the requirements set out in the Department of Health and Social Care Group Accounting Manual which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The accounting officer is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of accounting officer

As explained more fully in the statement of accounting officer's responsibilities, the accounting officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the accounting officer is responsible for assessing the Group's and the Foundation Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Foundation Trust without the transfer of the Foundation Trust's services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which our procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

We considered the nature of the Group and the Foundation Trust and its control environment, and reviewed the Group and the Foundation Trust's documentation of its policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory framework that the Group and the Foundation Trust operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This included the National Health Service Act 2006 in all material respects.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group and the Foundation Trust's ability to operate or to avoid a material penalty. These included the Data Protection Act 2018 and relevant employment legislation.

We discussed among the audit engagement team, including relevant internal specialists such as IT and industry specialists, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address it, are described below:

- Recognition of NHS clinical revenue. We evaluated the recognition of income through the period, including year-end cut-off, and evaluated the results of the agreement of balances exercise. In doing so, we assessed the appropriateness of judgements made and the nature of provisions for disputes and the basis for the position adopted.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations;
- enquiring of the local counter fraud specialist and review of local counter fraud reports produced; and

- reading minutes of meetings of those charged with governance, and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the National Health Service Act 2006

In our opinion:

- the parts of the Remuneration Report and Staff Report subject to audit have been prepared properly in accordance with the National Health Service Act 2006; and
- the information given in the Performance Report and the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Use of resources

Under the Code of Audit Practice and Schedule 10(1(d)) of the National Health Service Act 2006, we are required to report to you if we have not been able to satisfy ourselves that the Foundation Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We have nothing to report in respect of this matter.

Respective responsibilities of the accounting officer and auditor relating to the Foundation Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources

The accounting officer is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of the Foundation Trust's resources.

We are required under the Code of Audit Practice and Schedule 10(1(d)) of the National Health Service Act 2006 to satisfy ourselves that the Foundation 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 Foundation Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our work in accordance with the Code of Audit Practice, having regard to the Auditor Guidance Notes issued by the Comptroller & Auditor General, as to whether the Foundation Trust has proper arrangements for securing economy, efficiency and effectiveness in the use of resources against the specified criteria of financial sustainability, governance, and improving economy, efficiency and effectiveness.

The Comptroller & Auditor General has determined that under the Code of Audit Practice, we discharge this responsibility by reporting by exception if we have reported to the Foundation Trust a significant weakness in arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023 by the time of the issue of our audit report. Other findings from our work, including our commentary on the Foundation Trust's arrangements, will be reported in our separate Auditor's Annual Report.

Annual Governance Statement and compilation of financial statements

Under the Code of Audit Practice, we are required to report to you if, in our opinion:

- the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual, is misleading, or is inconsistent with information of which we are aware from our audit; or
- proper practices have not been observed in the compilation of the financial statements.

We are not required to consider, nor have we considered, whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in respect of these matters.

Reports in the public interest or to the regulator

Under the Code of Audit Practice, we are also required to report to you if:

- any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit; or
- any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006 because we have reason to believe that the Foundation Trust, or a director or officer of the Foundation Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency.

We have nothing to report in respect of these matters.

Certificate of completion of the audit

We certify that we have completed the audit of The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust in accordance with requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

Use of our report

This report is made solely to the Board of Governors and Board of Directors (“the Boards”) of The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust, as a body, in accordance with paragraph 4 of Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Boards 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 Boards as a body, for our audit work, for this report, or for the opinions we have formed.



Mohammed Ramzan, CPFA (Key Audit Partner)
For and on behalf of Deloitte LLP
Appointed Auditor
Birmingham, United Kingdom
29 June 2023

Annual Accounts 2022/23



**The Robert Jones and Agnes Hunt
Orthopaedic Hospital**
NHS Foundation Trust

Annual Accounts

for the year ended 31 March 2023



The Robert Jones and Agnes Hunt Orthopaedic Hospital

NHS Foundation Trust

Foreword to the Accounts

These accounts, for the year ended 31 March 2023, have been prepared by the Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust Group, comprising the Foundation Trust and the related hospital charity. They have been prepared in accordance with paragraphs 24 and 25 of Schedule 7 within the National Health Service Act 2006.

Signed 

Name Stacey Keegan

Job title Chief Executive & Accounting Officer

Date 22 June 2023

Consolidated Statement of Comprehensive Income

	Note	Group		Foundation Trust	
		2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000
Operating income from patient care activities	3	131,618	124,814	131,618	124,814
Other operating income	4	10,773	9,928	10,656	9,891
Operating expenses	8	(136,291)	(125,087)	(136,036)	(124,885)
Operating surplus from continuing operations		6,100	9,655	6,238	9,820
Finance income	12	703	27	679	26
Finance expenses	13	(82)	(82)	(82)	(82)
PDC dividends payable		(1,898)	(1,737)	(1,898)	(1,737)
Net finance costs		(1,277)	(1,792)	(1,301)	(1,793)
Other gains	14	4	174	4	174
Surplus for the year from continuing operations		4,827	8,037	4,941	8,201
Other comprehensive income					
Will not be reclassified to income and expenditure:					
Impairments	9/18	(1,573)	-	(1,573)	-
Revaluations	18	37	4,726	37	4,726
Total other comprehensive income/(expense) for the period		(1,536)	4,726	(1,536)	4,726
Total comprehensive income for the period		3,291	12,763	3,405	12,927

All income and expenditure is derived from continuing operations and there are no minority interests in the Group.

Statement of Financial Position

	Note	Group		Foundation Trust	
		31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
Non-current assets					
Intangible assets	15	5,624	1,798	5,624	1,798
Property, plant and equipment	16	93,703	86,201	93,703	86,201
Right of use assets	19	1,821	-	1,821	-
Receivables	22	1,165	1,348	1,165	1,348
Total non-current assets		102,313	89,347	102,313	89,347
Current assets					
Inventories	21	1,307	1,334	1,307	1,334
Receivables	22	7,680	4,531	7,755	4,436
Cash and cash equivalents	25	26,671	26,175	25,484	25,024
Total current assets		35,658	32,040	34,546	30,794
Current liabilities					
Trade and other payables	27	(19,113)	(16,203)	(19,103)	(16,173)
Borrowings	29	(2,047)	(1,461)	(2,047)	(1,461)
Provisions	30	(693)	(336)	(693)	(336)
Other liabilities	28	(1,663)	(1,169)	(1,663)	(1,169)
Total current liabilities		(23,516)	(19,169)	(23,506)	(19,139)
Total assets less current liabilities		114,455	102,218	113,353	101,002
Non-current liabilities					
Borrowings	29	(2,895)	(3,327)	(2,895)	(3,327)
Provisions	30	(904)	(1,060)	(904)	(1,060)
Total non-current liabilities		(3,799)	(4,387)	(3,799)	(4,387)
Total assets employed		110,656	97,831	109,554	96,615
Financed by					
Public dividend capital		45,888	36,354	45,888	36,354
Revaluation reserve		28,128	29,664	28,128	29,664
Income and expenditure reserve		35,538	30,597	35,538	30,597
Charitable fund reserves	20	1,102	1,216	-	-
Total taxpayers' equity		110,656	97,831	109,554	96,615

The notes on pages 105 to 148 form part of these accounts.

