

# **Sherwood Forest Hospitals NHS Foundation Trust**

**Annual Report and Accounts**



**2022/2023**



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Annual Report and Accounts 2022/2023

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# Performance Report

## Statement from the Chair

I am delighted to present this year's annual report at the end of what has been another extraordinary year across the NHS nationally – and life here at our hospitals here at Sherwood has been no different!

A 'thank you' to our hard-working colleagues across #TeamSFH

We know that people are key to everything that happens here in our hospitals, both in terms of the staff who run them and the patients we care for with such pride across our NHS.

I'd like to start by paying tribute to our staff working hard across #TeamSFH. As an Executive Team, we know the impact that working under such intense pressure for so long now has on them.

As a Trust, we are committed to supporting them in every way possible – be it through extending our offer of free staff car parking to them beyond 2022/3 or through the wealth of financial, wellbeing and other support we offer to them here at Sherwood.

I remain so grateful to them all for their skill, hard work and dedication over the year gone by.  
Changes in our Executive Team

As a Trust, we also know the role that great leadership plays in making great patient care happen across our services. That involves recruiting and retaining the right people, appropriately supporting them, uniting them behind shared values and goals, and supporting them to make great patient care happen.

That is true across our Trust – and key to that is creating an effective and forward-thinking Executive Team to lead that change at the most senior level.

Following a number of departures from our Executive Team in 2021/22 and early in 2022/3, we have been proud to make a number of key appointments to the following positions in our Executive Team over the past year. I am confident that they will help to lead this great organisation in an exciting new direction over the years ahead:

Chief Operating Officer – Rachel Eddie

Director of People – Rob Simcox

Chief Financial Officer – Rich Mills

Director of Strategy and Partnerships – David Ainsworth

Chief Nurse – Phil Bolton

Maintaining high standards of patient care, despite the pressures we continue to face

The Chief Executive's introduction to this year's Annual Report outlines some of the operational pressures that we continue to manage as a Trust, as we balance the pressures of today with recovering from the significant effects of the pandemic.

While his update is a humbling reminder of the significant pressures that continue to face our NHS nationally, those challenges also emphasise how brilliantly our colleagues have done in continuing to deliver great patient care while managing those pressures here at Sherwood.

Over the financial year gone by, we have been proud to celebrate a number of significant achievements that recognise Sherwood among the very best of organisations nationally.

Central to those achievements has been Sherwood achieving Pathway to Excellence® designation, which places the standards of our nursing and midwifery teams among the very best in the world.

At the time Sherwood received the designation, Sherwood was one of just four hospital trusts in the UK and one of only five in Europe to achieve that standard – something that is testament to colleagues' hard work towards achieving that standard over the past two years.

Sherwood is a wealth of examples of great patient care – just like this designation. And, as the Trust's Chair and Non Executive Director Maternity Safety Champion, I am also proud to have seen our maternity services at King's Mill continue to be rated as 'good' over the past year, following our latest inspection from the Care Quality Commission (CQC).

Importantly, that means that King's Mill Hospital's CQC rating remains 'outstanding' and the overall rating of the Trust remains 'good'.

We are incredibly proud of the many positive findings highlighted in that report, which recognises the fantastic work our maternity colleagues do – day in, day out – despite the ongoing challenges placed on maternity services nationally.

We welcome this external scrutiny as we share the CQC's ambitions to provide the best possible patient care. Their most recent inspection shows that our maternity services continue to offer a high standard of care to patients and their families.

I want to thank our staff who work hard to provide excellent, safe and compassionate care to our expectant and new parents and their babies.

### **Working to elect new Trust governors**

Another key development over the financial year ahead will be to identify and elect six new Trust governors this summer.

Governors play a key role at Sherwood in helping the Trust to achieve its ambitions of providing healthier communities and outstanding care to all. Our governors play an important role in ensuring

that the voices of our members, patients, and the wider communities we serve are heard across our hospitals.

Work to elect new governors to the Trust is already well underway and I am delighted to say that we've had some positive interest in the roles so far. I look forward to being able to update you on the progress made over the months ahead and in next year's annual report.

### **Working in a new NHS and partnership landscape**

The 2022/23 financial year also saw one of the biggest changes made in the history of our NHS, as new legislation came into effect in July that will fundamentally change the way that local health and care services work together in future.

Locally, the introduction of that legislation saw the formation of the new Nottingham and Nottinghamshire Integrated Care Board (ICB), which came into effect on 1 July 2022.

The move towards local health and social care services being overseen by ICBs commits organisations like Sherwood Forest Hospitals to working more closely with our other NHS, social care, and other community partners for the benefits of the wider communities we serve.

Since before the Nottingham and Nottinghamshire ICB formed in July 2022, I – along with our Chief Executive, Paul Robinson – have been keen to ensure that the voice of Sherwood Forest Hospitals, its staff and its patients are heard at every opportunity.

More locally within the Mid Nottinghamshire 'place' area we serve, the Mid Nottinghamshire Place Based Partnership has been 'reset' to refocus our collective efforts locally. With renewed leadership from Adam Hill, the Chief Executive Officer of Mansfield District Council, the partnership has worked together to refresh its focus for 2023/24.

Its vision and ambitions have now been revised to match the County's Health and Wellbeing Strategy, with the following priorities having been proposed:

- Best start – local coordination of the best start strategy; mental health in children and young people
- Living Well – Primary prevention and Cost of Living
- Ageing Well – Frail older people and loneliness
- Health Inequalities – Core20Puls5 – severe mental disorder and targeted communities relevant to place.
- Partnership Development – integrated neighbourhood teams and consistent communication across partners.



The formation of ICBs and channelling much of the delivery of their work through Place-Based Partnerships will strengthen our relationships with local partners and other local organisations.

That will be helpful in helping us to think differently to manage the intense and immediate pressures we continue to face in across our hospitals' urgent and emergency care services. It will also help us to tackle longer-term challenges, including addressing health inequalities and ensuring we are meeting the needs of an aging population.

As a Trust, we are committed to continuing to play an active part in this new way of working and we look forward to seeing where that journey takes us all over the year ahead.

And finally, a thank you...

Before signing-off, I wanted to underline my thanks to everyone who has played a part in making our hospitals such a special place to work and receive care over the year gone by.

Whether through their roles as staff, patients, and visitors or as governors, volunteers and partners, the commitment we all share to providing great patient care to our local communities is a powerful driving force. It is something I remain in awe of every day.

We know that the year ahead will not be without its challenges, however.

In the short term, we know that demand remains high across our hospitals as we continue to deal with present day pressures, as well as continuing to deal with the ongoing hangover of the pandemic. Moving forward, we know that national financial challenges will bite and, as our current five-year Trust strategy comes to an end in 2023/24, we know a renewed focus will be needed to drive this great organisation forward.

Surrounded by great people who share a desire to drive continuous improvement across our services, however, it is a challenge I very much look forward to tackling together.

Thank you,

A handwritten signature in black ink, reading 'Claire Ward'. The script is fluid and cursive, with the first letters of 'Claire' and 'Ward' being capitalized and prominent.

**Claire Ward**

**Chair**

**Sherwood Forest Hospitals NHS Foundation Trust**

## Statement from the Chief Executive

It is my pleasure to present this year's annual report following what has been another eventful financial year across our hospitals – and my first full one as Chief Executive of Sherwood Forest Hospitals.

This annual report reflects on so much of what we have achieved over the year gone by, both in overcoming national challenges and dealing with the pressures we continue we face – all while continuing to aspire and improve our services for the future.

Here are just a few of the highlights and key developments from the year gone by:

### **An update on pressures across our hospitals**

It would be remiss of me not to focus our review of the year gone by without a strong mention of the significant operational pressures that we continue to experience across our services, which reflect those seen nationally over recent years.

The cause of those pressures is multiple and complex, but the following themes have continued to prevail over the past year:

1. The high numbers of patients we continue to treat in our Emergency Department at King's Mill Hospital and our Urgent Treatment Centre at Newark Hospitals.
2. The challenges we continue to experience with discharging patients as soon as they are medically fit to leave our hospitals.

During 2022/23, we treated almost 179,667 patients across our urgent and emergency care services at our King's Mill and Newark Hospital sites – that's almost 10% more than the 163,564 we treated across those same services in 2019/20, the first full financial year before the start of the pandemic.

The impact of those pressures on our services cannot be overstated and saw us take genuinely unprecedented steps to help manage those pressures.

In the height of those operational pressures in January, the Trust had more acute inpatient beds open to patients than at any point in its history.

In April 2022, we also took the extraordinary step of transforming a local care home building into a ward to extend the walls of our hospitals. That move was vital in helping to provide transitional care to patients who have been declared medically fit to leave our hospitals but are awaiting care packages to be arranged with local care homes, community teams or wherever else they call home.

Added to that, we have seen national pay disputes impact on our staff and patients locally, most notably through periods of industrial action that significantly impacted our colleagues and our Trust's ability to manage the demand it faces.

Added to that, COVID is not over in our hospitals: we have continued to treat patients who are critically ill with COVID in our critical care unit over the past year and the lingering presence of the virus among our staff, patients and visitors continues to make the task of managing our services more complex.

As a country, we are learning to 'live with COVID' and the same is true for many areas of our hospitals, which has allowed us to step-down some of the infection prevention and control measures we have had in place, including removing the need to wear a mask in most areas of our hospitals.

The continued roll-out of the vaccine to staff and patients has also played a key part in managing the impact that COVID continues to have on our services and our Trust has continued to play its part in Nottinghamshire's vaccine rollout to protect the most vulnerable members of the communities we serve and the staff who care for them.

Our ability to manage the impact of COVID on our services is now also helping us to return some of our services back to how they ran before the pandemic – like reinstating our 24-hour home birth service which, by the end of the financial year, had welcomed 16 babies since it was reinstated.

While managing all that, we have also made real progress in the recovery of our elective care following the pandemic – not least in helping to slash our longest waiting lists for those waiting for elective care.

In July, we celebrated eliminating our waiting lists for those waiting two years to receive the treatment they needed. That progress continued to the very end of the financial year, as we confirmed we had also slashed waiting lists for patients waiting 18 months to receive treatment ahead of a national deadline of April 2023.

These achievements are all the more remarkable considering the pressures we continue to manage each day and noting that, during this time, we have also been supporting other hospitals to reduce their own waiting lists.

And even on top of that, we are even managing to progress large capital projects that will help to further boost capacity across our services.

Two significant examples include the multimillion pound plans we are progressing to bring Nottinghamshire's first Community Diagnostics Centre to Mansfield to help thousands of patients each year to access the checks and tests they need sooner and our £5.6million programme to improve our theatres at Newark Hospital and deliver an extra 2,600 operations and procedures each year.

**'Managing the pressures we face is only possible thanks to our hard-working NHS staff'**

I am thankful to our Trust colleagues for the part they have played in delivering all of this incredible work over the past year. It is only thanks to the hard work and professionalism of our Trust staff and our partners that we have been able to achieve all this and I am so grateful for their efforts.

Their skill, commitment, flexibility, resilience, and ingenuity never fail to humble me, but we also know that working under such intense pressure for so long takes a huge personal toll on them.

As a Trust, we are committed to properly supporting everyone at #TeamSFH in the important work that they do – including by providing clarity on the areas we need them to focus upon, but also in stepping-up our wellbeing offer to colleagues to ensure they are properly supported in their work.

In the past year, we have been delighted to learn that Sherwood Forest Hospitals remains the best Trust of its kind to receive care and to work for anywhere in the East and West Midlands, according to results of the most recent *NHS National Staff Survey* that were released in March.

Those results rank Sherwood as the acute trust that staff would most recommend as a place to work anywhere in the Midlands for an incredible fifth year in a row.

Highlights of this year's results revealed that:

- 81% of staff agreed that the care of patients is the organisation's top priority (placing us first in the Midlands for this score).
- 78% of staff would be happy with the standard of care provided if a friend or family member needed treatment (first in Midlands)
- 72% recommend the Trust as a place to work, placing us first in the Midlands and third in the country.
- 90% feel trusted to do their job and feel that their role makes a difference to patients and service users.

Our people are what makes the Trust one of the best and I want to say a massive thank you to everyone for continuing to deliver quality, safe and compassionate care, particularly during challenging times.

It is great to see that, despite the many national challenges across the NHS, colleagues' overall experience of working at SFH ranks among the very best in the country.

The fact that some of our scores are the best they've been in five years shows we are making real progress on our journey to foster a culture of continuous improvement and that there remains so much to be proud of here at Sherwood.

Despite so many positives that we will proudly celebrate, we also recognise that many of our colleagues are feeling the strain mentally, physically and financially right now.

The results also highlight some areas where we know we need to go further, as while harassment and bullying among Trust staff is at its lowest for five years, there have been more experiences of bullying, harassment, discrimination, violence and aggression from patients and members of the public towards staff than ever before.

From a partnerships perspective looking across the Mid Nottinghamshire Place, it is clear that the majority of these experiences are being targeted at hard-working staff by members of the public rather than their colleagues – and are not exclusive to NHS staff.

With this in mind, we took a discussion piece to the Mid Nottinghamshire Place Based Partnership (MNPBP) Executive Group where all partners agreed to support the Trust with a shared approach to tackling this across the mid-Nottinghamshire area, as it is clear that these experiences are not being experienced by NHS staff alone.

I look forward to being able to update you all on this work as it progresses.

### **Making Sherwood a great place to work: Encouraging the next generation to Step into the NHS**

Looking after our people is an everyday theme throughout our work as a Trust, ultimately with the aim of recruiting the best talent – and retaining them once they have joined the Trust.

Our latest vacancy rates show that around one-in-20 posts across the Trust remain vacant, which compares incredibly well against county-wide, regional and national vacancy rates.

Properly supporting staff is an essential part of that work. Equally important, however, is the need to find new and innovative ways to attract the next generation to work in their local hospitals has also been key to that.

Over the past year, we have been delighted to rekindle our relationship with West Notts College and Nottingham Trent University to create a supply line of talent into a host of clinical and non-clinical roles across the Trust.

In January, we were delighted to host the first of our *Step into the NHS* events that attracted over 600 members of the local community who attended to learn what a career in their NHS might have in store for them. That event was so successful that we plan to hold two further events later in 2023 to maintain that interest – one focusing specifically on non-clinical roles and another dedicated to clinical roles.

Despite all those local and national challenges, a career in the NHS still has plenty to offer and these events are a great opportunity to showcase all that is good at Sherwood and showcase what a great place Sherwood is to work at.

Through our work with local education providers, our international recruitment efforts and a host of other initiatives, I am confident we can continue to attract the very best talent to work in our hospitals for years to come.

### **Looking forward to an exciting future**

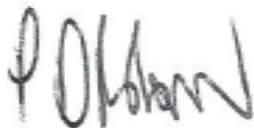
All of the above shows that we have so much to be proud of here at Sherwood – and that there is so much to look forward to over the year ahead.

2023/24 will also be the final year of our current five-year Trust strategy and work is already well underway to reimagine our plans to lead this great organisation into the future over the five years ahead.

How we work with our health and social care partners to manage the needs of our local communities will be key to that work. That work must consider how we manage the front door pressures each day, how we work better with providers of out-of-hospital care to look after people out in the community, consider how we work proactively to secure earlier diagnoses and future-proof our services for years to come.

Reflecting on the year gone by is a source of real pride for me – and gives me real hope for the year ahead, as we prepare to celebrate the 75<sup>th</sup> anniversary of our NHS. I am grateful to our staff, patients and communities for the part they all play.

Thank you for all that you do.

A handwritten signature in dark ink, appearing to read 'P Robinson', written in a cursive style.

**Paul Robinson**  
**Chief Executive Officer**

## Overview of Performance

This section summarises our organisation's purpose, history, objectives and key risks.

## Our History and Structure

Sherwood Forest Hospitals was formed in 2001 and gained Foundation Trust status in 2007. We provide outstanding healthcare across the community to 500,000 people in Mansfield, Ashfield, Newark, and Sherwood and parts of Derbyshire and Lincolnshire. We work with more than 8,000 colleagues in our three hospitals – King's Mill, Newark and Mansfield Community and at Ashfield Health Village. We have well-established relationships with partners in health and social care through the Nottingham and Nottinghamshire Integrated Care System (ICS) and the Mid-Nottinghamshire Place based Partnership.

We have five clinical divisions: Urgent and Emergency Care, Medicine, Surgery, Women's and Children's, and Clinical Services, Therapies and Outpatients. Each division benefits from clinical and managerial leadership and is supported by the corporate function.

Our Trust is managed by the Board of Directors, which is responsible for the management and performance of the organisation and for setting the future strategy. The Board ensures the quality and safety of healthcare services, education, training and research delivered by the Trust and applies the principles and standards of clinical governance set out by the Department of Health, the Care Quality Commission, and other relevant NHS bodies. It also makes sure that we exercise our functions effectively, efficiently and economically.

As a Foundation Trust we have a Council of Governors, which works with the Board of Directors and represents the interests of our members in the planning of services. The Council of Governors play an important role in the delivery of safe, high quality care. They are elected by our public and staff members or appointed to represent community partners, such as the local councils and commissioners.

King's Mill Hospital, where 90% of our services are based, is rated Outstanding by the Care Quality Commission and is the only Outstanding NHS hospital in the East Midlands. Newark Hospital and Mansfield Community Hospital are both rated Good and all 15 of our services are rated Good for Safety with five Outstanding services.

Safe, patient centred care is delivered by well supported people and in 2023 colleagues at Sherwood rated us as being the best place to work across all acute trusts in the Midlands region in the National Staff Survey and second Nationally for morale.

In March 2021 the Trust was recognised as the Acute or Specialist Trust of the Year in the prestigious Health Service Journal Awards. The HSJ awards are the most coveted accolade in UK healthcare and Trust of the Year is the most prestigious category within these awards. In 2023 we achieved the Pathway to Excellence recognition for our commitment to outstanding care. The second hospital in

the UK to achieve such status. We achieved Gold Standard for health and Safety, awarded by the Health and Safety Executive, demonstrating our commitment to safety.

We enjoy positive partnerships with public bodies such as district and the county council. This means we are able to actively contribute to the wider determinants of health and wellbeing through our collective work on the levelling up partnership, shared prosperity agenda and we chair an Arts and Cultural Compact, encouraging the sector to deliver for local people. We have a strategic compact with Vision West Notts College and Nottingham Trent University which is delivering on meaningful employment opportunities for local people and in support of the local economy. We play an active role in the Nottingham and Nottinghamshire Integrated Care System (ICS).

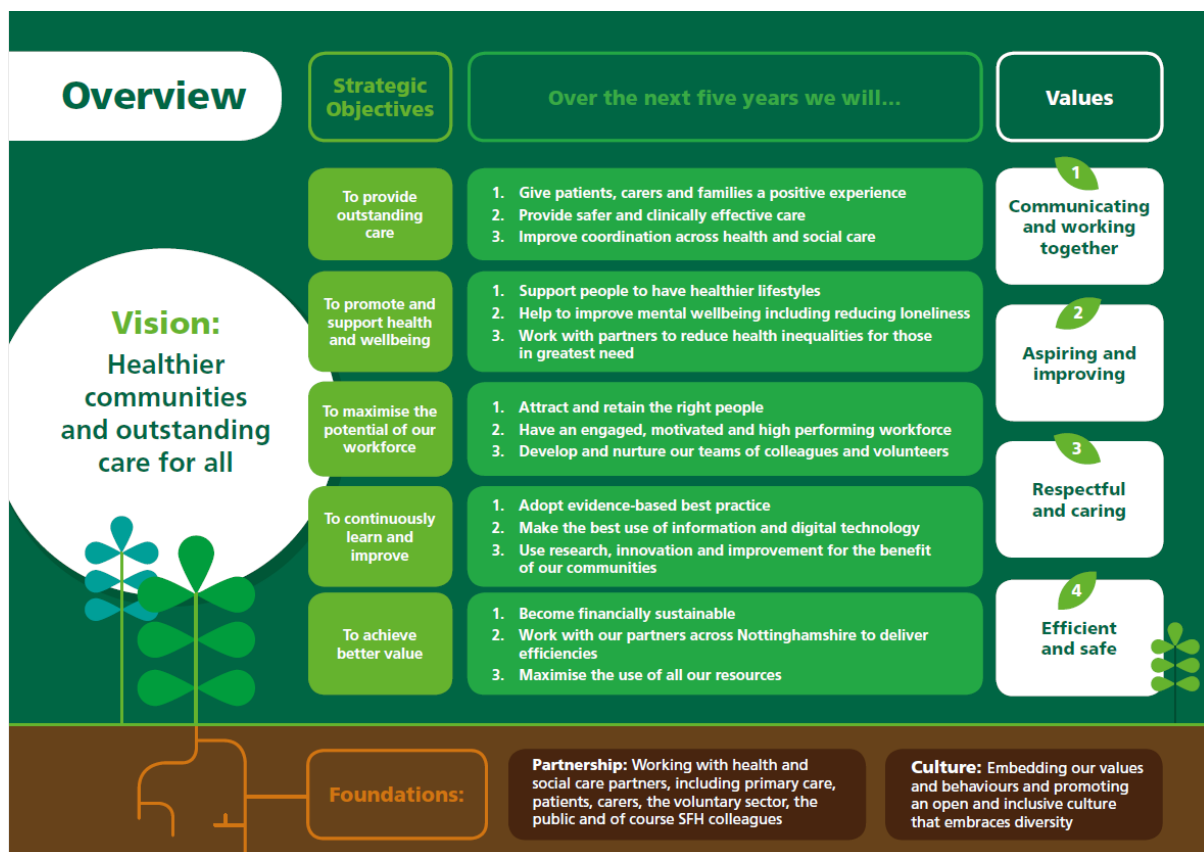
## **Our purpose and activities**

Over the past year the NHS has continued to face extraordinary challenges and pressures relating to the pandemic. Covid-19 once again dominated our year. Our colleagues have continued to demonstrate remarkable commitment to keep our patients, and each other safe. We are working hard for those patients waiting for operations and treatments, while balancing the needs of those requiring emergency care, and we are doing all we can to treat people as quickly and as safely as possible according to clinical urgency.

Despite the challenges, the incredible commitment of our workforce has enabled us to continue to make progress on delivering our vision of Healthier communities and outstanding care for all.

This vision and strategy can be summarised as follows:





## Review of Trust Strategy: 2023-24

<b>To provide Outstanding Care</b>	<ul style="list-style-type: none"> <li>• Work with Clinical Divisions to develop Clinical Service Strategies at Specialty and Divisional level, to inform a Trust level Clinical Strategy</li> <li>• Develop high level 5yr bed requirement model</li> <li>• Expand Day Case Surgery Services at Newark Hospital through the Transformation Investment fund (TIF)</li> <li>• Expand Diagnostic Services to Mansfield Community Hospital</li> <li>• Achieve elective activity levels, backlogs and patient waiting times in line with the 2023/24 operational plan and supporting performance trajectories.</li> <li>• Progress with the Optimising Patient Journey (OPJ) improvement programme</li> <li>• Expand use of Same Day Emergency Care (SDEC) within Surgery</li> <li>• Embed and expand virtual wards</li> <li>• Work with the ICB and system partners to facilitate system actions to reduce the number of Medically Safe for Transfer (MSFT) Patients who should not be in an acute hospital bed</li> <li>• Progress Medical, Nursing, Allied Healthcare Workforce Transformation</li> </ul>
<b>To promote and support health &amp; wellbeing</b>	<ul style="list-style-type: none"> <li>• Strengthened partnerships with the education sector to promote local employment opportunities and contribute to the wider determinants of health and well-being</li> <li>• Continued the Wellbeing champions focus on spread across the Trust focussing on menopause and physical activity.</li> <li>• Driven improvements in our commitment to the green agenda which includes the planting of a HOPE orchard.</li> </ul>

	<ul style="list-style-type: none"> <li>• Worked with partners external to the NHS, including councils and the voluntary sector to focus positive effort on improving the wider determinants of health.</li> <li>• Delivered 111 babies smoke free at time of delivery through targeted help of expectant mothers which will have benefits on future healthy lifestyles.</li> </ul>
<b>To maximise the potential of our workforce</b>	<ul style="list-style-type: none"> <li>• Delivery of the "Belonging in the NHS" supporting actions in year 2 of the Trusts People Strategy 2022-2025</li> <li>• Delivery of the "Growing for the Future" supporting actions in year 2 of the Trusts People Strategy 2022-2025</li> <li>• Delivery of the "Looking after our people" supporting actions in year 2 of the Trusts People Strategy 2022-2025.</li> </ul>
<b>To continuously learn and improve</b>	<ul style="list-style-type: none"> <li>• Developed an improvement faculty concept which will mobilise from next year</li> <li>• Undertaken QSIR training across the organisation to increase capacity</li> <li>• Delivered a transformation programme across key priority areas including outpatients, operating theatres, and flow through the trust.</li> <li>• SFH have exceeded the national ambitions (33%) and made significant progress in delivering Same Day Emergency Care (SDEC). SFH was able with the help of additional funding, to significantly invest in the creation of a dedicated Medical SDEC Unit. The Unit is located adjacent to the Emergency Department.</li> <li>• Learned from critical incidents through effective de-briefing of teams both internal and external across the system with our partners.</li> <li>• 80% inpatient areas are now using electronic prescribing</li> <li>• Delivered a transformation programme at Newark Hospital, making it a valued and vibrant asset to the local population.</li> </ul>
<b>To achieve better value</b>	<ul style="list-style-type: none"> <li>• Delivered Financial Improvement Programme savings of £5.8m in 2022/23.</li> <li>• Delivered year one of a three-year Transformation and Efficiency Programme, with an ambition to deliver efficiencies in the way we operate the hospital.</li> <li>• Launched a System Costing Group. Which will support clearer understanding of costs to deliver services across the Nottinghamshire health and care system.</li> <li>• Been a key partner in the Provider Collaborative, shaping the priorities and strengthening partnership working with the major providers in Nottingham and Nottinghamshire.</li> <li>• Established a Transfer of Care Hub – bringing system partners together to drive reducing length of stay and a focus on medically safe for discharge cohorts.</li> <li>• Attracted national funding to build a community diagnostic centre and a new operating theatre at Newark Hospital.</li> <li>• Represented the health voice on boards covering The Levelling Up agenda through partnership working with for example, Mansfield Connect which will deliver a multi-purpose building for the community.</li> <li>• Contributed to the local economy and businesses through employment offers, procurement opportunities and through a scheme to support people become work ready.</li> </ul>

In the coming year we will be developing our new five-year strategy ready to launch from April 2024 to the period April 2029. This will include engagement with local communities, our colleagues, patients and their families and carers.

We will be revising existing sub strategies such as the people, culture and improvement strategy and we will develop new sub-strategies including finance and clinical service strategies.

