

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

**ANNUAL REPORT AND
ACCOUNTS 2023/24**

The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust

**Annual Report and Accounts for the
period of 1 April 2023 to 31 March 2024**

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

Contents

Annual Report 2023/24

Performance Report	Statement of Chief Executive and Chair	4
	Performance Overview	6
	Performance Analysis	11
Accountability Report	Directors' Report	22
	Remuneration Report	37
	Staff Report	47
	NHS FT Code of Governance Disclosures	56
	NHS Oversight Framework	62
	Statement of Accounting Officer's Responsibilities	63
	Annual Governance Statement	65

Independent Auditor's Report 2023/24 88

Annual Accounts 2023/24 94

ANNUAL REPORT

2023/24

PERFORMANCE REPORT

Statement of Chief Executive and Chair

At The Robert Jones and Agnes Hunt (RJA) NHS Foundation Trust we aspire to deliver world-class patient care. 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 2023/24 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 2023/24 financial year, our focus has been to bring down our waiting lists for both our English and our Welsh patients. We have been mindful of the pressure this puts on our people, and throughout the year we ran a busy and ambitious recruitment campaign to bring in additional expertise. We are pleased to say that we have reaped the rewards of that campaign and had more than 130 additional staff by the end of the financial year compared to the start.

We recognise that this alone will not get us where we need to be in the long run and continue to look for new and innovative ways to improve our activity levels. This includes the use of new and exciting digital solutions which should help us to become more efficient and so see more patients during operating theatre sessions. We look forward to sharing more about that in the coming months.

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

On 4 April 2023, we welcomed Her Royal Highness The Duchess of Edinburgh to RJA to officially open the Headley Court Veterans' Orthopaedic Centre. This was a wonderful day for our staff and a fantastic opportunity to raise the profile of the fantastic work our Veterans' Centre does. The event received coverage nationally and internationally in a wide variety of publications that would not ordinarily focus on our work.

Overall patient experience at RJA 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, RJA was also named as one of just eight 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 RJA rated as the best in the country for the 17th time in 18 years, as well as the wards and rooms being highlighted as the cleanest in the country for a fourth year in a row.

The Trust also received a welcome early Christmas present, as we found out on 19 December 2023 that we had been successfully accredited as an Elective Surgical Hub. This accreditation scheme is run by NHS England's Getting It Right First Time (GIRFT) programme in collaboration with the Royal College of Surgeons of England and assesses hubs against a framework of standards to help hubs deliver faster access to some of the most common surgical procedures such as cataract surgeries and hip replacements. It also seeks to assure patients about the high standards of clinical care. Surgical hubs, which are separated from emergency services, are part of plans nationally to increase capacity for planned care (referred to as elective care), with more dedicated operating theatres and beds. There are more than 90 elective hubs nationally, but we were one of just 31 to have this accreditation at the point that it was announced. We were also one of the first three paediatric services in the country to be accredited.

The Trust experienced a number of financial challenges during the year as the funding framework reverted back to Payment by Results linking income to activity, delivering a full year adjusted financial performance deficit of £1.9m which was £2.1m adrift of plan. There were material shortfalls in activity

with workforce availability being a major constraint as industrial action and vacancies in key areas stalled our progress with restoration. Additionally, we experienced an increase in complexity of patients treated which coupled with a high inflationary environment elevated our operating costs above expected levels. Income underperformance was further exacerbated by growth in out of area activity which is not recognised under national block contracting arrangements. The pressures were partially mitigated through the efforts of a financial recovery group, implementation of enhanced financial controls and through the full delivery of a £4.6m efficiency programme.

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 continue 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

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.

Highlights of the year

The Trust had plenty of reasons to celebrate in 2023/24. Here are just a few of our many achievements from the year:

- Our year got off to a hugely positive start, as we welcomed Her Royal Highness The Duchess of Edinburgh to officially launch the Headley Court Veterans' Orthopaedic Centre. The Duchess unveiled a plaque to mark the opening of the £6 million building, which houses the first dedicated veterans' orthopaedic service in the UK.
- There was further building work getting under way, as we began a state-of-the-art expansion to our Theatre building. The first phase of this project should open in the autumn of 2024, and will give us capacity to carry out an additional 1,200 surgical procedures a year.
- Patient experience at RJAHS was rated as the best in the country for the third year in a row, according to the annual Adult Inpatient Survey. RJAHS was named as one of just eight 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 RJAHS had the cleanest wards and rooms in the NHS for the fourth year in a row. Its food was also rated the best in the country – for the 17th time in the past 18 years.
- RJAHS was accredited as an Elective Surgical Hub delivering high standards in clinical and operational practice. The scheme, run by NHS England's Getting It Right First Time (GIRFT) programme in collaboration with the Royal College of Surgeons of England, assesses hubs against a framework of standards to help hubs deliver faster access to some of the most common surgical procedures such as cataract surgeries and hip replacements. It also seeks to assure patients about the high standards of clinical care.
- In April 2023, the Trust launched an Enhanced Recovery Programme for all arthroplasty patients – aiming to get patients back to full health as quickly as possible following surgery. Research around enhanced recovery has shown that the earlier a person gets out of bed and starts walking, eating, and drinking after an operation, the shorter their recovery time will be. The programme had seen more than 1,000 patients before the end of the year.
- The Trust joined together with Safe Ageing No Discrimination (SAND) in a bid to support the ageing lesbian, gay, bisexual, transgender, queer, questioning, intersex, or asexual (LGBTQIA+) community. We signed a covenant with the charity, committing to understand and respond to the needs of older LGBTQIA+ people in Shropshire, Telford and Wrekin.
- We delivered a significant recruitment initiative – titled 'Time to Care' – throughout 2023/24, which saw a programme of recruitment days alongside a digital social media campaign. This proved extremely successful, and by the end of the financial year, the Trust had more than 130 additional staff compared to 12 months earlier.
- RJAHS was again named as a National Joint Registry Quality Data Provider – for the fifth year in a row - after successfully submitting a national programme of data audits.
- The hospital signalled its commitment to supporting its staff by expanding its series of cost-of-living measures. Offers such as free breakfasts of porridge or toast, as well as discounted lunches, proved popular. These offers were extended indefinitely, and the Trust also introduced free period products for staff and began running a series of financial advice workshops.

- RJAH was one of 21 Trusts chosen to join the HS Exemplar Trusts Programme for Catering for their innovation, high food standards and consistent service in providing food for staff, patients and visitors. The Trusts selected as exemplar will serve as pilot sites for national initiatives and feedback to the wider group to raise standards. We are involved with topics such as menu choices, staff training, food safety management, food waste and much more.
- RJAH held an event to mark the end of the ASCOT Trial – a major clinical trial which

has helped to transform the lives of people suffering with damage to their knee joint or cartilage. It has been running in partnership with Keele University and supported by the Orthopaedic Institute Charity, Versus Arthritis and the Medical Research Council.

- The Trust received the NHS Pastoral Care Quality Award in recognition of its efforts and commitment to providing gold standard quality pastoral care to international recruits. In 2023, the organisation welcomed 22 international nurses to its workforce, from countries including Kenya, India, Saudi Arabia, Jamaica and more.

Purpose and Activities

The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust (RJAHS) 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 in 2023/24 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.

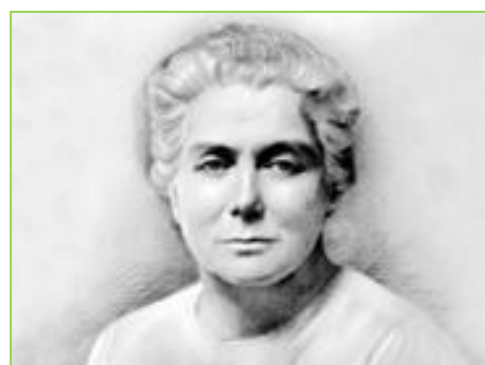
Brief History and Background

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 RJAHS 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

Our staff want an innovative future for our patients, our colleagues and our communities. We know this because they have told us so in numerous forums. In December 2023, we were delighted to launch our new five-year strategy, which sets out how we will look to begin the journey of delivering that innovative future over the next five years.

We have created a Strategy section on our Trust website, where interested parties can download a copy of the strategy document and also read all about our Strategic Objectives.

The strategic objectives take us up to March 2025, and align completely with our longer-term strategy.

The difference is the measures of success that we have identified, and which set out the scale of ambition we have for the next five years. A summary of those measures is set out below.



The work to develop both our strategy and our strategic objectives has been done within the context of the NHS landscape as it presents itself today. We operate within the Shropshire, Telford and Wrekin Integrated Care System and want to be a full and active partner within that system. We have also grown flourishing partnerships outside of that system, for example with our peers in the National Orthopaedic Alliance. Collaborative working is at the heart of our strategy as we look to the future, and is reflected strongly in our approach.

Our strategy presents us with an exciting opportunity over the next five years to build on what we already have here at RJA, and ensure we continue to grow and continue to thrive long into the future.

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 towards the end of the 2023 calendar year related to:

- workforce capacity and capability;
- insufficient capacity to meet demand;
- loss of data / inability to restore services after a cyber attack;
- the impact of the system financial deficit; and
- delivery of year-on-year efficiencies and productivity gains.

More detail on the BAF, including revision to the BAF to reflect the updated strategic objectives, is included within the Accountability Report.

Overview of Financial Performance

The Trust experienced a number of financial challenges during the year as the funding framework reverted back to Payment by Results linking income to activity. There were material shortfalls in activity with workforce availability being a major constraint as Industrial Action and vacancies in key areas stalled our progress with restoration. Additionally we experienced an increase in complexity of patients treated which coupled with a high inflationary environment elevated our operating costs above expected levels. The pressures were partially mitigated through the efforts of a financial recovery group, implementation of enhanced financial controls and through the full delivery of a £4.6m efficiency programme.

As a result of these pressures the Trust ended the year with an adjusted financial performance deficit of £1.9m which was £2.1m adrift of plan.

It is also important to note that the Shropshire, Telford, and Wrekin Integrated Care System continues to be 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 be committed to improving the financial position collaborating with partners and leading key areas of development such as MSK Transformation.

The Trust has continued to invest significantly in its capital programme with expenditure of £12.6m in year, with notable projects including the continued implementation of a new Electronic Patient Record system, construction of new theatre to provide additional capacity and installation of solar panels across the site to reduce energy costs and carbon emissions.

Despite the challenging year cash balances remain healthy at £21.7m which supports the Trust's day to day operating expenses and resilience as a standalone organisation.

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 and Performance 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 Strategic Plan

The Trust has set the following objectives in its five year Strategic Plan:

- Deliver high quality clinical services.
- Develop our Armed Forces and Veterans Service as a nationally recognised centre of excellence.
- Integrate the MSK pathway within and across Shropshire, Telford and Wrekin.
- Grow our services and workforce sustainably.
- Innovation, education and research at the heart of what we do.

These objectives cover the five years of the Plan, from 2023 to 2028.

The overarching strategic objectives are underpinned by more detailed objectives for the first two years of the Plan (covering the period 2023 to 2025). Each of these two-year objectives have associated “measures of success”. These are supported by detailed key performance indicators that are reported to the Board of Directors and its committees.

Updates on delivery of these measures of success at the end of 2023/24 are included in the following tables:

Deliver high quality clinical services		
How we will do it	Measure	April 2024 update
Ensure the highest standards of care for our patients	<ul style="list-style-type: none"> • Delivery of Trust's Quality Improvement Priorities for 2023/24 • Implementation of Quality accreditation programme • Roll-out of PSIRF (Patient Safety Incident Response Framework) • Nursing & AHP Strategy and Quality strategy signed-off 	<ul style="list-style-type: none"> • The Trust identified six quality priorities for 23/24, three of which have been fully achieved. • The Quality accreditation programme is on track to be rolled out across the Trust in June 24. • The Trust has completed the transition to PSIRF. • The Nursing & AHP Strategy has been approved. • The Quality Strategy has been approved.
Empower departments to develop services	<ul style="list-style-type: none"> • Departmental-led implementation of clinical strategies • Annual Departmental Business Plan in place for each Clinical service Optimise productivity and efficiency within our services • Clinical Strategy signed-off 	<ul style="list-style-type: none"> • Cycle of presentations through Trust Management Group in place • Annual Service level business plan being finalised as part of the 2024/25 operational planning round. • Development of a Clinical Strategy is underway with a completion date of Q2 24/25
Optimise productivity and efficiency within our services	<ul style="list-style-type: none"> • Delivery of the performance, workforce, productivity and transformation schemes set out as part of the Trust's Operational plan • Deliver Elective Hub efficiency standards 	<ul style="list-style-type: none"> • Progress against performance and productivity metrics impacted by Industrial action in 2023/24. • New Theatre due to open in October 2024. • Key workforce metrics at the end of March 2025 <ul style="list-style-type: none"> • Vacancy rate reduced to 3.25% • Staff turnover reduced to 7.58% • Elective Hub accreditation obtained November 2023
Ensure a fair, equal and inclusive culture across the Trust	<ul style="list-style-type: none"> • Delivery of the Trust's Inclusion priorities for 2023/24 	<ul style="list-style-type: none"> • Launched the Trust's EDI Strategy and Action Plan • Launched bimonthly EDI newsletters • Set up of Staff Networks with Chair and Executive Sponsor • Published the WRES/WDES reports and action plans • Published the Gender Pay Group • Successful in receiving NHSE Innovation funding and delivered an all staff event to improve declaration rates of protected characteristics

Develop our Armed Forces and Veterans Service as a nationally recognised centre of excellence		
How we will do it	Measure	April 2024 update
Increase our workforce capacity to reflect service demand	<ul style="list-style-type: none"> • Delivery of Consultant recruitment plan • with targeted consultant recruitment to reduce waiting times 	<ul style="list-style-type: none"> • Successful Locum Consultant recruitment in November 2023. Business case in development regarding future workforce, expected to be completed by the end of May 2024 with recruitment anticipated towards the end of 2024/25 subject to successful approval.
Develop our rehabilitation facilities	<ul style="list-style-type: none"> • Develop Business case for Veterans Rehabilitation service 	<ul style="list-style-type: none"> • Scope review completed and business case objectives refined during 23/24 and presented to F&P Committee in March 2024.
Maintain Veterans Accreditation standards	<ul style="list-style-type: none"> • Veterans accreditation training for new starters 	<ul style="list-style-type: none"> • Veterans' awareness training will be delivered to all staff in the Trust via a scripted video and delivered by veterans at the Trust. This will be a concise video enabling this awareness training to be used at all team meetings and forums enabling us to reach all staff
Strengthen partnerships with armed forces and veteran friendly organisations	<ul style="list-style-type: none"> • Consider opportunities for future working with Headley Court charity and Ministry of Defence • Develop links with GIRFT (Getting it Right First Time) in line with the Improving Veterans MSK Rehabilitation Report 	<ul style="list-style-type: none"> • The Trust attended the Ministry of Defence Stakeholder Engagement session in January 2024 to scope the opportunity to bid in June 2024 to be a supplier of active military MSK surgical rehabilitation • The Trust is participating in a 6 month data collection pilot to inform pathways and accreditation processes for Veterans rehabilitation

Integrate MSK pathways across Shropshire, Telford and Wrekin		
How we will do it	Measure	April 2024 update
Lead the MSK Transformation Board and contributing to the delivery of the transformation programme	<ul style="list-style-type: none"> • Establishing RJAH as the lead provider for MSK services through the development of a provider collaborative agreements • Governance structure in place for the MSK transformation programme • Work collaboratively to standardise pathways and equity of access for STW patients 	<ul style="list-style-type: none"> • Over the last 12 months the Trust has taken an increasingly proactive leadership role in the development of MSK services across STW. The further progress of the MSK programme is now being overseen by the Committee in Common. • Within the system there is now a more robust structure for MSK transformation, with an expanded scope that incorporates the full pathway. • The Trust is leading on and has led on delivering key milestones including go live of MSST, creating a single point

Integrate MSK pathways across Shropshire, Telford and Wrekin		
How we will do it	Measure	April 2024 update
		of access for MSK services across STW and standardising the triage and interface protocols.
Work towards Elective Hub Accreditation	<ul style="list-style-type: none"> Self-assessment completed against the Elective Hub accreditation criteria 	<ul style="list-style-type: none"> Elective Hub accreditation obtained November 2023 for Adult and Paediatric services.

Grow our services and workforce sustainably		
How we will do it	Measure	April 2024 update
Recruit, support, retain and provide an exemplar experience for our staff	<ul style="list-style-type: none"> Delivery of year 1 objectives contained within the RJAH People Strategy 	<ul style="list-style-type: none"> The Trust has been working on delivery of the associate actions within year Clear progress has been made in respect of the five identified objectives and the associated measures with programmes and schemes being introduced and coordinated. Sense of belonging is supported by the introduction of staff networks and embedding just culture within core PS policies. Focus on further years of the People Strategy continues to support the workforce.
Optimise use of estate through capital investment & partnership working	<ul style="list-style-type: none"> Review opportunities to utilise estates and facilities within our geographical catchment to deliver services locally and in line with our Green plan 	<ul style="list-style-type: none"> The Trust has been developing its work in collaboration with Powys Health Board to enhance the level of outreach and joint working with key opportunities identified in terms of improving equity of services, delivering services locally in the Powys area The Trust will continue to expand its discussions with stakeholders during 2024/25.
Expanding our reach and specialist expertise to other providers and sectors	<ul style="list-style-type: none"> Scope the appropriate resources and skills required to strengthen commercial and business expertise within the organisation 	<ul style="list-style-type: none"> Skills gap identified within the organisation to maximise commercial and business potential. Proposal will be developed in 2024/25 to address this.