The financial statements on pages 100 to 104 were approved by the Board and signed on its behalf by:

Signed



Name

Stacey Keegan

Position

Chief Executive & Accounting Officer

Date

22 June 2023

Statement of Changes in Equity - Group

For year ended 31 March 2023

	Group				
	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Charitable fund reserves	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2022 - brought forward	36,354	29,664	30,597	1,216	97,831
Surplus for the year	-	-	4,868	(41)	4,827
Impairments	-	(1,573)	-	-	(1,573)
Revaluations	-	37	-	-	37
Public dividend capital received	9,534	-	-	-	9,534
Other reserve movements	-	-	73	(73)	-
Taxpayers' and others' equity at 31 March 2023	45,888	28,128	35,538	1,102	110,656

For year ended 31 March 2022

	Group				
	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Charitable fund reserves	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2021 - brought forward	36,108	24,938	22,396	1,380	84,822
Surplus for the year	-	-	8,103	(66)	8,037
Revaluations	-	4,726	-	-	4,726
Public dividend capital received	246	-	-	-	246
Other reserve movements	-	-	98	(98)	-
Taxpayers' and others' equity at 31 March 2022	36,354	29,664	30,597	1,216	97,831

Statement of Changes in Equity - Trust

For year ended 31 March 2023

	Foundation Trust			
	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2022 - brought forward	36,354	29,664	30,597	96,615
Surplus for the year	-	-	4,941	4,941
Impairments	-	(1,573)	-	(1,573)
Revaluations	-	37	-	37
Public dividend capital received	9,534	-	-	9,534
Taxpayers' and others' equity at 31 March 2023	45,888	28,128	35,538	109,554

For year ended 31 March 2022

	Foundation Trust			
	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2021 - brought forward	36,108	24,938	22,396	83,442
Surplus for the year	-	-	8,201	8,201
Revaluations	-	4,726	-	4,726
Public dividend capital received	246	-	-	246
Taxpayers' and others' equity at 31 March 2022	36,354	29,664	30,597	96,615

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 and Social Care as the public dividend capital dividend.

Revaluation reserve

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating income. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

Income and expenditure reserve

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

Charitable funds reserve

This reserve comprises the ring-fenced funds held by the NHS charitable funds consolidated within these financial statements. These reserves are classified as restricted or unrestricted; a breakdown is provided in Note 20.

Statement of Cash Flows

	Note	Group		Foundation Trust	
		2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000
Cash flows from operating activities					
Operating surplus		6,100	9,655	6,238	9,820
Non-cash income and expense:					
Depreciation and amortisation	8	6,015	4,798	6,015	4,798
Income recognised in respect of capital donations	4	(3,110)	(2,841)	(3,133)	(2,939)
(Increase) / decrease in receivables and other assets		(3,217)	3,155	(3,284)	3,144
Decrease in inventories		27	55	27	55
Increase in payables and other liabilities		2,617	2,344	2,123	2,344
Increase / (decrease) in provisions		201	(317)	494	(317)
Movements in charitable fund working capital		83	23	201	-
Net cash flows from operating activities		8,716	16,872	8,681	16,905
Cash flows from investing activities					
Interest received		568	14	568	14
Purchase of intangible assets		(4,332)	(235)	(4,332)	(235)
Purchase of property, plant & equipment		(13,157)	(8,228)	(13,157)	(8,228)
Sales of property, plant & equipment		207	42	207	42
Receipt of cash donations to purchase assets		3,110	2,841	3,133	2,939
Net cash flows from charitable fund investing activities		24	1	-	-
Net cash flows used in investing activities		(13,580)	(5,565)	(13,581)	(5,468)
Cash flows from financing activities					
Public dividend capital received		9,534	246	9,534	246
Movement on loans from DHSC		(1,176)	(1,176)	(1,176)	(1,176)
Movement on other loans		(278)	189	(278)	189
Capital element of lease liability repayments		(594)	-	(594)	-
Interest on loans		(63)	(84)	(63)	(84)
Interest paid on lease liability repayments		(22)	-	(22)	-
PDC dividend paid		(2,041)	(1,724)	(2,041)	(1,724)
Net cash flows from / (used in) financing activities		5,360	(2,549)	5,360	(2,549)
Increase in cash and cash equivalents		496	8,758	460	8,888
Cash and cash equivalents at 1 April - brought forward		26,175	17,417	25,024	16,136
Cash and cash equivalents at 31 March	25	26,671	26,175	25,484	25,024

Notes to the Accounts

Note 1 : Accounting Policies

1.0 **Accounting Policies**

NHS England has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health & 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 & Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards (IFRS) 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.

1.1 **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.

1.2 **Accounting Convention**

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment.

1.3 **Consolidation**

Subsidiaries

Subsidiary entities are those over which the Trust has the power to exercise control or a dominant influence so as to gain economic or other benefits. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines. The capital and reserves attributable to minority interests are included as a separate item in the Statement of Financial Position.

Robert Jones & Agnes Hunt Orthopaedic Hospital Charity

The Trust is the corporate Trustee to the Robert Jones & Agnes Hunt Orthopaedic Hospital Charity, which is registered with the Charity Commission under registration number 1058878. The Trust has assessed its relationship to the charity and determined it to be a subsidiary because the Trust is exposed to, or has the rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charity, and has the ability to affect those returns and other benefits through its power over the fund.

Note 1 : Accounting Policies (continued)

The charity's statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102. On consolidation, necessary adjustments are made to the charity's assets, liabilities and transactions to:

- Recognise and measure them in accordance with the Trust's accounting policies; and
- Eliminate intra-group transactions, balances, gains and losses.

Details of the charity's key accounting policies and potential variances to IFRS treatment:

- Incoming resources – legacy income – under the SORP the charity recognises revenue when its receipt is probable which is in line with IAS 18.
- Resources expended or provided for – grants made or accrued for. Under the SORP the charity accrues for expenditure when a past event has triggered a requirement to pay, in line with the requirements of IAS 37.

The Trust accounts for no other subsidiaries or any associates, joint ventures or joint operations.

1.4 **Income**

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 enable 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 adoption of IFRS 15 a number of practical expedients offered in the Standard were employed. These are as follows:

- As 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 1 year or less.
- The Trust 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 mandated the exercise of the practical expedient offered in C7(a) 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.

Note 1 : Accounting Policies (continued)

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. For some contracts, these payments are accompanied by a variable-element to adjust income for actual activity delivered on elective services and advice and guidance services. Where actual elective activity delivered differs from the agreed level set in the fixed payments, the variable element either increases or reduces the income earned by the Trust at a rate of 75% of the tariff price.

Elective recovery funding (ERF) provides additional funding for the delivery of elective services. In 2022/23 ERF 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. Where variable element of API contracts has operated, adjustments for actual performance are made through the variable element of the contract payments.

Revenue from research contracts

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

NHS injury cost recovery scheme

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

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

Note 1 : Accounting Policies (continued)

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 of the benefit.

1.5 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

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 the Secretary of State for Health and Social Care in England and Wales. The schemes are not designed in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the schemes are accounted for as though they are defined contribution schemes: the cost to the Trust is taken as equal to the employer's pension contributions payable to the scheme for the accounting period. The contributions are charged to operating expenses as they become due.

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

1.6 Other Expenses

Other operating expenses are recognised when, and to the extent that, they have been received, and are 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.