We recognise that as well as being an outstanding provider of care, we have a unique opportunity and a responsibility to support our local population to become healthier. This is not something we can achieve on our own. It is a partnership involving everyone in our community, including those who work and volunteer in health and social care across Nottinghamshire, those who use our services and those who may need our services in the future.

## **The Nottingham and Nottinghamshire Provider Collaborative at Scale**

### **2022/23**

Provider collaboratives are partnerships of at least two trusts working across multiple places with a shared purpose. All statutory NHS Providers have to be involved in at least one provider collaborative. National guidance on the role and function of the Provider Collaboratives<sup>1</sup> set out three key aims:

- To reduce unwarranted variation and inequality in health outcomes, access to services and experience
- To improve resilience by, for example, providing mutual aid
- To ensure that specialisation and consolidation occur where this will provide better outcomes and value.

Provider collaboratives are a component of Integrated Care Systems (ICSs), alongside Place based Partnerships. Effective collaboratives can help streamline the relationships between ICSs, providers and wider partners to integrate care and respond to the needs of local communities.

The Nottingham and Nottinghamshire Provider Collaborative at Scale (N&N PC@S) brings together the five statutory NHS providers across Nottingham and Nottinghamshire - Sherwood Forest Hospitals NHS Foundation Trust (SFH), Nottinghamshire Healthcare NHS Foundation Trust (NHT), Nottingham University Hospitals NHS Trust (NUH), Doncaster and Bassetlaw Teaching Hospitals NHS Foundation Trust (DBH) and East Midlands Ambulance Service NHS Trust (EMAS).

In July 2022 a Provider Leadership Board was formally established, giving us a model where we have a partnership of equals. Anthony May DL, Chief Executive of Nottingham University Hospitals NHS Trust is currently acting as the Lead Chief Executive for the collaborative and chairs the Provider Leadership Board.

The focus of the Provider Collaborative over the last year has been on building relationships and working towards agreeing the vision, objectives, and principles of the collaborative. In January 2023 the collaborative confirmed the initial areas of focus as Workforce, Urgent and Emergency Care and the development of a prospectus setting out what the collaborative is, why it exists, what its priorities are, how it will operate, what governance forms it will consider and how it will work and communicate with its partners.

### **2023/24**

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<sup>1</sup> [B0754-working-together-at-scale-guidance-on-provider-collaboratives.pdf](https://www.england.nhs.uk/publications/b0754-working-together-at-scale-guidance-on-provider-collaboratives.pdf)  
([england.nhs.uk](https://www.england.nhs.uk))

In the second year of our Provider Collaborative, the focus will be on delivering change at pace. This will include the following:

- Establishing a distributed Executive Team, comprising of Executive Directors from across member organisations
- The continued development and delivery of the priorities in the U&EC and Workforce arenas, including putting in place the necessary programme governance, leadership, monitoring and evaluation process and positioning these programmes within the wider system context
- Finalising the collaborative prospectus, operating model, and associated governance.

## **Risks to delivery of objectives**

Our vision, values and strategic objectives express our ambition to see healthier communities and outstanding care for all. Our ability to fully realise all our objectives is linked to the ongoing level of healthcare demand from Covid-19. Our goal is to increase the number of people we treat and care for in a timely way, but we know that securing a sustainable recovery will depend on a continued focus on the health, wellbeing, and safety of our staff.

In 2022/23 we will continue to rise to the challenges of restoring services, meeting the new care demands and reducing the care backlogs. Whilst the future demands on the NHS remain uncertain, we know we need to continue to increase our capacity and resilience to deliver safe, high-quality services that meet the full range of people's health and care needs.

Through our risk and control framework the Board of Directors regularly scans the horizon for emergent opportunities or threats and considers the nature and timing of the response required to ensure risk is always kept under prudent control.

The most significant strategic risks facing us continue to be: (i) the maintenance of sufficient numbers of skilled employees to deliver our full range of clinical services; (ii) financial sustainability due to the requirement to increase activity while substantial cost pressures remain; and (iii) demand that overwhelms our capacity to deliver care effectively.

These risks are interrelated and incorporated into the Board Assurance Framework (BAF). It is not envisaged these risks will change over the coming year. The Internal Audit Plan and Counter Fraud Plan are approved by Board members and are aligned, where appropriate, with the principal risks in the BAF.

Working in partnership through the Integrated Care System, our Provider Collaborative and Placed Based Partnerships is a fundamental mitigation to our risks. Our continued focus is on improving our internal working processes and practices to ensure patients receive high quality care in a timely manner, while also using our size, scale and reach to influence the health and wellbeing of our communities, particularly targeting those that we are not engaging with as well as we could.

Further detail about our risk management approach is included in the Annual Governance Statement, later in this report.

### **How we are using our FT status to develop services and improve patient care**

We are dedicated to realising our vision of healthier communities and outstanding care for all. This vision statement includes our commitment and ambition to excel and continually improve the quality of our services. Our four core values underpin this and describe the way in which we will operate:

Communicating and working together,

Aspiring and improving,

Respectful and caring,

Efficient and safe.

We develop our services and improve patient care based on evidence. We proactively seek and use feedback from patients and staff, as well as analysing data that benchmarks the performance of our services against other Trusts. It is vital that our culture engenders a desire to improve and innovate. That is why we train colleagues in our improvement methodology. This supports them to take a systematic approach to improvement, empowering colleagues to turn good ideas into sustainable reality.

## Going concern

The going concern concept is further covered in IAS 1 – ‘Presentation of Financial Statements’. IAS 1 requires management to assess, as part of the account’s preparation process, the Trust’s ability to continue as a going concern. Foundation Trusts therefore need to pay particular attention to going concern issues. In the event that a Foundation Trust is dissolved by NHS England any property or liabilities of the Trust may be transferred to another Foundation Trust, an NHS Trust or the Secretary of State.

The funding mechanism for 202/23 moved from a H1/H2 plan to a block payment mechanism in year. In addition, through April to August 20022, funding was received retrospectively from the Department of Health and Social Care (DHSC) in respect of Covid and vaccination costs. This changed in September where vaccination funding was based on forecast activity paid in month by the ICB, with a retrospective check and top up if required. No clawback had been enforced where vaccination activity September to March 2023, has not matched plan.

Additionally in year additional funding was available in respect of additional ‘Elective Recovery’ activity. This was based on 104% of baseline 2019/20 activity and was received direct from the ICB, and again no clawback has been enforced against planed activity levels.

As part of the 2022/23 plan a recurrent efficiency target of £11.73m was built in to meet the planned deficit of £4.652m. The Project Management Office has been responsible in year for monitoring and delivery of this target and in year is reporting financial efficiency delivery of £1.36m recurrent and 10.37m non recurrent.

Throughout the year the trust has continued to review pay, non-pay and income in order to agree the efficiency target/plan for 2023/24, which has been set at £27.48m which represents 5.6% of operating expenses.

For the year ending 2022/23 the Trust is reporting a deficit of (£4.04m) which includes the impact of impairments/gains on the valuation of buildings and charitable income and expenditure. Removing this impairment loss/gain, which was (£0.14m), and charitable income and expenditure (£0.28m) we are reporting a deficit of (£3.89m). This is in line with our plan and forecast outturn for 2022/23 and the forecast outturn total agreed with NHSE. In year the trust received £4.63m in respect of covid and vaccination monies which are included in the reported outturn position.

Due to the deficit plan and in year additional deficit to this plan, revenue support of £15.447m was requested and received in 2022/23, against planned support of £4.652m. At the time of writing this update no request has been received from DHSC, for any return of this additional revenue PDC. In addition, due to the PFI liabilities and associated repayment of borrowing, depreciation does not self-fund the capital expenditure, therefore a Public Dividend Capital (PDC) request for £9.03m was submitted and agreed to support the capital programme.

In year a range of additional National capital programmes were initiated by the DHSC, and the Trust was successful in obtaining funding from some of these programmes. This has resulted in the Trust being awarded additional PDC of £22.71m above the agreed ICB base capital funding for 2022/23.

The Trust has a positive Statement of Financial Position (SOFPI); however, there is still a significant liability in respect of the PFI which will reduce over the remaining term of the contract. In year the Trust paid (£2.01m) in PDC based on 3.5% of the net average value of assets. This payment was greater than plan, as revenue PDC borrowing is excluded from the average cash balance for the year.

The financial framework for 2023/24 has been issued and in line with this guidance a draft financial plan, which includes capital, was submitted on the 23 February 2023 and a final plan was submitted on the 4 May 2023. The plan submitted was agreed with the ICS partners and indicates a break-even position and a capital programme of (£39.27m). As detailed above the plan includes forecast efficiencies of (£27.48m)

The 2023/24 plan assumes the continuation of block and ERF funding mechanism throughout the year.

In applying the Trusts accounting policies management are required to make judgements, estimates and assumptions concerning the carrying amounts of assets and liabilities that are not readily apparent from other sources. Estimates and assumptions are based on historical experience and any other factors that are deemed relevant. Actual results may differ from these estimates and are continually reviewed to ensure validity remains appropriate. These revisions are recognised in the period in which they occur or the current and future periods, as appropriate.

## **Performance Analysis**

Performance in 2022/23 continued to be affected by the Covid-19 pandemic in terms of (1) managing ongoing Covid-19 demand on our services and (2) dealing with patient backlogs that developed during the early phase of the pandemic. Throughout the pandemic, our priority has been consistent - to provide safe access to services for patients, prioritising our resources to urgent and time critical services.

- As the number of patients hospitalised due to Covid-19 reduced (partly due to a successful vaccination programme), we have been able to focus on restoration and recovery of elective care. We have seen the number of outpatient attendances and day case procedures exceed pre-pandemic levels. Increased planned care activity has supported reductions in the number of long wait elective patients.
- Infection Prevention and Control measures remain in place (and under regular review) to keep our patients safe and reduce the risk of nosocomial infection. We have seen waves of increased prevalence of Covid-19 positive patients in our hospitals over the last year. Part of the Covid-19 pressure is due to patients presenting with other issues with incidental Covid-19 identified at admission.
- Like the rest of the Country, we experienced a challenging Christmas and New Year period due to an aggressive influenza season. The influenza demand coupled with high demand due to usual

seasonal ailments, injuries and illnesses meant that over the winter period we needed to use areas within our hospital outside of their normal function to maintain patient safety.

- We maintained our position as one of the best performing providers for timely access to emergency care in the Midlands region (top quartile nationally) despite challenges with growing number of patients waiting in our Emergency Department (ED) for a bed. Our commitment to ensure that patients were handed over quickly and effectively, regardless of the volume of patients in our ED, ensured that ambulances were not unduly held up at the King's Mill Emergency Department (ED).
- We are immensely proud and grateful to Team SFH for their continued commitment, hard work and dedication; they continue to work under immense pressure to care for patients in as timely manner as possible.

### **Urgent and Emergency Care**

The demand for urgent and emergency care was high throughout 2022/23 regularly exceeding levels seen pre-pandemic. There were periods of exceptional pressure during the year with surging Accident and Emergency (A&E) attendance demand in December due to respiratory illness (Strep A and influenza). Unfortunately, at times patients have experienced delays in admission due to a lack of hospital beds. High hospital bed occupancy has been driven by high levels of admissions and high numbers of medically safe patients across our hospitals. There are system plans to address some of the discharge delays for patients with ongoing health and care needs following hospital discharge.

Despite the challenges, we continued to provide timely ambulance handover; benchmark well in terms of our four-hour performance (top quartile nationally); and have a strong Same Day Emergency Care (SDEC) offer exceeding national targets.

We have six times daily flow meetings to provide oversight and to agree actions to mitigate potential flow issues that might delay timely patient transfer into, through and out of our hospitals. During 2022/23 we have made developments in how we are using our information systems to gain real-time oversight of our bed base and key performance indicators to provide the best possible care to our patients.

The Integrated Care System Urgent and Emergency Care Delivery Board, attended by leaders from across health and social care in Nottingham and Nottinghamshire, continues to oversee improvement plans for urgent and emergency care. To deliver consistently better access to emergency care remains one of our top priorities for 2023/24, making sure there is sufficient system capacity to care for emergency patients alongside delivering planned care to those who have been waiting.



## **Planned Care**

The heightened backlog of elective patients that developed over the course of the early phase of the pandemic continues to have an adverse impact on our ability to deliver against the national planned care standards.

The number of patients that have been waiting a long time for a planned operation has grown from zero (waiting over one year) at the beginning of 2020, to a small number of patients waiting over 18 months. In 2022/23 we successfully reduced the number of patients waiting over two years to zero and the only 78 week wait patients at the end of the year were either patients choosing to wait or patients we have taken in mutual aid. We provided mutual aid within our Integrated Care System to support with the treatment of long waiting patients. In 2023/24 our priority is to reduce the number of 65 week wait patients from circa 250 at the start of the year to zero by the end of March 2024.

We have successfully increased the number of outpatient and day case procedures to above pre-pandemic levels with further expansion planned in 2023/24 as our Targeted Investment Fund (TIF) development opens at Newark hospital towards the latter part of the financial year. Our overall diagnostic activity levels remain strong; albeit with further work to improve the timeliness of diagnostics to achieve pre-pandemic levels of performance against the relevant constitutional standards. The planned development of a diagnostic hub at Mansfield Community Hospital is progressing with building works expected to start in 2023/24.

Access to the independent sector has supported patient care with joint working with this sector planned to continue in 2023/24 for elective operating. We made use of additional sessions together with insourcing options to increase capacity in areas under pressure. We do have some areas across our outpatient, diagnostic and treatment services with large backlogs that we are working hard to address. This will be a key focus of 2023/24 and beyond.

We have made excellent use of Patient Initiated Follow Up (PIFU) pathways, delivering against the national ambition. Whilst we continue to see in the region of 15% of outpatient's non-face-to-face, we recognise that we have further work to ensure that we make full benefit of remote outpatient attendances; embedding the learnings from the height of the pandemic.

We plan to continue to focus heavily on the restoration and recovery of our clinical services in 2023/24, which in turn will support the recovery of our underperforming planned care operational performance standards.

## **Cancer standards**

Key metrics relating to the delivery of timely cancer care have generally improved during 2022/23. Throughout the Covid-19 pandemic we have prioritised the diagnosis and treatment of patients with suspected cancers when other less urgent surgery was paused. Like other organisations we have seen growth in Cancer two-week referrals following a similar increasing trend seen over the last decade.

Our two week wait performance improved to be above the national target in January and February 2023 for the first time since Spring 2021. We continue our strong delivery of the national 28-day faster diagnostic standard with our ICS being one of only two in the Midlands region to meet the national standard. The number of two-week wait suspected cancer patients waiting over 62 days for treatment has reduced during 2022/23 exceeding both our local target and the target set by the national team to be achieved by March 2024. The proportion of urgent GP cancer referrals waiting over 62-days at our Trust is the lowest in the Midlands region. The reduced backlog of patients waiting has supported our 62-day performance to be at the highest-level post-pandemic in February 2023.

We remain focussed on progressing actions to mitigate the risks to our cancer standards on a month-by-month basis, while addressing the underlying challenges that have been compounded by the pandemic.

## **Accountability Report**

### **Directors' Report**

#### **Board of Directors**

The Board of Directors is the team responsible for the management and performance of the organisation and for setting the future strategy. Our Board has overall responsibility for the preparation and submission of the Annual Report and Accounts; the Board considers the Annual Report and Accounts, taken to be fair, balanced, and understandable, and provides the information necessary for patients, regulators, and other stakeholders to assess the Trust's performance, business model, and strategy.

The primary responsibility of our Board of Directors is to promote the long-term success of the organisation by creating and delivering high quality services within the funding streams available. Our Board seeks to achieve this through setting strategy, monitoring strategic priorities, and providing oversight of implementation by the Executive Management Team. In establishing and monitoring its strategy, our Board considers, where relevant, the impact of its decisions on wider stakeholders including staff, partners, and the environment.

So far as the Directors are aware, there is no relevant audit information of which the NHS Foundation Trust's auditor is unaware, and the Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to ensure the NHS Foundation Trust's auditor is aware of that information.

The individuals who served at any time during the financial year as directors were as follows:

<b>Name</b>	<b>Job Title</b>	<b>Commenced in post</b>	<b>Seconded to another role</b>	<b>Termination date</b>
Claire Ward	Substantive Chair	01/10/2021		
Barbara Brady	Non -Executive Director	01/10/2018		
	Senior Independent Director	01/11/2021		
Neal Gossage	Non-Executive Director	10/05/2015		30/04/2022
Graham Ward	Non-Executive Director	01/12/2015		
Manjeet Gill	Non-Executive Director	01/11/2018		
Steve Banks	Non-Executive Director	01/12/2021		
Dr Aly Rashid	Non-Executive Director	10/01/2022		
Dr Andy Haynes	Specialist Advisor	18/04/2021		
Andrew Rose-Britton	Non-Executive Director	01/04/2022		
Paul Robinson	Interim CEO	01/10/2021		31/03/2022
	Substantive CEO	01/04/2022		
Dr David Selwyn	Executive Medical Director	09/12/2019		
Julie Hogg	Chief Nurse	09/12/2019		06/05/2022
Philip Bolton	Chief Nurse	30/05/2022		
Shirley Higginbotham	Director of Corporate Affairs	04/04/2013		
Emma Challans	Director of Culture and Improvement	09/12/2019	01/10/2022	
Simon Barton	Chief Operating Officer	01/01/2018		03/06/2022
Rachel Eddie	Chief Operating Officer	25/07/22		
Clare Teeney	Director of People	02/09/2019		03/06/2022
Richard Mills	Interim Chief Finance Officer	01/10/2021		
	Chief Finance Officer	10/06/2022		
Rob Simcox	Director of People	10/06/2022		
David Ainsworth	Director of Strategy and Partnerships	01/07/2022		
Marcus Duffield	Associate Director of Communications	20/10/2021		24/06/2022

The balance, completeness and appropriateness of our Board membership is reviewed periodically and upon any vacancies arising among either the Executive or Non-Executive Directors. The balance of skills is appropriate to the requirements of the organisation. Board Directors are required to declare any interests that are relevant and material on appointment, or should a conflict arise during their term. A register of Board members' interests is maintained by the Company Secretary and is published annually as covered later in this Annual Report. Board Directors are also required to meet the Fit and Proper Persons Test, and this is evidenced in their individual personal files.

The Chair, Claire Ward is also Non-Executive Director of the Institute for Collaborative Working, a not-for-profit organisation, Governor on the Board of the University of Hertfordshire, a member of the Advisory Board to Alliance Healthcare Limited and owns Capewells Limited, a consultancy company which acts for several pharmacy and pharmaceutical companies and organisations.

#### **Attendance at Board meetings**

	<b>Public</b>		<b>Private</b>	
Name	Actual	Possible	Actual	Possible
Paul Robinson	12	12	13	13
Dr David Selwyn	10	12	11	13
Julie Hogg	2	2	2	2
Clare Teeney	2	3	2	3
Simon Barton	3	3	3	3
Shirley A Higginbotham	10	12	11	13
Emma Challans	6	7	6	8
Richard Mills	11	12	12	13
Rob Simcox	9	9	9	9
Philip Bolton	8	10	8	11
David Ainsworth	8	9	8	9
Rachel Eddie	7	8	7	8
Marcus Duffield	3	3	4	4
Neal Gossage	1	1	1	1
Claire Ward	12	12	11	13
Graham Ward	12	12	13	13

Barbara Brady	11	12	12	13
Manjeet Gill	11	12	12	13
Steve Banks	12	12	13	13
Dr Aly Rashid	9	12	10	13
Dr Andy Haynes	10	12	5	13
Andrew Rose-Britton	11	12	12	13

### **Register of Interests**

The Register of Interests for all members of our Board is reviewed regularly and published annually on our website. <https://www.sfh-tr.nhs.uk/about-us/register-of-interests/>. The register is maintained by the Company Secretary, who is based at Sherwood Forest Hospitals NHS Foundation Trust, Trust Headquarters, Level 1, King's Mill Hospital, Mansfield Road, Sutton-in-Ashfield, Nottinghamshire, HG17 4JL.

All members of our Board and Council of Governors must disclose details of company directorships or any other positions held, in general and more specifically with organisations who may trade with the organisation.

We maintain NHS Litigation Authority insurance, which gives appropriate cover for any legal action brought against our directors to the extent permitted by law.

### **Cost allocation**

We have complied with the cost allocation and charging requirements as set out in HM Treasury and Office of Public Sector Information guidance.

### **Political donations**

In accordance with historical and intended future practice, no political donations were made during the year ended 31<sup>st</sup> March 2023.

### **Better Payment Practice Code**

Unless other terms are agreed, we are required to pay our creditors within 30 days of the receipt of goods or a valid invoice, whichever is the later. This is to ensure that we comply with the Better Payment Practice Code.

The Trust compliance fell in year against the 95% in year target. This has been reported to and is being monitored by the Audit and Assurance committee.

Our performance against this metric is shown as follows:

	2022/23		2021/22	
	Number	£000s	Number	£000s
Total non-NHS trade invoices paid in the year	72,102	279,445	81,942	272,225
Total non-NHS trade invoices paid within target	57,395	260,685	75,430	260,346
Percentage of non-NHS trade invoices paid within target	80%	93%	92%	96%
Total NHS trade invoices paid in the year	2,102	30,026	2,463	30,115
Total NHS trade invoices paid within target	1,743	28,709	2,151	29,494
Percentage of NHS trade invoices paid within target	83%	96%	87%	98%

### Late Payment Interest

Legislation is in force which requires Trusts to pay interest to small companies if payment is not made within 30 days, known as the Late Payment of Commercial Debts (Interest) Act 1998. The Trust paid £0.1k in claims under this legislation. The total potential liability to pay interest on invoices paid after their due date during 2022/23 would be £ 15.82k. (2021/22 £2.16k) There have been minimal claims under this legislation, therefore the liability is only included within the accounts when a claim is received.

All of this relates to non-NHS invoices, and none relates to NHS healthcare contracts.

### Income Disclosures

We have met the requirement under Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) that the income from the provision of goods and services for the purposes of the health service in England must be greater than its income from the provision of goods and services for any other purpose. Other income generated by us was used to support the provision of our health services.

### Well-Led Framework

Grant Thornton undertook an external Well-led review of the organisation, delivering its final report to the Trust in March 2022.

The Well-Led review is an important assessment for the Trust, not only because trusts are expected to advise NHSE of any material governance concerns that have arisen from the review and the action plan in response to those concerns, but more importantly because it provides the opportunity for the Trust to fully understand the strengths and weaknesses of its current governance arrangements and implement actions at an appropriate pace.

The initial report detailing the 15 recommendations was presented to Board in April 2022 and further update reports in August 2022 and February 2023.

Of the 15 recommendations only two remains outstanding, these on-going and will be completed during 2023/24.

The Care Quality Commission inspected us during 2020 and assessed our overall Trust Well-Led score as Good, and King's Mill Hospital Outstanding.

## **Patient Care**

Our journey to outstanding is the driving force behind our approach to the culture of continuous improvement now well embedded throughout the organisation. This is supported by our values of:

Communicating and working together

Aspiring and improving

Respectful and caring

Efficient and safe.

We have robust systems and processes in place to enable colleagues to celebrate where we provide excellent, safe, high-quality care, but also quickly identify areas of focus for further improvement.

Building on the previous quality improvement programmes we continued to work towards our agreed Quality Strategy for 2018/21. This was the vehicle for progressing improvement work, monitoring improvement initiatives, and providing evidence of achievement to our patients and staff. During 2022 the on going Quality Strategy has been consulted on and launched covering the period 2022-2025.

## **Quality Strategy**

Following the success of the Quality Improvement Plan (2015/16) and the Advancing Quality Programme (2016/18) the three-year Quality Strategy was approved by the Board of Directors in April 2018. This expired in 2021 and has been replaced by the new Quality Strategy.

Our new Quality Strategy was approved by our Board in the 2022 building on the principles and direction of the 2018-21 strategy.

We believe that we can demonstrate outstanding care and be one of the best providers of healthcare in the country. Our Quality Strategy gives us the road map to get there. It reflects our quality priorities and takes account of national, local and independent reports and enquiries.

Improving the quality of care we deliver, is about making our care safe, effective, patient-centred, timely, efficient and equitable. It is intended that we use quality priorities to monitor service improvement, to demonstrate that high quality care and services are being provided and to highlight areas where further improvements are required. The quality priorities for 2018/21 remain were sub-divided into four improvement campaigns:

**Campaign One:** A positive patient experience: We aim to:

- Change behaviours and the way care is delivered to impact positively on how care is experienced by those who use and depend upon the services we provide.

**Campaign Two:** Care is safer: We aim to:

- Focus on frailty and learning disability adapting to meet the healthcare needs of an increasingly elderly patient population and, by delivering 'better basics', reduce exposure to harm or complications of care.

**Campaign Three:** Care is clinically effective: We aim to:

- Ensure patient care and treatment achieves good outcomes, promotes a good quality of life, and is based on the best available evidence.

**Campaign Four:** We stand out: We aim to:

- Be a leader in the delivery of high-quality, safe healthcare, striving for excellence on our journey to outstanding.

Progress during 2022/23 was monitored and reviewed each month by the Medical Director and Chief Nurse. Progress was reported to the Quality Committee and routinely as part of the cycle of business for the Board of Directors, this has continued for the refreshed strategy.

As our improvement journey has matured, colleagues have gained confidence in implementing small changes and improvements within their areas. These have positively contributed to the current position where we are recognised regionally and nationally for exemplar practice, benchmarking above the regional or national average in a significant number of indicators.

We continue to robustly monitor progress of our improvement work through our safety and quality governance framework, including working much more closely with other improvement processes across the organisation and wider health and social care footprint.

Patient safety, clinical effectiveness and quality care remain at the heart of our strategic vision. Every day, our colleagues demonstrate their commitment to providing outstanding patient-focussed care, as they strive to do their very best, in often difficult circumstances. To support our colleagues, we remain committed to continuously learning and improving. This commitment is firmly embedded within our People, Culture and Improvement strategy, and Quality Strategy. Key aims outline and highlight how we will deliver patient-centred care, support our colleagues by providing the best possible practice environment and by exploring, scoping, and adopting examples of clinical best practice. We will do this through collaboration with our health and social care partners across Nottinghamshire and with the launch of the Improvement Faculty within SFHFT (May 2023), a centre of excellence that will ensure everything we do is driven by a desire to improve. The faculty's role will be to align organisational expertise so that all improvement activity in our organisation is supported through training, ongoing support, and a coordinated multi-professional approach.



The work of the faculty will be grounded in evidence. This includes the continued use of the Institute of Healthcare Improvement's 'Model for Improvement', which has been widely adopted across the NHS.

As the Covid-19 recovery and restoration phase continues, we are required to consider new ways of thinking, planning and delivery, and an agile, adaptable workforce to implement them.