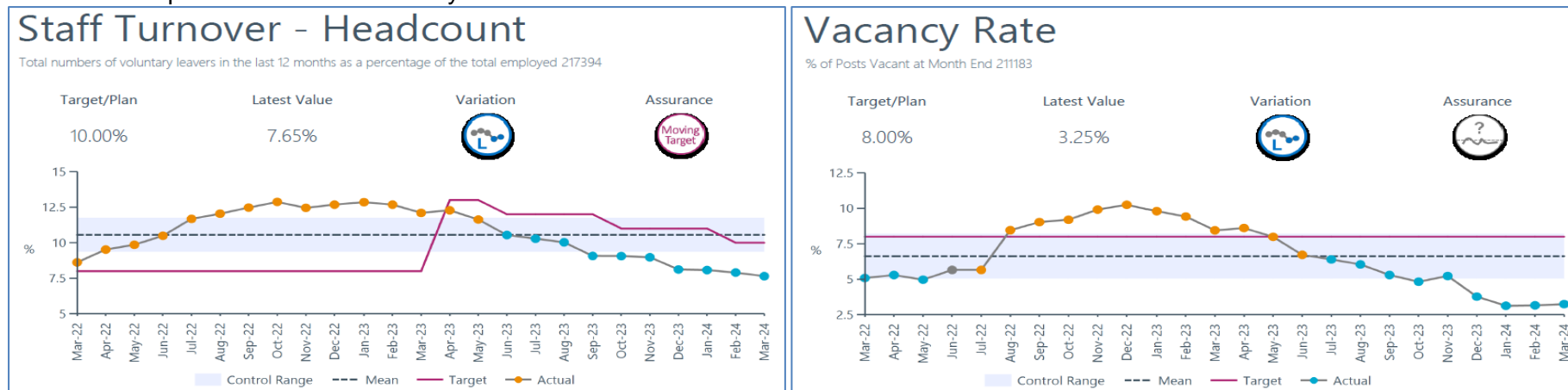
Innovation & Research at the heart of what we do		
How we will do it	Measure	April 2024 update
Create the cultural environment to promote continuous Improvement	<ul style="list-style-type: none"> NHS Improvement Impact self-assessment to be completed Roll out continuous improvement training across all staff groups 	<ul style="list-style-type: none"> Improvement Training has been being undertaken with staff attending from all staff groups. Training offers vary and are inclusive of but not limited to, all staff Induction includes improvement training, Improvement Champions training (4 day course), Improvement Advocates (one day course), Board of Directors quality improvement training.

Innovation & Research at the heart of what we do		
How we will do it	Measure	April 2024 update
	<ul style="list-style-type: none"> Establish Digital Education, Research and Innovation Committee 	<ul style="list-style-type: none"> The Trust has created an Innovation Club which aims to further encourage innovative ideas for improvement. It is open to all staff and held on alternating dates once per month. NHS IMPACT self-assessment completed in October with board members and senior management and clinical staff invited to collaboratively undertake the assessment DERIC Committee established.
Enhance capability and opportunities for research across all professions	<ul style="list-style-type: none"> Increase Nurse and AHP led research Delivery of in-year objectives contained within the RJAH Research Strategy 	<ul style="list-style-type: none"> The Trust has co-produced a Nursing & Allied Health Professionals Strategy for the next 5 years, with key objectives centred around enhancing our Innovation, education and research opportunities. The Trust is currently developing a Research strategy to support the deliverables. This strategy will be overseen by the DERIC Committee.
Optimise the potential of digital technologies to transform care	<ul style="list-style-type: none"> Implementation of the EPR programme Appropriate digital training & awareness programme in place 	<ul style="list-style-type: none"> Implementation of EPR ongoing. Go live planned for 24/25. A training programme has been developed and introduced to support all elements for the rollout of the new digital Electronic Patient Record system Apollo

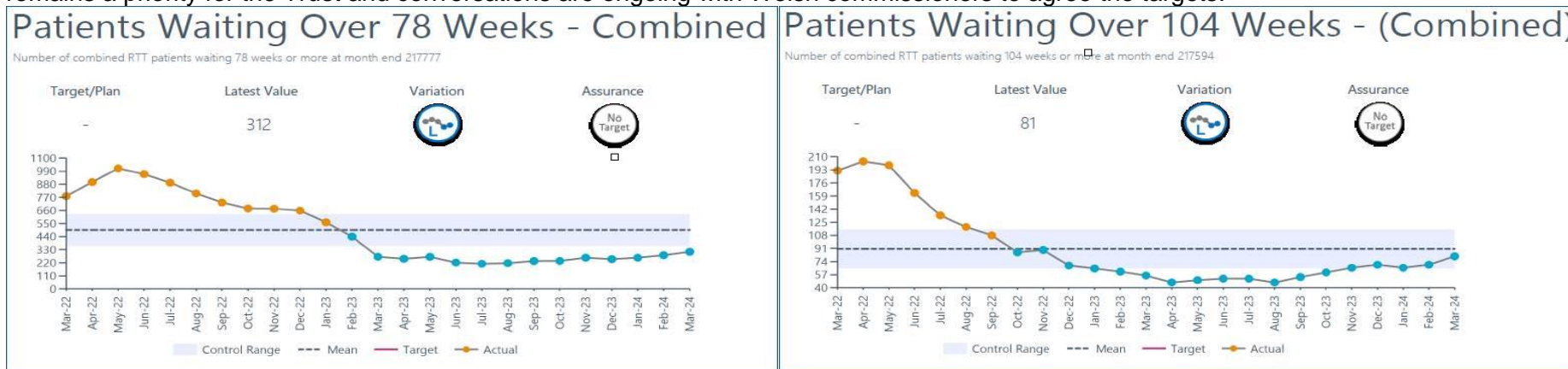
A number of key performance indicators are considered at the Board and its committee meetings each month. Performance measures considered at public meetings of the Board during the year can be viewed on the Trust's website at: [2023 - 2024 Trust Board Meeting Papers - RJAH](#).

A number of key measures are also presented below. These graphs present performance over two years, from March 2022 to March 2024.

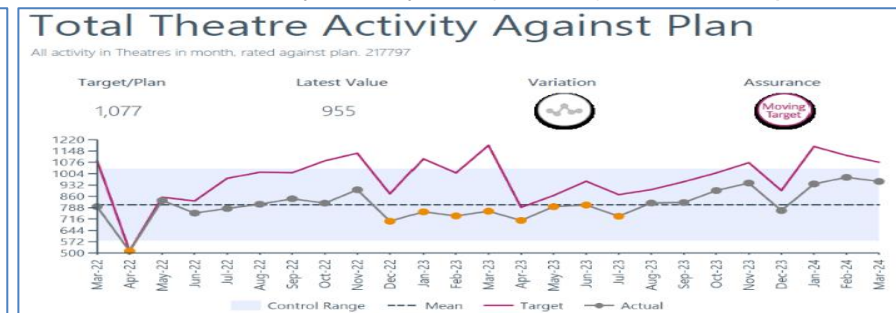
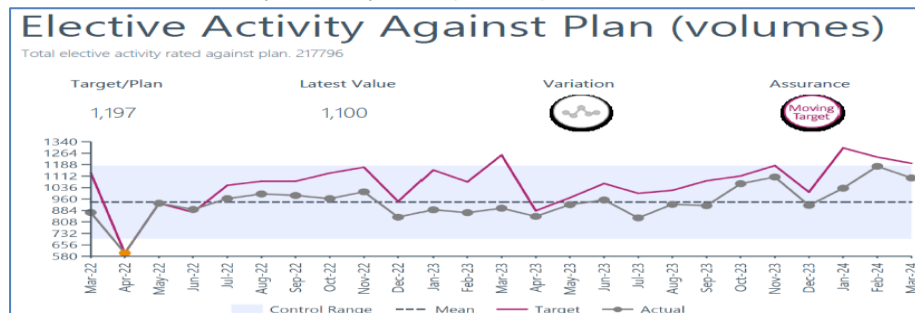
There were improvements in the stability of the workforce as turnover reduced and the number of vacancies decreased:



Good progress was made in reducing waiting times for patients in line with NHS England expectations. Reducing waiting times for Welsh patients remains a priority for the Trust and conversations are ongoing with Welsh commissioners to agree the targets:



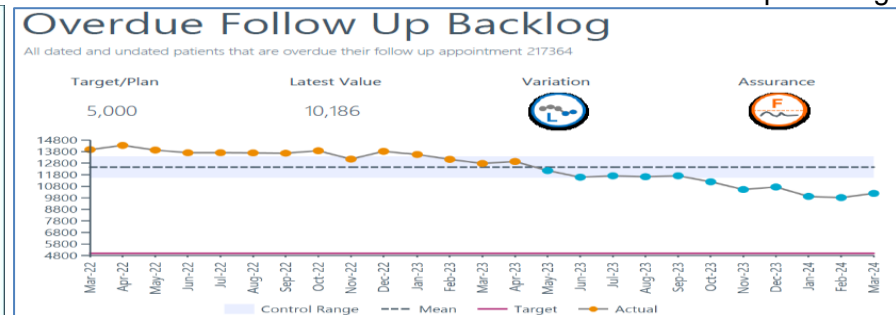
Total elective activity rose by 958 (8.84%) between 2022/3 and 2023/4 and total theatre activity rose by 975 (10.57%) in the same period:



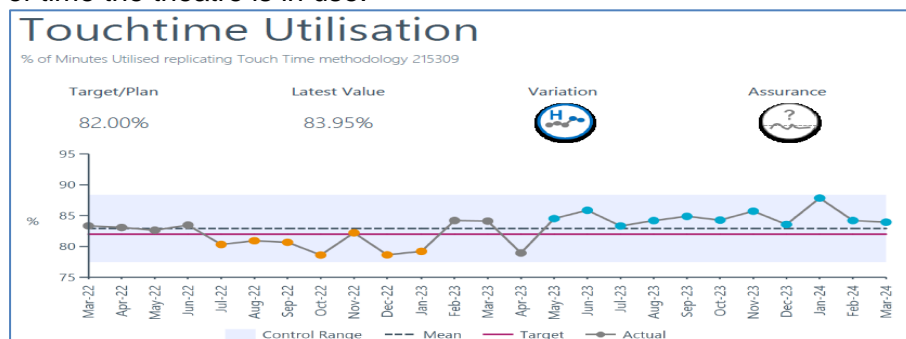
The referral to treatment (RTT) list continued to rise during the year:



There was a consistent reduction in the overdue follow-up backlog:



“Touchtime utilisation” is a nationally recognised measure of how efficiently a hospital uses its operating theatres. “Touchtime” represents the total theatre time practitioners are actively engaged in operating. “Touchtime utilisation” is a measure of “touchtime” in proportion to the duration of time the theatre is in use.



Sustainable Development

The Trust has undertaken risk assessments and has a Green Plan aligned to the NHSE/I '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

Health inequalities are unfair and avoidable differences in health across the population, and between different groups within society.

In March 2021, NHS England set out five national priorities for tackling health inequalities.

- Priority 1: Restoring NHS services inclusively.
- Priority 2: Mitigating against digital exclusion.
- Priority 3: Ensuring datasets are complete and timely.
- Priority 4: Accelerating preventative programmes.
- Priority 5: Strengthening leadership and accountability.

Furthermore, a 'Statement on Information on Health Inequalities' has been released by NHS England further to its duty under section 13SA of the National Health Service (NHS) Act 2006 setting out a description of the powers available to relevant NHS bodies to collect, analyse and publish information. This statement was published on 27th November 2023. For the period of 2023/24 and 2024/25 NHS England's views on how relevant NHS bodies should exercise their powers to collect, analyse and publish information on health inequalities include the need to:

- Understand healthcare needs including by adopting population health management approaches, underpinned by working with people and communities.
- Understand health access, experience and outcomes including by collecting, analysing and publishing information on health inequalities set out in the Statement.
- Publish information on health inequalities within or alongside annual reports in an accessible format.
- Use data to inform action including as outlined in the Statement.

The Trust reports Health Inequalities updates against its priorities through its Quality and Safety Committee which is a sub-committee of the Board. The Trust is also continuing to focus on treatment of its longest waiting patients, as well as working to identify any health inequalities that may be impacting them. Elective Recovery Health Inequalities data is being expanded and will also be reported through our Finance and Performance Committee from month 1 of 2024/25.

The Trust implemented and has had in place a Health Inequalities & Population Health working group. This group has scoped opportunities alongside available intelligence to further understand health access, experience and outcomes. February 2024 saw a refresh of the current working group to define actions and next steps. The areas of focus following this refresh are inclusive of but not limited to; evolving reporting; restoring inclusively; addressing inequalities at attendance; Children and Young People (Was Not Brought); patient feedback; partnership working; and anchor institutions. The Trust is also a member of the STW Population Health Management group chaired by both Shropshire, and Telford & Wrekin Council Directors of Health.

The Trust is taking multiple steps to support addressing health inequalities. Further areas to note complementing the areas of focus are:

- **Disaggregated Health Inequalities data** has been displayed and discussed within the Trust's Health Inequalities & Population Health working group. There is further involvement planned within published 2024/25 RJAHS Integrated Performance Reports (IPR). However, it should be noted that English deprivation scoring differs to Welsh deprivation scoring and this will need to be considered when developing reports.

- **There are ongoing data quality assessments.** Ethnicity collection has had its own working group within the Trust to ensure high rates collection to further support assessments. There are internal reports highlighting the services where this has not been captured. Improvements have been seen from when the monitoring began in 2021.
- **Shropshire, Telford & Wrekin (STW) Musculoskeletal (MSK) Board.** During 2023/24 the Trust has taken an increasingly proactive leadership role in the development of MSK services across STW. Within the system there is now a more robust structure for MSK transformation, with an expanded scope that incorporates the full pathway. MSK population health data is in development by the STW Business Intelligence team and is part of the ICB Population Health Management programme of work. Lifestyle and Demographic Risk Factors and Reported Prevalence intelligence available through national Model Health System data is also being further explored with system colleagues through this board. Correlation, triangulation and further understanding of various intelligence will further support in actions to address health inequalities. The group will be reviewing multiple population health data inclusive of but not limited to.
 - Percentage of the STW GP registered population aged 65+ is in the upper quartile when compared nationally. This accounts for 22.8% of the STW population when 2023/24 NHS Digital - Patients Registered at a GP Practice data is observed.
 - Percentage of older people aged 60+ living in income deprived households (IDAOP1) is in the second quartile for the STW population at 12.8% when 2019 English Indices of Deprivation (Ministry of Housing, Communities & Local Government) is observed.
 - Percentage of people with arthritis or ongoing problem with back or joints (all ages) is in the third quartile for the STW population at 19.8%. This data is derived from 2021/22 National Commissioning Data Repository (NCDR) – UKHF, GP Patient Survey, Practice Level Weighted.
- **Digital Exclusion.** To support continued improvements in outcomes for our patients the Trust continues to evolve its digital app (MyRecovery) for patients. The app is a suite of tools designed to support, empower, and inform a patient through their treatment. Patients have a range of methods to engage with the MyRecovery platform. If a patient does not have a smartphone or tablet to access the app, they can access the patient portal via a web browser at home or in clinic without even creating an account. The MyRecovery platform has been developed with equity of access and accessibility in mind. Digital exclusion assessments have been being undertaken with case study results showing there was no difference in age, gender or social deprivation status of app vs non-app users and no evidence of the app excluding patients based on these demographics.
- **There is Local Authority involvement in internal working groups.** This is recognising health inequalities are driven by a variety of factors. To serve communities well, relevant NHS bodies and partner organisations should work together to understand the collective health and care needs of local people and populations, as well as healthcare access, experience and outcomes. This wider collaboration is enabling actions that support signposting to smoking cessation and weight management support where required as an example. The Trust is equally working with wider system partners to further evolve the system Health Inequalities agenda.

The Trust also continues to progress with business cases that directly or indirectly support with addressing health inequalities. For example, 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.

Looking ahead to 2023/24

Looking ahead, the strategic objectives 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 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 2024/25 will be to:

- Reduce waiting times to 65 weeks by September 2024.
- Maintain performance against the cancer waiting times standard.
- Restore elective services to greater than pre-covid levels.
- Optimise productivity and efficiency within our services.

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
24 June 2024

ACCOUNTABILITY REPORT

Directors' Report

Meet the Board

The directors present their annual report together with the audited financial statements for the year 01 April 2023 to 31 March 2024.

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. The Chair keeps this balance under review during the annual appraisal of Non-Executive Directors.

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 RJAHS 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 RJAHS 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.

Stacey's 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.



Sarfraz Nawaz
Non-Executive Director

Sarfraz joined the Board of Directors at RJAHS on 01 October 2021 as Associate Non-Executive Director and later appointed as Non-Executive Director in February 2022. Sarfraz is also the Senior Independent Director for the Trust.