1.7 Property, Plant & 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; and either
- the item has a cost of at least £5,000; or

Note 1 : Accounting Policies (continued)

- collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their individual useful 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

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

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

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

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

For specialised assets, current value in existing use is interpreted as the present value of the asset's remaining service potential, which is assumed to be at least equal to the cost of replacing that service potential. Specialised assets are therefore valued at their depreciated replacement cost (DRC) on a modern equivalent asset (MEA) basis. An MEA basis assumes that the asset will be replaced with a modern asset of equivalent capacity and location requirements of the service being provided. Assets held at DRC can be valued on an alternative site basis where this would meet the location requirements. The Trust has elected to use an optimised approach for a modern equivalent asset valuation at its current site.

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

Note 1 : Accounting Policies (continued)

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.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive income in the Statement of Comprehensive Income.

1.8 **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, where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

Software which is integral to the operation of hardware, for example 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, for example application software, is capitalised as an intangible asset.

Expenditure on research is not capitalised. It is recognised as an operating expense in the period in which it is incurred.

Expenditure on development is capitalised when it meets the requirements set out in IAS 38.

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

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.

Revaluations and impairments are treated in the same manner as for property, plant and equipment.

Note 1 : Accounting Policies (continued)

1.9 **Depreciation & Amortisation**

Freehold land (as it is considered to have an infinite life), assets under construction/development, and assets held for sale are not depreciated/amortised.

Otherwise, depreciation or amortisation is charged to write off the costs or valuation of property, plant and equipment and intangible assets, less any residual value, on a straight line basis over their estimated useful lives. The estimated useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis.

1.10 **Impairments**

At each financial year end, the Trust checks whether there is any indication that any of its property, plant and equipment or intangible non-current assets have suffered an impairment loss. If there is an indication of such an impairment, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually at the financial year end.

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

- The impairment charged to operating expenses; and
- 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 expenses 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.

1.11 **Non-Current Assets Held for Sale**

Non-current assets intended for disposal are re-classified as Held for Sale once all of the following criteria in IFRS 5 are met:

- The sale must be highly probable;
- The asset is available for immediate sale in its present condition.

Following re-classification, 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. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as Held for Sale. Instead, it is retained as an operational asset and its useful life is adjusted. The asset is de-recognised when it is scrapped or demolished.

Note 1 : Accounting Policies (continued)

1.12 Donated & Grant Funded Assets

Donated and grant funded non-current 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 purchased assets.

This includes assets donated to the Trust by the Department of Health and Social Care 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.

1.13 Inventories

Inventories are valued at the lower of cost and net realisable value using the First In First Out (FIFO) method.

Inventory stocks are valued at current prices as, due to the high turnover of stocks, this is considered by the Trust to be a reasonable approximation to fair value using the FIFO method.

The Trust does not consider it appropriate to account for inventory stocks where their total value is less than £10k, so their transactions are accounted for in revenue.

The Trust has 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.

1.14 Cash & Cash Equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

1.15 Financial Assets & 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.

Note 1 : Accounting Policies (continued)

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 and financial liabilities are classified as subsequently measured at amortised cost, fair value through income and expenditure or fair value through other comprehensive income. The classification is determined by the cash flow and business model characteristics of the financial assets, as set out in IFRS 9, and is determined at the time of initial recognition. All the Trust's financial assets and liabilities are measured at amortised cost.

Financial assets and financial liabilities at amortised cost

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

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

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income as a financing income or expense. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

Impairment of financial assets

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

Receivables are assessed and expected credit losses determined, so a provision for impairment can be made, based on the following criteria:

- A provision for impairment for outstanding Injury Cost Recovery (ICR) notifications of 24.86% as notified by the Compensation Recovery Unit. This has been reviewed and judged as a reasonable estimate against local claim withdrawal history.
- Receivables relating to invoices raised by the Trust to Welsh, Scottish and Northern Irish NHS bodies are discussed with these bodies and specific provisions made where required.

Note 1 : Accounting Policies (continued)

- All other receivables relating to invoices raised by the Trust are reviewed and specific provisions made where applicable with the remainder provided for on the basis of customer type and local receipting history.

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.

De-recognition

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.

1.16 Leases

A lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration. 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 lessee

Initial recognition and 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. Irrecoverable VAT on lease payments is expensed as it falls due.

Note 1 : Accounting Policies (continued)

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 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 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.

Note 1 : Accounting Policies (continued)

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 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

Leases of owned assets where the Trust is lessor were unaffected by initial application of IFRS 16.

2021/22 comparatives

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 basis.

1.17 **Provisions**

The Trust recognises a provision where it has a present legal or constructive obligation as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties.

Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates. The Trust has not applied these discount rates because either settlement is expected within one year and/or the impact of discounting is not material.

A restructuring provision is recognised when the Trust has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to them, and in return they settle all clinical negligence claims. The contribution is charged to expenditure. Although NHS Resolution is administratively responsible for all clinical negligence cases the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at Note 30 but is not recognised in the Trust's accounts.

Note 1 : Accounting Policies (continued)

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.

1.18 Contingencies

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust; or
- a present obligation that arises from past events that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably.

A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value.

1.19 Public Dividend Capital (PDC) & PDC Dividend

Public dividend capital (PDC) is a type of public sector equity finance, which represents the Department of Health & Social Care's investment in the Trust. It was originally based on the excess of assets over liabilities at the time of establishment of the predecessor NHS Trust. HM Treasury has determined that, being issued under statutory authority rather than under contract, PDC is not a financial instrument within the meaning of IAS 32.

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

An annual charge, reflecting the cost of capital utilised by the Trust, is payable to the Department of Health & Social Care as PDC 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 all liabilities, with certain additions and deductions as defined in the PDC dividend policy issued by the Department of Health and Social Care. This policy is available at <https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts>

In accordance with the requirements laid down by the Department of Health & 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 : Accounting Policies (continued)

1.20 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 non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.21 Corporation Tax

The Trust has determined that it has no corporation tax liability as its income generation activities are all ancillary to its core health objectives and not in competition with the private sector.

1.22 Foreign Currencies

The functional and presentational currency of the Trust is pounds sterling, and figures are presented in thousands of pounds unless expressly stated otherwise.

A transaction which is denominated in a foreign currency is translated into sterling at the spot exchange rate on the date of the transaction. At the end of the reporting period, monetary items denominated in foreign currencies are re-translated at the spot exchange rate on 31 March.

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 the Statement of Comprehensive Income in the period in which they arise.

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. If there are any at 31 March, they are disclosed in a separate note to the accounts.

1.24 Losses & 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.

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 : Accounting Policies (continued)

1.26 **Early adoption of standards, amendments & interpretations**

No new accounting standards or revisions to existing standards have been early adopted in 2022/23.

1.27 **Standards, amendments & interpretations in issue but not yet effective or adopted**

IFRS 17 Insurance Contracts – application will be required from 2023/24, but has not yet been adopted by the FReM. This is not expected to have an effect on the financial statements.

1.28 **Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

In the application of the Trust's accounting policies, management is required to make various judgements, estimates and assumptions. These are regularly reviewed.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements

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

1. **Charitable funds** – determining whether charitable funds are a subsidiary of the Trust, and whether they are material, to determine whether or not to consolidate (see Note 1.3).

Key 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 amount of assets and liabilities within the next financial year.