## **Enhanced Quality Governance**

The Trust's quality governance and leadership structure ensure that the quality and safety of care is routinely monitored across all services. The Board is committed to quality governance and ensures that the combination of structures and processes at Board level and below supports quality performance throughout the Trust. The effectiveness of the Trust's governance arrangements is regularly assessed through internal and external audit. The Trust has well developed, robust structures and reporting mechanisms to ensure that quality goals are identified, monitored and, where performance is sub-standard action is taken to rectify the situation. The Patient Safety Committee and the Advancing Quality Programme committees provide oversight for quality governance arrangements within the Trust. The reporting structure from 'ward to board' provides the required assurances that our patients receive the high quality, safe care they deserve.

The Patient Safety Committee (PSC) and Advancing Quality Programme (AQP) are overseen by the Executive Team, and meet monthly, providing a reporting and assurance role to the Trust Board's Quality Committee. Performance information related to quality and patient safety metrics are reviewed and cross referenced with other intelligence available to the governance team prior to inclusion in Trust performance and quality reporting, the metrics are regularly reviewed. The PSC and AQP annual work plans are aligned to that of the Quality Committee. Sub-groups provide assurance in relation to compliance with CQC essential standards and NICE guidance, risks to clinical quality are proactively identified, prioritised, and managed. Effective learning is embedded from serious incidents and Duty of Candour, inquests and claims, complaints, and patient feedback.

AQP seeks assurance on Care Quality Commission (CQC) compliance and regularly reviews the range of mechanisms that are in place to monitor compliance with the CQC's five domains of safe, effective, caring, responsive and well-led. Kings Mill Hospitals Maternity Unit was inspected by the CQC in November 2022, part of its national programme of inspections for all Maternity units. This resulted in Kings Mill Hospital retaining its overall "Outstanding" rating for its services. Maternity was rated "Good" in the domain of Well led and "Requires Improvement" for Safe. A comprehensive action plan was put in place to address the areas identified for improvement.

In addition, a CQC direct monitoring activity of Sherwood Community Unit was undertaken in March 2023 and resulted in no areas of concern being identified

The Trust has ongoing engagement with the CQC through quarterly engagement meetings and maintains an excellent relationship with the CQC relationship owner who is invited to Patient Safety Incident Review panels and encouraged to visit wards and departments on a regular basis.

## **Involvement of Governors**

Our Council of Governors plays an important role in the delivery of safe, high-quality care. Members of the Governing Body act as observers on the Board committees and are also members of our Forum for Patient Involvement. Governors normally take an active role in our formal and informal visits to wards and departments, and provide an invaluable, impartial, and observational perspective on how we conduct business. The Covid-19 pandemic led to the suspension of these in 2021/22; We have successfully reintroduced in 2022/23. They have continued to support our Quality Committee ensuring a vital link between the organisation, our members, and local communities, and support our

engagement and communication activities. We have also reintroduced a process of review of clinical and non-clinical areas alongside governors named 15 steps.

### **Patient Care: Improvements in patient/carers information**

The patient information service continues to provide specific and tailored information, education, and support. Information is evidence-based, clinically accurate, up-to-date, and written in a way to enable patients and their families/carers to better understand their care and treatment.

Leaflets are stored in an easily accessible patient information library on the Trust's website. Accessibility tools and information on interpreting and translation are available.

The patient information leaflet section on our intranet site helps colleagues in their production of patient information leaflets for their respective specialties/services. As well as a policy and instructions on how to create a new/reviewed leaflet, accessible information, and health literacy (including a literacy checker) pages are available to further educate colleagues.

To tackle health inequalities, mainly poor health, and digital literacy among the local population, we signed the Patient Information Forum (PIF) Health and Digital Literacy Commitment Charter in 2020. Aspiring to become health and digital literacy friendly, accredited training sessions were put in place for Trust staff to learn how to implement techniques to enhance approaches and practice that effectively support people with low levels of health and digital literacy.

To further improve effective patient communication, a series of QR code posters have been introduced across the Trust linking to relevant Trust-approved patient information leaflets. The aim is to get the information patients need directly on to their digital devices where they can access it more easily. These posters will not completely replace direct website downloads or paper copies of leaflets (due to poor digital literacy), they will enhance the service, while also supporting the Trust's Green Plan commitments by reducing use of paper.

## Complaint Handling

The Trust is committed to resolving any concerns at the earliest opportunity and this is often achieved through the patient, relative, or carer discussing their concerns directly with the team. The Patient Experience Team (PET) is available to provide confidential advice and support to any patient, relative, or carer who may not feel comfortable raising their concern with the department/service directly, or where they have done so but their concern remains unresolved. The PET aims to resolve any concerns that are raised with them quickly and informally. The Trust operates a centralised complaints service, which ensures that a patient-centred approach is taken to the management of complaints and that all complaints received are thoroughly investigated and responded to within a timely manner, usually within 25 working days of receipt, or an agreed timescale dependant on the complexity of the complaint.

In addition to the valuable learning and improvements that result from individual concerns or complaints, data is analysed to identify any themes, and the intelligence generated is shared across the organisation to drive necessary improvements. Complaint management was paused during the first wave of Covid-19 following guidance from NHSE to pause for three months. There were additional pauses at the start of 2021 and 2022 due to an increase in clinical pressures from the rise in Covid-19 cases. These pauses were to allow staff to concentrate on front-line duties and responsiveness to Covid-19. During these times all complaints were acknowledged and reviewed for any patient safety concerns, safeguarding issues, etc. Where concerns were identified, the action was taken in accordance with the complaints policy, at present the team continues to work on a backlog, since the pausing of complaints responses.

To date, we have received 295 complaints, demonstrating a decrease, compared to 2021/22, in which we received 325 complaints. Whilst performance against the time frames standard was reduced, all complainants were kept updated on the progress of their complaint, and a personal written apology was provided to all complainants. The table below shows the revised complaint timescales according to the severity of the concerns raised, as agreed.

Category & PET Timescale	Criteria – Severity of concerns raised/cross division concerns	Division Timescale
Complex/ Multiple Divisions and Specialties/legal involvement.  <b>60 working Days</b>	Complaint involves numerous issues across multiple Specialties/ Divisions/Organisations or is significantly complex involving multiple issues/treatment pathways. May be legal involvement and or incident/safeguarding involvement	<b>30 working days</b>
Complicated/Cross two Divisions/more than one specialty in Divisions  <b>40 working days</b>	More than one Division and multiple specialties involved. Multiple clinicians required to provide responses.	<b>20 working days</b>

Moderately complex/More than one specialty involvement <b>30 working days</b>	The issues raised relate to more than one specialty however minimal concerns/generally straight forward	<b>15 working days</b>
Standard – Only a few concerns relating to one division/specialty <b>25 working days</b>	The complaint involves issues contained within one specialty/Division and is considered straight forward with minimal concerns	<b>10 working days</b>

When considering themes and trends in relation to complaints, there are no clear patterns, however, an increase in complaints relating to discharge was noted in 2022/23.

*Top five themes for complaints 2022/23*

	Clinical Support, Therapies and Outpatients	Emergency Urgent Care	Medicine Division	Surgery Division	Women and Children's Division	Total
Clinical - Diagnosis	3	13	9	6	4	35
Clinical - Treatment	1	15	5	8	4	33
Admissions / transfers / discharge procedure	0	4	10	0	2	16
Communication - Nurse/Midwife	0	2	5	3	2	12
Nursing - Care and Treatment	0	2	7	1	1	11

Clinical treatment and clinical diagnosis continue to be the most frequently reported subjects of dissatisfaction. Complaints regarding the attitude of doctors have been replaced in the top five themes by complaints regarding nursing care and treatment during this reporting period. These complaints have been triangulated, to ensure safeguarding and patient safety issues and concerns are escalated and managed via the appropriate routes, and to further analyse themes and trends for escalation to the relevant divisions.

Of the complaints responded to within 2022/23, 72% were upheld/partially upheld, which shows a slight increase of 19% from the previous year. This has provided an opportunity for learning and service improvements.

A total of 37 complaints were re-opened in 2022/23 as it was identified the complainant had raised new concerns. This demonstrates an 82% decrease in reopened complaints from 2021/22. All requests are formally responded to, reiterating the options relating to the next steps, which include Public Health Service Ombudsman (PHSO), independent advocate, and access to medical records procedure. The PHSO decided to investigate 6 new complaints between 2022/23, with a total of 6 cases currently under ongoing investigation, and 7 were previously concluded.

The Patient Experience Team pre-empt that correspondence from the PHSO will continue to increase during 2023/24 as a result of their own backlog due to suspending their investigations in 2020/21 as a result of the COVID-19 pandemic.

Sherwood Forest Hospitals NHS Foundation Trust intends to take the following action to improve these percentages, and so the quality of its services, by sharing this data with all divisions it will enable learning in all areas, triangulating with other data collection sources for patient feedback.

Action plans are developed, around learning and improvements from the complaints received, and the data is collated and analysed for any themes and trends that could be occurring, allowing improvements to the services that SFHT is providing to patients.

### **Stakeholder relations**

We continue to deliver on our role within the health and care system in order we make a valuable contribution to improving the lives of our citizens. We have a leading role in the Nottingham and Nottinghamshire Integrated Care System (ICS), which brings together local NHS services, councils and the voluntary sector with the ambition for people living in Nottingham and Nottinghamshire to live longer, happier, healthier and more independent lives.

The Health and Care Bill, put Integrated Care Systems on a statutory footing and create Integrated Care Boards (ICBs) as new NHS bodies, took effect from 1st July 2022. This will enable ICBs to be legally and operationally established.

Under the new legislation all statutory NHS providers are required to be involved in at least one provider collaborative. The Trust has actively supported the development of the Nottinghamshire Provider Collaborative. We have now established a Provider Collaborative Office, to co-ordinate and drive forward the work of the collaborative and to realise benefits for our patients. Two initial priority areas have been identified and are currently being scoped out. This will allow us to work with other major providers on aspects of work that makes more sense when done together.

In July 2022 we welcomed our new Director of Strategy and Partnerships, who is helping us to develop our partnership working within the ICB and Provider Collaborative, as well as with Place Based Partnerships and Primary Care Networks. Through collaboration we will be able to improve patient care and the health of everyone we serve.

This role will build on strong foundations already in place, as the Trust has several senior managers and executives already working regularly with system partners through established forums. We have embraced closer system working and welcome a greater level of transparency and consistency between organisations.

In the first 12 months of being in post the role has delivered on a review of the existing trust strategy, a refresh of the final year, called the transition year for the new development of the new five-year strategy and has co-designed the key annual priorities for the organisation.

The challenges of the past two year have necessitated further joint working between organisations, particularly in relation to the rollout of the Covid-19 Vaccination Programme. The Trust has taken a lead role in the successful deployment of the programme in Nottinghamshire, providing payroll, IT and rostering support for 2,417 colleagues working in vaccination centres.

We are committed to improving patient experience through responding to stakeholder feedback. As part of the development of a new five-year strategy we will be engaging with members of the public to allow their voice to come through into the design of our next phase of healthcare provision.

### **Consultation with local groups and organisations**

It has been more important than ever to engage with our communities and stakeholders in 2021-22, to keep them informed and engaged while the Trust has been managing our response to the Covid-19 pandemic.

Many traditional forms of face-to-face engagement haven't been available to us. We have had to be flexible and innovative, relying more on digital channels to stay in contact with groups that we have been actively encouraging to stay away from our hospital sites.

Staying in contact with these groups has been vital though, to help them understand what life has been like at our hospitals, to inform services and to communicate essential public health messages.

We continue to work towards the Trust's Healthier Communities, Outstanding Care for All strategy and this year have continued to engage our citizens and partners through a number of channels.

Through the #TeamSFH website, social media accounts and close working with local digital, print, and broadcast media we have continued to keep patients and the wider public informed about what is happening at our hospital sites and supporting everyone to keep safe. This has been broadened to include TikTok which is expanding our reach. The first video, highlighting career opportunities, experienced over 1 million views

We have continued to use these same channels to celebrate our successes and to share important information about service developments at all our sites.

We have also strengthened our links with Primary Care with regular attendance in each other's key meetings opening channels between GPs and the Trust and we are now part of the Integrated Care Board/Place-based Partnership Communications Group, which meets to share information, knowledge, and best-practice to communicate and engage with the public more effectively.

The Mid-Nottinghamshire Place based Partnership continues to meet in public monthly. Bringing together key partners including the voluntary sector and local authorities. In ways that add value to the communities we serve.

As a Foundation Trust we have an active and effective Council of Governors and we have led a successful campaign to recruit our next round of governor candidates. Opportunities for Governors to engage with patients and the public have been limited due to Covid-19 restrictions but as part of wider engagement and through the Mid-Nottinghamshire Place-based Partnership, our Chair of Governors, Sue Holmes, has been leading efforts to establish more links with community groups with a focus on Priority Places (areas of high deprivation and traditionally low engagement with NHS and social care services).

Starting with the Bellamy Road Estate in Mansfield, this work will help us to better understand these communities' needs and reduce barriers to accessing our services – helping us to deliver outstanding care and, ultimately, leading to healthier communities.

During February we opened nominations for people to become Governors.

As a foundation trust, Governors represent our members' and the public's interests and have a statutory duty to hold the Non-Executive Directors to account for the performance of the Trust Board. They bring valuable perspectives and ensure the Trust is publicly accountable for the services it provides.

We had vacancies for 12 public governors covering the different areas we serve. We also had vacancies for three staff governors – one for Newark and two for King's Mill and Mansfield Community Hospitals. We also have a public Trust Membership of 14,500, which we communicate with monthly, through an e-newsletter which features key news and developments at SFH. We also invite members to take part in key events such as the Annual Meeting and share news through social media.

We continued our focus on engaging and recruiting more young members to the membership, establishing links with our local further education colleges, and developing a communications and engagement strategy.

Our Patient Experience Team is often the first point of call for patients with both negative and positive experiences of our services, and they work closely with our divisions to ensure we respond appropriately to individuals. The service has a clear governance process for reporting themes or concerns for oversight and action via our Patient Safety Committee. We respond to comments made via Care Opinion, and regularly share both positive and negative comments on social media, encouraging patients to share their feedback to help us improve.

We continue to meet with our MPs, local politicians and other partners and stakeholders, including district council leaders and Healthwatch representatives.

We are the largest employer in our area by a significant margin and we know that by engaging effectively with our staff (evidenced by our Staff Engagement performance among other measures) we are, by extension, also communicating effectively with our service users and community.

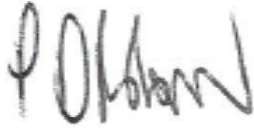
We communicate and engage with #TeamSFH colleagues using a range of channels, including staff briefings across all sites, blogs, a weekly e-newsletter, WhatsApp and a closed Facebook group with more than 3,200 members. Specific networks for ethnic minority disabled and LGBTQ+ colleagues has also all been strengthened.

We've developed a strategic compact with Vision West Notts college and started delivering on our year 1 priorities. This has been inclusive of Nottingham Trent University.

We chair the Mansfield and Ashfield Cultural Compact and support the sector in improving overall health and wellbeing of our communities through Arts, Culture and heritage activity provider led events. This is in connection with Arts Council England.



We launched a Youth Forum during 2022 – which is co-chaired by two local young people. Inclusive of ages 16-24yrs old, the forum has engaged several divisions and has focussed on several key priority areas including young people's literature, ensuring the language used is appropriate.

A handwritten signature in dark ink, appearing to read 'P. Robinson', written in a cursive style.

**Paul Robinson**  
**Chief Executive Officer**

**15<sup>th</sup> June 2023**

# **Remuneration Report**

## **Scope of the report**

The Remuneration Report summarises our remuneration policy and, particularly, its application in connection with the executive directors. The report also describes how the Trust applies the principles of good corporate governance in relation to directors' remuneration as defined in the NHS FT Code of Governance, in sections 420 to 422 of the Companies Act 2006 and the Directors' Remuneration Report Regulation 11 and Parts 3 and 5 of Schedule 8 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) ('the Regulations') as interpreted for the context of NHS Foundation Trusts, Parts 2 and 4 of Schedule 8 of the Regulations and elements of the Foundation Trust Code of Governance.

## **Annual Statement on Remuneration from the Chair of the Remuneration Committee**

The Remuneration Committee met six times during the year and key decisions made included: the recruitment of a Director of Corporate Affairs, changes to the executive teams portfolios, succession planning for executive directors, approval of the salary increase for VSM staff, annual review and approval of the Terms of Reference and workplan for the committee, approval of pension restructuring payments, nomination of a vice chair for the committee, appointment of the Deputy Chief Executive Officer, Chief Nurse, Chief Operating Officer, Director of Strategy and Partnerships, Chief Finance Officer and Director of People

## **Senior managers' remuneration policy**

We must attract, develop, and retain executive directors and senior managers of a high calibre to ensure the organisation is well led and able to deliver its strategy and vision.

Executive directors and senior managers receive an annual appraisal, in accordance with our performance management framework. This ensures the performance of the executive directors and senior managers is based on the delivery of objectives as defined within the annual plan.

There are, however, no contractual provisions for performance-related pay for executive directors and senior managers and, as such, no performance related payments were made relating to 2022/23.

Our approach to remuneration is modelled on guidance in The NHS Foundation Trust: Code of Governance and the Pay Framework for Very Senior Managers in the NHS (Department of Health).

The key principles of the approach are that pay and reward are firstly assessed relative to the financial performance of the Trust as a whole, and secondly in line with available benchmarks, including NHS Providers, the NHSE published pay ranges and the wider pay policies of the NHS.

Executive appointments to the Board of Directors continue under permanent contracts.

Governance for the approval of remuneration packages, in line with the policy, is in place through the Remuneration Committee, which considers pay on an individual basis attributed to scope and remit of role. Through the Remuneration Committee, the Board assures itself that salaries are commensurate with other organisations of similar size and complexity. It also considers the nature of the patient, quality, and safety challenges to provide assurance that any given salary reflects the degree of responsibility and accountability.

### **Senior manager remuneration**

Set out below are the components of the senior managers' remuneration package. All substantive senior managers receive basic pay and business expenses. They also receive the employer's contribution to the NHS pension scheme where they are eligible to join it.

Relocation expenses are paid in accordance with the Trust's general relocation policy, where an appointee is required to maintain two properties or move their primary residence to take up their position.

	<b>Basic pay</b>	<b>Pension</b>	<b>Business expenses</b>	<b>Relocation Expenses</b>	<b>Clinical Excellence Awards</b>	<b>Personal Responsibility Payments</b>
	All senior managers receive a basic pay element to their remuneration, which is pro-rata for part time staff	The Trust pays employer contributions for all senior managers who are enrolled in the NHS pension scheme. This is a % of pay set by NHS Pensions Authority	Reimbursement of business mileage and subsistence expenses incurred on official duties in line with Agenda for Change: National NHS terms	Up to £5,000 is available to newly appointed senior managers in accordance with the terms of the Trust's general relocation scheme	Payment is only applicable to the Medical Director and is in accordance with the local and national scheme	The Trust pays remuneration to senior managers who have additional system / duties above the expressed duties in the contract of employment. The Medical Director receives a responsibility allowance associated with additional duties which are undertaken.
How the component supports short-term and long-term objectives of the Trust	Set at point of recruitment, reviewed using pay benchmarking and other relevant information. Recruiting high-calibre senior	Ensure the recruitment / retention of directors of sufficient calibre to deliver the Trust's objectives	Ensure the recruitment / retention of directors of sufficient calibre to deliver the Trust's objectives	Ensure the recruitment / retention of directors of sufficient calibre to deliver the Trust's objectives	Ensure the recruitment / retention of directors of sufficient calibre to deliver the Trust's objectives	Ensure the recruitment / retention of directors of sufficient calibre to deliver the Trust's objectives

	Basic pay	Pension	Business expenses	Relocation Expenses	Clinical Excellence Awards	Personal Responsibility Payments
	managers is crucial to the delivery of the Trust's objectives. Benchmarking takes into consideration other similar medium-sized acute district general hospitals to ensure salary levels are competitive, but also represent value for money					
How the component operates	Standard monthly pay	Contributions paid by both employee and employer, except for any employee who has opted out of the scheme	Reimbursed as incurred, paid via monthly payroll	Reimbursed as incurred on appointment	Determined by local and national policy	Determined by guidance for approval of senior pay
Maximum payment	Basic pay	Contributions are made in accordance with the NHS Pension Scheme	Expenses incurred on official duties reimbursed	£5,000	Determined by local and national policy	£17,500

	<b>Basic pay</b>	<b>Pension</b>	<b>Business expenses</b>	<b>Relocation Expenses</b>	<b>Clinical Excellence Awards</b>	<b>Personal Responsibility Payments</b>
Framework used to assess performance	Trust appraisal system	N/A	N/A	N/A	N/A	N/A
Performance measures	Individual objectives agreed as part of appraisal process	N/A	N/A	N/A	N/A	N/A
Performance Period	Annual Appraisal	N/A	N/A	N/A	N/A	N/A
Amount paid for minimum level of performance and any further levels of performance	No performance-related payment arrangements	N/A	N/A	N/A	N/A	N/A
Explanation of whether there are any provisions for recovery of sums paid to directors, or provisions for withholding payments	Any sums paid in error may be recovered in accordance with Trust Policy. A performance-related clawback of up to 10% arrangement is in place	N/A	N/A	N/A	N/A	N/A

The senior manager remuneration policy does not provide for automatic annual inflation-related increases. Any such increase needs to be expressly approved by the Remuneration Committee.

The Trust does not have any executive directors or senior managers who are members of a different pension scheme who receive an employer contribution from the Trust as part of their remuneration.

From 1st April 2022, the Committee approved: one director received a £7,000 increase to their basic salary associated with undertaking the Deputy Chief Executive role.

In 2022/2023 the Trust has appointed a number five new Executive Directors. As outlined salaries have been approved by the Remuneration Committee, utilising the benchmarks to ensure value for money while attracting high calibre candidates.

In accordance with the NHS England (NHSE) letter to Chairs of all NHS Trusts and NHS Foundation Trusts dated 26 September 2022, the Senior Salaries Review Body (SSRB) made recommendations regarding the 2022/2023 pay award for Very Senior Managers (VSMs), which were accepted in full by the government. The SSRB recommended an across the board increase of 3% for all VSMs to be applied and back dated to 1 April 2022 and a further 0.5% discretion of the Remuneration Committee to be applied to VSMs on salaries close to the Agenda for Change (AFC) band 9 upper spine to ameliorate the erosion of differentials between the current AFC and VSM pay frameworks. The Remuneration Committee accepted and have implemented the principles of the letter from NHSE with Executive Directors on VSM contracts receiving a 3% pay increase (on basic pay) from 1 April 2022. The additional 0.5% increase was not implemented as this was not applicable to any of the Executive Directors on VSM contracts. Any salary which exceeded or further exceeded the £150,000 threshold did not require His Majesty Treasury (HMT) approval providing the 3% or 3.5% increase was not exceeded.

During the year Non-Pensionable Personal Responsibility payments have been paid to directors where they have taken on additional responsibilities over and above their substantive role and usually outside of their employing organisation

#### **Senior managers paid more than £150,000 per annum**

Where a senior manager is paid more than £150,000 per annum, the Remuneration Committee has taken robust steps to provide assurance that this remuneration is reasonable. This is done by applying the principles of good corporate governance as described in the NHS FT Code of Governance, in Sections 420 to 422 of the Companies Act 2006 and the Directors' Remuneration Report Regulation 11 and Parts 3 and 5 of Schedule 8 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) (the Regulations) as interpreted for the context of NHS Foundation Trusts, Parts 2 and 4 of Schedule 8 of the Regulations. In addition, benchmark information is used, particularly that appertaining to the NHS, such as remuneration surveys conducted and supplied by NHS providers and NHSEI's published pay ranges.

The Remuneration Committee also seeks approval from His Majesty's Treasury (HMT), NHSE, the Department of Health and the Minister of State for Health for salaries that exceed £150,000 per annum, as required by NHS England's guidelines on pay for very senior managers in NHS Trusts and Foundation Trusts.

Since June 2015, any salary approved in excess of £150,000 is subject to a 10% earn-back in the event of under-performance of the post-holder.

#### **Non-Executive Directors' remuneration**

<b>Fee</b>	<b>Car allowance</b>	<b>Pension</b>	<b>Business expenses</b>	<b>Relocation Expenses</b>
All Non-Executive Directors received a fee	Not applicable	Not applicable	Refund of business mileage and subsistence expenses incurred on official duties in line with Agenda for Change: National NHS terms	Not applicable

The remuneration for Non-Executive Directors has been determined by the Council of Governors and is set at a level to recognise the significant responsibilities of non-executive directors in NHS Foundation Trusts, and to attract individuals with the necessary experience and ability to make an important contribution to the Trust's affairs.

Non-Executive Directors each have terms of no more than three years and can serve two concurrent terms (no more than six years), dependent on formal assessment and confirmation of satisfactory on-going performance. Non-executive directors can apply for a third term if the Council of Governors agrees.

Their remuneration framework, as agreed previously by the Council of Governors, is consistent with best practice and external benchmarking, and remuneration during 2022/23 has been consistent with that framework. Benchmarking is provided via the NHS provider annual remuneration survey. There were no cost-of-living increases applied for non-executive directors during 2022/23.

None of the Non-Executive Directors are employees of the Trust; they receive no benefits or entitlements other than fees and expenses incurred while on Trust business and are not entitled to any termination payments. The Council of Governors determines the terms and conditions of the Non-Executive Directors.

The Trust does not make any contribution to the pension arrangements of Non-Executive Directors. Fees reflect individual responsibilities, including chairing the committees of the Board, with all Non-Executive Directors otherwise subject to the same terms and conditions.



The balance of the Board complies with the Code of Governance, which requires that at least half the Board of Directors, excluding the Chair, should comprise Non-Executive Directors determined by the Board to be independent, and our constitution, which states the number of executive Directors is less than the number of Non-Executive Directors. There are six Non-Executive Directors, excluding the Chair, and five voting Executive Directors including the Chief Executive.

#### **Termination payments for senior managers and policy on payment for loss of office**

Termination payments for senior managers are contained in the contract of employment regarding notice periods. Notice periods set out under senior managers' substantive employment contracts are in line with statutory requirements. Interim contractors and fixed-term senior managers have a notice period of one month.

Entitlements to severance payments are in line with those of other employees within the Trust, namely those provisions contained in section 16 of Agenda for Change: National NHS terms. This is based on length of continuous and reckonable NHS service and basic pay. The basic pay element had a salary cap of £80,000 during 2022/2023.