A qualified Accountant with the Chartered Institute of Public Finance and Accountancy (CIPFA), he is currently the Executive Director of Finance at the National Citizen Service, the arm's length body for young people in England. Sarfraz has also held several financial leadership and Board member roles across the public sector including Local and Central Government.



Martin Newsholme Non-Executive Director

Martin was appointed as a Non-Executive Director for RJAH 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, Dudley Integrated Health and Care Trust and Shropshire Doctors Co-operative.



Penny Venables Non-Executive Director

Penny joined the Board of Directors at RJAH 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 a Consultant 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.



Lindsey Webb Non-Executive Director

Lindsey joined the Board of Directors at RJAH in July 2023 as Non-Executive Director. She is a registered nurse with 40 years' experience of working in the NHS including previous experience in Executive

Director roles, in other specialist orthopaedic hospitals.

Lindsey worked as a Director of Provex Solutions Ltd providing independent healthcare consultancy across England in both health and social care, including the voluntary sector. For the last seven years she has also held a trustee position at Birmingham Hospice.



Martin Evans Non-Executive Director

Martin joined RJAH on 06 September 2022 as Associate Non-Executive Director and later appointed as Non-Executive Director in July 2023.

Martin 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. Since this time he has been working as a Non-Executive Director at two NHS Trusts as well as supporting the Home Office and Department for Transport in seeking new ways of making our roads safer and reducing the number of people being killed and seriously injured.

Martin has many years of experience working at an operational and strategic level with other agencies.

Martin is a people person and passionate about ensuring that we do all that we can to look after our staff and improve the quality of life of our communities.



Craig Macbeth, Chief Finance and Planning Officer

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.



Ruth Longfellow
Chief Medical Officer

Ruth has been Chief Medical Officer at RJAHS 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 Fellowship of the Royal College of Surgeons (FRCS) examination in 2006 and a Diploma in Medical Education at Nottingham University in 2011.

In 2011, she was appointed to RJAHS 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 /
Deputy CEO

Mike joined RJAHS 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 RJAHS 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.

Mike was appointed Deputy CEO in October 2023.



Paul Kavanagh Fields
Chief Nurse and Patient
Safety Officer

Paul joined RJAHS in April 2023. He brings a wealth of leadership experience to the Board of Directors, having previously worked in a number of Board and sub-Board level positions across acute hospital services, public health, local and strategic commissioning, primary care, service improvement and modernisation and education.

Paul was responsible for the roll out of the Bowel Cancer Screening Programme in Northern Ireland and has developed a number of workforce strategies, including job planning for clinical nurse specialists.

More recently Paul has supported the North Wales Covid-19 Response Service at a strategic level, engaging with local authorities, Welsh government and education.

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 RJA Board in 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).

In his role as Associate Non-Executive Director, Dr Pepper aims to support RJA during the rapidly evolving challenges and changes within the NHS and maintain a focus on the delivery of high-quality care for patients and staff alike.



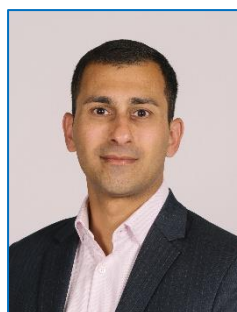
Paul Maubach
Associate Non-Executive Director

Paul joined the Board of Directors in March 2023. Paul has over 30 years prior experience of working in NHS management, the last ten years of which were in Chief Executive roles,

covering all aspects of the NHS from primary care through to specialised services.

He is a qualified Accountant with the Chartered Institute of Public Finance and Accountancy (CIPFA) and holds a Masters in Leadership and Organisational Development. He is currently the Director and owner of Maubach Consulting Ltd which provides management consultancy to the health and care sectors.

In a previous role, Paul used to organise the funding for the specialised services provided by RJA and, so he is keen to support the Trust in continuing to develop as a centre of excellence, both locally and nationally



Atif Ishaq
Associate Non-Executive Director

Atif joined the RJA Board as an Associate Non-Executive Director in July 2023.

He is a clinical pharmacist with over two decades of experience working in both primary and secondary care settings. Within secondary care roles, Atif specialised in critical care, surgery and parental nutrition, as well as having worked in large teaching and district general trusts.

Clinician, now turned technologist, Atif has spent the last decade in product management and implementing clinical solutions. He is currently working as a Data Product Director at Haleon, leading teams in the development of machine learning and Ai solutions for R&D Scientists.

Atif joins the board to support the strategy and governance of the Trust's digital ambitions.



Denise Harnin
Chief People Officer

Denise started at RJA 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.

The following members of the Board left the organisation during 2023/24:



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 Chaired the Trust's Quality and Safety Committee.

Chris was a member of the Board until July 2023.



Paul Kingston
Non-Executive Director

Paul joined the Trust in January 2019 and was the Chair of the Trust's newly founded People Committee. He was 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 was the nominated senior independent director / deputy chair.

Paul was a member of the Board until September 2023.

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

As part of their role as members of the unitary Board, Non-Executive Directors have a particular duty to ensure that the decisions of the Board are subject to constructive challenge and to scrutinise management performance in meeting agreed goals and objectives.

Non-Executive Directors are appointed on the basis that they are "independent in character and judgement and free from any business or other relationship which could materially interfere with the exercise of their judgement". Non-executive directors chair the committees of the Board which are responsible for:

- Monitoring the integrity of financial, clinical, and other information.
- Ensuring that financial and clinical quality controls and systems of risk management are robust.
- Determining appropriate levels of remuneration of executive directors.
- Playing a supporting role in appointing and, where necessary, removing Executive Directors, and in succession planning.

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 2023/24 the Trust paid 89% of the number of invoices and 95% of the value of invoices within the target. No late payment interest was due.

	2023/24		2022/23	
	Number of invoices	Value in £000s	Number of invoices	Value in £000s
Total invoices paid	48,863	111,417	44,778	108,647
Invoices paid within target	43,567	105,908	40,905	104,057
Percentage paid within target	89%	95%	91%	96%

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 to ensure they remain effective and support good governance and high quality, sustainable services. In support of this work, the Audit and Risk Committee considered a report on compliance against the requirements of the revised Code of Governance for NHS Provider Trusts.

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 2023/24.

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
- 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.

Results from our hip and knee orthopaedic surgical procedures as part of the National Outcomes Programme are analysed in arrears. The latest results were released July 2023 from NHS Digital and presented the Trusts finalised Patient Reported Outcome Measures (PROMs) in England for hip and knee replacement procedures (April 2021 to March 2022).

For primary knee replacements 98.7% of our patients rated themselves as having improved following their procedure, with the average adjusted health gain of 19.547. Showing RJAH achieving above the national average for these results. For revision knee replacements 86.1% of our patients rated themselves as having improved following their procedure, with the average adjusted health gain of 13.772.

For primary hip replacements 99.7% of our patients rated themselves as having improved following their procedure, with the average adjusted health gain of 24.933. Showing RJAH achieving above the national average for these results. For revision hip replacements 96.2% of our patients rated themselves as having improved following their procedure, an average adjusted health gain cannot

be provided due to the low number of modelled records performed for this procedure that financial year.

Due to the pandemic, there are a lower number of submissions for this year, but the results still show that the Trust achieves good outcomes for our patients, particularly given the complex nature of the procedures carried out.

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 is 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 Strategy

In December 2023 the Trust agreed its Quality Strategy. In this we set out our Quality aims for a three-year period.

RJAH Quality Strategy is underpinned by the national NHS Patient Safety Strategy and its 3 strategic aims:

- **Insight** Improve our understanding of the quality and safety by drawing insight from multiple sources of patient safety and outcome information.
- **Involvement:** People have the skills and opportunities to improve the quality of care provided throughout the services we offer.
- **Improvement:** Improvement programmes enable effective and sustainable change in the most important areas.

Our Quality Strategy sets out six objectives that embeds the Trust's appetite for continuous improvement and change to ensure that we maintain our excellent standards for quality.



As well as our Quality Strategy the Trust has continued to work towards achievement of the commitments identified in our Patient Experience Strategy, 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.

- We will further develop the role of volunteers to ensure we maximise their input to enhance patient experience.

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 2023/24 compared to 2022/23:

Feedback	2022/ 2023	2023/ 2024	Diff from 2022/23 to 2023/24	% Change
Complaints	113	98	-15	-13.3%
Local resolution	29	44	15	51.7%
PALS concerns	303	424	121	39.9%
PALS enquiries	4,006	4,483	477	11.9%
Compliments	10,684	13,189	2,505	23.4%
Friends and Family Test (FFT)	98%	98%	-	-

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 was 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. The Trust updated its Accessible Information Standard and Communication Policy in November 2023 and further improvements are to be delivered via the Trust's electronic patient record programme.

During 2023/4, the Trust established a new group to monitor compliance against the CQC's Quality Standards. This Group is chaired by the Chief Nurse and has members from key teams / departments from across the Trust. The approach focusses on the eight quality statements and assesses the Trust's compliance with each component of those standards.

Patient Feedback

The Patient Experience and Engagement Strategy 2021-2024 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 2023/24 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.

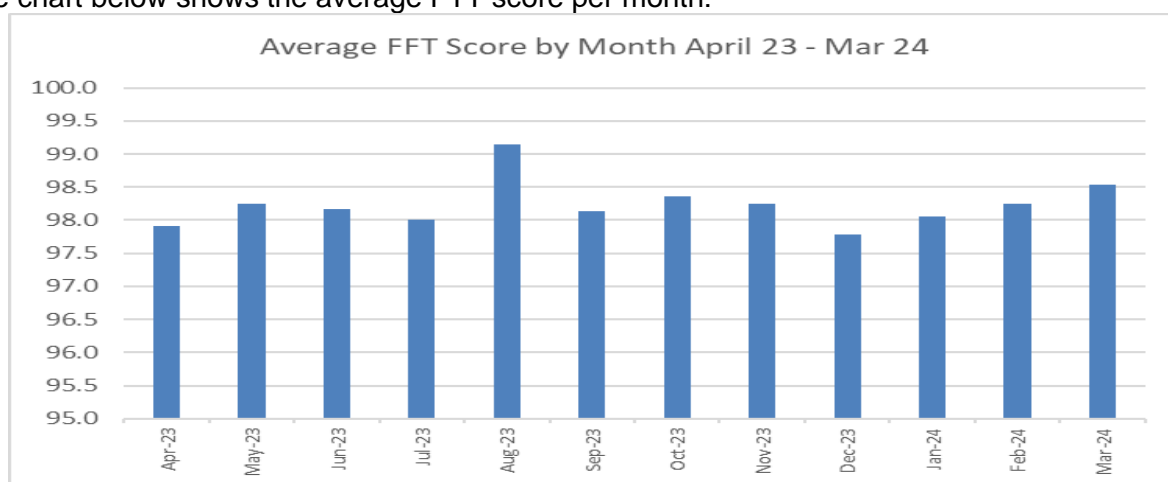
Friends and Family Question

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's a quick and simple 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 2023/24, 24,081 patients completed a FFT survey and 98.24% 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).

	2019/20	2020/21	2021/22	2022/23	2023/24
National Average	96%	94%	94%	94%*	94%*
Highest Score	100%	100%	100%	100%*	100%*
Lowest Score	73%	65%	64%	73%*	75%*
The Robert Jones and Agnes Hunt	99%	98%	98%	98%	98%

*for 2023/23 and 2023/24 national data includes up to January

Engagement mechanisms / collaborative arrangements

Stakeholder relationships have continued to be positive during 2023/24.

The Trust has been a member of Shropshire, Telford and Wrekin Integrated Care Board (STW ICB) since 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, including acting as strategic lead for musculo-skeletal (MSK) services.

The Trust Chair has chaired meetings of the shadow committees in common arrangements which have been established to support a provider collaborative of the four trusts operating in the STW system. The Chief Executive met with her peers within the system, and within other specialist providers, on a regular basis. Officers of the Trust also met with their peers in other organisations to progress work / share ideas as required.

The Chair, Chief Executive and others have met with colleagues from the ICB, NHSE and the Care Quality Commission throughout the year.

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

Representatives of Healthwatch attend the Trust's Patient Experience Meetings and the patient engagement group where they share intelligence with the Trust. If Healthwatch have any concerns they wish to raise outside those fora, they can contact the Chief Nurse and Patient Safety Officer directly. At system level, Healthwatch representatives attend monthly communications and engagement meetings and meetings of the system quality group, where they provide feedback to the Trust and system partners.

The Council of Governors monitored progress against its Public Membership Development and Engagement Strategy during the year. The aim of the strategy is to grow the Trust's 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. FT public membership grew from a total of 5,327 public members in April 2023 to 5,479 public members in March 2024.

The Trust Chair plays a key role in chairing meetings of the Council of Governors, ensures their effectiveness in all aspects of their role and agenda. Key responsibilities include:

- Ensuring the provision of accurate, timely and clear information to Directors and Governors
- Facilitating the effective contribution of Non-Executive Directors, Executive Directors and Governors and ensuring constructive relations between them

Non-Executive Directors attend meetings of the Council of Governors, to report on the work of the Board committees. Governors are also invited to observe meetings of the Board committees and regularly do so.

The Annual Meeting of the Foundation Trust took place on 28 September 2023. Items considered included:

- Chair's welcome and introduction;
- A presentation on "enhanced recovery";
- Presentation of the 2022/3 Annual Report and Accounts;
- Presentation of the 2022/3 Quality Accounts;
- Chair's Report from the Council of Governors.

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
24 June 2024

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 (until June 2023)
- Paul Kingston, Non-Executive Director (until September 2023)
- Sarfraz Nawaz, Non-Executive Director
- Martin Newsholme, Non-Executive Director
- Penny Venables, Non-Executive Director
- Lindsey Webb, Non-Executive Director (from July 2023)
- Martin Evans, Non-Executive Director (from July 2023)

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.

The Nomination and Remuneration Committee met twice during the year and approved changes to the senior management structure to strengthen the Board of Directors by approving the recommendation to recruit and appoint a Deputy Chief Executive Officer.

All of the members of the Committee attended the meetings with the following exception. Apologies were noted from Sarfraz Nawaz and Martin Evans at the meeting which took place in November 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 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 considered 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 Directors Remuneration Framework states that Directors may earn a maximum of 3% Performance-Related Pay annually.

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

- Performance Objectives and Targets:
 - Corporate Risks
 - Supporting Strategies
 - Other e.g. legislative;
- Leadership;
- Trust Values, Statutory Training & Standards of Business Conduct; and
- Personal Development.

The Framework states that performance-related pay will not be consolidated and is not therefore pensionable. In practice, performance-related pay has not been implemented.

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

Item	Salary/Fees	Taxable Benefits	Annual Performance Related Bonus	Long Term Related Bonus	Pension Related Benefits
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. Non-Executive Directors are not employees of the Trust and therefore there is no entitlement to access 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	Resigned 30 September 2023
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
Evans, M Non-Executive Director	10 July 2023*	09 July 2026	N/A
Venables, P Non-Executive Director	19 June 2022	18 June 2025	N/A
Webb L, Non-Executive Director	01 July 2023	30 June 2026	N/A
Maubach, P Associate Non-Executive Director	30 March 2023	29 March 2026	N/A
Ishaq, A Associate Non-Executive Director	01 July 2023	30 June 2026	N/A
Pepper, J Associate Non-Executive Director	01 July 2022	30 June 2025	N/A
Keegan, S Chief Executive Officer	19 December 2022	N/A (as a permanent employee)	6 months
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
Carr, M Chief Operating Officer	04 July 2022	N/A (as a permanent employee)	6 months
Kavanagh-Fields, P Chief Nurse and Patient Safety Officer	01 April 2023	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)

*In current Non-Executive Director role. ME was an Associate Non-Executive Director prior to that appointment.

**Chief People and Culture Office is not a substantive staff member,

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 2023/24					
Name and Job Title	Salary & fees (bands of £5,000) £'000	Taxable benefits (to nearest £100) Note 1 £	Sub total 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 (to Jul 23)	0 - 5		0 - 5		0 - 5
Martin Evans Non-Executive Director (from Jul 23)	5 - 10		5 - 10		5 - 10
Paul Kingston Non-Executive Director (to Jun 23)	0 - 5		0 - 5		0 - 5
Sarfraz Nawaz Non-Executive Director	10 - 15		10 - 15		10 - 15
Martin Newsholme Non-Executive Director	10 - 15		10 - 15		10 - 15
Penny Venables Non-Executive Director	10 - 15		10 - 15		10 - 15
Lindsey Webb Non-Executive Director (from Jul 23)	5 - 10		5 - 10		5 - 10
Stacey Keegan Chief Executive	150 - 155	4,600	155 - 160	120 - 122.5	275 - 280
Craig Macbeth Chief Finance Officer	115 - 120	4,600	120 - 125	0	120 - 125
Ruth Longfellow Chief Medical Officer	205 - 210	0	205 - 210	7.5 - 10	210 - 215
Paul Kavanagh-Fields Chief Nurse	120 - 125	0	120 - 125	0	120 - 125
Mike Carr Chief Operating Officer	120 - 125	0	120 - 125	100 - 102.5	225 - 230

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. Some managers are affected by the Public Service Pensions Remedy and their membership between 1 April 2015 and 31 March 2022 was moved back into the 1995/2008 Scheme on 1 October 2023. Negative values are not disclosed in this table but are substituted with a zero.
4. The Chief Medical Officer's salary includes payments relating to clinical duties.