1. **Property valuations** – as detailed in Note 18, Avison Young provided the Trust with a full valuation as at 31 March 2023 of land and building assets (estimated fair value and remaining useful life), based on depreciated replacement value, using the modern equivalent asset method of valuation. The valuation, which is based on estimates, led to a decrease in the carrying value of the Trust's land and buildings of £1.5m.

Note 2 : Operating Segments

The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust Group consists of the Foundation Trust and the related NHS charity. The segmental analysis based on the Group entities is shown below.

	Group	
	2022/23 £000	2021/22 £000
Foundation Trust income attributable to the Group	142,274	134,607
Charity income attributable to the Group	117	135
Total RJAH Group operating income	142,391	134,742
Foundation Trust surplus attributable to the Group	4,941	8,201
Charity deficit attributable to the Group	(114)	(164)
Total RJAH Group operating surplus	4,827	8,037
Foundation Trust net assets attributable to the Group	109,554	96,615
Charity net assets attributable to the Group	1,102	1,216
Total RJAH net assets	110,656	97,831

No material income attributable to the Group was received by the Charity from any single source during 2022/23 or 2021/22.

The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust is a specialist hospital with only one business element of healthcare. Reports to the Board (the Chief Operating Decision Maker as defined by IFRS 8 Operating Segments) are on this basis.

Therefore no further analysis is required for the Foundation Trust.

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.

Commissioner requested services are defined within the Foundation Trust's provider licence and are services that commissioners believe would need to be protected in the event of provider failure. All the acute services income in the table below is derived from commissioner requested services.

No income for healthcare is received by the charity, so the income below relates solely to the Foundation Trust.

Note 3.1 : Income from patient care activities (by nature)

	Group & Foundation Trust	
	2022/23 £000	2021/22 £000
Acute services		
Income from commissioners under API contracts (note 1)	111,699	110,073
High cost drugs income from commissioners (excluding pass-through costs)	2,525	2,291
Other NHS clinical income	1,758	1,522
All services		
Private patient income	6,048	6,593
Elective recovery fund	3,196	323
Additional pension contribution central funding (note 2)	3,161	3,095
Agenda for change pay award central funding (note 3)	2,729	-
Other clinical income	502	917
Total income from activities	131,618	124,814

Note 1 - Aligned payment and incentive (API) 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 documentation.

<https://www.england.nhs.uk/publication/past-national-tariffs-documents-and-policies/>

Due to the continued operational challenges facing NHS Trusts in 2022/23, the majority of contracts were converted to block payment arrangements mid-year to provide certainty on funding and focus on recovery of services.

Note 2 - The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. Since 2019/20, NHS providers have continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

Note 3 - in March 2023 the government announced an additional pay offer for 2022/23, in addition to the pay award earlier in the year. Additional funding was made available by NHS England for implementing this pay offer for 2022/23 and the income and expenditure has been included in these accounts as guided by the Department of Health and Social Care and NHS England. In May 2023 the government confirmed this offer will be implemented as a further pay award in respect of 2022/23 based on individuals in employment at 31 March 2023.

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

	Group & Foundation Trust	
	2022/23 £000	2021/22 £000
Income from patient care activities received from:		
NHS England (including central funding for the AfC pay award)	33,328	26,330
Clinical commissioning groups (note 1)	14,319	61,468
Integrated care boards (note 1)	50,420	-
Other NHS providers	141	100
Local authorities	1	1
Non-NHS: private patients	6,048	6,593
Injury cost recovery scheme (note 2)	349	804
Non-NHS: other (note 3)	27,012	29,518
Total income from activities	131,618	124,814

Note 1 - Clinical Commissioning Groups were dissolved on 30th June 2022 and their functions transferred to Integrated Care Boards.

Note 2 - injury costs recovery scheme income is subject to a provision for impairment of receivables of 24.86% to reflect expected rates of collection.

Note 3 - the majority of the non-NHS other income is from Welsh NHS bodies for patients referred by Welsh GPs, not necessarily living in Wales, and with a Welsh postcode (2022/23: £26,945k and 2021/22: £29,410k).

Note 4 - there was no income from overseas visitors in either 2022/23 or 2021/22.

Note 4 : Other Operating Income

	Group		Foundation Trust	
	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000
Contract income				
Research and development	511	450	511	450
Education & training (excl. notional apprenticeship levy income) (note 1)	3,169	1,924	3,169	1,924
Non-patient care services to other bodies	8	-	8	-
Reimbursement & top up funding	15	32	15	32
Sale of goods & services	692	772	556	772
Catering	313	265	313	265
Car parking	239	165	239	165
Other contract income (note 2)	1,793	2,572	1,929	2,572
Non-contract income				
Education & training - notional apprenticeship fund income	224	171	224	171
Receipt of capital grants and donations (note 3)	3,110	2,841	3,133	2,939
Charitable and other contributions to expenditure	75	87	125	87
Consumables donated from DHSC for Covid response	200	213	200	213
Revenue from operating leases	234	301	234	301
Charitable fund incoming resources	190	135	-	-
Total other operating income	10,773	9,928	10,656	9,891

Note 1 - the Trust acts as the host organisation for Health Education England on behalf of the Integrated Care System. The majority of the increase in education and training income is due to additional funding through this route.

Note 2 - other contract income includes contributions to services, sponsorship income, and accommodation/room rental. In addition, funding for I/T schemes was received - £363k in 2022/23 and £800k in 2021/22.

Note 3 - the receipt of capital grants and donations includes the donations of £3,038k for 2022/23 and £2,658k for 2021/22 from the Headley Court Charity for the building of the Veterans' Centre (total £6m over 3 financial years).

Note 5 : Additional Information on Contract Revenue Recognised In The Period

	Group & Foundation Trust	
	2022/23 £000	2021/22 £000
Revenue recognised in the reporting period that was included within contract liabilities at the previous period end (i.e. release of deferred income)	1,063	977

Note 6 : Fees & Charges

There are no fees or charges where individually the full costs exceed £1m.

Note 7 : Operating Leases - Trust as a Lessor

This note discloses income generated in operating lease agreements where the 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.

The Trust rents out a small proportion of the hospital buildings to partner organisations which complement the service it provides.

	Group & Foundation Trust	
	2022/23 £000	2021/22 £000
Lease receipts recognised as income in year:		
Minimum lease receipts	234	301
Total in-year operating lease income	234	301
	31 March 2023 £000	31 March 2022 £000
Future minimum lease receipts due		
- not later than one year;	154	250
Total	154	250

Note 8 : Operating Expenses

Note 8.1 : Analysis of operating expenses

	Group	
	2022/23 £000	2021/22 £000
Staff and executive directors costs	84,803	75,270
Remuneration of non-executive directors	144	137
Supplies and services - clinical (excluding drugs costs)	19,819	19,066
Supplies and services - general	2,442	1,684
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	8,182	7,945
Inventories written down	156	152
Consultancy costs	667	797
Establishment	1,885	1,603
Premises (note 1)	5,706	7,550
Transport (including patient travel)	336	466
Depreciation on property, plant and equipment and right of use assets	5,025	3,787
Amortisation on intangible assets	990	1,011
Movement in credit loss allowance: contract receivables / contract assets	(21)	118
Increase/(decrease) in other provisions	457	(398)
Fees payable to the external auditor		
audit services - statutory audit	135	89
other auditor remuneration (external auditor only)	-	1
Internal audit costs	69	63
Clinical negligence	2,041	2,030
Legal fees	134	167
Insurance	59	176
Research and development	704	652
Education and training	1,008	632
Lease expenditure - short term leases (current year only)	47	-
Lease expenditure - low value leases (current year only)	98	-
Lease expenditure - irrecoverable VAT (current year only)	111	-
Operating leases expenditure (comparative only)	-	841
Redundancy	6	109
Car parking & security	91	77
Losses, ex-gratia & special payments	5	1
Other support services (note 2)	527	546
Other NHS charitable fund resources expended	250	197
Other	415	318
Total	136,291	125,087

Note 1 - the large decrease in Premises costs is due to £1.8m of costs in 2021/22 for building works and I/T equipment required as a result of Covid.