#### **Statement of consideration of employment conditions elsewhere in the Foundation Trust**

We do not consult with employees when setting our senior manager remuneration policy. The pay and conditions of other Trust employees, however, were considered. All other national NHS terms are mirrored for Trust senior managers, including annual leave and sick pay.

In accordance with the policy on diversity and inclusion the remuneration committee ensures that in terms of the constitution of the board and with regards to pay and remuneration decisions are made in accordance with the principles of this policy. This links to the Trust's strategy in terms of recruiting and retaining the right people.

### **Annual Report on Remuneration (not subject to audit)**

#### **Senior manager remuneration**

<b>Name</b>	<b>Title</b>	<b>Start Date</b>	<b>Expiry</b>	<b>Notice Period</b>
Paul Robinson	Chief Executive	01/04/2022		6 months
Simon Barton	Chief Operation Officer	01/01/2018	12/06/2022	6 months
Maggie McManus	Interim Chief Operating Officer	12/06/2022	24/07/2022	6 months
Rachel Eddie	Chief Operating Officer	25/07/2022		6 months
Shirley A Higginbotham	Director of Corporate Affairs	04/04/2013		6 months
Marcus Duffield	Interim Associate Director of Communications	20/10/2021	30/06/2022	3 months
Clare Teeney*	Director of People	02/09/2019	31/03/2022	6 months

Robert Simcox	Director of People	10/06/2022		6 months
Emma Challans**	Director of Culture & Improvement	09/12/2019	01/10/2022	6 months
Julie Hogg	Chief Nurse	09/12/2019	08/05/2022	6 months
Robin Binks	Interim Chief Nurse	09/05/2022	29/05/2022	6 months
Philip Bolton	Chief Nurse	30/05/2022		6 months
Dr David Selwyn	Medical Director	09/12/2019		6 months
Richard Mills	Interim Chief Finance Officer	01/10/2021	09/06/2022	3 months
Richard Mills	Chief Finance Officer	10/06/2022		6 months
David Ainsworth	Director of Strategy and Partnerships	01/07/2022		6 months

\*\* On external secondment

## Non-Executive Directors' remuneration

### Service Contracts

Senior managers' service contracts do not contain any obligation on the Trust.

Name	Title	Start Date	Expiry	Notice Period
Claire Ward	Non-Executive Director (Chair)	01/10/2021	30/09/2024	1 month
Neal Gossage	Non-Executive Director	10/05/2015	30/04/2022	1 month
Graham Ward	Non-Executive Director	01/12/2015	29/11/2024	1 month
Barbara Brady	Non-Executive Director	01/10/2018	30/09/2024	1 month
Manjeet Gill	Non-Executive Director	01/11/2018	31/10/2024	1 month
Steven Banks	Non-Executive Director	01/12/2021	30/11/2024	1 month
Dr Aly Rashid	Non-Executive Director	10/01/2022	09/01/2025	1 month
Andrew Rose Britton	Non-Executive Director	01/04/2022	28/03/2025	1 month
Dr Andrew Haynes	Specialist Non-Executive Advisor to the Board	19/04/2021	18/04/2024	1 month

### Major decisions on senior managers' remuneration

In 2022/2023 there have been several Executive appointments due to Executive Directors leaving the Trust. Executive Directors pay is approved by the Remuneration Committee. Pay and reward are assessed relative to the financial performance of the Trust as a whole, and in line with available benchmarks, including NHS Providers, the NHSE published pay ranges and the wider pay policies of the NHS.

### Substantial changes to senior managers' remuneration during the year and the context for these

Changes in remuneration were made because of additional and extended duties outside of the organisation and relevant benchmarking data was considered when making these payments.

### **Payments for loss of office**

No payments for loss of office were made during 2022/23.

### **Payments to past senior managers**

No payments to past senior managers were made during 2022/23, or to any individual who was not a senior manager during the financial year but has previously been a senior manager at any time.

### **Remuneration and Nominations Committees**

We have two remuneration and nominations committees: one which serves as a committee of the Board and is responsible for recruiting and appointing the Chief Executive and executive directors; and the other which serves as a committee of the Council of Governors and is responsible for recruiting and appointing the Chair and Non-Executive Directors and approving the appointment of the Chief Executive.

Our Board appoints the Remuneration and Nominations Committee, its membership comprises only Non-Executive Directors. The committee meets to determine, on behalf of the Board, the remuneration strategy for the organisation, including the framework of executive and senior manager remuneration.

The following Non-Executive Directors have served on the committee, which has met six times during the year:

<b>Name</b>	<b>Meetings attended out of possible total</b>
Graham Ward (Chair of Committee)	6/6
Barbara Brady	5/6
Manjeet Gill	5/7
Neal Gossage	1/1
Dr Aly Rashid	1/2
Steve Banks	1/1

The committee also invited the assistance of our Chief Executive (Paul Robinson), the Company Secretary (Shirley A Higginbotham), Director of People (Rob Simcox). None of these individuals, nor any other executive or senior manager, participated in any decision relating to their own remuneration.

Our Council of Governors appoints the Remuneration and Nominations Committee, its membership comprises of the Chair and public, staff and appointed governors. The Committee meets to determine, on behalf of the Council of Governors, the remuneration for the Chair and Non-Executive Directors, the composition of the Board regarding skills and experience, and to agree the recruitment process for the Chair and Non-Executive Directors.

During the year, the following have served on the Committee, which has met once:

<b>Name</b>	<b>Meetings attended out of possible total</b>
Sue Holmes (Lead Governor)	1/1
Justin Wyatt (Staff Governor)	1/1
Ian Holden (Public Governor)	0/1
Liz Barratt (Public Governor)	0/1
Nikki Slack (Appointed Governor)	0/1

The Committee also invited the assistance of our Company Secretary (Shirley A Higginbotham) and our Senior Independent Director (Barbara Brady). Neither they, nor any other executive or senior manager, participated in any decision relating to their own remuneration.

The meeting held wasn't quorate, however the members of the meeting who were unable to attend confirmed their approval virtually, post meeting

The Committee successfully recommended the following to the Council of Governors for approval the:

- The re-appointment of a Non-Executive Director who had reached the end of his tenure

## Disclosures required by Health and Social Care Act

### Governor and Director Expenses

During the year the total number of Directors who served on our Board was 25 and the number of Governors serving on our Council of Governors totalled 31 during the year. We reimbursed expenses incurred in respect of Trust business as follows:

Directors		Total paid 2022/2023 £'00	Total paid 2021/2022 £'00
John MacDonald	Chair	0	6.70
Claire Ward	Non-executive director	24.53	0
Tim Reddish	Non-executive director	0	0
Neal Gossage	Non-executive director	0	0
Graham Ward	Non-executive director	0	0
Barbara Brady	Non-executive director	0	0
Manjeet Gill	Non-executive director	0	0
Steve Banks	Non-executive director	0	0
Dr Aly Rashid	Non-executive director	5.12	0
Andrew Rose-Britton	Non-executive director	4.30	N/A
Richard Mitchell	Chief Executive	0	21.85*
Julie Hogg	Chief Nurse	2.99	0
Clare Teeney	Director of People	0	0
Emma Challans	Director of Culture and Service Improvement	33.60	0.60
Simon Barton	Chief Operating Officer	0	0
Dr Andrew Haynes	Specialist Adviser to the Board	0	0
Dr David Selwyn	Medical Director	0.65	0
Paul Robinson	Chief Executive Officer	5.90	1.30
Shirley Higginbotham	Director of Corporate Affairs	0	0
Richard Mills	Chief Finance Officer	0	N/A
Rob Simcox	Director of People	0	N/A
Philip Bolton	Chief Nurse	0	N/A
Rachel Eddie	Chief Operating Officer	0.66	N/A

<b>Directors</b>		<b>Total paid 2022/2023 £'00</b>	<b>Total paid 2021/2022 £'00</b>
David Ainsworth	Director of Strategy & Partnerships	0	N/A
Marcus Duffield	Interim Associate Director of Communications	0	0
	<b>TOTAL</b>	<b>77.75</b>	<b>30.45</b>

\*includes items for staff health and wellbeing

<b>Governors</b>	<b>Constituency</b>	<b>Area</b>	<b>Total 2022/23 £'00</b>	<b>Total 2021/22 £'00</b>
Ann Mackie	Public Governor	Newark and Sherwood	No claim	No claim
Ian Holden	Public Governor	Newark and Sherwood	No claim	No claim
John Doddy	Appointed Governor	Nottinghamshire County Council	No claim	No claim
John Wood	Public Governor	Rest of East Midlands	No claim	No claim
Kevin Stewart	Public Governor	Rest of East Midlands	No claim	No claim
Martin Stott	Public Governor	Newark and Sherwood	No claim	No claim
Roz Norman	Staff Governor	Staff	No claim	No claim
Susan Holmes	Public Governor	Rest of East Midlands	0.85	No claim
Ben Clarke	Staff Governor	Staff	N/A	No claim
Craig Whitby	Appointed Governor	Mansfield District Council	No claim	No claim
David Walters	Appointed Governor	Ashfield District Council	No claim	No claim
Dean Whelan	Public Governor	Rest of East Midlands	N/A	No claim
Gerald Smith	Public Governor	Rest of East Midlands	No claim	No claim
Jacqueline Lee	Staff Governor	Staff	No claim	No claim
Jayne Revill	Staff Governor	Staff	No claim	No claim
Lawrence Abrams	Public Governor	Rest of East Midlands	No claim	0.70
Michael Brown	Appointed Governor	Newark and Sherwood District Council	N/A	No claim
Nikki Slack	Appointed Governor	West Notts College	No claim	No claim
Philip Marsh	Public Governor	Rest of East Midlands	No claim	No claim
David Ainsworth	Appointed Governor	Local Commissioning Group	No claim	No claim
Linda Davies	Appointed Governor	Newark and Sherwood District Council	No claim	No claim
Richard Boot	Staff Governor	Staff	No claim	No claim
Maxine Huskinson	Public Governor	Rest of East Midlands	No claim	No claim
Nadia Whitworth	Appointed Governor	Sherwood Forest Hospitals Volunteers	No claim	No claim
Jane Stubbings	Public Governor	Rest of East Midlands	0.92	N/A
Justin Wyatt	Staff Governor	Staff	No claim	N/A

<b>Governors</b>	<b>Constituency</b>	<b>Area</b>	<b>Total 2022/23 £'00</b>	<b>Total 2021/22 £'00</b>
Liz Barrett	Public Governor	Rest of East Midlands	No claim	N/A
Michael Longdon	Public Governor	Rest of East Midlands	No claim	N/A
Neal Cooper	Public Governor	Rest of East Midlands	No claim	N/A
Ruth Scott	Public Governor	Rest of East Midlands	No claim	N/A
Vikram Desai	Staff Governor	Staff	No claim	N/A
<b>TOTAL</b>			<b>1.77</b>	<b>0.70</b>

# Annual Report on Remuneration (subject to audit)

## Senior Managers Disclosure

2022/23						
Name and title	Salary (bands of £5,000)	Expense payments (taxable) to nearest £100	Performance pay and bonuses (bands of £5,000)	Long term performance pay and bonuses (bands of £5,000)	All pension-related benefit (bands of £2,500)	Total (bands of £5,000)
	£'000	£	£'000	£'000	£'000	£'000
<b>Executive Directors</b>						
Mr P Robinson (Chief Financial Officer)	185 - 190	600	0	0	0	185 - 190
Dr D Selwyn (Executive Medical Director) (2)	180 - 185	100	0	0	0 - 0	180 - 185
Mr P Bolton (Chief Nurse) (3)	110 - 115	0	0	0	0 - 0	110 - 115
Mr R Mills (Chief Financial Officer) (4)	135 - 140	0	0	0	60 - 62.5	195 - 200
Ms R Eddie (Chief Operating Officer) (5)	90 - 95	100	0	0	0	90 - 95
Mr R Simcox (Director of People) (6)	115 - 120	0	0	0	45 - 47.5	160 - 165
Mr D Ainsworth (Director of Strategy and Partnerships) (7)	85 - 90	0	0	0	52.5 - 55	140 - 145
Ms J Hogg (Chief Nurse) (8)	15 - 20	300	0	0	0	15 - 20
Mr S Barton (Chief Operating Officer) (9)	30 - 35	0	0	0	22.5 - 25	50 - 55
Ms M McManus (Acting Chief Operating Officer) (10)	10 - 15	0	0	0	75 - 77.5	85 - 90
Mr R Banks (Acting Chief Nurse) (11)	5 - 10	0	0	0	0	5 - 10
Ms S Hogginsbotham (Non-voting Director of Corporate Affairs / Company Secretary) (12)	105 - 110	0	0	0	22.5 - 25	120 - 125
Ms C Teeney (Director of People (HR) Non Voting) (13)	0 - 5	0	0	0	0	0 - 5
Ms E Challans (Director of Culture and Improvement) Non Voting (14)	115 - 120	3,400	0	0	0	120 - 125
Mr M Duffield (Non-voting Head of Communications) Non Voting (15)	20 - 25	0	0	0	2.5 - 5	25 - 30
<b>Non-Executive Directors</b>						
Ms C Ward (Chair) (16)	50 - 55	2,500	0	0	0	50 - 55
Mr G Ward	15 - 20	0	0	0	0	15 - 20
Ms B Brady	15 - 20	0	0	0	0	15 - 20
Ms M Gill	10 - 15	0	0	0	0	10 - 15
Dr A Rashid (17)	10 - 15	500	0	0	0	10 - 15
Mr S Banks (18)	10 - 15	0	0	0	0	10 - 15
Mr A Rose-Britton (19)	10 - 15	400	0	0	0	10 - 15
Mr N Gossage (20)	0 - 5	0	0	0	0	0 - 5
Dr A Haynes (Specialist Advisor to the Board) (21)	10 - 15	0	0	0	0	10 - 15

2021/22					
Salary (bands of £5,000)	Expense payments (taxable) to nearest £100	Performance pay and bonuses (bands of £5,000)	Long term performance pay and bonuses (bands of £5,000)	All pension-related benefit (bands of £2,500)	Total
£'000	£	£'000	£'000	£'000	£'000
100 - 105	100	0	0	0	100 - 105
160 - 165	0	0	0	0	160 - 165
161 - 165	0	0	0	0	160 - 166
65 - 70	0	0	0	32.5 - 35	95 - 100
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
135 - 140	0	0	0	0	135 - 140
135 - 140	0	0	0	35 - 37.5	170 - 175
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
110 - 115	0	0	0	20 - 22.5	130 - 135
15 - 20	0	0	0	10 - 12.5	25 - 30
110 - 115	100	0	0	0	115 - 120
40 - 45	0	0	0	2.5 - 5	45 - 50
45 - 50	0	0	0	0	45 - 50
15 - 20	0	0	0	0	15 - 20
10 - 15	100	0	0	0	10 - 15
10 - 15	0	0	0	0	10 - 15
0 - 5	0	0	0	0	0 - 5
0 - 5	0	0	0	0	0 - 5
N/A	N/A	N/A	N/A	N/A	N/A
15 - 20	0	0	0	0	15 - 20
10 - 15	0	0	0	0	10 - 15



#### Notes (2022/23)

- 1 - Mr P Robinson CEO from 4th Oct 21, Chose not to be covered by the pension arrangements during the reporting year.
- 2 - Dr D Selwyn Appointed Medical Director 9th Dec 2019. 2 programme activities per week for the Royal College of Anaesthetists. Appointed Deputy CEO from May 22. Chose not to be covered by the pension arrangements during
- 3 - Mr P Bolton Appointed Chief Nurse 30th May 2022. Chose not to be covered by the pension arrangements during the reporting year.
- 4 - Mr R Mills Appointed CFO Jul 2022 (Acting) CFO from 4th Oct 2021
- 5 - Ms R Eddie Appointed Chief Operating Officer from 25th Jul 2022.
- 6 - Mr R Simcox Appointed Director of People July 2022, (Acting) from 10th Jun 2022.
- 7 - Mr D Ainsworth Appointed Director of Strategy and Partnerships 25th Jul 2022.
- 8 - Ms J Hogg (Chief Nurse) Resigned from post 8th May 2022. Chose not to be covered by the pension arrangements during the reporting year, (Incl Arrears in Lieu of notice).
- 9 - Mr S Barton - Resigned from post 12th Jun 2022 (Incl Arrears in Lieu of notice).
- 10 - Ms M McManus (Acting) Chief Operating Officer from 13th Jun to 24th Jul 2022.
- 11 - Mr R Binks (Acting) Chief Nurse from 9th May 22 to 29th May 2022.
- 12 - Ms S Higginbotham (Director of Corporate Affairs / Company Secretary dual role with Nottinghamshire Healthcare NHS Foundation Trust from 1st Oct 2020 to 31 May 2022. Total salary across both organisations £106,700.
- 13 - Ms C Teeney Resigned from post Jun 2022 dual role with Nottinghamshire Healthcare NHS foundation Trust. Total salary across both organisations £26,500.
- 14 - Ms E Challans Resigned from post Nov 2022. Chose not to be covered by the pension arrangements during the reporting year.
- 15 - Mr M Duffield Resigned from post 30th Jun 2022.
- 16 - Ms C Ward, Chair for Sherwood Forest Hospitals NHS Foundation Trust from 17th Apr 21.
- 17 - Dr A Rashid, Non Executive Director from 10th Oct 21.
- 18 - Mr S Banks, Non Executive Director from 1st Dec 21.
- 19 - Mr A Rose-Britton, appointed Non Executive Director Feb 22.
- 20 - Mr N Gossage, Resigned as Non Executive Director 30th Apr 2022.
- 21 - Dr A Haynes Specialist Advisor to the Board from 19th Apr 21. Chose not to be covered by the pension arrangements during the reporting year.

Expenses relate to travel/subsistence claims which may be taxable dependent on value/type

Pensions-related benefit is disclosed for each senior manager based on their time in post as Director.

#### Notes (2021/22)

- 1 - Mr R Mitchell CEO Resigned 3rd Oct 21 (Chair of the East Midlands Cancer Alliance, 2 days per month from Nov 19). Chose not to be covered by the pension arrangements during the reporting year
- 2 - Mr P Robinson (Acting) CEO from 4th Oct 21, CFO to 3rd Oct 21 (Interim Director of Finance, Nottinghamshire ICS 2 days per week ended Mar 2021). Chose not to be covered by the pension arrangements during the reporting year
- 3 - Ms J Hogg Appointed Chief Nurse 9th Dec 2019. Chose not to be covered by the pension arrangements during the reporting year
- 4 - Dr D Selwyn Appointed Medical Director 9th December 2019. 2 programme activities per week for the Royal College of Anaesthetists
- 5 - Mr R Mills (Acting) CFO from 4th Oct 21
- 6 - Ms S Higginbotham (Director of Corporate Affairs / Company Secretary dual role with Nottinghamshire Healthcare NHS Foundation Trust from 1st Oct 2020. Total salary across both organisations £121,100
- 7 - Ms C Teeney Appointed Director of People (HR) 2nd Sep 2019 dual role with Nottinghamshire Healthcare NHS foundation Trust. Total salary across both organisations £146,300.
- 8 - Ms E Challans Chose not to be covered by the pension arrangements during the reporting year
- 9 - Ms L Branton seconded to NHS Digital 1st Nov 21
- 10 - Mr M Duffield Appointed Head of Communications 20th Oct 21
- 11 - Mr R Smith, Acting Head of Communications from 1st May 2019 to 30th Nov 20.
- 12 - Mr P Wozencroft, Retired 30th Sep 20. (Incl Arrears and Lieu of notice)
- 13 - Ms K Beadling-Baron assigned to work for Nottinghamshire ICS from 1st May 2019 and resigned 31st Jul 20.
- 14 - Mr J MacDonald, Seconded to University Hospitals of Leicester 17th Apr 21 & Chair of Joined up Care Derbyshire ICS. Resigned as Chair for Sherwood Forest Hospitals NHS Foundation Trust 17th Jun 21
- 15 - Ms C Ward, Appointed Chair for Sherwood Forest Hospitals NHS Foundation Trust 17th April 21
- 16 - Mr T Reddish, Resigned Non Executive Director 31st Oct 21
- 17 - Dr A Rashid, Appointed Non Executive Director 10th Oct 21
- 18 - Mr S Banks, Appointed Non Executive Director 1st Dec 21
- 19 - Dr A Haynes Appointed Specialist Advisor to the Board 19th Apr 21. Chose not to be covered by the pension arrangements during the reporting year

Expenses relate to travel/subsistence claims which may be taxable dependent on value/type

Pensions-related benefit is disclosed for each senior manager based on their time in post as Director.

## Pension disclosure (subject to audit)

2022/23								
Name and Title	Real increase in pension at pension age (bands of £2,500)	Real increase in pension lump sum at pension age (bands of £2,500)	Total accrued pension at pension age at 31 March 2023 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2023 (bands of £5,000)	Cash Equivalent Transfer Value at 1 April 2022	Real increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2023	Employer's contribution to stakeholder pension
Executive Directors	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Mr R Simcox *	2.5 - 5	2.5 - 5	25 - 30	45 - 50	315	22	372	0
Mr S Barton *	0 - 2.5	0 - 2.5	40 - 45	70 - 75	605	17	726	0
Dr D Selwyn **	0	0	0	0	0	0	0	0
Ms S Higginbotham *	0 - 2.5	0	25 - 30	0	405	14	449	0
Ms C Teeney *	-2.5 - 0	0	65 - 70	0	870	1	915	0
Ms R Eddie	-2.5 - 0	-15 - -12.5	45 - 50	80 - 85	887	0	840	0
Mr P Bolton **	0	0	0	0	0	0	0	0
Mr R Mills	2.5 - 5	2.5 - 5	20 - 25	35 - 40	254	32	310	0
Mr D Ainsworth *	2.5 - 5	2.5 - 5	45 - 50	100 - 105	802	48	914	0
Mr M Duffield	0 - 2.5	0	0 - 5	0	52	0	62	0
Ms M McManus *	2.5 - 5	5 - 7.5	30 - 35	45 - 50	0	40	465	0
Mr R Binks	0	0	0	0	0	0	0	0

2021/22								
Name and Title	Real increase in pension at pension age (bands of £2,500)	Real increase in pension lump sum at pension age (bands of £2,500)	Total accrued pension at pension age at 31 March 2022 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2022 (bands of £5,000)	Cash Equivalent Transfer Value at 1 April 2021	Real increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2022	Employer's contribution to stakeholder pension
Executive Directors	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Mr R Mitchell ***	0	0	0	0	0	0	0	0
Ms J Hogg **	0	0	0	0	0	0	0	0
Mr S Barton *	2.5 - 5	0 - 2.5	35 - 40	60 - 65	556	27	605	0
Dr D Selwyn	2.5 - 5	7.5 - 10	70 - 75	210 - 215	1658	0	0	0
Mr R Mills *	0 - 2.5	0 - 2.5	20 - 25	30 - 35	203	17	254	0
Ms S Higginbotham *	0 - 2.5	0	25 - 30	0	362	7	405	0
Ms C Teeney *	0 - 2.5	0	60 - 65	0	812	18	870	0
Ms L Branton *	0 - 2.5	0	10 - 15	0	106	1	121	0
Mr M Duffield	0 - 2.5	0	0 - 5	0	41	0	52	0

### Notes

\* These members' pension entitlements relate to the total values under two different NHS schemes

\*\* Chose not to be covered by the pension arrangements during the reporting year. Involvement in the NHS pension scheme terminated in year

\*\*\* Chose not to be covered by the pension arrangements during the reporting year. Involvement in the NHS pension scheme terminated from Jan 21

For 2022/23, these figures should be based on the discount rate guidance that was extant on 31 March 2023. This is the approach that NHS BSA have used. NHS foundation trusts should disclose the following text beneath the table: "Cash equivalent transfer value (CETV) figures are calculated using the guidance on discount rates for calculating unfunded public service contribution rates that was extant on 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023/24 CETV figures."

The value of pension 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 value derived 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 benefit table provides further information on the pension benefits accruing to the individual.

## Fair Pay Multiple (subject to audit)

NHS foundation trusts are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in the Foundation Trust in the financial year 2022-23 was £210,000 - £215,000 (2021-22 was £205,000 - £210,000. This is a change in salary between years of 2.4%. (2021-22 0.0%). Excluding 12 agency and bank staff who worked on the 31 March 2023, where their salary has been extrapolated to full year equivalent costs, no employees (2021-22, 0) received remuneration more than the highest-paid director.

For all employees of the trust as whole the remuneration ranged from £9,405 to £212,320 (2021-22, £8,320 to £207,600). This excludes the 12 agency and bank salaries more than the highest paid director, which have been extrapolated to yearly cost. 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 is 9.28% (2021-22 3%. The prior year comparator did not include agency or bank staff).

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

The median remuneration is based on annualised, full-time equivalent remuneration of all employees as at the reporting date. This has been calculated excluding any enhancements or overtime payments.

There were no agency Board members as of 31 March 2023.

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.

2022/23	25th Percentile £	Median £	75th Percentile £	2021/22	25th Percentile £	Median £	75th Percentile £
Salary Component of Pay	23,415	30,621	42,750	Salary Component of Pay	20,330	27,780	1
Total benefits excluding pension benefits	23,415	30,621	42,750	Total benefits excluding pension benefits	20,330	27,780	39,027
Pay and Benefits: Pay ratio for highest pay director	9.1	6.9	5.0	Pay and Benefits: Pay ratio for highest pay director	10.3	7.5	5.3

## Related party transactions

No related party transactions have been identified from a review of the register of interests.

**Compliance statement**

In compliance with the UK Directors Remuneration Report Regulations 2002, the auditable part of the remuneration report comprises executive Director's remuneration and Non-Executive Director's fees.

A handwritten signature in dark ink, appearing to read 'P Robinson', is positioned above the printed name and title.

**Paul Robinson**  
**Chief Executive Officer**

**15<sup>th</sup> June 2023**

## Staff Report

The largest group employed by us is nursing, midwifery, and health visiting staff, followed by administration and estates staff, then healthcare assistants and other support staff, and medical and dental staff. The smallest group is those employed as healthcare science staff.

Our average workforce numbers from 1 April 2022 to 31 March 2023 are:

### Average number of persons employed (Whole Time Equivalent) Subject to Audit

		2022/23		2021/22
	Total	Permanent	Other	Total
Medical and dental	728	652	76	707
Ambulance	2	2		2
Administration and estates	1,235	1,222	13	1,150
Healthcare assistants and other support staff	1,047	1,047		1,017
Nursing, midwifery and health visiting staff	1,557	1,392	165	1,483
Nursing, midwifery and health visiting learners	21	21		26
Scientific, therapeutic and technical staff	402	377	25	391
Healthcare science staff	154	154		147
Other	38	38		37
<b>Total average numbers</b>	<b>5,184</b>	<b>4,905</b>	<b>279</b>	<b>4,960</b>
Of which:				
Number of employees (WTE) engaged on capital projects	2	2		2

Although only two full time members of staff are employed to permanently manage capital, other staff costs have been incurred and capitalised relating to specific 2022/23 capital projects.