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	Sub total 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
Sarfraz 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.

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.

Name	Role	2023/24	2022/23
Directors			
Harry Turner	Chair	£4,794	£5,057
Chris Beacock	Non-Executive Director	£236	£564
Martin Evans	Non-Executive Director	£686	£0
David Gilburt	Non-Executive Director	£0	£749
Atif Ishaq	Non-Executive Director	£1,193	£0
Paul Maubach	Non-Executive Director	£1,332	£0
Sarfraz Nawaz	Non-Executive Director	£1,372	£1,791
Martin Newsholme	Non-Executive Director	£933	£0
John Pepper	Non-Executive Director	£1,119	£1,342
Penny Venables	Non-Executive Director	£2,023	£1,872
Lindsey Webb	Non-Executive Director	£2,403	£0
Stacey Keegan	Chief Executive	£1,277	£1,000
Craig Macbeth	Director of Finance	£211	£26
Mike Carr	Chief Operating Officer	£6,934	£0
Governors			
Collette Gribble	Governor		£519
Sheila Hughes	Governor	£82	£0
Katrina Morphet	Governor	£629	£584
Total		£25,224	£13,504

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 factors used to calculate a CETV increased on 30 March 2023.

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 2023/24							
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 2024 (bands of £5,000) £'000	Lump sum at pension age related to accrued pension at 31 March 2024 (bands of £5,000) £'000	Cash Equivalent Transfer Value at 31 March 2024 £'000	Cash Equivalent Transfer Value at 31 March 2023 £'000	Real increase in Cash Equivalent Transfer Value £'000
Stacey Keegan Chief Executive	5 - 7.5	40 - 42.5	45 - 50	120 - 125	981	617	302
Craig Macbeth Chief Finance Officer	0	25 - 27.5	45 - 50	125 - 130	1092	871	134
Ruth Longfellow Chief Medical Officer	0	40 - 42.5	55 - 60	160 - 165	1283	909	282
Paul Kavanagh-Fields Chief Nurse	0	0	30 - 35	80 - 85	636	590	0
Mike Carr Chief Operating Officer	5 - 7.5	0	25 - 30	0	315	155	144

Information provided by the NHS Pensions Agency

Some managers are affected by the Public Service Pensions Remedy and their membership between 1 April 2015 and 31 March 2022 was moved back into the 1995/2008 Scheme on 1 October 2023. Negative values are not disclosed in this table but are substituted with a zero.

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 at 31 March 2023 (bands of £5,000) £'000	Lump sum at pension age related to accrued pension at 31 March 2023 (bands of £5,000) £'000	Cash Equivalent Transfer Value at 31 March 2023 £'000	Cash Equivalent Transfer Value at 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

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 at 31 March 2023 (bands of £5,000) £'000	Lump sum at pension age related to accrued pension at 31 March 2023 (bands of £5,000) £'000	Cash Equivalent Transfer Value at 31 March 2023 £'000	Cash Equivalent Transfer Value at 31 March 2022 £'000	Real increase in Cash Equivalent Transfer Value £'000
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

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 2023/24 was £207,500 (2022/23 was £182,500). This is a change between years of 13.7%.

For employees of the Trust as a whole, the range of remuneration in 2023/24 was from £22,500 to £257,500 (2022/23 was from £22,500 to £227,500).

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 3.3% (10.5% for 2022/23). The prior year included the 2022/23 element of the Agenda for Change pay offer.

17 employees received remuneration in excess of the highest paid director in 2023/24 (20 in 2022/23).

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.

2023/24	25th percentile	Median	75th percentile
Total pay & benefits (excluding pension benefits)	24,259	30,636	45,028
Pay & benefits (excluding pension): pay ratio for highest paid director	8.6	6.8	4.6

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

Payments for Loss of Office

There were no payments for loss of office recorded in 2023/24.

Payments to Past Senior Managers

No payments have been made to past senior managers during in 2023/24.

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.

	2023/24			2022/23
	Permanent £'000	Other £'000	Total £'000	Total £'000
Salaries & wages	70,500	0	70,500	65,342
Social security costs	7,317	-	7,317	6,705
Apprenticeship levy	349	-	349	306
Employer's contributions to NHS pensions	11,768	-	11,768	10,366
Pension cost - other	25	-	25	32
Termination benefits	0	-	0	18
Temporary staff		5,813	5,813	4,771
Total gross staff costs	89,959	5,813	95,772	87,540
Recoveries in respect of seconded staff	-794	-	-794	-720
Total staff costs	89,165	5,813	94,978	86,820
<i>Of which:</i>				
<i>Costs capitalised as part of assets</i>	<i>1,060</i>	<i>69</i>	<i>1,129</i>	<i>337</i>

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.

	2023/24			2022/23
	Permanent Number	Other Number	Total Number	Total Number
Medical & dental	150	2	152	147
Administration & estates	562	16	578	542
Healthcare assistants & other support staff	280	31	311	281
Nursing, midwifery & health visiting staff	288	43	331	313
Scientific, therapeutic & technical staff	190	13	203	199
Healthcare science staff	13	-	13	10
Total average numbers	1,483	105	1,588	1,492

Exit packages – subject to audit.

All exit packages agreed in 2023/24 and 2022/23 are shown in the table below.

Exit package cost band	2023/24			2022/23		
	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
£10,001 - £25,000			0	2	1	3
£25,001 - £50,000			0	2		2
Total number	0	0	0	4	1	5
Total cost			£0	£114,000	£12,000	£126,000

Analysis of the non-compulsory payments:

Exit package cost band	2023/24		2022/23	
	Number of agreements	Value of agreements	Number of agreements	Value of agreements
Contractual payments in lieu of notice			1	£12,000
Total number of exit packages	0	£0	1	£12,000

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: [Trust Documents - RJAH](#)

Staff gender distribution

A breakdown of the number of persons who were directors of the Trust, senior managers, and other employees at 31 March 2024 is shown below:

	Male	Female
Executive Directors	3	3
Non-executive Directors (including Chair and Associate NEDs)	7	2
Other senior managers	8	15
Other employees	475	1542
Total	493	1562

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.

2023/24			2022/23		
Average FTE 2023	FTE Days Lost 2023	Average Sick Days per FTE 2023	Average FTE 2022	FTE Days Lost 2022	Average Sick Days per FTE 2022
1,485	16,051	10.8	1,424	19,284	13.5

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 2055 staff on 31st March 2024 (including Bank Staff).

The demographic profiles of our staff are shown below:

Age Range	Headcount	% Headcount
19 and below	24	1.2%
20 - 29 Years	270	13.1%
30 - 39 Years	472	23.0%
40 - 49 Years	448	21.8%
50 - 59 Years	539	26.2%
60 and above	302	14.7%
Total	2055	

Gender	Headcount	% Headcount
Female	1562	76%
Male	493	24%
Total	2055	

Ethnicity	Headcount	% Headcount
Any Other Ethnic Group	18	0.9%
Asian or Asian British	103	5.0%
Black or Black British	36	1.8%
Chinese	4	0.2%
Mixed - Any mixed background	15	0.7%
Not stated	71	3.5%
White - British	1708	83.1%
White - Other	100	4.9%
Total	2055	

Part Time/Full Time	Full Time	Part Time	% of Gender Full Time	Total
Female	595	967	38%	1562
Male	365	128	74%	493
Total	960	1095	47%	

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 the Board via reporting to the People and Culture Committee.

The Trust have maintained voluntary turnover below the threshold of 13 to 10% within 2023/2024, realising 7.5% within March 24. A target In line with the workforce plan submission has been advised for inclusion within 2024/2025 target at 7.8%.

Actions to support retention such as wellbeing support to staff, with focused and timely management interventions as well as promotion of available support systems has contributed to reduced sickness absence within the 2023/2024 year. Focused activity to recruit to vacancies, have realised a

reduction in vacancy rate from 8.61% in April 23 to 3.25% in March 24. The people plan objectives in line with year 1 RJAH People plan priorities such as the inclusion strategy, have contributed to the sense of belonging. Development of staff remains a Trust priority as well as 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. All job adverts contain a welcoming statement and an additional document is provided to all candidates on the Equality, Diversity and Inclusion support, including the Disability and Neuro-Diverse Staff Network Group

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 staff to remain in employment.

We have launched our Staff Network Group, which ensures the staff have a voice on ideas and innovation on improvements in the workplace, and we are looking to introduce a Staff Health passport. The Trust were also successful in receiving NHSE Innovation Funding and organised an event for all staff called 'This is Me' with guest speakers and staff were encouraged to have conversations with their line manager and colleagues around disabilities in the workplace. The objective of the event was to normalise conversations and increase the declaration rate of disability of workforce.

Health and Safety

The Chief Finance and Planning Officer retained Board-level responsibility for health and safety. The Trust employed a health and safety team comprising of a manager and an advisor to comply with the requirement to appoint a competent person under section 7(1) of the Management of Health and Safety Regulations 1999.

In addition to general health and safety management, the team also undertook the roles of Medical Devices Safety Officer, Central Alerting System Liaison Officer, Emergency Preparedness, Resilience and Response Lead, Premises Assurance Model Compliance Lead, and Violence Prevention & Reduction Lead. The team also provided health and safety, security management, and medical devices management support to Shropshire Community Health NHS Trust via a service level agreement.

The Trust's health and safety performance was reported to, and monitored by, the Health and Safety Meeting which escalated any issues of concern to the Quality and Safety Committee via a Chair report. The Health and Safety Meeting 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.

Incidents involving specified injuries, occupational disease, 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 2023-24 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.

RIDDOR Description	2023-24	2022-23
Occupational Disease	4	0
Slips, Trips and Falls	2	2
Lifting and handling injuries	1	5

Staff Engagement

We will be piloting the ImproveWell App, a digital solutions platform, amongst groups of staff. The App provides real time engagement and feedback on areas for development and improvement, which means we are not waiting for responses on an annual basis from the National Staff Survey.

As noted elsewhere in this report, the Trust encourages a culture of openness. As well as a Freedom to Speak Up (FTSU) Guardian, we have an Executive and Non-Executive lead for FTSU as well as a number of Freedom to Speak Up Champions across the Trust. There is a dedicated FTSU section on the staff intranet and posters around the site providing information and contact details. We have self-assessed against the National Freedom to Speak Up Guardian Reflection and Planning tool, which has helped us develop key actions. We have recently implemented a QR code that staff can scan and use to report any issues, which is completely anonymous and will help us understand any themes or areas that need further support.

There is an active programme of staff briefing and engagement sessions, by newsletter, other publications and meetings (both virtual and face to face).

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 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.

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.

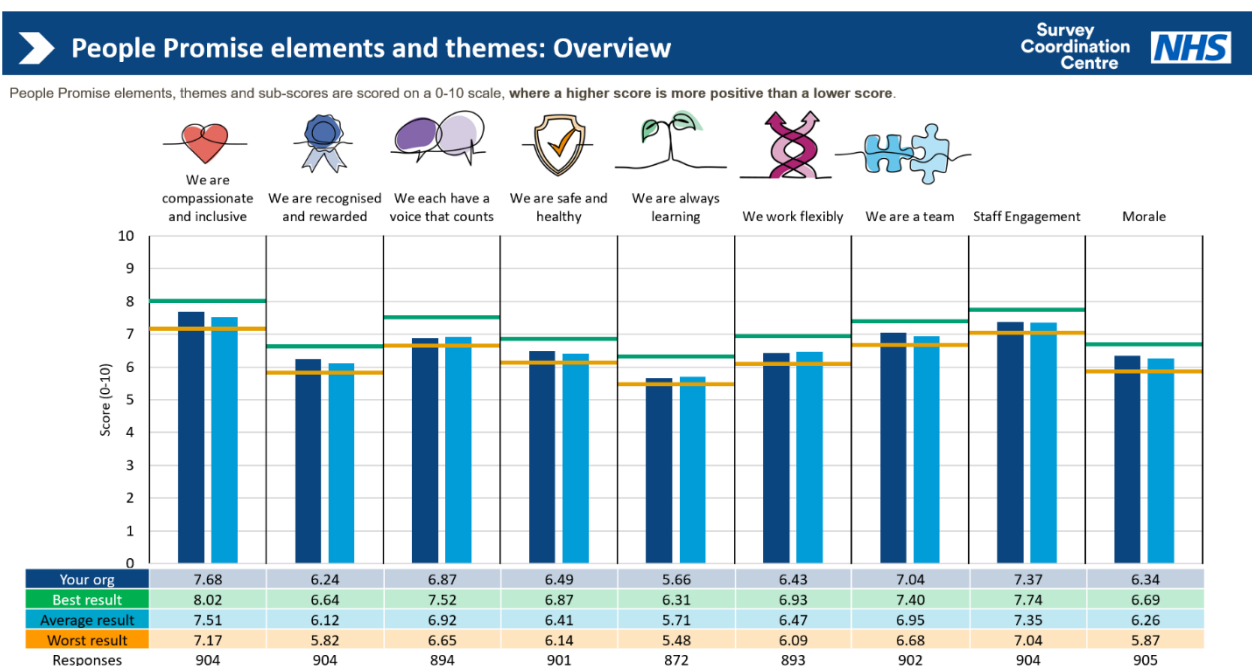
Staff Survey Results

All RJAH colleagues were invited to participate in the National NHS Staff Survey between October and November 2023. 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 2023 survey, an increase of forty questionnaires compared to last year. Our response rate was slightly lower than the median response rate in our benchmark group.

We are proud that our staff recommend the Trust as a place to work, with a response rate of 75.63% (2022 data – 65.89% increase of 9.74%) and we had the best result nationally (in benchmark group of 13) on the standard of care provided if a friend or relative needed treatment. Response rate 94.02% (2022 data – 91.18% increase of 2.84%)

We have recognised that there are other areas that need further focus and attention, such as the response rate on career development opportunities, and discrimination on the grounds of protected characteristics. We have set up a monthly Staff Survey Focus group where we can review areas of good practice and areas that need greater support and improvement for the workforce.

For the 2023 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).



The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust Benchmark report

12

Expenditure on consultancy - Off-payroll arrangements

Please see below the updated table for Expenditure on consultancy - Off-payroll arrangements (Excel version attached).

Please note that the previous year's figures for the final question "**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**" has been updated to include On-Payroll as the previous reports only included Off Payroll.

Off- payroll engagements as at 31 March 2024, for more than £245 per day and lasting more than six months	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19
Number of existing engagements as at 31 March 2024	22	29	12	2	13	13
Of which:						
have existed for less than one year at the time of reporting	14	16	9	1	8	7
have existed for between one and two years at the time of reporting	3	12	2	1	2	4
have existed for between two and three years at the time of reporting	5	0	1	0	1	2
have existed for between three and four years at the time of reporting	0	1	0	0	2	0
have existed for four or more years at the time of reporting	0	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 2024, for more than £245 per day and lasting more than six months	2023-24	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 2024, for more than £245 per day and lasting more than six months	14	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	14	16	9	1	8	5
Number of whom assurance has been requested	14	16	9	1	8	0
Of which:						
Assurance has been received	14	16	9	1	8	
Assurance has not been received	0	0	-	-	-	-
have been terminated as a result of assurance not being received	0	0	-	-	-	-

Off- payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April and 31 March 2024	2023-24	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	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	13	12	14	12	14	12



Stacey Keegan
Chief Executive Officer
24 June 2024

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 England.

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.

The Trust undertook a self-assessment against the requirements of the revised Code and the results were reported to the Audit and Risk Committee in October 2023. Of the 89 measures set out in the Code that apply to RJA, there were seven where the Trust's arrangements did not fully reflect the arrangements as described in the Code. A summary of the self-assessment ratings and the proposed next steps (as considered in October 2023) is included in the table below:

Self-assessment rating and proposed response	Total	Rationale / associated risk
Full compliance	82	No additional action required. Existing arrangements to be maintained so the Trust continues to "comply".
Partial compliance - with an intention to explain the variance	2	No proposed action as appropriate, alternative arrangements are in place.
Non-compliance - with an intention to explain the variance	1	No proposed action as appropriate, alternative arrangements are in place.
Partial compliance - with an intention to comply .	4*	Improvements to be made to ensure full compliance but no significant risk attached to the current position.
Non-compliance - with an intention to comply .	0	No additional action required.
	89	

*subsequently completed.

Accepted areas of non-compliance or partial compliance

Further detail of the areas where there was variance from the Code which the Trust is required to **explain** can be briefly summarised as:

- Ref.52 – The Trust complies with the requirements of the Fit and Proper Person Test (FPPT) framework **but** does not intend to apply the FPPT to Governors. In accordance with the NHSE Guidance issued in 2023, the FPPT will be applied to the Board of Directors. The Governor nomination process does however require a declaration covering key elements of the FPPT.
- Ref.84 - The Trust has a Remuneration Committee that determines the remuneration of Executive Directors **but** the remit of the committee does not routinely extend to "*the first layer of management below board level*" though it does extend to a small number of staff at that level who are remunerated outside the NHS agenda for change structure. The Trust does not believe that it is appropriate, or necessary, for this organisation to apply this to all managers reporting to Board members..
- Ref.60 - The Trust's Executive Director Remuneration Committee / Board **do not** have a role in considering individual contractual discussions around matters such as executive directors "*serving their full notice period and/or material reductions in their time commitment.*" The Trust does not believe that is appropriate for this organisation and any

such contractual discussions should take place between the individual and the Chief Executive (taking appropriate professional advice).