Note 2 - other support services includes, payroll, procurement and occupational health.

Note 3 - operating expenses figures relating to the charity are the "Other NHS charitable fund resources expended" line above and £5k (2022/23 and 2021/22) of the "Audit services - statutory audit" line.

Note 8.2 : Other auditor remuneration

	Group	
	2022/23 £000	2021/22 £000
Other auditor remuneration paid to the external auditor:		
Expenses	-	1
Total	-	1

The limitation on auditor's liability for external audit work, in accordance with their engagement letter, is £1m.

Note 9 : Impairment of Assets

There was no impairment of assets charged to the operating surplus.

In 2022/23 there was an impairment charged to the revaluation reserve of £1,573k relating to the full revaluation of the Trust's land and buildings as at 31 March 2023.

Note 10 : Employee Benefits

Note 10.1 : Staff costs

	Group & Foundation Trust	
	2022/23 £000	2021/22 £000
Salaries and wages	64,342	58,522
Social security costs	6,705	5,686
Apprenticeship levy	306	285
Employer's contributions to NHS pensions	10,366	10,135
Pension cost - other	32	29
Termination benefits	18	123
Temporary staff (including agency)	4,771	2,209
Total gross staff costs	86,540	76,989
Recoveries in respect of seconded staff	(720)	(868)
Total staff costs	85,820	76,121
Of which		
Costs capitalised as part of assets	337	117

Note 10.2 : Retirements due to ill-health

During 2022/23 there was 1 early retirement from the Trust agreed on the grounds of ill-health (1 for 2021/22). The estimated additional pension liability of this ill-health retirement is £43k (£9k for 2021/22).

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

Note 11 : 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 2023, is based on valuation data as at 31 March 2022, updated to 31 March 2023 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

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

The actuarial valuation as at 31 March 2020 is currently underway and will set the new employer contribution rate due to be implemented from April 2024.

The Group also makes contributions to the National Employment Savings Trust (NEST) pension scheme. This is a defined contribution scheme that was created as part of the government's workplace pensions reforms under the Pensions Act 2008.

Note 12 : Finance Income

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

	Group & Foundation Trust	
	2022/23 £000	2021/22 £000
Interest on bank accounts	679	26
NHS charitable fund investment income	24	1
Total finance income	703	27

Note 1 - finance income has increased due to significant interest rate rises (from 0.64% in March 2022 to 4.14% in March 2023).

Note 13 : Finance Expenditure

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

	Group & Foundation Trust	
	2022/23 £000	2021/22 £000
Interest expense:		
Interest on loans from the Department of Health and Social Care	60	82
Interest on lease obligations	22	-
Total finance costs	82	82

There was no interest payable in 2022/23 or 2021/22 under the Late Payment of Commercial Debts (Interest) Act 1998 / Public Contract Regulations 2015.

Note 14 : Other Net Gains

	Group & Foundation Trust	
	2022/23 £000	2021/22 £000
Gains on disposal of assets (note 1)	4	179
Losses on disposal of assets	-	(5)
Net gains on disposal of assets	4	174

Note 1 - the gain in 2021/22 relates mainly to the disposal of the old MRI scanner.

Note 15 : Intangible Assets

All intangible assets are held by the Foundation Trust.

Note 15.1 : Intangible assets - 2022/23

	Group & Foundation Trust		
	Software licences £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2022 - brought forward	4,226	-	4,226
Additions (note 1)	322	4,494	4,816
Valuation / gross cost at 31 March 2023	4,548	4,494	9,042
Amortisation at 1 April 2022 - brought forward	2,428	-	2,428
Provided during the year	990	-	990
Amortisation at 31 March 2023	3,418	-	3,418
Net book value at 31 March 2023	1,130	4,494	5,624
Net book value at 1 April 2022	1,798	-	1,798

Note 1 - minimum and maximum useful economic lives of the software licences are 2 years and 9 years respectively. Useful economic lives reflect the total life of an asset, not the remaining life.

Note 2 - additions in 2022/23 relate to the Trust-wide partial implementation of a new Electronic Patient Record system, to be completed in 2024/25.

Note 15.2 : Intangible assets - 2021/22

	Group & Foundation Trust		
	Software licences £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2021 - brought forward	4,130	4	4,134
Additions	92	-	92
Reclassifications	4	(4)	-
Valuation / gross cost at 31 March 2022	4,226	-	4,226
Amortisation at 1 April 2021 - brought forward	1,417	-	1,417
Provided during the year	1,011	-	1,011
Amortisation at 31 March 2022	2,428	-	2,428
Net book value at 31 March 2022	1,798	-	1,798
Net book value at 1 April 2021	2,713	4	2,717

Note 16 : Property, Plant & Equipment

All property, plant and equipment is held by the Foundation Trust.

Note 16.1 : Property, plant & equipment - 2022/23

	Group & Foundation Trust								
	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2022 - brought forward	1,893	70,824	272	5,384	12,624	25	2,681	337	94,040
Additions	-	4,875	-	6,205	1,973	36	289	110	13,488
Impairments (note 1)	-	(3,717)	(43)	-	-	-	-	-	(3,760)
Revaluations (note 1)	-	(476)	-	-	-	-	-	-	(476)
Reclassifications	-	3,418	-	(5,378)	1,940	-	20	-	-
Disposals / derecognition	-	-	-	-	(43)	(25)	-	-	(68)
Valuation/gross cost at 31 March 2023	1,893	74,924	229	6,211	16,494	36	2,990	447	103,224
Accumulated depreciation at 1 April 2022 - brought forward	-	9	-	-	6,050	25	1,472	283	7,839
Provided during the year	-	2,678	13	-	1,417	2	323	17	4,450
Impairments (note 1)	-	(2,174)	(13)	-	-	-	-	-	(2,187)
Revaluations (note 1)	-	(513)	-	-	-	-	-	-	(513)
Disposals / derecognition	-	-	-	-	(43)	(25)	-	-	(68)
Accumulated depreciation at 31 March 2023	-	-	-	-	7,424	2	1,795	300	9,521
Net book value at 31 March 2023	1,893	74,924	229	6,211	9,070	34	1,195	147	93,703
Net book value at 1 April 2022	1,893	70,815	272	5,384	6,574	-	1,209	54	86,201

Note 1 - the revaluation and impairment is as a result of a full revaluation of land and buildings by Avison Young.