The permanent WTEs numbers disclosed are based on the average number of monthly employees. This is different to the methodology set out in the FT ARM which is calculated based on weekly numbers.

### Breakdown of staff (actual headcount at 31 March 2023)

	Male	Female	Total
Director	8	6	14
Other Senior Manager	91	184	275
Employee	1071	4387	5458
Grand Total	1170	4577	5747

## Staff Costs- Subject to audit

	Total	Permanent	Other	Total
	31-Mar-23	31-Mar-23	31-Mar-23	31-Mar-22
	2022/23	2022/23	2022/23	2021/22
Salaries and wages	235,677	235,677	0	218,926
Social security costs	25,474	25,474	0	23,021
Apprenticeship levy	1,197	1,197	0	1,102
Pension cost - employer contributions to NHS pension scheme	25,092	25,092	0	23,655
Pension cost - employer contributions paid by NHSE on provider's behalf (6.3%)	10,959	10,959	0	10,342
Pension cost - other*	174	174	0	179
Other post employment benefits	0	0	0	0
Other employment benefits	0	0	0	0
Termination benefits	0	0	0	0
Temporary staff - external bank	0	0	0	0
Temporary staff - agency/contract staff	18,148		18,148	16,885
<b>TOTAL GROSS STAFF COSTS</b>	<b>316,721</b>	<b>298,573</b>	<b>18,148</b>	<b>294,110</b>
Recoveries from DHSC Group bodies in respect of staff cost netted off expenditure	0	0	0	0
Recoveries from other bodies in respect of staff cost netted off expenditure	0	0	0	0
<b>TOTAL STAFF COSTS</b>	<b>316,721</b>	<b>298,573</b>	<b>18,148</b>	<b>294,110</b>
<b>Included within:</b>				
Costs capitalised as part of assets	469	469	0	231

## Sickness absence

Information regarding our sickness absence data is published by NHS Digital at: <https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates>

## Health and Safety at Work 2022/23

The Trust recognises the importance of ensuring the health, safety and well-being of all Trust employees as enshrined within the NHS Constitution. The Trust strives to provide all colleagues with a healthy and safe working environment.

The Trust's health and safety team works collaboratively with a wide range of different organisations, line managers, specialist teams and individuals to secure the health and safety of staff, patients, visitors, and contractors. This is in keeping with the ethos of the Health and Safety at Work etc. Act 1974 which recognises that everybody needs to play their part in ensuring that all who come in to contact with the work activities of the Trust are kept safe.

The Trust encourages divisional management teams and staff side representatives to work in partnership to ensure that all parties are engaged in health and safety management across the organisation.

The Trust's Health and Safety Committee acts as the main mechanism for consultation on work related health and safety matters. This forum reports to the Risk Committee which is chaired by the Chief Executive. The Health and Safety Committee also works closely with the Health and Wellbeing group, the Estates Governance Group and the Infection Prevention and Control Committee to ensure that the full range health and safety related risks are properly identified, and suitable and sufficient controls are put in place.

The Trust uses a range of both reactive and proactive measures to monitor health and safety performance. One measure adopted is the rate of non-fatal injuries occurring that require reporting to the Health and Safety Executive under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) 2013.

In 2022/23 The Trust reported 12 staff injuries (14 in the previous year) and one patient injury under the reporting requirements of RIDDOR. The headcount for the trust as at 31/3/23 was 5,810 people (5,402 in previous year) excluding bank and agency staff. The Trust's rate of RIDDOR reportable non-fatal injury per 100,000 employees was 206 against a reported latest national average rate for the human health activities sector of 307 non-fatal injuries per 100,000 employees. This is an improvement over last year's result of 259 non-fatal injuries per 100,000 employees against a national average of 314.

In 2023 the Trust was successful in obtaining another ROSPA Gold Achievement award for its health and safety performance in 2022. This is the second such performance award the Trust has achieved in the past three years.

In line with both local and national health and safety priorities the work plan for the coming year will focus on reducing workplace ill-health, improving staff wellbeing, with a focus on the prevention of work-related musculoskeletal disorders, and violence and aggression. The aim of the function is to contribute to excellent patient care by make our people feel safe in both their working lives and their working environment.

### **Staff policies and actions applied during the financial year**

We follow a clear governance structure for the approval and ratification of policies and procedures for matters relating to current and prospective staff members. Each policy document has a complete Equality Impact Assessment covering all relevant equality strands. This ensures that we can mitigate any possible areas of direct or indirect discrimination as part of the approval and ratification process.

The associated people related policies capture aspects from the commencement of employment, identifying relevant statutory and mandatory training, and ensuring development to support career progression. Our policies also establish minimum expectations in relation to conduct, behaviour and performance, as well as supportive approaches to allow staff members to raise matters of concern in a safe and protected way.

We continue to operate fair recruitment practices to ensure equal access to employment opportunities for all.

We have been awarded 'Disability Confident Employer' status until March 2026 which supports the Trust to make the most of the talents disabled people can bring to the workplace.

This is used on our recruitment material to show we encourage applications from applicants with disabilities. As an employer this status means we are committed to the following:

- Interviewing all applicants with a disability who meet the essential criteria for a job vacancy
- Supporting and empowering staff on an annual basis to declare any disabilities via wellbeing conversations to support development and use abilities at work.
- Making every effort when employees become disabled to make sure they stay in employment
- Taking action to ensure that all employees develop the appropriate level of disability awareness
- Reviewing these commitments every year and assessing what has been achieved, planning ways to improve on them and letting employees and Jobcentre Plus know about progress and future plans

We continue to expand our policies and procedures supporting colleagues' wellbeing throughout their employment, embedding the wellbeing agenda throughout the Trust with focus on supporting employees with the opportunities to talk about their mental health, financial wellbeing and overall wellbeing.

#### **Information to be published under Regulation 8 revised Trade Union (Facility Time Publication Requirements) Regulations 2017**

Table 1: Relevant union officials

What was the total number of your employees who were relevant union officials during the relevant period?

<b>Number of employees who were relevant union officials during the relevant period</b>	<b>Full-time equivalent employee number</b>
<b>41</b>	<b>33.77</b>

Table 2: Percentage of time spent on facility time

How many of your employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

<b>Percentage of time</b>	<b>Number of employees</b>
0%	<b>23</b>
1-50%	<b>15</b>
51%-99%	<b>0</b>
100%	<b>4</b>



**Table 3: Percentage of pay bill spent on facility time**

Provide the figures requested in the first column of the table below to determine the percentage of your total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

First Column	Figures
Provide the total cost of facility time	89,842.67
Provide the total pay bill	315,928,039.11
Provide the percentage of the total pay bill spent on facility time, calculated as: $(\text{total cost of facility time} \div \text{total pay bill}) \times 100$	0.03%

**Table 4: Paid trade union activities**

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: $(\text{total hours spent on paid trade union activities by relevant union officials during the relevant period} \div \text{total paid facility time hours}) \times 100$	5.3%
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### **Expenditure on consultancy**

Consultants have been used where specific expertise is required which is not available in-house or where the capacity to complete a time limited exercise does not exist. No consultancy has been used for Executive level appointments. We spent £0.082m on consultancy during the year, (2021/22 £0.187m).

### **Off-payroll engagements**

The following tables disclose the number of staff with a significant influence over the management of the organisation where payment has been made directly to these staff or their companies, rather than via the Trust payroll.

**Table 1: For all off-payroll engagements as of 31 March 2023, for more than £245 per day and that last for longer than six months**

Number of existing engagements as of 31 March 2023	0
Of which...	
No. that have existed for less than one year at time of reporting	0
No. that have existed for between one and two years at time of reporting.	0
No. that have existed for between two and three years at time of reporting.	0
No. that have existed for between three and four years at time of reporting.	0
No. that have existed for four or more years at time of reporting.	0

**Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2022 and 31 March 2023, for more than £245 per day and that last for longer than six months**

Number of new engagements, or those that reached six months in duration, between 1 April 2022 and 31 March 2023	0
Of which:	
Number assessed as within the scope of IR35	0
Number assessed as not within the scope of IR35	0
Number engaged directly (via PSC contracted to trust) and are on the trust's payroll	0
Number of engagements reassessed for consistency/assurance purposes during the year	0
Number of engagements that saw a change to IR35 status following the consistency review	0

**Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2022 and 31 March 2023**

Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
Number of individuals that have been deemed 'board members and/or senior officials with significant financial responsibility' during the financial year. This figure must include both off-payroll and on-payroll engagements.	0

### **Process for off-payroll arrangements**

Our policy is to avoid the use of off-payroll arrangements for engaging highly paid employees. The only event in which they are used, exceptionally, is where there is a business need to secure skilled expertise we do not currently have for a specific short-term purpose within a defined timescale, and where for whatever reason it is not feasible to engage someone as a direct employee. We have robust recruitment processes in place, including exploring framework providers in the first instance, to minimise any potential need for off payroll requirements.

Should appointments be made, they will be retained only for the minimum possible time until the requirement for the work is concluded, or a permanent recruitment has been secured. Any off-payroll engagement is subject to approval by a board member based on a clear case of need and approval is sought from NHSE in line with the required guidance. The assignment is followed up to ensure that the arrangement has been concluded within the expected timescale. All documentation relating to any engagements are centrally held.

### Exit packages (subject to audit)

	2022/23			2021/22		
	Number of Compulsory Redundancies	Number of Other Departures agreed	Total Number of exit Packages by Cost Band	Number of Compulsory Redundancies	Number of Other Departures agreed	Total Number of exit Packages by Cost Band
<£10,000	0	1	1	0	0	0
£10,001 - £25,0000	0	1	1	0	0	0
£25,001 - £50,000	0	3	3	0	1	1
£50,001 - £100,000	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	1	0	1
£150,001 - £200,000	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0
<b>Total number of packages by type</b>	0	5	5	1	1	2
<b>Total resource used</b>	0	118	118	135	37	172

	2022/23		2021/22	
	Agreements Number	Total Value of Agreements £000	Agreements Number	Total Value of Agreements £000
Voluntary redundancies including early retirement	0	0	0	0
Mutually agreed resignations (MARS) contractual costs	0	0	0	0
Early retirement in the efficiency of the service contractual costs	0	0	0	0
Contractual payments in lieu of notice	5	118	2	172
Exit payments following Employment Tribunals or court orders	0	0	0	0
Non contractual payments requiring HMT approval	0	0	0	0
<b>Total</b>	5	118	2	172
Of which:				
non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months of their annual salary	1	14	0	0

# **Staff Survey**

## **National Staff Survey**

### **Staff Experience and Engagement**

The ongoing impact of the Covid-19 pandemic on our people remained evident throughout 2022/23. At the beginning of the year the People Directorate and the Culture and Improvement Directorate therefore developed a joint 3-year People, Culture, and Improvement Strategy, in response to the continued challenges our People face working in Sherwood Forest Hospitals and the wider NHS. The teams in both directorates have been committed to working collaboratively to support colleagues across SFH and the wider health and care system. A key enabler to this strategy has been the strong foundation of staff engagement at the organisation, and the document encompasses priority areas driven by what our colleagues have told us matters most to them.

An important vehicle for hearing the voices of our staff is the annual National Staff Survey. Each year the Trust culture improvement priorities are reviewed and refreshed in line with the results from this, along with feedback from the quarterly pulse surveys, Freedom to Speak Up Guardian, HR workforce information and Divisional feedback. Evidence from these indicates that Sherwood overall continues to have a high quality, positive culture, and where there are challenges, teams and individuals are supported to resolve these.

Engagement with colleagues continues to be a Trust priority, with the People Directorate working closely with the Trust Communications team to maximise internal communication channels and provide opportunities for 2-way communication wherever possible. The 2022 National Staff Survey results placed Sherwood Forest as 1<sup>st</sup> in the Midlands (and 6<sup>th</sup> nationally) for Staff Engagement across 124 Acute and Acute Community Trusts.

### **NHS Staff Survey**

The NHS staff survey is conducted annually. From 2021/22 the survey questions align to the seven elements of the NHS 'People Promise' and retains the two previous themes of engagement and morale. These replaced the ten indicator themes used in previous years. All indicators are based on a score out of 10 for specific questions with the indicator score being the average of those.

The response rate to the 2021/22 survey among trust staff was 61% (2020/21: 66%) against a national average of 44%. This was the 3<sup>rd</sup> highest response rate in the country for our comparator group.

### **2022/23 and 2021/22**

Scores for each indicator together with that of the survey benchmarking group (Acute and Acute community trusts) are presented below:

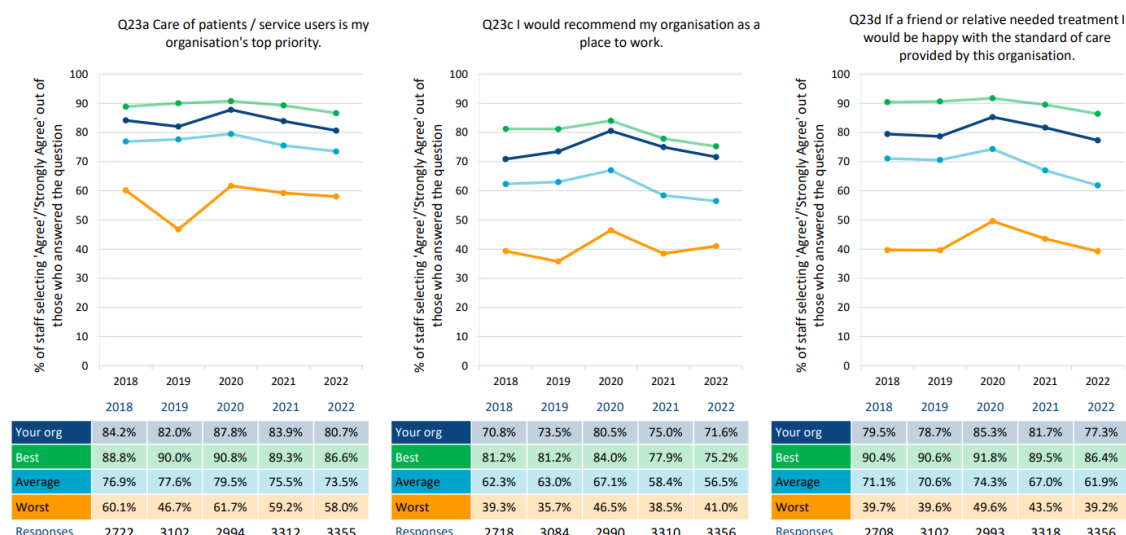
Indicators (‘People Promise’ elements and themes)	2022/23		2021/22	
	Trust Score	Benchmarking Group Score	Trust Score	Benchmarking Group Score
<b>People Promise</b>				
We are compassionate and inclusive	7.6	7.2	7.6	7.2
We are recognised and rewarded	6.1	5.7	6.2	5.8
We each have a voice that counts	7.1	6.6	7.1	6.7
We are safe and healthy	6.2	5.9	6.2	5.9
We are always learning	5.9	5.4	5.8	5.2
We work flexibly	6.5	6.0	6.5	5.9
We are a team	7.0	6.6	7.0	6.6
Staff Engagement	7.2	6.8	7.3	6.8
Morale	6.3	5.7	6.4	5.7

For 2022/23 our benchmarking position regionally and nationally is as follows:

Theme	National Position ( /124 Acute/Acute Community Trusts)	Regional Position ( /21)
We are compassionate and inclusive	5th	2nd
We are recognised and rewarded	6th	2nd
We each have a voice that counts	3rd	1st
We are safe and healthy	6th	1st
We are always learning	3rd	2nd
We work flexibly	5th	2nd
We are a team	4th	2nd
Staff Engagement	6th	1st
Morale	2nd	1st

Sherwood Forest Hospitals sits above the national average for our comparator peer group in all nine themes and we are within 0.2 points of the highest achieving organisation in eight out of these nine themes.

The graphs below summarise the Trust 2022 National Staff Survey results for three key questions:



Whilst it is important to note that scores across these questions declined again in 2022/23, this was sadly a theme across the country, and from a benchmarking perspective SFH still performs very favourably. For the fifth year running the Trust scored the highest score as the most recommended Acute Trust to work for in the Midlands and was the overall the third best Acute or Acute/Community Trust in England, which is a fantastic achievement.

## 2019/20 and 2020/21

Scores for each indicator together with that of the survey benchmarking group (acute and acute community trusts) are presented below.

	2019/20		2020/21	
	Trust	Benchmarking Group	Trust	Benchmarking Group
Equality, Diversity and Inclusion	9.3	9.0	9.3	9.1
Health and Wellbeing	6.1	5.9	6.4	6.1
Immediate Managers	7.1	6.8	7.2	6.8
Morale	6.5	6.1	6.7	6.2
Quality of Care	7.7	7.5	7.9	7.5
Safe environment – bullying and harassment	8.1	7.9	8.3	8.1
Safe environment – violence	9.3	9.4	9.3	9.5
Safety Culture	6.9	6.7	7.2	6.8
Staff Engagement	7.2	7.0	7.4	7.0
Quality of Appraisals	5.8	5.6	Not an indicator group in 20/21	
Team Working	6.9	6.6	6.9	6.5

## Key Areas for Improvement

- Continued recruitment and retention focus underpinned by a clear workforce strategy, to improve responses to “enough staff in the organisation to do my job properly”
- Reduce variation of experience of colleagues with protected characteristics, and continue to foster close partnership working with our growing staff networks
- Focus on further improvements in how we treat each other; Civility, Respect, Kindness, Diversity, Equality, and Inclusion
- Continue to support colleagues experiencing and reporting physical violence from patients/service users and families, provide additional training and link into zero tolerance communication campaigns with public/patients at a system level
- Reduce variability of management capability through targeted leadership and management training and development including new leadership development strategy
- Continue to increase visibility and support from our executive and senior leadership teams, particularly across the Newark and Mansfield sites.
- Further develop our talent management approach and offer to support succession planning.
- Update appraisal process and documentation to ensure appraisals are adding value and consider opportunities for digital solution in future
- Embed our reward and recognition offer to ensure it is equitable and person centred
- Better inform the Trust about cultural improvements made at a Trust and local level through the continued development of our “You Said, Together We Did” rolling communications campaign
- Continually evaluate and improve our well-being and resilience offer to colleagues, as part of our Wellbeing Strategy.

## Future Priorities and Targets:

Future priority areas for improvement will continue under our 3 commitment themes;

- Valuing You
- Caring about You
- Developing You

Priority Area	Executive Lead	Timescales
<b>Overarching</b>		
To engage with the Divisions on a regular basis using a culture heatmap approach to celebrate successes and focus collaborative support to areas in need	Director of People/Chief Operating Officer	Ongoing
<b>Valuing You</b>		
Focussed programme of work to attract and retain people to work at Sherwood – ‘Step into the NHS’	Director of People	Ongoing
Roll out workforce strategy to maximise recruitment and retention opportunities	Director of People	Ongoing



Continue to provide a people focussed employee support service embedding the Just and Restorative Culture principles to reduce absence from work	Director of People	Ongoing
Refresh reward and recognition offer to ensure staff feel valued and recognised paying particular attention to long service and retirement acknowledgement	Director of People	Launch offer Q1 2023
Update Trust engagement calendar and ensure clarity over events occurring each month sponsored by relevant Executive Directors as required	Director of People/Director of Strategy and Partnerships	Update and review monthly
<b>Caring about You</b>		
Violence and Aggression Task and Finish Group re-launched, and areas of focus reframed in-light of most recent NSS results with primary aim to reduce experience of Violence and Aggression from Patients, Carers and the Public	Chief Nurse/Director of People	From Q1 2023
Continue to roll out breakaway and clinical holding skills training courses to better protect staff	Director of People	Ongoing
Introduce TRIM programme to support debrief after traumatic incidents	Director of People	Q2 2023
Continue to review wellbeing offer to ensure it is agile in its approach to what matters most to people	Director of People	Ongoing
Civility, Respect and Kindness working group has merged with Just and Restorative Culture group to continue, and reframe areas of focus in light of most recent results	Director of People	Ongoing
Develop specific offer to fragile teams identified in culture heat map exercises with support from OD, Wellbeing, People Partner Team and others	Director of People	Q2 2023
Continue to engage with EDI Staff Networks to feedback Staff Survey Results and co-create actions for improvement to tackle issues of poor EDI experience	Director of People	Ongoing
Further embed Trust anti-racism strategy and continue targeted zero tolerance campaigns to expand to an 'anti-hate' strategy	Chief Executive/Director of People	Ongoing
<b>Developing You</b>		
Support career development and talent recognition across all services and SFH workforce, including review of appraisal process and documentation	Director of People	Q2 2023
Improve sense of belonging across the administration professional group through the admin transformation programme	Director of People/Chief Operating Office	Ongoing
Introduction of Leadership Development Strategy	Director of People	Q2 2023

### **Actions and Monitoring**

The results have been communicated to colleagues in a number of ways including electronic and face-to-face briefings. Some of the positive results also feature in our recruitment campaigns.

The reports are analysed including a review of the anonymous comments that were captured in the free text as these provide further important context. Analysis is also undertaken by staff group, division, department, and site. Our People Cabinet will consider the themes and comments in detail and maintain oversight of Trust cultural improvements, with regular updates to the Trust People, Culture, and Improvement Committee.

Divisions and Department leads are sent a copy of the Trust report, their divisional results and the free text anonymous comments. They then actively explore the themes further with their teams and develop improvement initiatives pertinent to their division to address areas of concern. This also applies to corporate areas. We will undertake engagement sessions with divisional triumvirate leadership teams for them to present their reflections on their findings and to identify what support they need to improve the culture within their divisions.

The results are triangulated with other data sources such as the quarterly pulse surveys, workforce Key Performance Indicators (KPIs) and Speaking Up concerns. This enables more targeted actions and interventions to be identified and supported by People Directorate teams. In 2021/22 we designed an in-house survey explorer tool hosted on the intranet to allow any leader or individual in the organisation to review their own area's results which has again been updated with 2022/23 results.

The diversity and inclusivity results will be scrutinised by our staff networks and appropriate actions incorporated into their work programmes. The performance of the programme is reported through to the People, Culture, and Improvement Committee. Such performance and activity is also reviewed in light of key priorities associated with the Trust's requirements under the Workforce Race Equality Standard (WRES) and Workforce Disability Equality Standard (WDES) for example.

## Equality Reporting

During the last year, the Trust has been working to embed the EDI Strategy and Anti-Racism strategy that launched in 2021. We have also been working to deliver against our objectives from the 6 High Impact Actions which were also established in 2021.

Highlights of our achievements include.

- Summer re-brand and relaunch of our staff networks
- Introduction of an EDI session in the new manager induction and clinical leadership programme
- Introduced EDI related questions for all interview packs
- Achieved the Carer Friendly Employer Accreditation from Nottinghamshire Carers
- Developed and launched Allyship training in the Summer and to date have trained over 50 colleagues including all Ward Leaders
- PRIDE on tour 2022. Last July given the unprecedented, continued pressure on our services, we took our PRIDE celebrations to wards and departments which was well received by colleagues. We still had our marches at Kings Mill and Newark Hospitals which we well attended under the circumstances
- Ran 'Ay-up Mi Duck' session for international nursing colleagues from our UEC division to support with understanding of the local dialect
- With support from Medirest, Skanska and Estates and Facilities colleagues, Sherwood became a host employer for DFN Project Search (working in partnership with Vision West Notts college) which supports young people with learning disabilities through a year-long intern programme
- The installation of flag artwork to celebrate all the many birth countries of colleagues within Sherwood

We also developed and delivered our inaugural REACH OUT! event, a day dedicated to celebrating Race, Ethnicity and Cultural Heritage of colleagues in Sherwood. The event which was an action from our Anti-Racism strategy and was a great success. Those attending enjoyed guest speakers, staff stories, presentations from key colleagues including Wellbeing, Freedom to Speak Up and Chaplaincy, a best dressed competition and our colleagues showed off their many talents through dance and singing performances and delicious food! Planning is already underway for this years' event which is taking place on Tuesday 26<sup>th</sup> September.

### Mandatory Reporting

The Trust has met its obligations to report on Gender Pay, the Workforce Race Equality Standard and the Workforce Disability Equality Standard and the results of these are published on our website. The results are examined and appropriate action plans to address any disparity are put in place.

### Gender Pay Gap

Sherwood Forest Hospitals has complied with the expectations associated with the gender pay regulations. Our reports, including an easy-read report for 2022/23 can be viewed at the following link: [Sherwood Forest Hospitals \(sfh-tr.nhs.uk\)](https://www.sfh-tr.nhs.uk)

WRES and WDES

Our reports for 2021/22 can be accessed via our website:

Sherwood Forest Hospitals ([sfh-tr.nhs.uk](http://sfh-tr.nhs.uk))

We also meet our obligation to report our compliance with the Public Sector Equality Duty through our annual EDI Activity Report which is published in June each year.

#### **Staff Networks:**

The Summer relaunch and introduction of our Women in Sherwood network saw membership increase by 37.5% between August 2022 and the end of February 2023. We have continued to promote staff networks throughout the Trust and encourage colleagues to be actively involved with the activities of the networks. Like previous years, engagement has been difficult for colleagues due to continued and unprecedented pressure on our services.

Despite difficulties, staff networks have contributed to key activities including International Women's Day, Carers Week, Black History Month, International Day of Persons with Disabilities and Pride.

#### **System working**

We have shared our Anti Racism strategy with system partners (both the ICS EDI Advisory Partnership Group and the ICS Race Equality Steering Group) to support the anti-racism approach at system level.

Ali Pearson, EDI Lead also presented the strategy at the Midlands Regional Race Equality & Inclusion Good Practice Group and has assisted other Trusts locally in their approach to anti-racism.

Sherwood Forest has supported the organisation of, and participation in EDI events for the Nottingham and Nottinghamshire Integrated Care System.

## **Modern Slavery**

This section outlines the Trust's responsibilities and responses to section 54 of the Modern Slavery Act 2015, it sets out the steps that the Trust has taken, and is continuing to take, to ensure that modern slavery and/or human trafficking is not taking place within our business or supply chain.

Modern slavery encompasses slavery, servitude, human trafficking and forced labour. At SFHFT we have a zero-tolerance approach to any form of modern slavery. We are committed to acting ethically and with integrity and transparency in all business dealings, ensuring effective systems and controls are in place to safeguard against any form of modern slavery.

We publish assurance on our Trust website that we do not support commissioning of any services linked to Modern Slavery and engage with any reviews locally and nationally where our patients may have been subject to modern slavery.

All members of staff have a personal responsibility for the successful prevention of modern slavery and human trafficking, with the Procurement Department taking a lead responsibility for compliance in the supply chain.