Areas of partial compliance where action was to be taken to achieve full compliance

The areas where action was taken to move the compliance from “Partially Compliant” to “Fully Compliant” related to:

- Ref 11 - The inclusion of specific information in the Annual Report on ED&I. This is included in the “health inequalities” section of the Performance Analysis; the “equality, diversity and human rights” section of the Annual Governance Statement; and the Staff Report.
- Ref 23 – The inclusion of more information on the relationship of the Board, Governors and Chair in the Annual Report. This is included in the “engagement mechanisms / collaboration arrangements” section of the Directors’ Report.
- Ref 45 - Ensuring the nomination committee/s consider the structure, size, composition, balance of skills, knowledge, experience and diversity on the Board on an annual basis. This is referred to in the “remuneration and appointments committee” section of the Annual Governance Statement and “meet the board” section of the Accountability Report.
- Ref 66 - Bolstering the support / training offer to Governors). This is referred to at the “Council of Governors” section of the Annual Governance Statement.

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 – Voluntary Services



Allen Edwards
Staff Governor



Vacancy
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 – Shropshire Council



Karina Wright
Stakeholder Governor



Vacancy
Public Governor - Shropshire

Council of Governors Terms of Office and Elections

Type of Governor	Constituency	Date of current appointment / election	Date term in office ends / ended
Stakeholder Governors (Appointed)			
Simon Jones	Shropshire Council	06 Oct 21	05 Oct 24
Karina Wright	Keele University	01 Jan 24	30 Dec 26
Victoria Sugden	Voluntary Services Committee	01 Aug 22	31 Jul 25
Staff Governors (Elected)			
Allen Edwards	Staff	30 Jun 21	29 Jun 24
Kate Betts	Staff	05 Aug 22	04 Aug 25
Public Governors (Elected)			
Colin Chapman	Shropshire	30 Jun 21	29 Jun 24
Sheila Hughes	North Wales	05 Aug 22	04 Aug 25
Tony Wright	West Midlands	06 Oct 21	05 Oct 24
Martin Bennett	Shropshire	05 Aug 22	04 Aug 25
Nikki Kuiper	Shropshire	05 Aug 22	01 Sep 23
Phil White	Rest of England and Wales	30 Jun 21	29 Jun 24
Colette Gribble	North Wales	30 Jun 21	29 Jun 24
William Greenwood	Powys	05 Aug 22	29 Jun 24
Katrina Morphet	Cheshire and Merseyside	30 Jun 21	29 Jun 24

Council of Governor Meetings

During 2023/24 the Trust held 8 meetings of the Council of Governors (including Extra-Ordinary meetings). 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.

The Trust Chair is also the chair of the Council of Governors so attends all meetings of the Council. The Chief Executive Officer and Trust Secretary are invited to attend meetings of the Council. Non-Executive Directors are invited to attend all regular meetings of the Council (of which there were five in 2023/4) and Executive Directors and other staff may attend by invitation to support particular agenda items.

Name	Meetings attended	Attendance percentage
Total 2023/24	8*	
Harry Turner, Chairman	08 / 08	100%
Sarfraz Nawaz, Non-Executive Director	03 / 05	60%
Chris Beacock, Non-Executive Director (part year)	02 / 02	100%
Paul Kingston, Non-Executive Director (part year)	02 / 04	50%
Martin Evans, Non-Executive Director	05 / 05	100%
Martin Newsholme, Non-Executive Director	05 / 05	100%
Penny Venables, Non-Executive Director	04 / 06*	66%
Lindsey Webb, Non-Executive Director (part year)	02 / 03	66%
John Pepper, Associate Non-Executive Director	03 / 05	60%
Atif Ishaq, Associate Non-Executive Director (part year)	01 / 03	33%
Paul Maubach, Associate Non-Executive Director	03 / 05	60%
Stacey Keegan, Chief Executive Officer	05 / 05	100%
Trust Secretary Representation	08 / 08	100%

* NEDs were not invited to attend any extra-ordinary meetings that considered NED appointments (though PV attended one such meeting, at the invitation of the Chair). Collectively, NEDs were invited to five of the eight meetings.

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 at each regular meeting of the Council of Governors. 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 2023/24. In addition, there were 1,315 staff members at the end of March 2024.

	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Cheshire & Merseyside	370	374	374	379	385	392	392	393	395	396	396	396
North Wales	883	884	884	889	887	887	885	888	891	894	894	897
Powys	532	533	535	540	543	546	544	546	550	551	552	553
Shropshire	2,642	2,649	2,647	2,692	2,706	2,716	2,710	2,713	2,725	2,728	2,729	2,732
West Midlands	548	549	549	556	564	563	562	562	567	564	563	563
Rest of England & Wales	265	267	268	279	283	288	289	290	294	298	299	299
Out of Trust Area	87	94	102	42	36	39	44	57	39	39	39	39
Total	5,327	5,350	5,359	5,377	5,404	5,431	5,426	5,449	5,461	5,470	5,472	5,479

The Trust set a target to achieve a year-on-year increase in membership. In April 2023, overall membership stood at 6528. On 1 April 2024, overall membership stood at 6803. As such, there was a 4.2% increase over 2023/24.

NHS Oversight Framework

NHS England's NHS Oversight Framework provides the framework for overseeing systems, including providers and identifying potential support needs. Within this framework, 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.

The most recent segmentation information available rates to Quarter 3, 2023/4. The Trust was placed in segment 3 due to the following:

- *"RJAH needs to strengthen effective engagement and contribution to the system improvement plans. This can be affected by full participation in a formal STW provider collaborative that is in line with an agreed system operating model. The Trust contribution to a Committees in Common structure should help address chronic issues within the system on UEC and finance and also to deliver a single model for Orthopaedics /MSK for the patients of STW.*
- *Concerns about sustainability of elective recovery - there has been a deterioration in Elective 65ww in the past quarter and plans are needed to avoid further deterioration and minimise the impact of any future Industrial Action.*
- *The Trust's position on agency usage. We expect that the Trust will develop a strategic plan that reduces its dependency on the LLP and seeks to deliver more capacity within substantive job plans."*

In discussion with NHSE and the Integrated Care Board (ICB), the Trust agreed a number of "exit criteria", delivery of which would result in an uplift to segment 2 of the framework.

The wider Shropshire, Telford and Wrekin (STW) system is in a challenged position however and both the ICB and the largest provider in the system – Shrewsbury and Telford Hospital NHS Trust (SaTH) - are currently rated at segment 4 and are part of a Recovery Support Programme (RSP). On 3 April 2024, NHSE set out its intention to align exit criteria for all organisations within the STW system with the ICB and SaTH RSP exit criteria (the exit date for which is March 2026). These criteria relate to: Finance; Workforce; Urgent and Emergency Care; Governance; and Leadership.

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 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 has given Accounts Directions which require The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

In preparing the accounts and overseeing the use of public funds, the Accounting Officer is required to comply with the requirements of the Department of Health and Social Care'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 NHS foundation trust's performance, business model and strategy and
- prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

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

As far as I am aware, there is no relevant audit information of which the foundation trust's auditors are unaware, and I have taken all 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*.

A handwritten signature in black ink, appearing to read 'Stacey Keegan', with a long horizontal flourish extending to the right.

Stacey Keegan
Chief Executive Officer
24 June 2024

Annual Governance Statement 2023/24

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, 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 Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust for the year ended 31 March 2024 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.

MIAA undertook a review of the Trust's Risk Management Core Controls in the final quarter of 2023/4 and concluded that:

"Overall, there was a good system of internal control in relation to the risk management process. There is an in-date Risk Management Policy that has been agreed and ratified by the Trust Board. The policy adequately details all the aspects in relation to management and control of risk.

The Risk Management Policy explains the roles and responsibilities of the Board committees and individual executives in relation to risk management. Training arrangements are detailed within the policy.

It was noted that a revised risk appetite statement has recently been approved by the Board in January 2024 and the policy and training have been updated accordingly."

All staff have a duty to manage risk but the following senior managers and Executive Directors have particular responsibilities for risk management:

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
- 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
- Interim Data Protection Officer (DPO)

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 Group a 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

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. There is a comprehensive programme of risk management training for staff.

The Risk and Control Framework

Risk Management Policy

The Trust's Risk Management Policy sets out the framework and systems for implementation of risk management and governance in the Trust. The policy 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' via its risk appetite statement.

The Good Governance Institute (GGI) supported the Trust to develop a revised risk management policy during 2022/23. This policy, supported by a programme of risk management training, was implemented during 2023/4.

The Trust uses 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

Risk Appetite

The Board of Directors agreed a revised risk appetite statement during the year:

Risk category	Risk appetite	Risk tolerance - target score	Rationale
Quality	Cautious	6	The trust exists to provide optimal clinical care and treatment. Therefore, we take a cautious approach – we prefer to avoid risks which would adversely affect the quality of services but recognise that it is rarely possible to develop new services or change pathways without some degree of risk. We will pursue innovation in order to make improvements but when making significant decisions about clinical services, we will carefully assess any associated risks to patient safety, patient experience and clinical effectiveness, and put in place control measures to mitigate them. We continuously monitor the impact on quality, using both statistical data and feedback from patients and carers.
Finance	Open	9	We are an ambitious organisation which plans for the future. Many of our initiatives and innovations will generate additional income and efficiencies in the longer term but require financial investment to get started. We also recognise that the cheapest option is not always the most effective. We are therefore open to financial risk. This is dependent on financial forecasting which allows us to quantify the level of risk, and applying robust budgetary controls as set out in our standing financial instructions and scheme of delegation.
Workforce	Seek	12	We aim to provide a supportive workplace in which employees can thrive and which people choose as a great place to work. For these reasons, and to fulfil our ambitions of growing and transforming our services, we will pursue new ways of working. We seek risk in that we recognise that the prospect of change can be disruptive and unsettling but are willing to accept this risk where there are longer term gains, including improved recruitment and retention, and widening the skills and capabilities of staff.
Regulatory	Open	9	It is important for us to remain in good standing with regulatory bodies because this provides assurance over the quality of our services and reinforces public confidence in our trust. However, we recognise that regulators will closely scrutinise and challenge significant changes and innovations to our services. We are open to this risk in cases where we are confident that we are acting in the interests of patients and can demonstrate that our actions are consistent with relevant legislation and professional standards.
Reputational	Open	9	We are an outward-looking organisation which works in partnership with healthcare, educational and charitable organisations in Shropshire and further afield. Patient and community involvement is very important to us. We believe that stakeholders of all kinds recognise our commitment to maintaining good working relationships with them. We are, however, open to reputational risk in that we are prepared to take decisions which may attract scrutiny or opposition when we can clearly demonstrate that they will achieve better outcomes for patients.

This risk appetite will help inform the Trust's decisions and responses to risk / opportunities as it works to deliver its objectives in 2024/5.

Oversight of operational risk management

The Risk Management Working Group, chaired by the Chief Nurse, oversees the effectiveness of the operational management of risk and reviews the risk profile of the Trust, as well as individual risks rated at 15 or above. These risks are then considered by committees of the Board (and the Board itself) to provide visibility and enable appropriate scrutiny. The Audit and Risk Committee oversees the effectiveness of the governance framework and controls.

Other sources of information / assurance

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

Risk assessment and review

The Trust uses a risk assessment matrix to ensure a consistent approach is taken to assessing the potential consequences and likelihood of risks and that appropriate action is taken to address each risk. This process of assessment is conducted via the online risk management system referenced previously. Consistent application of this approach is supported by advice from the clinical governance team; a risk management training programme; peer challenge at review (at unit level); and Trust-wide review at the Risk Management Group.

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.

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. Though it was not captured as a risk in its own right, the industrial action undertaken during the year had a significant impact on the Trust's ability to deliver its plans. Actions were taken to mitigate the impact of the unavailability of staff but there was a significant impact on activity and associated income. Industrial action also posed a risk to overall staff wellbeing and satisfaction.

The BAF risks and oversight committees at the close of 2023/4 are outlined in the table below:

Risk ref.	Title (Linked objectives)	Oversight Ctte	Inherent Risk (C X L)	Current Risk (C X L)	Target Risk (C X L)
BAF 1	Lack of effective engagement with the workforce (1,2,3,4,5)	People and Culture	(4 X 4) 16	(4 x 3) 12	(4 x 1) 4
BAF 2	The workforce does not have the required capacity and capability (1,2,3,4,5)	People and Culture	(4 X 4) 16	(4 X 4) 16	(2 X 2) 4
BAF 3	Failure to effectively promote equality, diversity and inclusion (1,2,3,4,5)	People and Culture / Quality & Safety	(4 X 4) 16	(4 X 3) 12	(3 X 1) 3
BAF 4	High levels of community infection (1,5)	Quality and Safety	(5 X 5) 20	(5 X 2) 10	(5 X 1) 5
BAF 5	Insufficient capacity to meet demand (1,3,5)	Finance and Performance	(4 X 4) 16	(4 X 4) 16	(4 X 1) 4
BAF 6	IT unable to support new ways of working (1,2,3,4,5)	Digital, Education, Research, and Innovation	(5 X 4) 20	(5 X 3) 15	(5 X 1) 5
BAF 7	Loss of data / inability to restore services following a cyber attack (1,3,5)	Digital, Education, Research, and Innovation	(4 X 4) 16	(4 X 4) 16	(4 X 3) 12
BAF 8	Adverse impact of system financial deficit (1,2,3,4,5)	Finance and Performance	(5 X 4) 20	(4 X 4) 16	(3 X 2) 6
BAF 9	Inability to deliver year on year efficiencies and productivity gains (1,2,3,4,5)	Finance and Performance	(5 X 4) 20	(4 X 4) 16	(3 X 2) 6
BAF 10	Failure to comply with the NHSE regulatory requirements (1,4,5)	Finance and Performance	(5 X 4) 20	(5 X 2) 10	(5 X 1) 5

The BAF risk “heatmap” displays these risks against the rating scale:

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

The Board Assurance Framework underwent a full refresh in late 2023/24 to reflect the Trust's updated strategic objectives and revised risk appetite statement. The emerging assurance framework for 2024/5, as considered by the Board in March 2024, is based on a number of high-level BAF themes:

1. Continued focus on quality and safety.
2. Creating a sustainable workforce.
3. Delivering the financial plan.
4. Delivering the required levels of productivity, performance and activity.
5. Delivering innovation, growth and achieving systemic improvements.
6. Responding to opportunities and challenges in the wider health and care system.
7. Responding to a significant disruptive event.
8. The impact of regulatory action / direction.

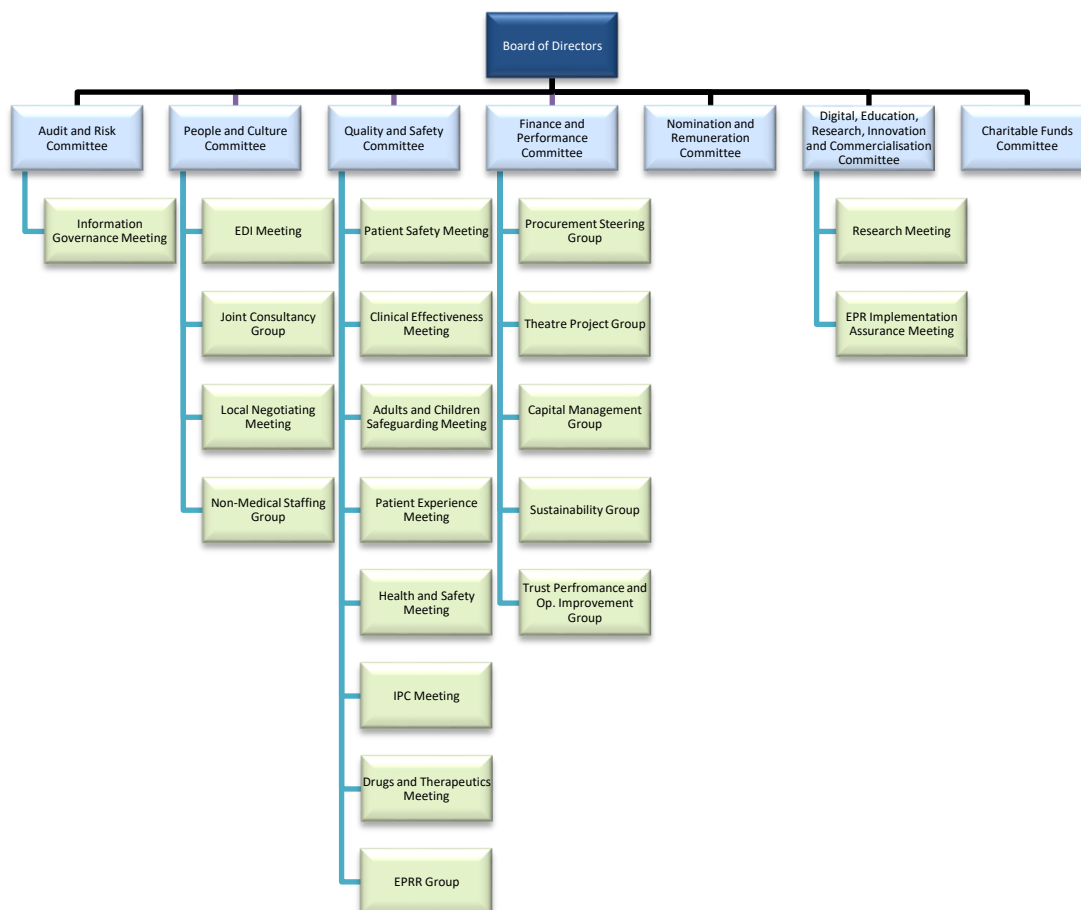
Each of these themes has a draft strategic risk associated with it. Each strategic risk sets out the contributory factors that are relevant to that theme / strategic risk and outlines the mitigations that should reduce the risk and threats that could potentially increase the risk.