Note 16.2 : Property, plant & equipment - 2021/22

	Group & Foundation Trust								
	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2021 - as previously stated	1,623	67,389	268	667	11,987	25	2,382	337	84,678
Additions	-	1,401	-	5,073	1,331	-	299	-	8,104
Revaluations (<i>note 1</i>)	270	2,034	4	-	-	-	-	-	2,308
Reclassifications	-	-	-	(356)	356	-	-	-	-
Disposals / derecognition	-	-	-	-	(1,050)	-	-	-	(1,050)
Valuation/gross cost at 31 March 2022	1,893	70,824	272	5,384	12,624	25	2,681	337	94,040
Accumulated depreciation at 1 April 2021 - as previously stated	-	43	9	-	5,927	25	1,174	271	7,449
Provided during the year	-	2,363	12	-	1,102	-	298	12	3,787
Revaluations (<i>note 1</i>)	-	(2,397)	(21)	-	-	-	-	-	(2,418)
Disposals / derecognition	-	-	-	-	(979)	-	-	-	(979)
Accumulated depreciation at 31 March 2022	-	9	-	-	6,050	25	1,472	283	7,839
Net book value at 31 March 2022	1,893	70,815	272	5,384	6,574	-	1,209	54	86,201
Net book value at 1 April 2021	1,623	67,346	259	667	6,060	-	1,208	66	77,229

Note 1 - the revaluation is as a result of a desk-top revaluation of land and buildings by Avison Young.

Note 16.3 : Property, plant & equipment financing - 2022/23

	Group & Foundation Trust								Total £000
	Land	Buildings excl. dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	
	£000	£000	£000	£000	£000	£000	£000	£000	
Owned - purchased	1,893	54,875	229	6,211	8,476	-	1,071	30	72,785
Owned - donated	-	20,049	-	-	594	34	124	117	20,918
NBV total at 31 March 2023	1,893	74,924	229	6,211	9,070	34	1,195	147	93,703

Note 16.4 : Property, plant & equipment financing - 2021/22

	Group & Foundation Trust								Total £000
	Land	Buildings excl. dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	
	£000	£000	£000	£000	£000	£000	£000	£000	
Owned - purchased	1,893	55,996	272	2,422	5,978	-	1,209	37	67,807
Owned - donated	-	14,819	-	2,962	596	-	-	17	18,394
NBV total at 31 March 2022	1,893	70,815	272	5,384	6,574	-	1,209	54	86,201

Note 16.5 : Property, plant & equipment assets subject to an operating lease (Trust as lessor)

	Group & Foundation Trust								Total £000
	Land	Buildings excl. dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	
	£000	£000	£000	£000	£000	£000	£000	£000	
Subject to an operating lease	-	493	-	-	-	-	-	-	493
Not subject to an operating lease	1,893	74,431	229	6,211	9,070	34	1,195	147	93,210
NBV total at 31 March 2023	1,893	74,924	229	6,211	9,070	34	1,195	147	93,703

Note 16.6 : Economic lives of property, plant & equipment

The minimum and maximum useful economic lives of each class of asset are given in the table below. Useful economic lives reflect the total life of an asset, not the remaining life.

	Group & Foundation Trust	
	Min Life Years	Max Life Years
Land	N/A	N/A
Buildings excluding dwellings	5	70
Dwellings	8	48
Plant & machinery	5	31
Transport equipment	10	10
Information technology	3	10
Furniture & fittings	5	35

Note 17 : Donations of Property, Plant & Equipment

Cash donations were received by the Foundation Trust for building refurbishments and to purchase medical equipment. All cash received was utilised for this purpose. Donations were received from:

The Headley Court Charity - £3,038k (part of a £6m donation for the building of the Veterans' Centre)

The League of Friends - £13k

The RJAH charity - £41k

National Pathology Imaging Co-Operative - £41k

Note 18 : Revaluations of Property, Plant & Equipment

For 2022/23, a full revaluation of land and buildings was undertaken by Avison Young with an effective date of 31 March 2023. This resulted in an overall decrease in value of £1,536k.

The valuations were undertaken in accordance with International Financial Reporting Standards (IFRS) as interpreted and applied by the NHS, and the requirements of the RICS Valuation Professional Standards.

The valuations are carried out on a Modern Equivalent Asset (MEA) basis, using an optimised approach to land and building constitution.

Note 19 : Leases - Trust as a Lessee

This note details information about leases for which the Trust is a lessee.

The Trust has one significant lease for an operating theatre modular building (Menzie's Day Case Unit). Other smaller leases relate to medical equipment (including a CT scanner and theatre equipment), I/T equipment and pool vehicles.

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.

Note 19.1 : Right of use assets - 2022/23

	Group & Foundation Trust			
	Property (land and buildings) £000	Plant & machinery £000	Transport equipment £000	Total £000
IFRS 16 implementation - adjustments for existing operating leases / subleases	1,671	495	20	2,186
Additions	-	-	36	36
Remeasurements of the lease liability	174	-	-	174
Valuation/gross cost at 31 March 2023	1,845	495	56	2,396
Accumulated depreciation at 1 April 2022 - brought forward	-	-	-	-
Provided during the year	400	163	12	575
Accumulated depreciation at 31 March 2023	400	163	12	575
Net book value at 31 March 2023	1,445	332	44	1,821

No leases were with DHSC group bodies.

Note 19.2 : 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 29.

	Group & Foundation Trust 2022/23 £000
Carrying value at 31 March 2022	-
IFRS 16 implementation - adjustments for existing operating leases	1,995
Lease additions	36
Lease liability remeasurements	174
Interest charge arising in year	22
Lease payments (cash outflows)	(616)
Carrying value at 31 March 2023	1,611

Lease payments for short term leases, leases of low value underlying assets and variable lease payments not dependent on an index or rate are recognised in operating expenditure.

These payments are disclosed in Note 8. Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above.

Note 19.3 : Maturity analysis of future lease payments at 31 March 2023

	Group & Foundation Trust
	31 March 2023
	£000
Undiscounted future lease payments payable in:	
- not later than one year;	605
- later than one year and not later than five years;	1,036
Total gross future lease payments	1,641
Finance charges allocated to future periods	(30)
Net lease liabilities at 31 March 2023	1,611
Of which:	
- Current	589
- Non-current	1,022

Note 19.4 : 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.

	Group & Foundation Trust
	2021/22
	£000
Operating lease expense	
Minimum lease payments	841
Total	841
	31 March 2022
	£000
Future minimum lease payments due:	
- not later than one year;	817
- later than one year and not later than five years;	2,093
Total	2,910

Note 19.5 : Initial application of IFRS16 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 1.16.

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

	Group & Foundation Trust 1 April 2022 £000
Operating lease commitments under IAS 17 at 31 March 2022	2,910
Impact of discounting at the incremental borrowing rate	
IAS 17 operating lease commitment discounted at incremental borrowing rate	2,625
Less:	
Commitments for short term leases	(45)
Commitments for leases of low value assets	(162)
Irrecoverable VAT previously included in IAS 17 commitment	(395)
Services included in IAS 17 commitment not included in the IFRS 16 liability	-
Other adjustments	(28)
Total lease liabilities under IFRS 16 as at 1 April 2022	<u>1,995</u>

Note 20 : Analysis of Charitable Fund Reserves

The Robert Jones and Agnes Hunt Orthopaedic Hospital Charity accounts are consolidated within these accounts. The charity is fully controlled by the Foundation Trust as its corporate trustee, and is therefore consolidated in full into the Group.