During 2022/23 procurement and the Trust safeguarding team have continued to work in collaboration to actively ensure all staff within the procurement team are aware of the risk of modern slavery and the responses required where this is suspected.

### **Policies on Slavery and Human Trafficking**

We are aware of our responsibilities towards patients, carers, employees, and the local community and expect all suppliers to adhere to the same ethical principles. Our supply chain includes procurement of agency staff, medical services, medical and other consumables, facilities maintenance, utilities, and waste management. We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. Our internal policies replicate our commitment to acting ethically and with integrity in all our business relationships.

Currently all awarded suppliers sign up to our terms and conditions of contract which provide provision to ensure each supplier's commitment to anti-slavery and human trafficking in their supply chain; and that they conduct their business in a manner that is consistent with Trust policies.

We operate several internal policies to ensure that we are conducting business in an ethical and transparent way. These include the following:

**Recruitment Policy:** We operate a robust recruitment policy and under due diligence to identify and mitigate the risks of modern slavery and human trafficking in our own business and our supply chain we:

- Complete pre-employment checks on staff we employ, confirming their identities and right to work in the United Kingdom.
- Ensure agencies are on NHS England's nationally approved frameworks and are audited to provide assurance that pre-employment clearance has been obtained for agency staff to safeguarding against human trafficking or individuals being forced to work against their will.
- Follow NHS Agenda for Change Terms and Conditions to ensure that staff receive fair pay rates and contractual terms.
- Consult with Trade Unions on any proposed changes to employment terms and conditions.

**Equal Opportunities:** We have a range of controls to protect staff from poor treatment and/or exploitation, which complies with legal and regulatory frameworks. These include terms and conditions of employment, mandatory Equality, Diversity and Inclusion training for all staff and access to further training and development.

**Safeguarding Policies:** We adhere to the principles inherent in our Think Family Safeguarding Adult and Safeguarding Children policies. These are compliant with Nottinghamshire multiagency safeguarding arrangements and provide clear guidance to support our staff if they are raising safeguarding concerns about how colleagues or people receiving our services are being treated, or about practices within our business or supply chain.

**Speaking Up Policy:** We operate a Speaking Up Policy to support all employees to be able know that they can raise concerns about how colleagues or people receiving our services are being treated, or about practices within our business or supply chain, without fear of reprisal

**Employment policies (including Policy and Procedure for Disclosure and Barring Service (DBS) Checks, Employment Records and Information Policy and Procedures, Professional Registration Policy, Induction Policy).** These policies explain our vetting and barring procedures, including conducting eligibility to work in the UK checks for all employees to safeguarding against human trafficking, or individuals being forced to work against their will. The Trust adheres to the National NHS employment Checks/Standards including employee's UK address, their right to work in the UK and obtaining suitable references

In addition, the Trust utilises national supporting documents including guidance for Health Staff on *identifying and supporting victims of modern slavery* and guidance on the *duty to notify the Home Office of potential victims of modern slavery*.

### **Working with Suppliers**

Sherwood Forest Hospitals will work to identify and mitigate risk and put in place contractual terms allowing the Trust to gain assurance that slavery and human trafficking have no place in our business. We will work with suppliers to ensure that they treat their obligations towards modern slavery with the same importance that we do.

Suppliers are vetted through a robust Selection Questionnaire process before being appointed to any framework agreement.

All contracts are awarded under the NHS Terms and Conditions which contain clauses giving Sherwood Forest Hospitals the right to terminate a contract for failure to comply with labour laws.

When procuring goods and services, we additionally apply NHS Terms and Conditions (for non-clinical procurement) and the NHS Standard Contract (for clinical procurement). Both require suppliers to comply with relevant legislation.

The staff of Sherwood Forest Hospitals must contact and work with the Procurement department when looking to work with new suppliers so appropriate checks can be undertaken.

Where it is verified that a subcontractor has breached child labour laws or human trafficking, then this subcontractor will be excluded in accordance with Regulation 57 of the Public Contracts Regulation 2015. The Trust will require that the main contractor substitute a new subcontractor.

The Procurement team upholds the Chartered Institute of Procurement and Supply (CIPS) Code of Professional Conduct.

## **Training**

Advice and training about modern slavery and human trafficking is available to staff through our mandatory safeguarding adults and children training programs, safeguarding policies and procedures, and the Trust safeguarding team. It is also discussed at our mandatory safeguarding induction day for staff starting employment with Sherwood Forest Hospitals.

We are continuously looking at ways to increase awareness across the organisation, and to ensure a high level of understanding of the risks involved with modern slavery and human trafficking in our supply chains and in our business.

## **Our Performance Indicators**

- We will know the effectiveness of the steps we are taking to ensure that modern slavery and/or human trafficking is not taking place within our business or supply chain if:
- No reports are received from our staff, the public, or law enforcement agencies to indicate that modern slavery practices are operational within our organisation.
- We monitor referrals to the Social Care and will actively refer any cases we identify through the delivery of our services that may indicate any of our service users have been victim to modern day slavery, whilst in the community.
- We report quarterly and annually via our safeguarding reporting mechanisms data relating to any safeguarding issues, along with trends and themes.

## Valuing our Members

Membership information at 17 May 2023

Public breakdown by constituency

Newark & Sherwood	3,235
Rest of East Midlands	10,588
Rest of England	125

Public membership breakdown

	Number of members	Member ship profile	Populati on profile
<b>Age (years)</b>			
0-16	5	0.04%	19.59%
17-21	74	0.53%	6.04%
22-29	373	2.67%	9.90%
30-39	788	5.64%	12.50%
40-49	933	6.68%	11.81%
50-59	1,918	13.73%	13.91%
60-74	3,974	28.44%	16.69%
75+	4,841	34.65%	9.56%
Not stated	1,065	7.62%	0.00%
<b>Ethnicity</b>			
White	12,419	88.89%	89.29%
Mixed	33	0.24%	1.90%
Asian	85	0.61%	6.46%
Black	33	0.24%	1.80%
Other	8	0.06%	0.56%
Not stated	1,393	9.97%	0.00%
<b>Gender</b>			
Male	4,942	35.37%	49.51%
Female	8,828	63.10%	50.49%
Transgender	1	0.01%	0.00%
Not stated	200	1.43%	0.00%



## **Membership activity, events, and communication**

As with the previous years, the Governor's Membership and Engagement Committee has continued to focus on how best to engage with members. We have continued to issue a monthly e-newsletter, Trust Matters to maintain communication with our members.

## **Annual General Meeting / Annual Members' Meeting**

This year's AGM was held via Microsoft Teams on Tuesday 29 September 2022. The link to the event was shared with all public and staff members, stakeholder, and members of the public to allow them to view the event.

We will continue to work closely with our members to help us to be truly accountable for the quality of the services we provide to our local communities.

Members can contact their governors either through our website or by contacting the Director of Corporate Affairs, Sherwood Forest Hospitals NHS Foundation Trust, Trust Headquarters, Level 1, King's Mill Hospital, Mansfield Road, Sutton in Ashfield, Nottinghamshire, NG17 4JL or by emailing [sfh-tr.governors@nhs.net](mailto:sfh-tr.governors@nhs.net).

## **Valuing our Governors**

As an NHS Foundation Trust, we are accountable to the Council of Governors, which represents the views of members. The two key statutory duties of the Council of Governors are:

- To hold the non-executive directors individually and collectively to account for the performance of the Board of Directors.
- To represent the interests of our members and of the public.

In addition, the Council of Governors, among other matters, is responsible for making decisions regarding the appointment or removal of the Chair, the Non-Executive Directors, and our External Auditors.

Our Constitution makes clear the process to appoint or remove the Chair and the other Non-Executive Directors, including the Governors' role in deciding the remuneration and allowances and other terms and conditions of office of the Non-Executive Directors.

The Council met several times during the year (see table). The meetings were well attended, with debate across several areas of interest.

One of the key roles of the Governors is engagement with their constituencies to gain feedback and report to the Council and subsequently the Board of Directors. Our governors achieve this by holding regular 'Meet Your Governor' events across all three hospital sites and in the community. At these events new members are recruited and patients, visitors and staff can discuss their views of the services provided. These events re-started in August 2022.

The Governors continue to observe Board Committees to fulfil their statutory duty of holding the Non-Executive Directors to account. This enables the governors to gain assurance regarding how the Non-Executive Directors hold the executive to account and how strategic objectives are progressed and implemented. The observers then report their observations from the meetings back to the quarterly Council of Governors meetings, this year all Council of Governors meetings have been held via video conferencing due to the pandemic.

There will be Governor elections in May 2023 to fill the current 5 vacancies, 4 public Governors and 1 staff Governor and to elect to the 2 Ashfield Governor posts who reach the end of their tenure in October 2023. The Council of Governors have remained incredibly proactive in undertaking all their statutory and non-statutory duties, during very challenging circumstances. External development is offered and undertaken through an expressions of interest process where the Governors who attend share their learning with other Governors and regular internal development is undertaken through quarterly workshops - the topics of which are suggested and agreed by the Governors.

#### **Attendance at Council of Governor meetings**

There have been four general Council meetings and one extra-ordinary Council meetings during the year. The following table details the Governors, the constituency they represent, their attendance and the date elected/appointed.

### Attendance at Full COG (scheduled meetings)

NAME	AREA COVERED	CONSTITUENCY	FULL COG MEETING DATES				TERMS OF OFFICE	DATE ELECTED	TERM ENDS
			10/05/2022	09/08/2022	08/11/2022	21/02/2023			
Ann Mackie	Newark & Sherwood	Public	P	X	X	P	3	01/05/22	30/04/25
Councillor Craig Whitby	Mansfield District Council	Appointed	P	P	P	A	4	21/05/19	31/05/23
Councillor David Walters	Ashfield District Council	Appointed	A	P	X	X	1	23/04/20	31/05/23
Councillor John Doddy	Nottinghamshire County Council	Appointed		P	A	X	4	14/07/21	31/05/25
Councillor Linda Dales	Newark & Sherwood District Council	Appointed	A	P	A	P	1	15/07/21	16/05/23
David Ainsworth	Mansfield & Ashfield CCG	Appointed	A				N/A	20/02/20	N/A
Ian Holden	Newark & Sherwood	Public	A	P	P	P	3	01/05/22	30/04/25
Jane Stubbings	Ashfield	Staff	P	P	P	P	3	01/05/22	30/04/25
John Wood	Mansfield	Public	P	P	P	P	3	01/05/22	30/04/25
Justin Wyatt	King's Mill Hospital	Public	P	P	P	P	3	01/05/22	30/04/25
Liz Barrett	Ashfield	Public	P	P	P	P	3	01/05/22	30/04/25
Maxine Huskinson	Ashfield	Public	P	X	P	P	3	01/11/20	31/10/23
Michael Longdon	Mansfield	Public	P	P	P	A	3	01/05/22	30/04/25
Nadia Whitworth	Volunteers	Appointed	A	P	A		3	10/05/21	10/05/24
Neal Cooper	Mansfield	Public		P	P	P	3	13/05/22	30/04/25
Nikki Slack	Vision West Notts	Appointed	P	A	P	P	N/A	17/07/19	N/A
Ruth Scott	Mansfield	Public	P	P	P	P	3	01/05/22	30/04/25
Sue Holmes	Ashfield	Public	P	P	P	P	3	01/11/20	31/10/23
Vikram Desai	King's Mill Hospital	Public	P	A	X	A	3	01/05/22	30/04/25

P = Present  
A = Apologies  
X = Absent

# **Non-Executive Director Attendance at Council of Governors**

NAME	FULL COG AND EXTRAODRINARY MEETING DATES			
	10/05/2022	09/08/2022	08/11/2022	21/02/2023
Claire Ward	P	P	P	P
Graham Ward	P	P	P	P
Barbara Brady	P	P	A	P
Manjeet Gill	A	P	A	A
Steve Banks	A	P	P	A
Dr Aly Rashid	A	P	P	A
Andrew Rose-Britton	A	P	P	A

P = Present

A = Apologies

X = Absent

## Lead Governor annual report 2022-2023

Almost normal service as we pick up after the pandemic. Once again, we have 'live' meetings; have 'Meet your governor' sessions in our hospitals and have resumed the '15 steps' programme.

This year we have been trying to move out into our constituencies to obtain the views of the wider public. I have successfully linked with a community group in one of the most deprived areas and am hoping that soon there will be more governors linking with other groups. I have linked with Mansfield CVS and hope to do the same with Ashfield CVS.

Progress has been made on encouraging young people to become members and myself and Neil Cooper have visited many of our local 6<sup>th</sup> forms. We have had two events for young people 'Step into the NHS' organised mainly by our Appointed Governor from West Notts College – Nikki Slack -and staff from Kings Mill. Both events were highly successful with good media coverage and hopefully the young adults in our area are now more aware of the vast range of career opportunities within the NHS. We also signed up young members.

Governors have attended the Ashfield Day, Mansfield Party in the Park and the Flintham Show, engaging with the public and signing up members.

I have worked with the Lead Governors from Notts Healthcare and Doncaster and Bassetlaw Foundation Trust, and we took part in the organising of a conference for all governors from all three Trusts with the ICS. We are now developing some of the issues raised. We also meet with Healthwatch.

We have many Governor vacancies and much of the spring will be involved in advertising the forthcoming elections. Many Governors will be involved in podcasts and aspirant governor question and answer sessions.

On behalf of the governors, I must pay a tribute to our staff – when we talk to the public, we hear such glowing praise and always 'the staff are so wonderful and caring'

I am pleased to welcome Kevin Stewart back to the Council of Governors, this time representing the Volunteers who do such a great job.



**Sue Holmes**  
**Lead Governor**

## NHS Foundation Trust Code of Governance

Sherwood Forest Hospitals 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 July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012.

Relating to	Code of Governance reference	Summary of requirement	Reference Page numbers
Board and Council of Governors	A.1.1	The schedule of matters reserved for the board of directors should include a clear statement detailing the roles and responsibilities of the council of governors. This statement should also describe how any disagreements between the council of governors and the board of directors will be resolved. The annual report should include this schedule of matters or a summary statement of how the board of directors and the council of governors operate, including a summary of the types of decisions to be taken by each of the boards and which are delegated to the executive management of the board of directors.	80-82
Board, Nomination Committee(s), Audit Committee, Remuneration Committee	A.1.2	The annual report should identify the chairperson, the deputy chairperson (where there is one), the chief executive, the senior independent director (see A.4.1) and the chairperson and members of the nominations, audit and remuneration committees. It should also set out the number of meetings of the board and those committees and individual attendance by directors. Part of this requirement is also contained within paragraph 2.22 as part of the directors' report.	26-29 51-52 94
Council of Governors	A.5.3	The annual report should identify the members of the council of governors, including a description of the constituency or organisation that they represent, whether they were elected or appointed, and the duration of their appointments. The annual report should also identify the nominated lead governor.	83 85

Council of Governors	n/a	The annual report should include a statement about the number of meetings of the council of governors and individual attendance by governors and directors.	83-84
Board	B.1.1	The board of directors should identify in the annual report each non-executive director it considers to be independent, with reasons where necessary.	27 52
Board	B.1.4	The board of directors should include in its annual report a description of each director's skills, expertise and experience. Alongside this, in the annual report, the board should make a clear statement about its own balance, completeness and appropriateness to the requirements of the NHS foundation trust.	91-92 and on website <a href="http://www.sherwoodforesthospitals.nhs.uk">Sherwood Forest Hospitals (sfh-tr.nhs.uk)</a>
Board	n/a	The annual report should include a brief description of the length of appointments of the non-executive directors, and how they may be terminated.	49 82
Nominations Committee(s)	B.2.10	A separate section of the annual report should describe the work of the nominations committee(s), including the process it has used in relation to board appointments.	51-52
Nominations Committee(s)	n/a	The disclosure in the annual report on the work of the nominations committee should include an explanation if neither an external search consultancy nor open advertising has been used in the appointment of a chair or non-executive director.	Circumstances cited have not arisen in the reporting year
Chair / Council of Governors	B.3.1	A chairperson's other significant commitments should be disclosed to the council of governors before appointment and included in the annual report. Changes to such commitments should be reported to the council of governors as they arise and included in the next annual report.	28
Council of Governors	B.5.6	Governors should canvass the opinion of the trust's members and the public, and for appointed governors the body they represent, on the NHS foundation trust's forward plan, including its objectives, priorities and strategy, and their views should be communicated to the board of directors. The annual report should contain a statement as to how this requirement has been undertaken and satisfied.	34-35 81-82

Council of Governors	n/a	<p>If, during the financial year, the Governors have exercised their power* under paragraph 10C** of schedule 7 of the NHS Act 2006, then information on this must be included in the annual report.</p> <p>This is required by paragraph 26(2)(aa) of schedule 7 to the NHS Act 2006, as amended by section 151 (8) of the Health and Social Care Act 2012.</p> <p>* Power to require one or more of the directors to attend a governors' meeting for the purpose of obtaining information about the foundation trust's performance of its functions or the directors' performance of their duties (and deciding whether to propose a vote on the foundation trust's or directors' performance).</p> <p>** As inserted by section 151 (6) of the Health and Social Care Act 2012).</p>	N/A
Board	B.6.1	The board of directors should state in the annual report how performance evaluation of the board, its committees, and its directors, including the chairperson, has been conducted.	97-98
Board	B.6.2	Where there has been external evaluation of the board and/or governance of the trust, the external facilitator should be identified in the annual report and a statement made as to whether they have any other connection to the trust.	30
Board	C.1.1	The directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they consider 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. Directors should also explain their approach to quality governance in the Annual Governance Statement (within the annual report). See also ARM paragraph 2.93.	26 100
Board	C.2.1	The annual report should contain a statement that the board has conducted a review of the effectiveness of its system of internal controls.	128



Performance eval/ control environment	C.2.2	A trust should disclose in the annual report: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	94-96  108  107  128
Audit Committee / Council of Governors	C.3.5	If the council of governors does not accept the audit committee's recommendation on the appointment, reappointment or removal of an external auditor, the board of directors should include in the annual report a statement from the audit committee explaining the recommendation and should set out reasons why the council of governors has taken a different position.	N/A
Audit Committee	C.3.9	A separate section of the annual report should describe the work of the audit committee in discharging its responsibilities. The report should include: <ul style="list-style-type: none"> <li>the significant issues that the committee considered in relation to financial statements, operations and compliance, and how these issues were addressed.</li> <li>an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or re-appointment of the external auditor, the value of external audit services and information on the length of tenure of the current audit firm and when a tender was last conducted; and</li> <li>if the external auditor provides non-audit services, the value of the non-audit services provided and an explanation of how auditor objectivity and independence are safeguarded.</li> </ul>	94-96
Board / Remuneration Committee	D.1.3	Where an NHS foundation trust releases an executive director, for example to serve as a non-executive director elsewhere, the remuneration disclosures of the annual report should include a statement of whether or not the director will retain such earnings.	N/A
Board	E.1.5	The board of directors should state in the annual report the steps they have taken to ensure that the members of the board, and in particular the non-executive directors,	81-82

		develop an understanding of the views of governors and members about the NHS foundation trust, for example through attendance at meetings of the council of governors, direct face-to-face contact, surveys of members' opinions and consultations.	
Board / Membership	E.1.6	The board of directors should monitor how representative the NHS foundation trust's membership is and the level and effectiveness of member engagement and report on this in the annual report.	40 80-82
Membership	E.1.4	Contact procedures for members who wish to communicate with governors and/or directors should be made clearly available to members on the NHS foundation trust's website and in the annual report.	81
Membership	n/a	The annual report should include: <ul style="list-style-type: none"> <li>• a brief description of the eligibility requirements for joining different membership constituencies, including the boundaries for public membership.</li> <li>• information on the number of members and the number of members in each constituency; and</li> <li>• a summary of the membership strategy, an assessment of the membership and a description of any steps taken during the year to ensure a representative membership [see also E.1.6 above], including progress towards any recruitment targets for members.</li> </ul>	80-82
Board / Council of Governors	n/a	The annual report should disclose details of company directorships or other material interests in companies held by governors and/or directors where those companies or related parties are likely to do business, or are possibly seeking to do business, with the NHS foundation trust. As each NHS foundation trust must have registers of governors' and directors' interests which are available to the public, an alternative disclosure is for the annual report to simply state how members of the public can gain access to the registers instead of listing all the interests in the annual report. See also ARM paragraph 2.22 as directors' report requirement.	28-29

Our Board of Directors is focused on achieving long-term success for the organisation and our vision of becoming an outstanding organisation, through the application of sound business strategies and the maintenance of high standards in corporate governance and corporate responsibility. The following statements explain our governance policies and practices and provide insight into how the Board and management run the Trust for the benefit of patients, carers, the community, and our membership.

Our Board of Directors bring a range of experience and expertise to its stewardship of the organisation and continues to demonstrate the vision, oversight and encouragement required to enable our organisation to thrive and improve on a continuous basis. During the past year we welcomed new members to the Board, each bringing excellent skills and expertise to the organisation and providing crucial stable leadership.

At the end of the year the Board comprised seven Non-Executive Directors including the Chair (holding majority voting rights), six Executive Directors (voting), including the Chief Executive, two corporate Directors (non-voting) and one specialist advisor (non-voting)

The Chair is responsible for the effective working of the Board, for the balance of its membership subject to Board and Governor approval, and for making certain all Directors play their full part in setting and delivering our strategic direction and ensuring effective and efficient performance. The Chair conducts annual appraisals of the Non-Executive Directors as well as the Chief Executive.

The Chief Executive is responsible for all aspects of the management of the organisation. This includes developing appropriate business strategies agreed by the Board, ensuring related objectives and policies are adopted throughout, the effective setting of budgets, and monitoring performance. The Chief Executive is also responsible for conducting the annual appraisals of the executive and corporate Directors of the Board.

The Chair, with the support of the Director of Corporate Affairs ensures the Directors and Governors receive accurate, timely and clear information. Directors are encouraged to update their skills, knowledge, and familiarity with the organisation's business through their induction, on-going participation at Board and committee meetings, attendance and participation at development events and through meetings with Governors.

There is an understanding that any Non-Executive Director, wishing to do so in the furtherance of their duties, may take independent professional advice through the Director of Corporate Affairs at the organisation's expense.

Our Non-Executive Directors offer a wide range of skills and experience and bring an independent perspective on issues of strategy, performance, and risk through their contribution at Board and committee meetings. The Board considers that, throughout the year, each Non-Executive Director has been independent in character and judgement and met the independence criteria set out within the NHSE Code of Governance. Non-Executive Directors have ensured they have sufficient time to carry out their duties. During the year, time has been spent with Governors to

help understand external views of the organisation and our strategies, and all Non-Executive Directors and the Chief Executive attend the Council of Governors meetings.

Several key decisions and matters are reserved for the Board's approval and are not delegated to management. Our Board delegates certain responsibilities to its committees, to assist it in carrying out its function of ensuring independent oversight. The Board of Directors has a formal schedule of matters reserved for its decisions and has in-date and relevant terms of reference for all Board committees. Monthly updates on our performance are discussed at the Board of Directors meetings. The Board delegates the management of overall performance to the Chief Executive who leads the setting of clear priorities so that the organisation is managed efficiently to the highest quality standards and in keeping with our values.

The Board committees report annually on their effectiveness and review their Terms of References and work plans to ensure alignment with the organisation's priorities and the Board work schedule.





















































Our engagement policy outlines the mechanisms by which the Council of Governors and Board of Directors communicate with each other to support engagement, ensure compliance with the regulatory framework, and specifically provide for any circumstances where the Council of Governors may raise concerns about the performance of the Board of Directors, compliance with the Trust's Provider Licence, or other matters related to the overall wellbeing of the organisation.

### **Counter fraud**

Our Board of Directors attaches significant importance to the issue of fraud and corruption. Reported concerns have been investigated by the local counter fraud specialists in liaison with NHS Counter Fraud Authority (NHSCFA). All investigations are reported to the Audit and Assurance Committee.

### **Functional Standard Summary:**

- Functional Standard 013: Counter Fraud ("the functional standard") was applied to the NHS for the first time from April 2021. It contains 12 components with 13 requirements (component 1 having 2 separate requirements). The table below shows how the Trust scored itself for each component as part of the 2022 Counter Fraud Functional Standard Return (CFFSR), and the projection for the 2023 CFFSR.

Functional Standard Requirement	2022 CFFSR	Last AC meeting	This AC meeting	Projected 2023 CFFSR
Component 1A: Accountable individual				
Component 1B: Accountable individual				
Component 2: Counter fraud, bribery and corruption strategy				
Component 3: Fraud, bribery and corruption risk assessment				
Component 4: Policy and response plan				
Component 5: Annual action plan				
Component 6: Outcome-based metrics				
Component 7: Reporting routes for staff, contractors and public				
Component 8: Report identified loss				
Component 9: Access to trained investigators				
Component 10: Undertake detection activity				
Component 11: Access to and completion of training				
Component 12: Policies and registers for gifts and hospitality and COI				

In respect of fraud risks and social media, our digital communications team issued awareness raising advice on this in their bulletin in November 2022. They will be shortly following up with further awareness in upcoming communication bulletins in respect of cyber security, phishing emails, and social media security. The Local Counter Fraud Service (LCFS) has delivered training sessions at the Trusts Finance Conference held in November 2022. This will continue in the new financial year and has been incorporated into the work plan for future events.

We continue to work to maintain an anti-fraud culture and we have in place a range of policies and procedures to minimise risk in this area. Colleagues have access to counter fraud awareness training which forms part of employee induction training, and several bulletins were issued during the year to highlight how colleagues should raise concerns and suspicions. In November 2022 we took part in Fraud Awareness Month and several alerts were issued to employees, for example, online fraud, telephone scams and a counter fraud staff survey. We also disseminate the counter fraud newsletter 'Fraudulent Times' which helps raise awareness of fraud cases and how to identify where and how fraud can occur. The Counter Fraud Service has issued a Mandate Fraud Prevention Resource Pack and this has been shared with all relevant staff.

## NHS Resolution

Our CNST premium reduced marginally in 2022/23 (£15.32m to £15.21m).

## Committees of the Board

All committees of the Board are chaired by a Non-Executive Director. In 2022/23 these committees included:

- The Audit and Assurance Committee, the principal purpose of which is to enhance confidence in the integrity of the Trust's processes and procedures relating to internal control and corporate reporting.
- The Quality Committee, which enables the Board to obtain assurance regarding standards of care and to ensure that adequate and appropriate clinical governance structures, processes and controls are in place.
- The Finance Committee, which oversees the development and implementation of our strategic financial plan and the management of the principal risks to achieving that plan.
- The People, Culture and Improvement Committee's principal purpose is to provide scrutiny and assurance of the development, delivery and impact of the Trust's workforce strategy and plan, together with providing assurance concerning organisational development activity undertaken to promote and embed an effective organisational culture.
- The Remuneration and Nomination Committee ensures the remuneration packages are sufficient to attract, retain and motivate Executives and senior officers (Directors) of the highest quality.