Each BAF theme / strategic risk is aligned to:

- The Trust's strategic objectives;
- The system's strategic objectives; and
- The Trust's stated risk appetite (as far as possible).

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 2023/24. The elements in the dotted boxes were not in place at the end of the year (as explained in the footnotes):



Key:

Dark Blue – Board of Directors

Light Blue – Assurance Committees

Green – Operational Meetings/Groups

The roles and responsibilities of the Board Committees are described more fully below. Each committee undertakes a self-assessment each year and reports this to the Board. During the year, the integrated performance report and the committee oversight dashboards, were reviewed and updated to ensure the Board committees received the information they required in order to perform their functions.

Board members must comply with the requirements of the Fit and Proper Persons Test (FPPT) framework. This framework was updated during the year. The changes were reported to the Board of Directors and Council of Governors in November 2023 and the Trust put arrangements in place to implement the necessary changes, including annual testing, by 31 March 2024.

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 organisation's 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 Trusts 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.

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

The Finance and Performance Committee is accountable to the Board. It is chaired by a Non-Executive Director and attended by a further 2 Non-Executive Director and members of the Executive Team.

In October 2023, following a review of the Board assurance meeting, the digital aspects of the meeting were re-aligned to the Digital, Education, Research, Innovation and Commercialisation Committee (DERIC).

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

The Finance and Performance 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.

- 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
- 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 which report into the Committee.
- 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.
- 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

The People and Culture Committee is accountable to the Board. It is chaired by a Non-Executive Director and is attended by further 2 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.

Digital, Education, Research, Innovation and Commercialisation Committee (previously ERIC Committee)

In October 2023, the digital agenda was re-aligned to the Education, Research and Innovation Committee and therefore being named Digital, Education, Research, Innovation and Commercialisation Committee (DERIC).

The Committee is accountable to the Board and has overall responsibility for the development and implementation of digital, 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 2 Non-Executive Director and members of the Executive Team. The role of the Committee is outlined below:

- Consider the Trust's digital and data strategy and make a recommendation to the Board on its approval.
- Oversee the delivery of the Trust's digital and data strategy.
- Consider the underpinning governance arrangements that support delivery of the Trust's digital and data strategy / agenda.
- Receive Chair's Assurance reports from relevant meetings that support delivery of this strategy / agenda.
- Consider the Trust's research strategy and make a recommendation to the Board on its approval.
- Oversee the delivery of the Trust's research strategy.
- Consider the underpinning governance arrangements that support delivery of the Trust's research strategy / agenda.
- Receive Chair's Assurance reports from relevant meetings that support delivery of this strategy / agenda.
- Consider the Trust's education strategy and make a recommendation to the Board on its approval.
- Oversee the delivery of the Trust's education strategy.
- Consider the underpinning governance arrangements that support delivery of the Trust's education strategy / agenda.
- Receive Chair's Assurance reports from relevant meetings that support delivery of this strategy / agenda.
- Consider the Trust's innovation strategy and make a recommendation to the Board on its approval.
- Oversee the delivery of the Trust's innovation strategy.
- Consider the underpinning governance arrangements that support delivery of the Trust's innovation strategy / agenda.
- Receive Chair's Assurance reports from relevant meetings that support delivery of this strategy / agenda.
- Consider the Trust's commercialisation opportunities and make appropriate recommendations to the Board.
- Oversee the delivery of any of the Trust's commercial / business development activities.
- Consider the underpinning governance arrangements that support delivery of the Trust's business development strategy / agenda.
- Receive Chair's Assurance reports from relevant meetings that support delivery of this strategy / agenda. Review and ratify the Trust's digital, research, innovation, education, training and business development policies.

- Review compliance with policies relevant to the remit of the Committee.
- Receive and consider chair's reports from meetings/groups that support the work of the Committee.
- Monitor progress in delivering relevant internal audit report recommendations.
- Oversee arrangements for managing Board Assurance Framework and other high-level risks related to the remit of the Committee.

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

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

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. Governors are supported and encouraged to attend NHS providers training for Foundation Trust Governors. Governors have also instigated a "buddying" arrangement to support more recent appointees and thought is being given to a structured induction / refresher programme to coincide with the possible intake of new Governors in the summer of 2024. To help develop their knowledge of the work of the Trust, Governors receive regular presentations / updates at meetings of the Council of Governors and are invited to attend meetings of the Board and its committees.

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 Board and regular Board committee meetings](#)

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.

	Board of Directors – Private Meeting	Board of Directors – Public Meeting	Audit and Risk	Quality and Safety	Finance and Performance	People and Culture	Digital, Education, Research, Innovation and Commercialisation
Meetings held in 2023/24	11	6	4	12	12	12	5
Harry Turner, Chair	11 / 11 100%	06 / 06 100%					
Chris Beacock, Non-Executive Director	02 / 02 100%	01 / 01 100%	00 / 01 0%	02 / 03 66%		02 / 03 66%	
Martin Evans, Non-Executive Director	11 / 11 100%	06 / 06 100%	01 / 04 25%		02 / 03 66%	12 / 12 100%	03 / 05 60%
Sarfraz Nawaz, Non-Executive Director	08 / 11 73%	04 / 06 67%	04 / 04 100%		10 / 12 83%	09 / 12 75%	
Paul Kingston, Non-Executive Director	00 / 06 0%	00 / 03 0%		00 / 06 0%			
Martin Newsholme, Non-Executive Director	10 / 11 91%	05 / 06 83%	04 / 04 100%	09 / 12 75%	12 / 12 100%		
Penny Venables, Non-Executive Director	10 / 11 91%	06 / 06 100%	02 / 02 100%	11 / 12 92%		06 / 06 100%	05 / 05 100%
Lindsey Webb, Non-Executive Director	08 / 09 89%	04 / 05 80%	02 / 02 100%	07 / 09 66%	03 / 06 50%		
John Pepper, Associate Non-Executive Director	09 / 11 82%	03 / 06 50%		09 / 12 75%		06 / 09 67%	04 / 05 80%
Atif Ishaq, Associate Non-Executive Director	09 / 09 100%	05 / 05 100%				03 / 06 50%	05 / 05 100%
Paul Maubach , Associate Non-Executive Director	10 / 11 91%	05 / 06 83%		05 / 06 83%	05 / 06 83%	08 / 12 67%	
Stacey Keegan, Chief Executive Officer	11 / 11 100%	06 / 06 100%		* 06 / 12 50%	* 10 / 12 83%	* 05 / 12 47%	
Craig Macbeth, Chief Finance and Planning Officer	10 / 11 91%	05 / 06 83%			10 / 12 83%	11 / 12 92%	
Ruth Longfellow, Chief Medical Officer	10 / 11 91%	05 / 06 83%		10 / 12 83%	04 / 06 67%	06 / 06 100%	05 / 05 100%
Paul Kavanagh Fields, Chief Nurse and Patient Safety Officer	09 / 11 82%	05 / 06 83%		09 / 12 75%		09 / 12 75%	02 / 05 40%
Denise Harnin, Chief People Officer	11 / 11 100%	06 / 06 100%				11 / 12 92%	04 / 05 80%
Mike Carr, Chief Operating Officer	09 / 11 82%	05 / 06 83%		08 / 09 89%	12 / 12 100%	09 / 10 90%	03 / 05 60%

Footnote:

grey box = not required to attend the meeting

* = open invitation to the meeting

Internal Audit

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

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 or patient safety reviews and any actions taken in response to them.

The Trust updated its Quality Strategy in 2023 following consultation with key stakeholders on the priorities to be included and the Board is regularly updated on progress against the key quality initiatives.

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 policy and the Patient Safety Incident Response Framework.

In August 2022 NHS England published the Patient Safety Incident Response Framework (PSIRF) setting out the NHS's approach to developing and maintaining effective systems and processes for responding to patient safety incidents for the purpose of learning and improving patient safety, moving away from the Serious Incident Framework that was published in 2015.

The framework represents a significant shift in the way the NHS responds to patient safety incidents and is a major step towards establishing a safety management system across the NHS. It is a key part of the NHS patient safety strategy. The PSIRF supports the development and maintenance of an effective patient safety incident response system that integrates four key aims:

- Compassionate engagement and involvement of those affected by patient safety incidents.
- Application of a range of system-based approaches to learning from patient safety incidents.
- Considered and proportionate responses to patient safety incidents
- Supportive oversight focused on strengthening response system functioning and improvement.

It is a mandated requirement for hospitals that provide NHS services to adopt the new framework and Trusts were expected to adopt the new guidance from Autumn 2023. In September 2023 the Trust Board considered and approved the PSIRF Policy and PSIRP for RJA, to adopt from October 2023. The Trusts PSIRF Policy and PSIRP outlines the local and national priorities for the Trust, including the learning response methods identified for each priority. The PSIRF policy also outlines how safety actions generated from patient safety reviews are populated on the Trusts

Patient Safety Improvement Plan and monitored for completion through the Trust's Quality and Safety Committee.

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 has 9 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.

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 2023/24. In 2023-24 the Trust established a new CQC engagement group. The purpose of this group is to review the new quality statements from the CQC that form part of their new approach to undertaking CQC inspections. A CQC dashboard is now in development, understanding how as a trust we demonstrate compliance with the new quality statements.

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

The foundation trust is fully compliant with the registration requirements of the Care Quality Commission and its current registration is without conditions (meaning there are no issues of concern affecting its ability to operate which the Trust must address in order to comply with its license to operate).

The foundation trust has policies and procedures in place to comply with '*Managing Conflicts of Interest in the NHS*' guidance.

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

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

The Trust has undertaken risk assessments on the effects of climate change and severe weather and has developed a Green Plan following the guidance of the Greener NHS programme. The Trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

Managing Conflicts of Interest

In accordance with NHSE guidance on managing conflicts of interest, and as reflected in the Trust's policy on Managing Conflicts of Interest, the Trust publishes:

- A register of gifts and hospitality; and
- A register of interest for staff deemed to be in decision-making roles – this includes Board members, other senior members of staff and those with access to payment systems.

These are available on the Trust's website.

The Trust's policy was updated during the year to provide clearer guidance to staff on what they should declare and how they should mitigate any potential conflicts of interest. In March 2024, a new intranet page was established which included the policy, associated return paperwork, and a series of guidance documents (including Q&As and role-specific guidance notes).

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/>

We have co-produced with our Staff Network groups, the Workforce Race Equality Standard and Workforce Disability Equality Standard, reports and action plans which are available on the Trust website:

Workforce Disability Equality Standard (WDES) - RJAH

<https://www.rjah.nhs.uk/about-us/publications/trust-documents/workforce-race-equality-standard-wres/>

The Gender Pay Gap has also been published:

<https://www.rjah.nhs.uk/about-us/publications/trust-documents/gender-pay-gap-report/>

We are commencing the EDS2 (Equality Delivery System) scoring of domains 2 and 3 in 2024, which will provide feedback from key stakeholders on wellbeing and leadership.

We have made significant advances in our work on Equality, Diversity and Inclusion. We have joined the NHS Diversity in Health and Care Partners Programme which includes sharing and learning from other NHS organisations. We have introduced a quarterly EDI newsletter available to all staff. Our Staff Networks have been established with a Chair and Executive sponsor, and meetings takes place monthly, encouraging lived experience conversations and welcoming allies to the groups.

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 and Emergency Planning, Resilience and Response Policy to outline procedures and response plans 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
- Board Assurance Framework

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 2023/24 the Trust tracked its financial performance, including the economic, efficient and effective use of resources via the Finance and Performance Committee and the Board receives regular updates on the Trust's financial performance along with a chair's report from the Finance and Performance 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 Trust Secretary is the Interim 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 2023/24 has not yet been determined as the final submission date is 30 June 2024. For 2022/23 the Trust's rating was **STANDARDS MET**.

During 2023/24 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 summary sections of the Integrated Performance Report (IPR).

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 on the NHSE 'Making Data Count' principles by utilising SPC charts and icons. 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.

Developments in 2024/25 will implement a matrix to provide an 'at a glance' view of the exceptions reported within the Integrated Performance Report for each committee.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS foundation trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the audit committee [and risk/ clinical governance/ quality committee, if appropriate] 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 last updated in December 2023.
- Regular internal and external review of risk management and governance arrangements, as described throughout this report.
- A programme of Internal Audit reviews, the findings of which are included below:

Review	Rating / Finding
Assurance Framework	<p>Opinion:</p> <ul style="list-style-type: none"> • The structure of the AF meets the NHS requirements. • The organisation considers risk appetite and risk appetite is used to inform the management of the AF. • There has been Board engagement in the review and use of the AF throughout the financial year; and • The quality of the content of the AF demonstrates clear connectivity with the Board agenda and external environment.

Risk Management Core Controls	<p>Findings / Conclusions:</p> <ul style="list-style-type: none"> Overall, there was a good system of internal control in relation to the risk management process. There is an in-date Risk Management Policy that has been agreed and ratified by the Trust Board. The policy adequately details all the aspects in relation to management and control of risk. The Risk Management Policy explains the roles and responsibilities of the Board committees and individual executives in relation to risk management. Training arrangements are detailed within the policy. It was noted that a revised risk appetite statement has recently been approved by the Board in January 2024 and the policy and training have been updated accordingly.
Key Financial Controls	Opinion: Substantial Assurance
Data Quality	Opinion: Substantial Assurance
Consultant Job Planning	Opinion: Substantial Assurance
Committee Effectiveness	Opinion: Substantial Assurance
Safe Staffing	Opinion: Substantial Assurance
Medical Devices*	Opinion: Limited Assurance*

* This review considered the Trust's procedures for the management of medical devices, including the provision and reporting of management information on the use of those devices. It was not a review of the utilisation or quality of medical devices so this does not reflect on the quality or safety of services.

Progress against the management actions agreed in response to the recommendations of internal audit reviews is monitored by the Audit and Risk Committee.

The Trust's Head of Internal Audit provides an annual opinion on the assurance framework. This can be summarised as follows:

*"The overall opinion for the period 1st April 2023 to 31st March 2024 provides **Substantial Assurance**, that that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently."*

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 reported to the Board for assurance.

During 2023/24 all the Executive Directors have completed appraisals which have included reflections on the discharging of their duties as Directors. The Chair has also conducted appraisals with Non-Executive Directors and uses these appraisals to consider the overall mix of skill and experience on the Board. As described in the Directors' Report, Associate Non-Executive Members have been appointed to bring particular skills and knowledge and inform the work of the Board.

During the year, the Trust has implemented arrangements to deliver the updated Fit and Proper Person Test Framework (FPPT), the NHS Leadership Competency Framework (LCF) and the Chair's Appraisal Framework (CAF).

Conclusion

I can confirm that no significant internal control issues have been 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
24 June 2024

Independent Auditor's Report 2023/24

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 subsidiaries (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 2024 and of the Group's and 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 Foundation Trust statement of comprehensive income;
- the Group and Foundation Trust statement of financial position;
- the Group and Foundation Trust statement of changes in equity;
- the Group and 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 documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management internal audit and local counter fraud 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.

- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's 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 valuations 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:

- the completeness and timing of recognition of accruals and related expenditure is subject to potential management bias: we tested a sample of post year-end payments and invoices to test whether items representing liabilities at 31 March 2024 had been appropriately recognised

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 in all material respects; 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 2024 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

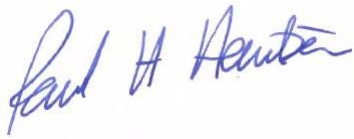
We certify that we have completed the audit of The Robert Jones and Agnes Hunt Orthopaedic

Hospital NHS Foundation Trust 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 Council 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.

A handwritten signature in blue ink, reading "Paul H Hewitson". The signature is written in a cursive, flowing style.