The charitable fund reserves can be made up of 2 types of funds:

Unrestricted income funds are accumulated income funds that are expendable at the discretion of the trustees in furtherance of the charity's objects. Unrestricted funds may be earmarked or designated for specific future purposes which reduces the amount that is readily available to the charity.

Restricted funds may be accumulated income funds which are expendable at the trustee's discretion only in furtherance of the specified conditions of the donor and the objects of the charity. They may also be capital funds (e.g. endowments) where the assets are required to be invested, or retained for use rather than expended.

Currently there are both unrestricted and restricted funds held by the charity. Balances are:

	Group	
	31 March 2023 £000	31 March 2022 £000
Unrestricted funds:		
Unrestricted income funds	874	973
Restricted funds:		
Other restricted income funds	228	243
	<u>1,102</u>	<u>1,216</u>

Note 21 : Inventories

All inventories are finished goods.

	Group & Foundation Trust	
	31 March 2023 £000	31 March 2022 £000
Drugs	153	133
Consumables	1,093	1,135
Energy	61	66
Total inventories	<u>1,307</u>	<u>1,334</u>

Inventories recognised in expenses for the year were £11,409k (2021/22: £9,774k). Write-down of inventories recognised as expenses for the year were £156k (2021/22: £152k).

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 £200k of items purchased by DHSC (2021/22: £213k). 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 shown above.

Note 22 : Receivables

Note 22.1 : Analysis of receivables

	Group		Foundation Trust	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
Current				
Contract receivables (<i>note 1</i>)	6,450	3,708	6,450	3,708
Capital receivables	-	203	-	203
Allowance for impaired contract receivables	(606)	(615)	(606)	(615)
Prepayments	1,091	972	1,091	972
Interest receivable	123	12	123	12
PDC dividend receivable	135	-	135	-
VAT receivable	429	119	429	119
Other receivables	53	24	133	37
NHS charitable funds receivables	5	108	-	-
Total current receivables	7,680	4,531	7,755	4,436
Non-current				
Contract receivables	986	1,125	986	1,125
Allowance for impaired contract receivables	(245)	(267)	(245)	(267)
Prepayments	69	29	69	29
Other receivables	355	461	355	461
Total non-current receivables	1,165	1,348	1,165	1,348
Of which receivable from NHS and DHSC group bodies:				
Current	3,469	636		
Non-current	355	461		

Note 1 - the large increase in contract receivables is because 2022/23 includes accrued funding from NHS England of £2,729k for the 2022/23 element of the Agenda for Change pay award.

Note 22.2 : Allowances for credit losses

All credit losses relate to contract receivables.

	Group & Foundation Trust	
	31 March 2023 £000	31 March 2022 £000
Allowances as at 1 April - brought forward	882	939
New allowances arising	64	3
Changes in existing allowances	(64)	127
Reversals of allowances	(21)	(12)
Utilisation of allowances (write offs)	(10)	(175)
Allowances as at 31 March	851	882

Note 23 : Finance Leases - Trust as a Lessor

There were no finance leases in either 2022/23 or 2021/22.

Note 24 : Non-Current Assets Held for Sale

There were no non-current assets held for sale in either 2022/23 or 2021/22.

Note 25 : Cash & Cash Equivalents

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

	Group		Foundation Trust	
	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000
At 1 April	26,175	17,417	25,024	16,136
Net change in year	496	8,758	460	8,888
At 31 March	26,671	26,175	25,484	25,024
Broken down into:				
Cash at commercial banks and in hand	21	16	11	6
Cash with the Government Banking Service	26,650	26,159	25,473	25,018
Total cash and cash equivalents	26,671	26,175	25,484	25,024

Note 26 : Third Party Assets Held by the Trust

There were no third party assets held in either 2022/23 or 2021/22.

Note 27 : Trade & Other Payables

	Group		Foundation Trust	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
Current				
Trade payables	3,284	2,333	3,284	2,333
Capital payables	1,449	634	1,449	634
Annual leave accrual	965	1,489	965	1,489
Pay award accrual	2,831	-	2,831	-
Other accruals	5,067	5,208	5,067	5,208
Receipts in advance and payments on account	-	1,038	-	1,038
Social security costs	896	898	896	898
Other taxes payable	1,007	890	1,007	890
PDC dividend payable	-	8	-	8
Pension contributions payable	999	972	999	972
Other payables	2,605	2,703	2,605	2,703
NHS charitable funds: trade and other payables	10	30	-	-
Total current trade and other payables	19,113	16,203	19,103	16,173
Of which payables from NHS and DHSC group bodies:	996	516		

Note 28 : Other Liabilities

	Group & Foundation Trust	
	31 March 2023 £000	31 March 2022 £000
Current		
Deferred income: contract liabilities	1,659	1,162
Deferred grants	4	7
Total other current liabilities	1,663	1,169

The majority of these liabilities relate to funding received too late in the year to be spent and fees received from private patients in advance of treatment.

Note 29 : Borrowings

Note 29.1 : Analysis of borrowings

	Group & Foundation Trust	
	31 March 2023 £000	31 March 2022 £000
Current		
Loan from DHSC (note 1)	1,181	1,184
Salix loan (note 2)	277	277
Lease liabilities (note 3)	589	-
Total current borrowings	2,047	1,461
Non-current		
Loan from DHSC (note 1)	1,180	2,356
Salix loan (note 2)	693	971
Lease liabilities (note 3)	1,022	-
Total non-current borrowings	2,895	3,327

Note 1 - the outstanding DHSC loan is a £10m capital investment loan taken out in August 2015, repayable over 10 years at an interest rate of 1.92%. The principal is repaid at 6 monthly intervals until February 2025. The loan was used to finance the building of the Theatre and Tumour Unit.

Note 2 - Salix is a government-funded organisation which provides interest-free loans to the public sector to improve energy efficiency. The principal is repaid over 5 years at 6 monthly intervals until September 2026.

Note 3 - 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 1.16.

Note 29.2 : Reconciliation of liabilities from financing activities

2022/23	Group & Foundation Trust			
	Loans from DHSC	Other loans	Lease liabilities	Total
	£000	£000	£000	£000
Carrying value at 1 April 2022	3,540	1,248	-	4,788
Cash movements:				
Financing cash flows - payments and receipts of principal	(1,176)	(278)	(594)	(2,048)
Financing cash flows - payments of interest	(63)	-	(22)	(85)
Non-cash movements:				
IFRS 16 implementation - adjustments for existing operating leases / subleases	-	-	1,995	1,995
Additions	-	-	36	36
Lease liability remeasurements	-	-	174	174
Application of effective interest rate	60	-	22	82
Carrying value at 31 March 2023	2,361	970	1,611	4,942

2021/22	Group & Foundation Trust		
	Loans from DHSC	Other loans	Total
	£000	£000	£000
Carrying value at 1 April 2021	4,718	1,059	5,777
Cash movements:			
Financing cash flows - payments and receipts of principal	(1,176)	189	(987)
Financing cash flows - payments of interest	(84)	-	(84)
Non-cash movements:			
Application of effective interest rate	82	-	82
Carrying value at 31 March 2022	3,540	1,248	4,788

Note 30 : Provisions for Liabilities & Charges

	Group & Foundation Trust					
	Pensions: early departure costs £000	Pensions: injury benefits £000	Legal claims £000	Re- structuring £000	Other £000	Total £000
At 1 April 2022	84	449	18	109	736	1,396
Change in the discount rate	-	-	-	-	(313)	(313)
Arising during the year	21	-	8	5	806	840
Utilised during the year	(43)	(27)	-	(114)	(66)	(250)
Reversed unused	-	-	(2)	-	(74)	(76)
Unwinding of discount	-	-	-	-	-	-
At 31 March 2023	62	422	24	-	1,089	1,597
Expected timing of cash flows:						
- not later than one year;	35	20	24	-	614	693
- later than one year and not later than five years;	27	80	-	-	141	248
- later than five years.	-	322	-	-	334	656
Total	62	422	24	-	1,089	1,597

The pensions relate to NHS pensions payable to staff given early retirement prior to 1995, and an injury benefit for a previous employee of the Trust. These are administered and invoiced for by the NHS Business Services Agency Pensions Division with total liability estimated based on life expectancy.