### Audit and Assurance Committee

The Audit and Assurance Committee was chaired by Non-Executive Director Graham Ward, who is a fellow of the Chartered Institute of Management Accountants and has extensive financial expertise. The Committee's Terms of Reference make it clear; membership exclusively comprises Non-Executive Directors, with executives and others considered being 'in attendance'. Attendance of Non-Executive members at meetings is detailed below:

Graham Ward	7/7
Barbara Brady	6/7
Steve Banks	6/7

In assessing the quality of our control environment, the Committee received reports during the year from the external auditors, KPMG, and the internal auditors, 360 Assurance, on the work they had undertaken in reviewing and auditing the control environment.

The Committee works with the Local Counter Fraud Service and Trust colleagues to actively promote, raise awareness, and encourage people to raise concerns about possible improprieties in matters of financial reporting and control, clinical quality, patient safety or other matters. The Local Counter Fraud Service has a standing invitation to all meetings, with relevant policies readily available on our intranet. The Audit and Assurance Committee routinely receives financial information, including cash and liquidity and the going concern status of the organisation, as well as operational information.

### Principal review areas

The five key duties of the Committee as set out in the terms of reference.

## 1. Governance and internal control

The Committee has reviewed relevant disclosure statements, in particular the Annual Governance Statement (AGS) together with the Head of Internal Audit Opinion, External Audit opinions (Financial and Quality Accounts) and other appropriate independent assurances and consider that the AGS is consistent with the Committee's view on the Trust's system of internal control.

The Committee has received update reports on Information Governance and members were noted that the Data Security Protection Toolkit compliance was rated as Not Met due to the annual Data Security Awareness standard training for staff not achieving the 95% target. The internal auditors provided their overall assessment on compliance with the toolkit as Moderate, this means no standards were rated as unsatisfactory or limited.

## 2. Internal audit

Through the year the Committee has worked effectively with internal audit to strengthen the Trust's internal control processes. The Committee has also in year:

- Reviewed and approved the internal audit operational plan and more detailed programme of work initially and then on an on-going basis, while ensuring the provision of the internal audit service continued to be sufficient in supporting the Committee in fulfilling its role
- Considered the major findings of internal audit and are assured that the Head of Internal Audit Opinion and AGS reflect any significant internal control issues
- Invited lead directors of any internal audit reports issued with Limited Assurance to attend Committee meetings, present the report, and provide assurance actions will be implemented within agreed timescales
- Worked with colleagues internally and externally to address deteriorating performance regarding the provision of evidence and the achievement of internal audit actions.
- Held regular review of outstanding audit actions, and are assured a robust progress monitoring process is in place

## 3. Counter Fraud Service

The Committee received regular progress reports on activity conducted as part of the agreed Counter Fraud Work Plan, including:

- Annual Report
- Updates on investigations
- Conflicts of Interest Policy and Declarations of Interest Register review
- Risk assessment in line with Counter Fraud Functional Standards

#### 4. External audit

The Committee reviewed and agreed external audit's annual plan, noting that the Trust's significant risks are: Valuation of Land & Buildings, Fraud risk – expenditure recognition, Management override of controls, IFRS 16 and Value for money risk – Financial sustainability. The Committee reviews and comments on reports prepared by external audit and welcomes their advice on areas of specific expertise.

#### 5. Management

The Committee has continually challenged the assurance process when appropriate and has requested and received assurance reports from Trust management and various other sources both internally and externally throughout the year. This process has also included calling managers to account when considered necessary to obtain relevant assurance.

#### **Standards of business conduct**

The Board of Directors recognises the importance of adopting the organisation's Standards of Business Conduct. These standards provide information, education, and resources to help colleagues make well-informed business decisions and to act on them with integrity.

#### **Internal audit (360 Assurance)**

The Audit Plan for 2022/23 was developed in line with the mandatory requirements of the Public Sector Internal Audit Standards. 360 Assurance, an external service, has worked with us to ensure the plan was aligned to the risk environment. In accordance with the internal audit work plan, full scope audits of the adequacy and effectiveness of the control framework in place are either complete or under way. All audits with Limited Assurance are reported directly to the Audit and Assurance Committee and the lead director is asked to present the findings and confirm agreement of the actions and timescales. Audits with Significant Assurance are reported directly to the most appropriate Board committee; however, our Audit and Assurance Committee receives a report stating which reports have been reported to other committees. Outstanding recommendations from internal audit are reported to our Audit and Assurance Committee. This ensures all recommendations are sustainably implemented within the organisation. Where owners of recommendations have not completed the actions by the implementation date they are invited to Audit and Assurance Committee to report on progress.

#### **External Audit Service**

We incurred £124,708 net of VAT in audit service fees in relation to the statutory audit of the accounts for the 12-month period to 31 March 2021 (£118k net of VAT for the period to 31 March 2022). Non-audit services amounted to £Nil net of VAT (£Nil net of VAT for the period to 31 March 2022) in respect of the Quality Report.



KMPG has not provided any non-audit services to the Trust during the year, and this is the first year of their appointment.

### **Remuneration and Nomination Committee**

As of 31 March 2022, and on-going, membership of the Remuneration and Nomination Committee comprises Graham Ward as Chair and Barbara Brady, and Steve Banks all Non-Executive Directors. The attendance of Non-Executive Directors is detailed within the Remuneration Report.

The primary role of the Committee is to recommend to the Board the remuneration strategy and framework, giving due regard to the financial health of the organisation and to ensure the executives are fairly rewarded for their individual contributions to the organisation's overall performance. The Remuneration Report is set out in its own section of this report.

### **Remuneration and Nomination Committee of the Council of Governors**

The Council of Governors' Remuneration and Nominations Committee comprises Claire Ward as Chair and representatives from the public, staff, and appointed Governor classes. The role of this Committee is to ensure appropriate procedures are in place for the nomination, selection, training, and evaluation of Non-Executive Directors and for succession plans. The Committee is also responsible for setting the remuneration of Non-Executive Directors, including the Chair. It considers Board structure, size, and composition, thereby keeping under review the balance of membership and the required blend of skills, knowledge, and experience of the Board.

## Compliance with the Code of Governance

The purpose of the Code of Governance is to assist the Board in improving governance practices by bringing together best practice in public and private sector corporate governance. The Code is issued as best practice advice, but also imposes some disclosure requirements.

The Board of Directors is committed to high standards of corporate governance. Throughout the year ending 31 March 2023, the Board considers that it was fully compliant with the NHS Foundation Trust Code of Governance with the following exceptions, where we have alternative arrangements in place.

In common with the health service and public sector, we are operating in a fast-changing and demanding external environment. We recognise the need to deliver significant increases in efficiency whilst maintaining high quality care at a time when budgets are tight, and demand is high. We will continue to build on the improvements made to date in responding to these challenges, working through our exceptional and dedicated members of #TeamSFH.

The roles and responsibilities of the Council of Governors are described in our Constitution, together with details of how any disagreements between the Board and Council of Governors would be resolved. The types of decisions taken by the Council of Governors and the Board, including those delegated to committees, are described in the approved Terms of Reference.

We have a detailed scheme of delegation which is regularly reviewed. This sets out, explicitly, those decisions reserved to the Board, those which may be determined by standing committees and those which are delegated to managers.

The Chair, the Chairs of all Board Committees and the Chief Executive are invited to attend all public meetings of the Council of Governors; other Executive Directors are invited to attend as appropriate to specific agenda items. Internal assurance visits (15 steps) for all Governors and Non-Executive Directors resumed during the year. These visits to clinical and non-clinical areas provide triangulation of assurance for the participants.

In an NHS Foundation Trust, the authority for appointing and dismissing the Chair rests with the Council of Governors. The appraisal of the Chair is therefore carried out for and on behalf of our Council of Governors by the senior independent director, supported by the lead Governor. Together they review the Chair's performance against agreed objectives and discuss any development needs before reporting the outcome of the appraisal to the Nomination and Remuneration Committee of the Council of Governors. This Committee in turn reports to the Council of Governors.

The directors of the Board are appraised by the Chief Executive who, in turn, is appraised by the Chair. The Council of Governors does not routinely consult external professional advisers to market test the remuneration levels of the Chair and other Non-Executive Directors. The recommendations made to the Council of Governors are based on independent advice and benchmarking as issued from time to time by national body NHS Providers.

## **NHS Oversight Framework**

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

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

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

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

### **Segmentation**

The latest information published on the NHS England's website (May 2023) places Sherwood Forest Hospitals Foundation Trust in segmentation 2, and at March 2023 the Nottinghamshire Integrated Care System in segmentation 2.

The segmentation information is the trusts position as at May 2023. Current segmentation information for NHS trusts and foundation trust is published on the NHS England website: <https://www.england.nhs.uk/publication/nhs-system-oversight-framework-segmentation/>.

### **Foundation Trust Licence**

There are no additional conditions on our Foundation Trust Licence.

## **Statement of the Chief Executive's responsibilities as the Accounting Officer of Sherwood Forest Hospitals 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 Sherwood Forest Hospitals 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 Sherwood Forest Hospitals 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 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
- 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 auditor 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 auditor's 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 dark ink, appearing to read 'P Robinson', is positioned above the printed name and title.

**Paul Robinson**  
**Chief Executive Officer**

**15<sup>th</sup> June 2023**

## Annual Governance Statement

### 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, while 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 on-going process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Sherwood Forest Hospitals 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 Sherwood Forest Hospitals NHS Foundation Trust for the year ended 31 March 2023 and up to the date of approval of the annual report and accounts.

### Regulation

The Care Quality Commission (CQC) undertook a full announced inspection of our Core Services during February 2020 including a well-led review and use of resources assessment; the final report was received in May 2020. We improved our overall rating of Good and King's Mill Hospital improved its rating to Outstanding

	Safe	Effective	Caring	Responsive	Well Led	Overall
King's Mill Hospital	Good	Good	Outstanding	Good	Outstanding	Outstanding
Newark	Good	Good	Good	Good	Good	Good
MCH	Good	Good	Outstanding	Good	Good	Good
Overall	Good	Good	Outstanding	Good	Good	Good

An extract from the Final CQC report states:

*Our rating of the trust stayed the same. We rated it as good because:*

*We rated safe, effective, responsive, and well-led as good and caring as outstanding for core services, the trusts well led was rated as good. We rated eight of the trust services as good and one, which was end of life care at Newark hospital as requires improvement overall. We rated well led for the trust as good overall.*

We are fully compliant with the registration requirements of the Care Quality Commission.

Kings Mill Hospitals Maternity Unit was inspected by the CQC in November 2022, part of its national programme of inspections for all Maternity units. This resulted in Kings Mill Hospital retaining its overall “Outstanding” rating for its services. Maternity was rated “Good” in the domain of Well led and “Requires Improvement” for Safe. A comprehensive action plan was put in place to address the areas identified for improvement.

In addition, a CQC direct monitoring activity of Sherwood Community Unit was undertaken in March 2023 and resulted in no areas of concern being identified

The Trust has regular engagement meetings, involving the Medical Director and Chief Nurse with the Trust CQC Relationship Manager and the regional CQC Inspection Manager. The meetings are held every six to eight weeks and include a discussion on a wide range of issues ranging from examples of good practice in addition to areas of concern.

To demonstrate on-going compliance the Trust undergoes inspections by the Care Quality Commission of all core service areas across the Trust providing further opportunity to ensure the Trust continues to meet the requirements of its registration.

### **Capacity to handle risk**

Our Board of Directors provides leadership on the overall governance agenda. On the Board’s behalf our Risk Committee has maintained and kept under review a policy for the management of risk. Our Board of Directors is supported by a range of Committees that scrutinise and review assurances on internal control; such Committees include the Audit and Assurance Committee, Finance Committee, Quality Committee and People, Culture and Improvement Committee. Our Risk Committee is an executive committee focussing on all high or significant risk exposures and oversees risk treatment to ensure: (a) the correct strategy is adopted for managing risk; (b) controls are present and effective; and (c) action plans are robust for those risks that remain intolerant. Our Risk Committee is chaired by our Chief Executive (CEO) and comprises the Executive Team and selected members of the Senior Leadership Team. Senior managers and specialist advisers routinely attend each meeting. We have kept under review and updated risk management policies during the year. The output of the Risk Committee’s work is reported to our Board and the CEO also ensures the Risk Committee works closely with front line divisional teams and all Committees of the Board to anticipate, triangulate and prioritise risk, working collectively to continuously balance and enhance risk treatment.

Training is provided to relevant colleagues on risk assessment, incident reporting and incident investigation. In addition, the Board has set out the minimum requirements for employee training required to control key risks as part of the requirements for essential training.

Incidents, complaints, claims, patient feedback and audit findings are routinely analysed to identify risks and single points of failure and learn from them. Lessons for learning are disseminated to colleagues using a variety of methods including customised briefings, bulletins, and personal feedback where necessary.

All significant risk exposures are reported to the Board of Directors and at each Risk Committee meeting. All new significant risks are escalated to the Chief Executive and the Executive Team and are subject to validation by the Risk Committee. The residual risk score determines the escalation of risk, and this is clearly established and embedded.

The Board of Directors regularly scans the horizon for emergent opportunities or threats and considers the nature and timing of the response required to ensure risk is always kept under prudent control.

### **The risk and control framework**

The risk management process is set out in six key steps as follows:

#### **1. Determine priorities**

The Board of Directors determines corporate objectives annually and these establish the priorities for Executive Directors and clinical services.

#### **2. Risk Identification**

Risk is identified in many ways. We identify risk proactively by assessing corporate objectives, work-related activities, analysing adverse event trends and outcomes, and anticipating external possibilities or scenarios that may require mitigation.

#### **3. Risk Assessment**

Risk assessment involves the analysis of individual risks, including any plausible risk aggregation (the combined effect of different risks) where relevant. The assessment evaluates the severity and likelihood of each risk and determines the priority based on the overall level of risk exposure.

#### **4. Risk Response (Risk Treatment)**

For each risk, controls are established, documented, and understood. Controls are implemented to *avoid risk*; *seek risk* (take opportunity); *modify risk*; *transfer risk* or *accept risk*. Gaps in control are subject to action plans which are implemented to reduce residual risk. The Board of Directors has considered its appetite for taking risk and expressed its appetite in the form of target risk ratings in the Board Assurance Framework.



## **5. Risk Reporting**

Significant risks are reported at formal meetings of the Board of Directors and Risk Committee. In addition, in the event of a significant risk arising, arrangements are in place to escalate a risk to the Chief Executive and the Executive Team. The level at which risk must be escalated is clearly set out in the Risk Management and Assurance Policy. The Audit and Assurance Committee and Board of Directors lead the acquisition and review of assurances, in line with the Board Assurance Framework, to keep risk under prudent control. The Board of Directors has in place an up-to-date and continually reviewed Board Assurance Framework.

## **6. Risk Review**

Those responsible for managing risk regularly review the output from the risk register to ensure it remains valid, reflects changes, and supports decision making. In addition, risk profiles for all Divisions remain subject to detailed scrutiny as part of a rolling programme by the Risk Committee. The purpose of the rolling programme of review is to track how the risk profile is changing over time; evaluate the progress of actions to treat risk; ensure controls are aligned to the risk; ensure risk is managed in accordance with the Board's appetite; check resources are reprioritised where necessary; and ensure risk is escalated appropriately.

Incident reporting and investigation is recognised as a vital component of risk and safety management and is critical to the success of a learning organisation. An electronic incident reporting system is operational throughout the organisation and is accessible to all colleagues. Incident reporting is promoted through induction and routine mandatory training programmes, regular communications, patient safety walk rounds or other visits and inspections that take place. In addition, arrangements are in place to raise any concerns at work confidentially and anonymously if necessary.

The most significant strategic risks facing us continue to be: (i) the maintenance of sufficient numbers of skilled employees to deliver our full range of clinical services; (ii) financial sustainability due to the requirement to increase activity while substantial cost pressures remain; and (iii) demand that overwhelms our capacity to deliver care effectively. These risks are inter-related and incorporated into the Board Assurance Framework (BAF). Should one or more of these risks materialise, or any other risk captured in the BAF, it may trigger a compound effect upon the safety/quality of care and/or financial sustainability. Our Board of Directors has focused throughout the year on delivering sustainable improvements in the quality and safety of clinical services, and strengthening our ability to meet demand, supported by refreshed recruitment and retention strategies and prudent financial management.

Standards of safety and care are perpetual risks, as are financial sustainability, working closely with local health and care partners and the potential for major disruptive incidents. Capacity and demand for care, and workforce capacity are expected to remain for the foreseeable future, and strategic partnerships will further develop over the coming months and years.

A breakdown of the risks addressed in the BAF, and how those risks are being mitigated, is captured in table 1 below.

**Table 1: Clinical, Operational and Financial Sustainability Risks**

Potential Risk	How the risk might arise	How the risk is being mitigated	How are the outcomes assessed
<b>Significant deterioration in standards of safety and care.</b>	This may arise if safety-critical controls are not complied with, there are shortfalls in staffing to meet patient need, demand exceeds capacity for a prolonged period, or there is a loss of organisational focus on safety and quality in the governance of Sherwood Forest Hospitals.	Maintaining a strong emphasis and focus on safety, clinical outcomes and patient experience as part of the Trust's governance and performance management framework; striving for excellence and challenging unsatisfactory performance regarding organisational control; delivering training, complying with safety-critical organisation policies and procedures, and learning from adverse events are ways we are currently mitigating this risk.	Progress and outcomes are monitored through the Quality Committee, supported by the Patient Safety Committee and other sub-groups. This includes safety and quality indicators, incident investigations and key performance indicators.
<b>Demand that overwhelms capacity.</b>	This risk may arise if growth in demand for care exceeds planning assumptions and capacity in secondary care; primary care is unable to provide the service required or there is a significant failure of a neighbouring acute provider. The risk may also arise if there are unexpected surges in demand, such as those created by pandemic disease.	Managing patient flow, developing and maintaining effective working relationships with primary and social care teams, working collaboratively across the wider health system to reduce avoidable admissions to hospital are some of the risk treatment strategies that will feature in how we mitigate this risk going forward.	Progress and outcomes are monitored through the Quality Committee, supported by the Patient Safety Committee. This includes safety and quality indicators, incident investigations and key performance indicators.
<b>A critical shortage of workforce capacity and capability.</b>	Due to the number of clinical staff eligible for retirement, the availability of newly qualified practitioners, and increasing competition for the clinical workforce, we anticipate the staffing challenges to be significant.	The People, Culture and Improvement Strategy is specifically designed to help mitigate this risk. By focussing on attracting and retaining high calibre practitioners, building and sustaining high-performing teams, by engaging and developing clinical teams, and adapting to meet the needs of a changing workforce, we aim to make Sherwood Forest Hospitals the employer of choice.	Progress and outcomes are monitored through the People, Culture and Improvement Committee, supported by the People and Inclusion Cabinet. This includes vacancy levels, training and development progress.
<b>Failure to achieve the Trust's financial strategy.</b>	The delivery of high-quality care helps to mitigate financial risk by reducing avoidable expenditure, minimising	A local and system-wide Financial Improvement Plan is specifically designed to address the financial challenge and deliver	Frequent assessment of performance and forecast trajectories is monitored through the Finance Committee.

	harmful care that extends length of stay or requires additional treatment. This risk may arise if the trust is not able to secure sufficient funds to meet planned expenditure, maintain or replace vital assets, and/or is not able to reduce expenditure in line with system-wide control totals.	financial outturn in accordance with agreed control totals, gradually progressing towards break-even (no surplus or deficit at the year-end). To safeguard quality, proposals to reduce expenditure are subject to Quality Impact Assessment – overseen by the Medical Director and Chief Nurse.	
<b>Inability to initiate and implement evidence-based improvement and innovation.</b>	This risk may arise if there is a lack of support, capability and agility to optimise strategic and operational opportunities to improve patient care.	Maintaining a strong emphasis and focus on safety, clinical outcomes and patient experience as part of the Trust's improvement agenda; striving for excellence and challenging unsatisfactory performance regarding organisational development; delivering training, complying with safety-critical organisation policies and procedures, and learning from adverse events are ways we are currently mitigating this risk.	In addition to the Trust's Improvement Strategy, frequent correspondence and discussions with our partners and commissioners to ensure focus is maintained on quality and systems improvement, whilst maintaining compliance with regulatory requirements.
<b>Working more closely with local health and care partners does not fully deliver the required benefits.</b>	This risk, which is currently being mitigated, may arise where strategic partners are unable to balance competing demands and/or work collaboratively across the whole health and social care system.	Active participation and engagement with all ICS and ICP stakeholders to ensure effective planning, implementation and governance at a system level.  We Continue to play a leading role in the Integrated Care System.	Frequent review of progress through ICS and Place Based Partnership engagement to monitor the effectiveness of system planning and project implementation.
<b>A major disruptive event.</b>	This risk, which is currently being mitigated, may arise where there is an expected or unexpected event which could lead to rapid operational instability and put safety and quality at risk. Such events include fire, cyber security and prolonged loss of utility (water, gas, electricity supplies).	This risk is mitigated through planned preventative maintenance, proactive inspection, regular testing of business continuity arrangements and horizon scanning.	This is monitored through the Risk Committee, supported by various sub-groups. Includes reporting of emerging risks and events to ensure effective management and mitigation.
<b>Failure to deliver sustainable reductions in the Trust's impact on climate change.</b>	This risk may arise if the Trust's vision to further embed sustainability, through actions outlined in our Green Plan, are not achieved.	This risk is mitigated through management of the action plan, engagement and awareness campaigns (internal/external stakeholders) and Environmental Sustainability Impact Assessments built into project implementation processes.	This is monitored through the Risk Committee, supported by various sub-groups. It includes reporting of progress and emerging risks to ensure effective management.

It is not envisaged these risks will change over the coming year. The Internal Audit Plan and Counter Fraud Plan are approved by Board members and are aligned, where appropriate, with the principal risks in the BAF. The Audit and Assurance Committee uses the reports of management and internal audit to provide assurance to the Board as to the effectiveness of the BAF as a component of the internal control framework.

### **Clinical Audit 2022/23**

During 2022/23 we continued to focus on re-engaging colleagues with the clinical audit agenda and strengthening the focus and visibility of patient/service outcomes and learning. We have also continued to consolidate the link between Clinical Audit and Improvement by ensuring that we utilise audit findings and using quality improvement (QI) tools and methodologies, make tangible improvements across the organisation. This has been done through a combination of training and coaching.

Legacy challenges posed by the pandemic has made this a difficult year to fully engage with clinical colleagues around this agenda, and to connect audit activities through to positive patient outcomes and learning. In spite of this however, there have been several improvements taken forward:

- A return to full capacity of the team has been achieved via recruitment.
- The QI and Audit team are supporting wards involved in Pathway to Excellence to engage with clinical audit and improvement to help them achieve ward accreditation as an Exemplar Ward, as well as providing QI training.
- We have reviewed the 6-monthly cycle of data collection for trust wide audits. This was initially introduced in direct response to clinical feedback that monthly data collection was not suitable for all areas (where there may not be eligible patients, which would result in that area failing the audit). A separate paper has been prepared for us to highlight the performance in relation to the trust wide audits. This will be shared with the audit owners and the wider divisions following sign-off.
- We have continued to work closely with the trusts new Maternity Audit midwife to facilitate improvement activity on the back of actions devised, following the completion of Audits. This has proved beneficial, and we are looking to replicate this approach across other trust specialties.
- New governance arrangements via the Advancing Quality Programme. This should provide an opportunity to strengthen the clinical effectiveness agenda and assurance process.

- We have started to attend monthly specialty Clinical audit meetings and divisional governance meetings. This has allowed us to be part of the discussions around audits being presented. The feedback received has been positive.

### **National clinical audits 2022/23**

During 2022/23, Sherwood Forest Hospitals NHS Foundation Trust participated in 55 national clinical audits and 5 National Confidential Enquiries into Patient Outcomes and Death (NCEPOD).

Total Number of audits in the 2022/23 plan = 363

Number of local / other audits = 293

Number of national audits, including NCEPOD = 60

Number of audits fully completed = 135

Some of the key learning from National Audits during 2022/23 is as follows:

**British Thoracic Society National Smoking Cessation Audit 2021.** The results of the audit show that SFHT have achieved a rate of 92.0% of patient notes documenting their smoking status in comparison to a national rate of 78.6%. In addition, 55.0% of current smokers being offered nicotine products to help them abstain, compared to a rate of 32.4% nationally. These results suggest that the Trust are performing better than the national average at giving patients brief advice and starting pharmacological treatment to help them quit smoking.

**National Hip Fracture Database.** The results of the report published on the 1<sup>st</sup> February 2023 showed that 94.6% of patients seen at King's Mill Hospital received a crude perioperative medical assessment within 72 hours which is above the national aggregate of 89%. The results also showed that the risk-adjusted 30-day mortality rate was also above the national average.

**National Emergency Laparotomy Audit.** The most recent report regarding Emergency Laparotomies carried out at the trust show that the crude proportion of cases with pre-operative documentation of risk of death sits at 92.3% which is higher than the national average and standard of 85%. The results also show that the risk adjusted 30-day mortality rate was found to be 2% compared to 6.7% in the previous round of the audit. The trust is also performing better than the national average of 8.7%.

**National Neonatal Audit Programme.** Our results show that for mothers who deliver babies below 30 weeks gestation, who should therefore be given Magnesium Sulphate in the 24 hours prior to delivery; our performance has increased from 58.8% in 2018 to 67.7% in the most recent report. We have also demonstrated an improvement incidence of babies of very low birthweight or <32 weeks gestation who are receiving appropriate screening for retinopathy of prematurity, rising from 93.9% in 2018 to 100% in the November 2022 report. This is also higher than the national average against this standard of 95.1%

**National Maternity and Perinatal Audit - Ethnic and Socio-economic Inequalities in NHS Maternity and Perinatal Care for Women and their Babies 2021/22.** The results of the audit

demonstrate differences in outcomes of maternity and perinatal care among women and birthing people, and their babies, via comparisons between those living in the most deprived and the least deprived areas in Great Britain, and in those from ethnic minority groups versus white ethnic groups. This is mirrored in the results at SFHT, with the majority of patients being from deprived areas. All recommendations and resulting actions are already being reviewed and implemented by the Trust and there are several actions in place across the Trust to address health inequalities and to try and improve the level of service provided.