Paul Hewitson, FCA (Key Audit Partner) For and on behalf of Deloitte LLP Appointed Auditor

Newcastle upon Tyne , United Kingdom 28 June 2024

Annual Accounts 2023/24



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

Annual Accounts

for the year ended 31 March 2024



The Robert Jones and Agnes Hunt Orthopaedic Hospital

NHS Foundation Trust

Foreword to the Accounts

These accounts, for the year ended 31 March 2024, 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	24 June 2024

Consolidated Statement of Comprehensive Income

	Note	Group		Foundation Trust	
		2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Operating income from patient care activities	3	137,320	131,618	137,320	131,618
Other operating income	4	9,997	10,773	9,395	10,656
Operating expenses	8	(148,729)	(136,291)	(148,423)	(136,036)
Operating surplus / (deficit) from continuing operations		(1,412)	6,100	(1,708)	6,238
Finance income	12	1,492	703	1,430	679
Finance expenses	13	(86)	(82)	(86)	(82)
PDC dividends payable		(2,211)	(1,898)	(2,211)	(1,898)
Net finance costs		(805)	(1,277)	(867)	(1,301)
Other gains / (losses)	14	(9)	4	(9)	4
Surplus / (deficit) for the year from continuing operations		(2,226)	4,827	(2,584)	4,941
Other comprehensive income					
Will not be reclassified to income and expenditure:					
Impairments	9/18	-	(1,573)	-	(1,573)
Revaluations	18	2,737	37	2,737	37
Total other comprehensive income/ (expense) for the period		2,737	(1,536)	2,737	(1,536)
Total comprehensive income for the period		511	3,291	153	3,405

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

Statement of Financial Position

		Group		Foundation Trust	
		31 March 2024	31 March 2023	31 March 2024	31 March 2023
	Note	£000	£000	£000	£000
Non-current assets					
Intangible assets	15	10,933	5,624	10,933	5,624
Property, plant and equipment	16	98,867	93,703	98,867	93,703
Right of use assets	19	1,281	1,821	1,281	1,821
Receivables	22	1,065	1,165	1,065	1,165
Total non-current assets		112,146	102,313	112,146	102,313
Current assets					
Inventories	21	1,441	1,307	1,441	1,307
Receivables	22	5,888	7,680	5,799	7,755
Cash and cash equivalents	25	23,119	26,671	21,743	25,484
Total current assets		30,448	35,658	28,983	34,546
Current liabilities					
Trade and other payables	27	(19,320)	(19,113)	(19,315)	(19,103)
Borrowings	29	(2,059)	(2,047)	(2,059)	(2,047)
Provisions	30	(778)	(693)	(778)	(693)
Other liabilities	28	(814)	(1,663)	(814)	(1,663)
Total current liabilities		(22,971)	(23,516)	(22,966)	(23,506)
Total assets less current liabilities		119,623	114,455	118,163	113,353
Non-current liabilities					
Borrowings	29	(906)	(2,895)	(906)	(2,895)
Provisions	30	(789)	(904)	(789)	(904)
Total non-current liabilities		(1,695)	(3,799)	(1,695)	(3,799)
Total assets employed		117,928	110,656	116,468	109,554
Financed by					
Public dividend capital		52,649	45,888	52,649	45,888
Revaluation reserve		30,865	28,128	30,865	28,128
Income and expenditure reserve		32,954	35,538	32,954	35,538
Charitable fund reserves	20	1,460	1,102	-	-
Total taxpayers' equity		117,928	110,656	116,468	109,554

The notes on pages 102 to 145 form part of these accounts.

The financial statements on pages 97 to 101 were approved by the Board and signed on its behalf by:

Signed



Name

Stacey Keegan

Position

Chief Executive & Accounting Officer

Date

24 June 2024

Statement of Changes in Equity - Group

For year ended 31 March 2024

	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 2023 - brought forward	45,888	28,128	35,538	1,102	110,656
Surplus / (deficit) for the year	-	-	(2,653)	427	(2,226)
Revaluations	-	2,737	-	-	2,737
Public dividend capital received	6,761	-	-	-	6,761
Other reserve movements	-	-	69	(69)	-
Taxpayers' and others' equity at 31 March 2024	52,649	30,865	32,954	1,460	117,928

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 / (deficit) 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

Statement of Changes in Equity - Trust

For year ended 31 March 2024

	Foundation Trust			
	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2023 - brought forward	45,888	28,128	35,538	109,554
Deficit for the year	-	-	(2,584)	(2,584)
Revaluations	-	2,737	-	2,737
Public dividend capital received	6,761	-	-	6,761
Taxpayers' and others' equity at 31 March 2024	52,649	30,865	32,954	116,468

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

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

		Group		Foundation Trust	
	Note	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Cash flows from operating activities					
Operating surplus / (deficit)		(1,412)	6,100	(1,708)	6,238
Non-cash income and expense:					
Depreciation and amortisation	8	5,407	6,015	5,407	6,015
Income recognised in respect of capital donations	4	(80)	(3,110)	(99)	(3,133)
(Increase) / decrease in receivables and other assets		1,882	(3,217)	1,939	(3,284)
(Increase) / decrease in inventories		(134)	27	(134)	27
Increase / (decrease) in payables and other liabilities		(3,190)	2,617	(2,341)	2,123
Increase / (decrease) in provisions		(30)	201	(849)	494
Movements in charitable fund working capital		(112)	83	(30)	201
Net cash flows from operating activities		2,331	8,716	2,185	8,681
Cash flows from investing activities					
Interest received		1,432	568	1,432	568
Purchase of intangible assets		(3,813)	(4,332)	(3,813)	(4,332)
Purchase of property, plant & equipment		(6,205)	(13,157)	(6,205)	(13,157)
Sales of property, plant & equipment		25	207	25	207
Receipt of cash donations to purchase assets		80	3,110	99	3,133
Net cash flows from charitable fund investing activities		62	24	-	-
Net cash flows used in investing activities		(8,419)	(13,580)	(8,462)	(13,581)
Cash flows from financing activities					
Public dividend capital received		6,761	9,534	6,761	9,534
Movement on loans from DHSC		(1,176)	(1,176)	(1,176)	(1,176)
Movement on other loans		(277)	(278)	(277)	(278)
Capital element of lease liability repayments		(588)	(594)	(588)	(594)
Interest on loans		(39)	(63)	(39)	(63)
Interest paid on lease liability repayments		(49)	(22)	(49)	(22)
PDC dividend paid		(2,096)	(2,041)	(2,096)	(2,041)
Net cash flows from financing activities		2,536	5,360	2,536	5,360
Increase / (decrease) in cash and cash equivalents		(3,552)	496	(3,741)	460
Cash and cash equivalents at 1 April - brought forward		26,671	26,175	25,484	25,024
Cash and cash equivalents at 31 March	25	23,119	26,671	21,743	25,484

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 2023/24, 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 NHS income is earned from NHS commissioners under the NHS Payment Scheme (NHSPS) which replaced the National Tariff Payment System on 1 April 2023. The NHSPS sets out rules to establish the amount payable to Trusts for NHS-funded secondary healthcare.

Note 1 : Accounting Policies (continued)

Aligned payment and incentive (API) contracts form the main payment mechanism under the NHSPS. In 2023/24 API contracts contain both a fixed and variable element. Under the variable element, providers earn income for elective activity (both ordinary and day case), out-patient procedures, out-patient first attendances, diagnostic imaging and nuclear medicine, and chemotherapy delivery activity. The precise definition of these activities is given in the NHSPS. Income is earned at NHSPS prices based on actual activity. The fixed element includes income for all other services covered by the NHSPS assuming an agreed level of activity with 'fixed' in this context meaning not varying based on units of activity. Elements within this are accounted for as variable consideration under IFRS 15 as explained below.

High costs drugs and devices excluded from the calculation of national prices are reimbursed by NHS England based on actual usage or at a fixed baseline in addition to the price of the related service.

In 2022/23 fixed payments were set at a level assuming the achievement of elective activity targets within aligned payment and incentive contracts. These payments were accompanied by a variable-element to adjust income for actual activity delivered on elective services and advice and guidance services. Where actual elective activity delivered differed from the agreed level set in the fixed payments, the variable element either increased or reduced the income earned by the Trust at a rate of 75% of the tariff price.

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 and accounted for as variable consideration under IFRS 15. Payment for CQUIN and BPT on non-elective services is included in the fixed element of API contracts with adjustments for actual achievement being made at the end of the year. BPT earned on elective activity is included in the variable element of API contracts and paid in line with actual activity performed.

Where the relationship with a particular integrated care board is expected to be a low volume of activity (annual value below £0.5m), an annual fixed payment is received by the provider as determined in the NHSPS documentation. Such income is classified as 'other clinical income' in these accounts.

Elective recovery funding provides additional funding to integrated care boards to fund the commissioning of elective services within their systems. In 2023/24, Trusts do not directly earn elective recovery funding, instead earning income for actual activity performed under API contract arrangements as explained above. The level of activity delivered by the Trust contributes to system performance and therefore the availability of funding to the Trust's commissioners. In 2022/23 elective recovery funding for providers was separately identified within the aligned payment and incentive contracts.

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.

Note 1 : Accounting Policies (continued)

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.

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.

Note 1 : Accounting Policies (continued)

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
- 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.

Note 1 : Accounting Policies (continued)

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, accounted for as a single integrated asset for the purpose of revaluation.

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

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful 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.

Note 1 : Accounting Policies (continued)

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. 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.

Where applicable, revaluation gains, losses and impairments are treated in the same manner as for property, plant and equipment.

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.

Note 1 : Accounting Policies (continued)

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.

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 the total value of a particular stock 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.

Note 1 : Accounting Policies (continued)

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.

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.

Note 1 : Accounting Policies (continued)

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 provisions made where required.
- 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.

Note 1 : Accounting Policies (continued)

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 3.51% applied to new leases commencing in 2023 and 4.72% to new leases commencing in 2024.

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.

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.

Note 1 : Accounting Policies (continued)

Initial application of IFRS 16 in 2022/23

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

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

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 was used in determining the lease term where lease arrangements contained options for extension or earlier termination.

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

The Trust as lessor

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

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 2023/24.

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

IFRS 17 Insurance Contracts – the Standard is effective for accounting periods beginning on or after 1 January 2023. However, IFRS 17 is yet to be adopted by the FReM which is expected to be from the 1 April 2025. Early adoption is not permitted. This is not expected to have an effect on the financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements – the Standard is effective for accounting periods beginning on or after 1 January 2027. However, IFRS 18 is yet to be adopted and adapted for the public sector by the Treasury. It will have an effect on the layout of 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. The conclusion is that they are consolidated (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 desk-top valuation as at 31 March 2024 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 an increase in the carrying value of the Trust's land and buildings of £2.7m. Any significant variations on these estimates would have an effect on the financial position of the Trust.

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	
	2023/24 £000	2022/23 £000
Foundation Trust income attributable to the Group	146,715	142,274
Charity income attributable to the Group	602	117
Total RJAH Group operating income	147,317	142,391
Foundation Trust surplus / (deficit) attributable to the Group	(2,584)	4,941
Charity surplus / (deficit) attributable to the Group	358	(114)
Total RJAH Group operating surplus / (deficit)	(2,226)	4,827
Foundation Trust net assets attributable to the Group	116,468	109,554
Charity net assets attributable to the Group	1,460	1,102
Total RJAH net assets	117,928	110,656

No material income attributable to the Group was received by the Charity from any single source during 2023/24 or 2022/23.

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	
	2023/24 £000	2022/23 £000
Acute services		
Income from commissioners under API contracts (note 1)	118,232	111,699
High cost drugs income from commissioners (excluding pass-through costs)	3,232	2,525
Other NHS clinical income	4,379	1,758
All services		
Private patient income	7,345	6,048
Elective recovery fund	-	3,196
Pay award central funding (note 2)	88	2,729
Additional pension contribution central funding (note 3)	3,566	3,161
Other clinical income	478	502
Total income from activities	137,320	131,618

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 2023/25 NHS Payment Scheme documentation.

<https://www.england.nhs.uk/pay-syst/nhs-payment-scheme/>

Note 2 - Additional funding was made available by NHS England in 2023/24 and 2022/23 for implementing backdated element of pay awards where government offers were made at the end of the financial year. 2023/24: In March 2024, the government announced a revised pay offer for consultants, reforming consultant pay scales with an effective date of 1 March 2024. Trade Unions representing consultant doctors accepted the offer in April 2024. 2022/23: In March 2023, the government made a pay offer for staff on agenda for change terms and conditions which was later confirmed in May 2023. The additional pay for 2022/23 was based on individuals in employment at 31 March 2023.

Note 3 - The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. Since 2019/20, NHS providers have continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

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

	Group & Foundation Trust	
	2023/24 £000	2022/23 £000
Income from patient care activities received from:		
NHS England (including central funding for the pay award)	31,581	33,328
Clinical commissioning groups (note 1)	-	14,319
Integrated care boards (note 1)	70,903	50,420
Other NHS providers	192	141
Local authorities	-	1
Non-NHS: private patients	7,345	6,048
Injury cost recovery scheme (note 2)	275	349
Non-NHS: other (note 3)	27,024	27,012
Total income from activities	137,320	131,618

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 23.07% 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 (2023/24: £26,980k and 2022/23: £26,945k).

Note 4 - there was no income from overseas visitors in either 2023/24 or 2022/23.

Note 4 : Other Operating Income

	Group		Foundation Trust	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Contract income				
Research and development	797	511	797	511
Education & training (excl. notional apprenticeship levy income) (note 1)	2,357	3,169	2,357	3,169
Non-patient care services to other bodies	-	8	-	8
Reimbursement & top up funding	-	15	-	15
Sale of goods & services	832	692	832	556
Catering	386	313	386	313
Car parking	270	239	270	239
Other contract income (note 2)	3,987	1,793	3,987	1,929
Non-contract income				
Education & training - notional apprenticeship fund income	250	224	250	224
Receipt of capital grants and donations (note 3)	80	3,110	99	3,133
Charitable and other contributions to expenditure	59	75	109	125
Consumables donated from DHSC for Covid response	58	200	58	200
Revenue from operating leases	250	234	250	234
Charitable fund incoming resources (note 4)	671	190	-	-
Total other operating income	9,997	10,773	9,395	10,656

Note 1 - in 2022/23 the Trust acted as the host organisation for Health Education England on behalf of the Integrated Care System. The majority of the decrease in education and training income is due to the decrease from that funding.

Note 2 - other contract income includes contributions to services and sponsorship income. In addition, funding for I/T schemes was received - £1,311k in 2023/24 and £363k in 2022/23.

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

Note 4 - the increase in charitable fund incoming resources is due to increased legacy income.

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

	Group & Foundation Trust	
	2023/24 £000	2022/23 £000
Revenue recognised in the reporting period that was included within contract liabilities at the previous period end (i.e. release of deferred income)	1,399	1,063

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

	Group & Foundation Trust	
	2023/24 £000	2022/23 £000
Lease receipts recognised as income in year:		
Minimum lease receipts	250	234
Total in-year operating lease income	250	234
	31 March 2024 £000	31 March 2023 £000
Future minimum lease receipts due		
- not later than one year	251	154
- later than one year and not later than two years	213	-
- later than two years and not later than three years	212	-
- later than three years and not later than four years	182	-
- later than four years and not later than five years	59	-
- later than five years	127	-
Total	1,044	154

Note 8 : Operating Expenses

Note 8.1 : Analysis of operating expenses

	Group	
	2023/24	2022/23
	£000	£000
Staff and executive directors costs	93,080	84,803
Remuneration of non-executive directors	162	144
Supplies and services - clinical (excluding drugs costs)	22,550	19,819
Supplies and services - general	2,258	2,442
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	9,691	8,182
Inventories written down	164	156
Consultancy costs	435	667
Establishment	2,086	1,885
Premises	6,765	5,706
Transport (including patient travel)	349	336
Depreciation on property, plant and equipment (including right of use assets)	5,084	5,025
Amortisation on intangible assets	323	990
Movement in credit loss allowance: contract receivables / contract assets	(192)	(21)
Increase in other provisions	85	457
Fees payable to the external auditor		
audit services - statutory audit	127	135
Internal audit costs	67	69
Clinical negligence	2,137	2,041
Legal fees	232	134
Insurance	144	59
Research and development	779	704
Education and training	811	1,008
Lease expenditure - short term leases	50	47
Lease expenditure - low value leases	97	98
Lease expenditure - irrecoverable VAT	122	111
Redundancy	-	6
Car parking & security	123	91
Losses, ex-gratia & special payments	2	5
Other support services (note 1)	637	527
Other NHS charitable fund resources expended	301	250
Other	260	415
Total	148,729	136,291

Note 1 - other support services includes payroll, procurement and occupational health.

Note 2 - operating expenses figures relating to the charity are the "Other NHS charitable fund resources expended" line above and £5k (2023/24 and 2022/23) of the "Audit services - statutory audit" line.

Note 8.2 : Other auditor remuneration

There was no other auditor remuneration paid to the external auditor in either 2023/24 or 2022/23 other than the statutory audit fee.

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	
	2023/24	2022/23
	£000	£000
Salaries and wages	70,500	64,342
Social security costs	7,317	6,705
Apprenticeship levy	349	306
Employer's contributions to NHS pensions	11,768	10,366
Pension cost - other	25	32
Termination benefits	-	18
Temporary staff (including agency)	5,813	4,771
Total gross staff costs	95,772	86,540
Recoveries in respect of seconded staff	(794)	(720)
Total staff costs	94,978	85,820
Of which		
Costs capitalised as part of assets	1,129	337

Note 10.2 : Retirements due to ill-health

During 2023/24 there were no early retirements from the Trust agreed on the grounds of ill-health (1 for 2022/23). The estimated additional pension liability of this ill-health retirement in 2022/23 was £43k.