The legal claims relate to employer's and public liability claims handled by NHS Resolution. Liability is limited to the scheme excess.

"Other" relates to clinician pension tax reimbursement, employee relations liabilities, and the dismantling charges for the day case unit at the end of the lease.

At 31 March 2023, £8,783k was included in the provisions of NHS Resolution in respect of clinical negligence liabilities of the Trust (31 March 2022: £14,400k).

Note 31 : Contingent Assets & Liabilities

There were no contingent assets in 2022/23 or 2021/22.

	Group & Foundation Trust	
	31 March 2023 £000	31 March 2022 £000
Value of contingent liabilities		
NHS Resolution legal claims	(11)	(12)
Total value of contingent liabilities	(11)	(12)

Note 32 : Contractual Capital Commitments

	Group & Foundation Trust	
	31 March 2023 £000	31 March 2022 £000
Property, plant and equipment	5,849	3,177
Intangible assets	3,928	-
Total	9,777	3,177

Note 33 : Other Financial Commitments

The Group is committed to making payments under non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangement), analysed by the period during which the payment is made:

	Group & Foundation Trust	
	31 March 2023 £000	31 March 2022 £000
Not later than 1 year	846	788
After 1 year and not later than 5 years	1,403	729
Paid thereafter	-	-
Total	2,249	1,517

Note 34 : Financial Instruments

Note 34.1 : 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 Foundation Trust has with commissioners and the way those commissioners are financed, the Group 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 Foundation Trust's investment policy limits the investment of surplus funds to institutions with a low risk rating. The charity's investment policy is consistent with that of the Foundation Trust. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Group in undertaking its activities.

The Group's treasury management operations are carried out by the finance department. For the Foundation Trust, this is within parameters defined formally within its Standing Financial Instructions and policies agreed by the board of directors. For the charity, this is within parameters defined formally within the charity's governing document and the Charitable Funds Committee terms of reference. Treasury activity is subject to review by the Group's internal auditors.

Currency risk

The Group is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. There are no overseas operations. The Group therefore has low exposure to currency rate fluctuations.

Interest rate risk

The Foundation Trust holds a DHSC loan, with interest charged at the prevailing National Loans Fund rate when the loan was taken out. The Salix loan is interest free. The Foundation Trust therefore has low exposure to interest rate fluctuations. The charity has no borrowings.

Credit risk

As the majority of the Foundation Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2022 are in receivables from customers, as disclosed in the receivables note. The charity does not hold material receivables balances. With its income coming from voluntary donations and legacies, the charity is also considered to have a low exposure to risk.

Liquidity risk

The Group's operating costs are incurred under contracts with commissioning organisations, which are financed from resources voted annually by Parliament. The Foundation Trust funds its capital expenditure from resources voted annually by parliament, internally generated surpluses, donations, and through borrowing via the National Loans Fund. The Group is not, therefore, exposed to significant liquidity risks.

Note 34.2 Carrying values of financial assets

All at amortised cost under IFRS 9	Group		Foundation Trust	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
Trade and other receivables (excl. non financial assets)	7,116	4,651	7,196	4,664
Cash and cash equivalents	25,484	25,024	25,484	25,024
Consolidated NHS Charitable fund financial assets	1,192	1,246	-	-
Total	33,792	30,921	32,680	29,688

Carrying value (book value) of these financial assets is assumed to be a reasonable approximation of fair value.

Note 34.3 Carrying values of financial liabilities

All at amortised cost under IFRS 9	Group		Foundation Trust	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
Loans from the Department of Health and Social Care	2,361	3,540	2,361	3,540
Obligations under leases	1,611	-	1,611	-
Other borrowings	970	1,248	970	1,248
Trade and other payables (excl. non financial liabilities)	17,200	13,339	17,200	13,339
Provisions under contract	120	120	120	120
Consolidated NHS charitable fund financial liabilities	10	30	-	-
Total	22,272	18,277	22,262	18,247

Carrying value (book value) of these financial liabilities is assumed to be a reasonable approximation of fair value.

Note 34.4 : Maturity of financial liabilities

The following maturity profile of financial liabilities is based on the contractual undiscounted cash flows. This may differ to the amounts recognised in the Statement of Financial Position which are discounted to present value.

	Group		Foundation Trust	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
In one year or less	19,307	14,884	19,297	14,854
In more than one year but not more than five years	3,046	3,503	3,046	3,503
Total	22,353	18,387	22,343	18,357

Note 35 : Losses & Special Payments

	Group & Foundation Trust			
	2022/23		2021/22	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Bad debts and claims abandoned	70	10	27	1
Stores losses and damage to property	2	153	2	152
Total losses	72	163	29	153
Special payments				
Ex-gratia payments (note 2)	77	4	69	152
Special severance payments	-	-	1	8
Total special payments	77	4	70	160
Total losses and special payments	149	167	99	313

Note 1 - losses and special payments are accounted for on an accruals basis, excluding provisions for future losses.

Note 2 - in 2021/22 ex-gratia payments included nationally funded overtime corrective payment relating to backpay to staff going back a number of years as a result of the Flowers legal case, totalling £136k.

Note 36 : Related Parties

During the year no Department of Health & Social Care ministers, Trust board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with the Group.

The Department of Health is regarded as a related party. During the year the Group 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. The most significant are:

- Cheshire & Merseyside ICB/CCG
- Health Education England
- Herefordshire & Worcestershire ICB/CCG
- NHS England
- NHS Resolution
- Shrewsbury & Telford Hospitals NHS Trust
- Shropshire, Telford & Wrekin ICB/CCG

The Group has had a number of material transactions with UK devolved governments. These transactions have been for the provision of healthcare, mainly with Welsh NHS bodies which are funded by the Welsh Assembly.

- Betsi Cadwaladr University LHB
- Powys LHB

The Group has also had a number of material transactions with other government departments and other central and local government bodies. Most of these have been with Shropshire Council in respect of non-domestic rates.

Note 37 : Events After the Reporting Date

There were no events after the reporting date.

Note 38 : Adjusted Financial Performance

The table below shows the Foundation Trust's adjusted financial performance.

	Foundation Trust	
	2022/23 £000	2021/22 £000
Retained surplus for the year	4,941	8,201
Remove capital donations I&E impact	(2,482)	(2,377)
Remove net impact of consumables donated from other DHSC bodies	(5)	73
Adjusted financial performance surplus	<u>2,454</u>	<u>5,897</u>