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 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 the 1995/2008 and 2015 schemes are accounted for, and the scheme liability valued, as a single combined scheme. Both are unfunded defined benefit schemes that cover NHS employers, 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 2024, is based on valuation data as at 31 March 2023, updated to 31 March 2024 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the 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 2020. The results of this valuation set the employer contribution rate payable from April 2024. The Department of Health and Social Care has recently laid Scheme Regulations confirming the employer contribution rate will increase to 23.7% of pensionable pay from 1 April 2024 (previously 20.6%). The core cost cap cost of the scheme was calculated to be outside of the 3% cost cap corridor as at 31 March 2020. However, when the wider economic situation was taken into account through the economic cost cap cost of the scheme, the cost cap corridor was not similarly breached. As a result, there was no impact on the member benefit structure or contribution rates.

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	
	2023/24 £000	2022/23 £000
Interest on bank accounts	1,430	679
NHS charitable fund investment income	62	24
Total finance income	1,492	703

Note 1 - finance income has increased due to significant interest rate rises (from 0.64% in April 2022 to 5.14% in March 2024).

Note 13 : Finance Expenditure

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

	Group & Foundation Trust	
	2023/24 £000	2022/23 £000
Interest expense:		
Interest on loans from the Department of Health and Social Care	37	60
Interest on lease obligations	49	22
Total finance costs	86	82

There was no interest payable in 2023/24 or 2022/23 under the Late Payment of Commercial Debts (Interest) Act 1998 / Public Contract Regulations 2015.

Note 14 : Other Gains / Losses

	Group & Foundation Trust	
	2023/24 £000	2022/23 £000
Gains on disposal of assets	25	4
Losses on disposal of assets	(34)	-
Net gains / (losses) on disposal of assets	(9)	4

Note 15 : Intangible Assets

All intangible assets are held by the Foundation Trust.

Note 15.1 : Intangible assets - 2023/24

	Group & Foundation Trust		
	Software licences £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2023 - brought forward	4,548	4,494	9,042
Additions (note 2)	89	5,543	5,632
Valuation / gross cost at 31 March 2024	4,637	10,037	14,674
Amortisation at 1 April 2023 - brought forward	3,418	-	3,418
Provided during the year	323	-	323
Amortisation at 31 March 2024	3,741	-	3,741
Net book value at 31 March 2024	896	10,037	10,933
Net book value at 1 April 2023	1,130	4,494	5,624

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 - the majority of the assets under construction value (£9,887k) relates to the Trust-wide implementation of a new Electronic Patient Record system, to be completed in 2024/25.

Note 15.2 : 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	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 16 : Property, Plant & Equipment

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

Note 16.1 : Property, plant & equipment - 2023/24

	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 2023 - brought forward	1,893	74,924	229	6,211	16,494	36	2,990	447	103,224
Additions	-	740	-	3,270	2,180	-	749	-	6,939
Revaluations <i>(note 1)</i>	-	436	7	-	-	-	-	-	443
Reclassifications	-	106	-	(131)	25	-	-	-	-
Disposals / derecognition	-	-	-	-	(653)	-	-	-	(653)
Valuation/gross cost at 31 March 2024	1,893	76,206	236	9,350	18,046	36	3,739	447	109,953
Accumulated depreciation at 1 April 2023 - brought forward	-	-	-	-	7,424	2	1,795	300	9,521
Provided during the year	-	2,587	13	-	1,507	3	335	33	4,478
Revaluations <i>(note 1)</i>	-	(2,281)	(13)	-	-	-	-	-	(2,294)
Disposals / derecognition	-	-	-	-	(619)	-	-	-	(619)
Accumulated depreciation at 31 March 2024	-	306	-	-	8,312	5	2,130	333	11,086
Net book value at 31 March 2024	1,893	75,900	236	9,350	9,734	31	1,609	114	98,867
Net book value at 1 April 2023	1,893	74,924	229	6,211	9,070	34	1,195	147	93,703

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

Note 16.2 : 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 - as previously stated	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 - as previously stated	-	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 16.3 : Property, plant & equipment financing - 2023/24

	Group & Foundation Trust								
	Land	Buildings excl. dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	1,893	56,055	236	9,350	9,207	-	1,510	23	78,274
Owned - donated	-	19,845	-	-	527	31	99	91	20,593
NBV total at 31 March 2024	1,893	75,900	236	9,350	9,734	31	1,609	114	98,867

Note 16.4 : Property, plant & equipment financing - 2022/23

	Group & Foundation Trust								
	Land	Buildings excl. dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£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 16.5 : Property, plant & equipment assets subject to an operating lease (Trust as lessor) - 2023/24

	Group & Foundation Trust								
	Land	Buildings excl. dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Subject to an operating lease	-	499	-	-	-	-	-	-	499
Not subject to an operating lease	1,893	75,401	236	9,350	9,734	31	1,609	114	98,368
NBV total at 31 March 2024	1,893	75,900	236	9,350	9,734	31	1,609	114	98,867

Note 16.6 : Property, plant & equipment assets subject to an operating lease (Trust as lessor) - 2022/23

	Group & Foundation Trust								
	Land	Buildings excl. dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£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 16.7 : 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	10	70
Dwellings	10	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 to purchase medical and other equipment, and computer software. All cash received was utilised for this purpose. Donations were received from:

The League of Friends - £80k

The RJAH charity - £19k

Note 18 : Revaluations of Property, Plant & Equipment

For 2023/24, a desk-top revaluation of land and buildings was undertaken by Avison Young with an effective date of 31 March 2024. This resulted in an overall increase in value of £2,737k.

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 (Menzies Day Case Unit). Other smaller leases relate to medical equipment (including a CT scanner and theatre equipment), I/T equipment and pool vehicles.

Note 19.1 : Right of use assets - 2023/24

	Group & Foundation Trust			
	Property (land and buildings) £000	Plant & machinery £000	Transport equipment £000	Total £000
Valuation / gross cost at 1 April 2023 - brought forward	1,845	495	56	2,396
Remeasurements of the lease liability	66	-	-	66
Valuation / gross cost at 31 March 2024	1,911	495	56	2,462
Accumulated depreciation at 1 April 2023 - brought forward	400	163	12	575
Provided during the year	424	163	19	606
Accumulated depreciation at 31 March 2024	824	326	31	1,181
Net book value at 31 March 2024	1,087	169	25	1,281
Net book value at 1 April 2023	1,445	332	44	1,821

No leases were with DHSC group bodies.

Note 19.2 : Right of use assets - 2022/23

	Group & Foundation Trust			
	Property (land and buildings) £000	Plant & machinery £000	Transport equipment £000	Total £000
Valuation / gross cost at 1 April 2022 - brought forward	-	-	-	-
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
Net book value at 1 April 2022	-	-	-	-

No leases were with DHSC group bodies.

Note 19.3 : Reconciliation of the carrying value of lease liabilities

Lease liabilities are included within borrowings in the Statement of Financial Position. A breakdown of borrowings is disclosed in Note 29.

	Group & Foundation Trust	
	2023/24	2022/23
	£000	£000
Carrying value at 1 April	1,611	-
IFRS 16 implementation - adjustments for existing operating leases		1,995
Lease additions	-	36
Lease liability remeasurements	66	174
Interest charge arising in year	49	22
Lease payments (cash outflows)	(637)	(616)
Carrying value at 31 March	1,089	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 19.4 : Maturity analysis of future lease payments

	Group & Foundation Trust	
	31 March 2024	31 March 2023
	£000	£000
Undiscounted future lease payments payable in:		
- not later than one year;	632	605
- later than one year and not later than five years;	507	1,036
Total gross future lease payments	1,139	1,641
Finance charges allocated to future periods	(50)	(30)
Net lease liabilities at 31 March	1,089	1,611
Of which:		
- Current	599	589
- Non-current	490	1,022

Note 19.5 : Exposure to future cash outflows not included in lease liabilities

	Group & Foundation Trust	
	31 March 2024	31 March 2023
	£000	£000
Commitments for leases not yet commenced to which the Trust is contractually committed	18	-

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 only unrestricted funds held by the charity. The restricted fund for the Veterans' Centre Appeal was closed once the appeal was finished and the building works completed. Balances are:

	Group	
	31 March 2024 £000	31 March 2023 £000
Unrestricted funds:		
Unrestricted income funds	1,460	874
Restricted funds:		
Other restricted income funds	-	228
	1,460	1,102

Note 21 : Inventories

All inventories are finished goods.

	Group & Foundation Trust	
	31 March 2024 £000	31 March 2023 £000
Drugs	182	153
Consumables	1,187	1,093
Energy	72	61
Total inventories	1,441	1,307

Inventories recognised in expenses for the year were £13,604k (2022/23: £11,409k). Write-down of inventories recognised as expenses for the year were £164k (2022/23: £156k).

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 2023/24 the Trust received 58k of items purchased by DHSC (2022/23: £200k). These inventories were recognised as additions to inventory at deemed cost with the corresponding benefit recognised in income. The utilisation of these items is included in the expenses shown above.

Note 22 : Receivables

Note 22.1 : Analysis of receivables

	Group		Foundation Trust	
	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000
Current				
Contract receivables (note 1)	4,902	6,450	4,902	6,450
Allowance for impaired contract receivables	(451)	(606)	(451)	(606)
Prepayments	981	1,091	981	1,091
Interest receivable	121	123	121	123
PDC dividend receivable	20	135	20	135
VAT receivable	154	429	154	429
Other receivables	49	53	72	133
NHS charitable funds receivables	112	5	-	-
Total current receivables	5,888	7,680	5,799	7,755
Non-current				
Contract receivables	897	986	897	986
Allowance for impaired contract receivables	(207)	(245)	(207)	(245)
Prepayments	98	69	98	69
Other receivables	277	355	277	355
Total non-current receivables	1,065	1,165	1,065	1,165
Of which receivable from NHS and DHSC group bodies:				
Current	1,955	3,469		
Non-current	277	355		

Note 1 - the large decrease in contract receivables is because 2022/23 included accrued funding from NHS England 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 2024 £000	31 March 2023 £000
Allowances as at 1 April - brought forward	851	882
New allowances arising	10	64
Changes in existing allowances	(142)	(64)
Reversals of allowances	(60)	(21)
Utilisation of allowances (write offs)	(1)	(10)
Allowances as at 31 March	658	851

Note 23 : Finance Leases - Trust as a Lessor

There were no finance leases in either 2023/24 or 2022/23.

Note 24 : Non-Current Assets Held for Sale

There were no non-current assets held for sale in either 2023/24 or 2022/23.

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	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
At 1 April	26,671	26,175	25,484	25,024
Net change in year	(3,552)	496	(3,741)	460
At 31 March	23,119	26,671	21,743	25,484
Broken down into:				
Cash at commercial banks and in hand	1,378	21	2	11
Cash with the Government Banking Service	21,741	26,650	21,741	25,473
Total cash and cash equivalents	23,119	26,671	21,743	25,484

Note 26 : Third Party Assets Held by the Trust

There were no third party assets held in either 2023/24 or 2022/23.

Note 27 : Trade & Other Payables

	Group		Foundation Trust	
	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000
Current				
Trade payables	2,644	3,284	2,644	3,284
Capital payables (note 1)	4,002	1,449	4,002	1,449
Annual leave accrual	690	965	690	965
Pay award accrual	88	2,831	88	2,831
Other accruals (note 2)	6,205	5,067	6,205	5,067
Social security costs	1,015	896	1,015	896
Other taxes payable	1,135	1,007	1,135	1,007
Pension contributions payable	1,167	999	1,167	999
Other payables	2,369	2,605	2,369	2,605
NHS charitable funds: trade and other payables	5	10	-	-
Total current trade and other payables	19,320	19,113	19,315	19,103
Of which payables from NHS and DHSC group bodies:	1,572	996		

Note 1 - the large increase in capital payables is mainly due to the Theatres and Electronic Patient Record (EPR) schemes where work was completed but not yet invoiced.

Note 2 - the large increase in accruals is due to accruals with commissioners relating to contract under-performance.

Note 28 : Other Liabilities

	Group & Foundation Trust	
	31 March 2024 £000	31 March 2023 £000
Current		
Deferred income: contract liabilities	805	1,659
Deferred grants	9	4
Total other current liabilities	814	1,663

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 2024 £000	31 March 2023 £000
Current		
Loan from DHSC (note 1)	1,183	1,181
Salix loan (note 2)	277	277
Lease liabilities	599	589
Total current borrowings	2,059	2,047
Non-current		
Loan from DHSC (note 1)	-	1,180
Salix loan (note 2)	416	693
Lease liabilities	490	1,022
Total non-current borrowings	906	2,895

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 29.2 : Reconciliation of liabilities from financing activities

2023/24	Group & Foundation Trust			
	Loans from DHSC	Other loans	Lease liabilities	Total
	£000	£000	£000	£000
Carrying value at 1 April 2023	2,361	970	1,611	4,942
Cash movements:				
Financing cash flows - payments and receipts of principal	(1,176)	(277)	(588)	(2,041)
Financing cash flows - payments of interest	(39)	-	(49)	(88)
Non-cash movements:				
Lease liability remeasurements			66	66
Application of effective interest rate	37	-	49	86
Carrying value at 31 March 2024	1,183	693	1,089	2,965

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
Lease 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

Note 30 : Provisions for Liabilities & Charges

	Group & Foundation Trust					
	Pensions: early departure costs £000	Pensions: injury benefits £000	Legal claims £000	Employee relations £000	Other £000	Total £000
At 1 April 2023	62	422	24	606	483	1,597
Change in the discount rate	-	-	-		(62)	(62)
Arising during the year	28	-	74	331	4	437
Utilised during the year	(36)	(24)	(10)	(54)	(1)	(125)
Reversed unused	-	-	(5)	(260)	(34)	(299)
Unwinding of discount	-	-	-		19	19
At 31 March 2024	54	398	83	623	409	1,567
Expected timing of cash flows:						
- not later than one year;	36	24	83	623	12	778
- later than one year and not later than five years;	18	96	-	-	19	133
- later than five years.	-	278	-	-	378	656
Total	54	398	83	623	409	1,567

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 and the dismantling charges for the day case unit at the end of the lease.

At 31 March 2024, £7,837k was included in the provisions of NHS Resolution in respect of clinical negligence liabilities of the Trust (31 March 2023: £8,783k).

Note 31 : Contingent Assets & Liabilities

There were no contingent assets in 2023/24 or 2022/23.

	Group & Foundation Trust	
	31 March 2024 £000	31 March 2023 £000
Value of contingent liabilities		
NHS Resolution legal claims	(13)	(11)
Total value of contingent liabilities	(13)	(11)

Note 32 : Contractual Capital Commitments

	Group & Foundation Trust	
	31 March 2024 £000	31 March 2023 £000
Property, plant and equipment	4,578	5,849
Intangible assets	889	3,928
Total	5,467	9,777

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 2024 £000	31 March 2023 £000
Not later than 1 year	652	846
After 1 year and not later than 5 years	849	1,403
Total	1,501	2,249

Potential future cash outflows in relation to leases not included in lease liabilities are disclosed in note 19.5.

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 2024 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 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000
Trade and other receivables (excl. non financial assets)	5,588	7,116	5,611	7,196
Cash and cash equivalents	21,743	25,484	21,743	25,484
Consolidated NHS Charitable fund financial assets	1,488	1,192	-	-
Total	28,819	33,792	27,354	32,680

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 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000
Loans from the Department of Health and Social Care	1,183	2,361	1,183	2,361
Obligations under leases	1,089	1,611	1,089	1,611
Other borrowings	693	970	693	970
Trade and other payables (excl. non financial liabilities)	16,475	17,200	16,475	17,200
Provisions under contract	120	120	120	120
Consolidated NHS charitable fund financial liabilities	5	10	-	-
Total	19,565	22,272	19,560	22,262

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 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000
In one year or less	18,586	19,307	18,581	19,297
In more than one year but not more than five years	1,043	3,046	1,043	3,046
Total	19,629	22,353	19,624	22,343

Note 35 : Losses & Special Payments

	Group & Foundation Trust			
	2023/24		2022/23	
	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	60	1	70	10
Stores losses and damage to property	2	161	2	153
Total losses	62	162	72	163
Special payments				
Ex-gratia payments	103	12	77	4
Total special payments	103	12	77	4
Total losses and special payments	165	174	149	167

Note 1 - losses and special payments are accounted for on an accruals basis, excluding provisions for future losses.

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
- Herefordshire & Worcestershire ICB
- NHS England
- NHS Resolution
- Shrewsbury & Telford Hospitals NHS Trust
- Shropshire, Telford & Wrekin ICB
- Staffordshire & Stoke on Trent ICB

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	
	2023/24 £000	2022/23 £000
Retained surplus / (deficit) for the year	(2,584)	4,941
Remove capital donations I&E impact	688	(2,482)
Remove net impact of consumables donated from other DHSC bodies	29	(5)
Adjusted financial performance surplus / (deficit)	<u>(1,867)</u>	<u>2,454</u>