**National Joint Registry.** The results from the registry show that our risk-adjusted 5-year revision ratios (for hips excluding tumours and fractured neck of femur) has fallen from 0.67% in 2018 to 0.5% in 2022. This continues a pattern of improvement as this figure sat at 1.1% prior to 2018 and has performance labelled as 'better than expected' compared to other trusts performing the same procedures. This also applies to the risk-adjusted 5-year revision ratios (for knees excluding tumours) which has seen a fall from 1.2% in 2018 to 0.73 for 2022.

**Looking forward to 2023/24 we aim to:**

- Strengthen both the assurance and visibility of clinical audit within the organisation via the Improvement in Clinical Audit Group, Advancing Quality Programme and by learning from, and sharing activities on, key Trust-wide themes. This has started via the 'Antimicrobial Stewardship QI group' which has brought together different teams working in silos, into one cohesive project team.
- Further connect audit to the continuous improvement and learning cycle; this will focus on process outcomes by being more directly involved as a team at Divisional Governance level, in order to influence more locally and to pull forward learning and good practice across the organisation.
- To further align Clinical Audit and Improvement with key organisational strategies. The vision for Continuous Improvement at SFH is driven by the People, Culture and Improvement Strategy, and through its 'Improvement Foundations'. It is also a key enabler to achieving both clinical effectiveness and efficiency, and outcomes defined within the Quality Strategy. This will be further strengthened by the creation of the Improvement Faculty at Sherwood Forest.

**Workforce**

Our People Strategy for 2022-2025 and supporting Strategic People Plan 2022-2027 are linked to the national NHS People Plan and associated People Promise. Both the People Strategy and Strategic People Plan were introduced in Spring/Summer 2022 and are underpinned by an annual implementation plan, with progress regularly reported to our Board and associated Committees. A key part of the implementation plan has been to respond the challenges faced during the global pandemic of Covid-19 and the recovery of our workforce to 'business as usual' over the course of 22/23.

Despite the unprecedented challenges and significantly increased demand for our services over the last few years, we are proud to say that 72% of our colleagues voted Sherwood as a great place to work (ranking 1st in Midlands and 3rd in country)

We plan to use this message as a positive recruitment tactic to support workforce growth and our People Strategy ambitions of 'Growing for the future' and 'New ways of working and delivering care' – our Strategic People Plan is also aligned to the Integrated Care Board (ICB) People and Culture Strategy.

Our Strategic People Plan is supported by HR and Finance teams to ensure workforce capacity is both affordable and sufficient to deliver on projected activity levels, in the short, medium and longer term. This bottom-up approach to ensuring we have safe and adequate staffing levels is supported by our executive-led People Cabinet.

Regular, staffing establishment reviews are also carried out and we have invested in E-Rostering, E-Job Planning and Clinical Activity Manager system. These all help better align our staffing to our activity and acuity levels.

Following our shift in focus; from recovery and restoration in 21/22, our People Strategy and Strategic People Plans were updated in 22/23 to focus on growth, development and improvement.

Our People Strategy vision is: Empowering and supporting our people to be the best they can be

People Strategy delivery pillars have been established as below, and these deliberately anchor back to the NHS People Plan.

People Strategy – Our delivery pillars:

1. Looking after our people
2. Belonging in the NHS
3. Growing for the future
4. New ways of working and delivering care

Strategic People Plan:

1. Growth and supply
2. Career Development
3. Workforce efficiency
4. Health and wellbeing

Here are some key updates following delivery of Year 1 of the People Strategy (2022/2023):

#### **Looking after our People**

- Over the past 12 months the Board has prioritised supporting staff with their health and wellbeing. Our teams have delivered 48 Wellbeing sessions on a variety of wellbeing topics such as menopause and financial wellbeing (webinars, e-learning packages, face to face sessions and bespoke training)

- Since March 2022 we have trained 61 Wellbeing champions. We now have 92 champions across our Trust
- Implemented Schwartz Rounds.
- Supported the Strike Management Team throughout strike action at Sherwood, ensuring colleagues wellbeing is a priority whilst allowing our colleagues to have a voice should they wish to take part in Industrial Action.

### **Belonging in the NHS**

- Awarded the Carer Friendly Quality Mark by Nottinghamshire Carers Association in recognition of the Carers Passport and Carers champions initiative.
- Delivered key Equality, Diversity and Inclusion initiatives such as: Pride 2022, #OneWorldOneTeamSFH flags and REACH OUT! Celebration Day.
- Relunched our Staff Networks – At the time of our relaunch in Aug 2022 the Trust has 160 members over 4 networks. In 22/23 the Trust launched a Women in Sherwood Staff Network taking our total networks to 5. 220 colleagues are now members of our 5 staff networks
- Delivery of the Festive Thank You (>3,000 free drinks and mince pies served to colleagues)

### **Growing for the future**

- Our People Development Team supported 2,938 members of staff with face to face or online learning sessions.
- We led the Step into the NHS careers fair in collaboration with our partners West Nottinghamshire College and Nottingham Trent University (>650 attendees).
- The Apprenticeship Levy continues to be an effective tool in supporting workforce transformation across our organisation and the wider ICS. In 2022/23 we gained commitment from the Trust to create 20 new apprenticeships in 23/24, we also ranked 39<sup>th</sup> in National Apprenticeship Top Employers Award.
- International recruitment of both doctors and nurses continues to be a key part of our People Strategy and Strategic People Plan.

### **New ways of working and delivering care**

- Launched Year 1 of the 3-Year Strategic People Plan.
- Supported workforce planning for transformational projects: Transformation Initiative Funding (Newark Theatres) and Mansfield Community Diagnostic Centre (CDC).
- Continued to lead in key system meetings, representing Sherwood in groups such as the ICS People Collaborative and the ICS Organisational Development and Improvement Community of Practice.

### **Assurance of legal obligations:**

Assurance is provided regarding the Trust's Equality, Diversity and Inclusion (EDI) agenda at People, Culture and Improvement Committee, ensuring legislation is complied with.



The Trust ensures staff entitled to membership of NHS Pension Scheme are offered the scheme and measures are in place to ensure Scheme regulations are complied with regarding relevant deductions and contributions. The Trust also ensures that in accordance with Scheme rules records are accurately kept and updated in accordance with Regulation timescales.

NHS England's Workforce Safeguards (2018) were adopted in 21/.22 and continue to be reported to the People, Culture and Improvement Committee. These standards ensure our staffing governance processes are informed, safe and sustainable, these includes:

- Embedding the National Quality Board standards
- Ensuring safe staffing processes include evidence-based tools, professional judgement and outcomes
- Receiving assurance from the Chief Nurse and the Medical Director that they are satisfied with the outcome of any assessment that staffing is safe, effective and sustainable

#### **Update on risks:**

Key risks concerning workforce capacity and capability are contained in the Board Assurance Framework and were regularly reviewed by the People, Culture and Improvement Committee during 2022/23. They will continue to be reported in 2023/24. New roles are being developed to support our medium-term and longer-term workforce requirements, which will be linked to the Strategic People Plan, supporting key Transformation Investment Funding (TIF) programmes such as Transformation Initiative Funding (Newark Theatres) and Mansfield Community Diagnostics Centre (CDC).

A new process was implemented in 2022/23 to provide additional governance around operational risks for the People Directorate, regular updates are provided by People leads and any high risks will be identified on the annual People Department Risk Report at People, Culture and Improvement Committee.

#### **People priorities for 2023-2025**

We will continue to ensure our People Strategy and Strategic People Plan are effective, updated annually and signed off by the Board of Directors. The below priorities are highlighted within our People Strategy.

#### **Looking after our people**

The safety and health of our people is paramount. If we don't look after ourselves, and each other, we cannot deliver safe, high-quality care.

We will support our people's health and wellbeing needs, ensuring our people are physiologically safe. We will provide the practical and emotional support they need to do their jobs. Our wellbeing offer will support our people to stay well and in work.

We will provide governance on these actions through our People Wellbeing and Belonging Sub-Cabinet.

### **Belonging in the NHS**

We will continue to embed a culture of kindness, civility and respect at SFH. We aim to support and celebrate diversity in all its forms, creating a sense of belonging and inclusivity. There is no place for discrimination, violence and bullying at SFH and we will take deliberate action to reduce our people's experience of this.

We will focus on inclusive recruitment and promotion practices and leadership diversity. We will provide information to support productive conversations around equality, diversity and inclusion for all our people.

We will build confidence in speaking up and recruit members to grow our staff networks and provide more opportunities for our people to have a voice.

We will provide governance on these actions through our People Wellbeing and Belonging Sub-Cabinet.

### **Growing for the future**

We will build on the renewed interest in NHS careers to expand and develop our workforce.

We will **empower** our people to be the best they can be, retaining talent through recognition, development and by creating more flexible, varied roles. We will utilise HEE to address the most pressing workforce shortages and work innovatively to be the employer of choice in the local area. We will develop our workforce through increased applications to education and an apprenticeship growth plan.

We will continue to recruit locally and internationally to support the Trusts' workforce needs. Our plans will shape a better future for our people, ensuring the best patient care is provided.

We will provide governance on these actions through our People Resourcing and Development Sub-Cabinet.

### **New ways of working and delivering care**

We will invest in our people, making the best use of their skills and upskilling where possible to provide high quality patient care.

We will support and **empower** our people to work flexibly and in different ways, actively designing multi-professional teams and focussing on recruitment needs through Trust-wide strategic workforce plans.

We will be leaders in transformation, innovation and partnership working to create efficiencies within Sherwood and the Nottinghamshire system.

We will provide governance on these actions through our People Transformation sub-cabinet.

## **Compliance with NHS Foundation Trust Condition 4 (Foundation Trust governance)**

The annual self-certification provides assurance that NHS providers are compliant with the conditions of their NHS provider licence. Compliance with the licence is routinely monitored through the Single Oversight Framework, on an annual basis. The licence requires providers to self-certify they have:

- a) Complied with governance arrangement (condition FT4)

Our self-certification was approved by the Board in May 2022. The self-certification process requires a response to the following five questions:

1. The Board is satisfied that the Licensee applies those principles, systems and standards of good corporate governance which reasonably would be regarded as appropriate for a supplier of health care services to the NHS.
2. The Board has regard to such guidance on good corporate governance as may be issued by NHS England from time to time .
3. The Board is satisfied that the Licensee has established and implements:
  - (a) Effective board and committee structures
  - (b) Clear responsibilities for its Board, for committees reporting to the Board and for staff reporting to the Board and those committees
  - (c) Clear reporting lines and accountabilities throughout its organisation.
4. The Board is satisfied that the Licensee has established and effectively implements systems and/or processes:
  - a. To ensure compliance with the Licensee's duty to operate efficiently, economically, and effectively
  - b. For timely and effective scrutiny and oversight by the Board of the Licensee's operations
  - c. To ensure compliance with health care standards binding on the Licensee including but not restricted to standards specified by the Secretary of State, the Care Quality Commission, the NHS Commissioning Board, and statutory regulators of health care professions
  - d. For effective financial decision-making, management, and control (including but not restricted to appropriate systems and/or processes to ensure the Licensee's ability to continue as a going concern)
  - e. To obtain and disseminate accurate, comprehensive, timely and up to date information for Board and Committee decision-making
  - f. To identify and manage (including but not restricted to manage through forward plans) material risks to compliance with the Conditions of its Licence
  - g. To generate and monitor delivery of business plans (including any changes to such plans) and to receive internal and where appropriate external assurance on such plans and their delivery

- h. To ensure compliance with all applicable legal requirements
5. The Board is satisfied that there are systems and /or processes referred to in paragraph 4 (above) that should include but not be restricted to systems and processes to ensure:
- a. That there is sufficient capability at Board level to provide effective organisational leadership on the quality of care provided
  - b. That the Board's planning and decision-making processes take timely and appropriate account of quality-of-care considerations
  - c. The collection of accurate, comprehensive, timely and up to date information on quality of care
  - d. That the Board receives and takes into account accurate, comprehensive, timely and up to date information on quality of care
  - e. That the Licensee, including its Board, actively engages on quality of care with patients, staff and other relevant stakeholders
  - f. That there is clear accountability for quality of care throughout the Licensee including but not restricted to systems and/or processes for escalating and resolving quality issues including escalating them to the Board where appropriate.
6. The Board is satisfied that there are systems to ensure that the Licensee has in place personnel on the Board, reporting to the Board and within the rest of the organisation who are sufficient in number and appropriately qualified to ensure compliance with the conditions of its NHS provider licence.

The Board considered the risks to each element of the self-certification and confirmed evidence of compliance with condition 4; the key elements are noted below.

Our governance committee structure has provided our Board of Directors with assurance during the year regarding quality, including compliance with the CQC standards and finance, particularly regarding specific issues raised by NHS Improvement in terms of loans and working capital facility.

During the year, our Board has received assurance regarding the performance through the Single Oversight Framework Integrated Performance Report and supporting exception reports for indicators rated as red on the performance dashboard, bringing together performance metrics and information relating to workforce, quality priorities, staffing and finance.

Reports to Board from the Board committees provide further assurance to the Board on the effectiveness of risk management and internal control, including the reporting of incidents through either Quality Committee for clinical incidents and Audit and Assurance Committee for Information Governance incidents. Reports from internal and external audit are reported to Board through the committee structure with any escalations being highlighted in the committee chair's report to Board.

During 2022/2023 SFHFT were registered to provide healthcare on the following hospital sites – King’s Mill Hospital, Newark Hospital, Mansfield Community Hospital, Sherwood Community Unit and Ashfield Health Village.

SFHT has continued its support for multiple COVID-19 vaccination centres included within its registration: Ashfield Health Village, Hayden Road, Mansfield Vaccination Centre, Ollerton Health Centre, Rainworth Health Centre, Newark Health Centre, Balderton and Victoria Health Centre.

The Chief Executive, Medical Director, Chief Nurse, and the Deputy Director of Governance and Quality Improvement facilitate a regular engagement meeting every six weeks with our CQC Relationship Manager and the Lead Inspector. This meeting provides an opportunity for us to demonstrate on-going improvements in care but also an opportunity for CQC colleagues to gain assurance that timely and appropriate actions are in place to address issues raised through incident reporting, complaints, and patient experience feedback. Since July 2017 CQC colleagues have visited a specialty area during the engagement meeting to enable them to meet SFH colleagues and further understand about the care we provide to our patients. These visits have been received very positively by both parties and have provided additional assurance that we understand where we provide excellent care and where there is further work to do.

We are fully compliant with the registration requirements of the Care Quality Commission.

We have published on our website an up-to-date register of interests, including gifts and hospitality, for decision-making colleagues (band 7 and above) within the past 12 months, as required by the Managing Conflicts of Interest in the NHS guidance.

As an employer with employees 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 foundation trust has undertaken risk assessments and has plans in place which take account of the Delivering a Net Zero Health Service report under the Greener NHS programme. We ensure our obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

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

Our Board of Directors performs an integral role in maintaining the system of internal control, supported by the Board Committees and internal and external audit.

The internal audit plan is agreed by the Audit and Assurance Committee and is focused on key risk areas, identified through our Board Assurance Framework and via escalation processes from

other board committees. Follow up audits are also included in the plan to ensure that actions are implemented, and improvements sustained.

The Board receives regular updates and assurance on the economic, efficient and effective use of resources, including:

Finance Committee - the Finance Committee receives detailed financial operating and outturn information, including historical and forecast pay and non-pay spending analysis, monitoring of the underlying financial position and assurance about financial control. A regular update on the financial position of the ICS is presented to the Finance Committee.

Risk Committee - this Committee receives assurance regarding the risks on the Board Assurance Framework, with divisional risks reviewed on a cyclical basis. The risks reviewed include those relating to workforce recruitment and retention, organisational sustainability and financial performance.

Trust Board - the Board receives assurance from its committees mentioned above. The main element of performance reporting is the Single Oversight Framework (SOF) which provides the Trust Board with key operational performance indicators on a monthly basis. For each of these indicator's standards and thresholds are agreed up front to help drive when indicators are flagged for specific follow up. The SOF highlights performance in different domains in line with the Trust's strategy and draws out key areas for improvement within each domain.

Transformation and Efficiency Cabinet - the Cabinet leads on the delivery of longer-term strategic change on behalf of the Trust Board with a nominated executive lead supporting the programme leads. The cabinet meets monthly to review progress to deliver transformational change that will improve services for the local population and deliver financial efficiencies.

Incident Control Team (ICT) - since the onset of the pandemic the Trust has had in place an Incident Control Team, chaired by the Trust's Accountable Emergency Officer (the Chief Operating Officer). The group meets weekly (or more regularly as required by the pandemic) and decisions made are ratified in the following Executive meeting.

People and Inclusion Cabinet - the People and Inclusion Cabinet provides scrutiny and assurance of the development, delivery and impact of the Trusts People and Inclusion strategy and plan. This includes the review of associated BAF risks, to provide assurance that those risks are being effectively mitigated or managed in a controlled way, and to provide assurance that suitable structures, systems and processes are in place and functioning to support colleagues to deliver high-quality patient care.

PFI contract management is overseen by a contract management team, who ensure the outputs in the PFI specifications are met. Due to the contribution of the scheme to the wider underlying deficit the Trust has engaged with PFI specialists to review the nature of the contract. A monthly report is taken to Trust Board to update on PFI-related issues.

In response to the Covid-19 pandemic an interim financial framework was introduced across the NHS for the financial year 2020/21 and the first half (H1) of 2021/22. These ceased in the period October 2021 to March 2022 (H2) where control totals were agreed with organisations, with the intention of still ensuring break even across the NHS. At this time core activity was funded through block arrangements and a partial return to activity-based funding.

Throughout the financial year 2022/23, income and expenditure has been received on an actuals basis and changes to run rate are reviewed and explained as part of the monthly reporting process.

We have ended the year with a deficit of £3.89m after adjusting for asset impairments and other non-control total items. This value is aligned with the forecast outturn agreed between the Nottinghamshire ICS and NHSE for the financial year 2022/23. Details relating to this position are included elsewhere in this report. Although the financial outturn is consistent with the agreed position we remain in a financially challenged position with a significant underlying deficit.

The Trust incurred costs during the year in relation to our response to Covid and the Vaccination programme. Covid related expenditure is only incurred following approval (except for some pay costs for covering Covid-related absences, which are reviewed through month-end processes). All non-Covid costs are reviewed monthly against the financial plan and forecast, with a variance analysis completed on any significant movements. In addition, the Trust continues to report an underlying financial position the Finance Committee on a monthly basis.

During 2022/23 the Trust has accessed additional interim revenue support of £15.45m and, capital of £31.74m which was agreed with NHSE and drawn down in the form of Public Dividend Capital. Our forecast cash position remains challenged due to timing of cash receipts and the significant efficiency programme built in to the 2023/24 plan, which is weighted for cash delivery saving in q3 and q4. As a consequence the Trust is forecasting the need for revenue support in 2023/24. The cash forecast is monitored and reported to the Finance Committee and Board.

The Trust continues to work on its planned reduction in agency expenditure but incurred costs of £18.15m in 2022/23 against an agency ceiling of £14.7m. There is a target reduction for 2023/24 with a planned spend of £13.11m. The use of bank employees has been particularly important in the past year and the Trust has continued to grow this resource

The Transformation Team is responsible for supporting the Trust to deliver the overall Financial Improvement Programme (FIP). Identification of FIP schemes is led by the Divisional Triumvirates supported by the Transformation Team. The Trust uses benchmarking information from the Model Hospital and other sources including the Trusts Patient Level Information and Costing System (PLICS) to help to identify opportunities. For 2022/23 the Trust has reported efficiency savings of £11.73m. Development of the FIP plan for 2023/24 has started with a planned FIP of £27.48m.

2022/23 saw the establishment of the Nottinghamshire ICB and a legal requirement for partners to work collaboratively, which includes system level allocations and shared accountability for delivery of financial sustainability.

The Nottinghamshire ICS has strengthened governance arrangements over the past year, which has supported closer system working and encouraged a greater level of transparency and consistency between organisations. The ICS Transformation Cabinet and ICS Finance Committee facilitate the sustainable recovery and transformation of services.

The underlying deficit indicate that there is uncertainty which may cast doubt about the Trust's ability to continue as a Going Concern, however, the assurance provided by the immediate continuing provision of healthcare services and improved access to funding through changes in the NHS financing regime significantly mitigates this and under the existing guidance as issued by the Financial Reporting Council, Practice Note 10, the accounts have been prepared on a going concern basis.

The Board of Directors has taken steps to ensure that this remains the case for the next 12 months.

A detailed going concern paper was reviewed and approved by the Audit and Assurance Committee in support of this assessment and is subject to an external audit review as part of the annual accounts process.

### **Information Governance**

Information Governance (IG) is the responsibility of both the Director of Corporate Affairs, who is also our Senior Information Risk Owner (SIRO) and the Medical Director who is our Caldicott Guardian. The SIRO is supported by a network of information asset owners, who ensure the integrity of, and monitor access to, the systems for which they are responsible. The Director of Corporate Affairs as SIRO and the Caldicott Guardian share the chair of the IG Committee. A working group also operates as part of the IG governance structure. The reporting and management of risks relating to data and security are safeguarded by ensuring all our employees are reminded of their data security responsibilities through education, at induction and through mandatory training requirements. More than 4,000 colleagues received mandatory IG training in 2022/23, and regular reminders are shared via internal communications. Near misses and lessons learned are used to inform the training programme, ensuring the programme remains dynamic and reflects current and meaningful issues to facilitate greater employee engagement and ownership of IG processes.

Work continues to raise the profile of IG using a variety of mediums to ensure incidents and lessons learned are brought to the attention of all employees.

Reports are shared at appropriate divisional and corporate meetings and colleagues are notified about updates to policies and guidelines via the Trust Bulletin as soon as they are published on the intranet.



## **Risk Management and Assurance**

As part of ensuring continued compliance with the IG agenda, we review the Terms of Reference for the IG Committee on an annual basis. The group has a strategic focus to ensure effective policies, processes and management arrangements are in place covering all aspects of information governance, including:

- Information security
- Data quality
- Digital continuity
- Records management
- Information disclosure
- Information sharing
- Legal and regulatory compliance.

This strategically focused group meets on a bi-monthly basis and is supported by the IG Working Group, which reviews Data Impact Assessments, as part of the wider stakeholder engagement. This is to assess the level of risk and consider both the likelihood and the severity of any impact on individuals' rights and freedoms. The group also reviews national guidance to inform both strategy and policy development together with implementation plans and processes.

The IG Committee monitors the completion of the Data Security and Protection Toolkit (DSPT) submission, data flow mapping, and information asset registers. We submitted a DSPT for approaching standards.

The SIRO and Caldicott Guardian received formal training on their statutory responsibilities during 2022/23 to refresh skills and awareness of legislative changes.

## **Data Flow Mapping**

Data from and to SFH is mapped and reviewed on an annual basis. The data flow mapping template has been updated in line with GDPR legal basis Article 6 and Article 9, which now includes categories of data subject / personal data, categories of recipients, information transferred overseas, whether data is retained or disposed of in line with policies, if not why, and whether there is a data sharing agreement in place.

The SIRO is responsible for the development and implementation of the organisation's Information Risk agenda. During 2022/23 we have undertaken an annual review of information flow mapping to ensure we are assured information flows into and out of the organisation are identified, risk assessed and addressed. This is then expanded to ensure we have assurance all information is stored securely and appropriately and any partners in delivery of either shared care or information storage achieve the same high levels of information governance assurance.

### **Serious Incidents Requiring Investigation (SIRI)**

As part of the Annual Governance Statement, we are required to report on any Serious Incidents (SIRIs) or Cyber Incidents which are notified on the DSPT reported through to either the Information Commissioners Office (ICO) or NHS Digital.

There have been six incidents reported to the ICO. We have had no further action from the regulators after investigation. Incidents varied from lack of capacity for medical records storage to individuals accessing information inappropriately.

### **Information Sharing**

The IG department is actively involved in developing meaningful partnership working with neighbouring healthcare providers. The intention being to ensure the sharing of patient data is protected in line with national guidance in a seamless, robust, and effective way across partner organisations.

### **Freedom of Information (FOI)**

During 2022/23 the Trust processed a total of 718 FOI requests. This function is managed by the Information Governance Team and the activity is demonstrated in the table below.

<b>Total</b>	<b>Breached timeframe of 20 days</b>	<b>Escalated to ICO</b>
728	205	0

The breaches in the 20-working day statutory response timeframe are due to complex requests that require input from multiple teams. The Impact of the ongoing Covid-19 pandemic and industrial action has also affected compliance rates; several of the FOIs are assigned to departments who are inundated with work within these areas, such as the infection control team and information services.

Of the requests, 611 are completed, seventeen on hold waiting further information and 90 still in progress. Of the requests completed 406 have been completed within 20 days which show a compliance rate of 57% (406/728).

### **Subject Access Requests (SARs)**

The Trust has received 3,172 requests for access to patient records. Cases are processed in line with national guidance which is exemplary given some of these cases represent hundreds of pages of information and require methodical attention to detail to ensure information is released appropriately.

There has been one complaint to the Information Commissioner, whereby no further action was taken and received a satisfactory resolution. Any requests for review of content of records by patients have been handled locally and achieved satisfactory resolutions for patients.

The Trust has also received 17 requests for access to staff employment records.

From 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023 the access team at KMH has been processing all the SAR requests for the trust.

April 2022 to March 2023 Total		Completed within 21 days	Completed 21-30 days	Completed more than 30 days
Patient records	3,172	2,749	422	1
Staff employment records	17	10	4	3

### Horizon Scanning

It is impossible to eliminate human error in relation to data security, however a greater focus will be placed on understanding and improving working practices for those who come into contact with data.

Phishing emails are still prevalent in the remote working environment; an increased awareness program among staff will aid in the reduction in breaches.

Data Protection legislation is currently under review, and we will see a greater focus on ethics and human rights as individuals feel more confident in withdrawing consent for their data to be processed.

### Data Quality and Governance

#### SOP – Quality Assurance and sign off process

In accordance with the NHS Standard Contract, the Trust is required to participate in a range of national audits and clinical outcome reviews. In addition, the Trust is required to make routine information submissions to NHS Digital, NHSEI, Unify and the CCG. These submissions are quality assured and signed off before submission for the following reasons:

- **Quality assurance of data pre-submission** – to ensure the data has integrity and can be used in confidence to inform decision making and service development
- **Sign off data pre-submission** – to ensure that data are a true and accurate reflection of the Trust's position.

A comprehensive list of routine external submissions, together with the relevant operational and Executive Director leads is maintained. Quality assurance of National Audits is provided by clinical lead and head of service before signing off by the Clinical Chair and Executive Medical Director. Information requirements for example elective waiting time data is quality assured pre submission by the Divisional General Manager before signing off by the relevant Executive Director.

The relevant Executive Director may delegate responsibility for frequent, routine submissions, such as the daily situation report, but the Executive Director will remain the accountable officer for the submission.

The Trust assures the quality and accuracy of its Audit and Information requirements (for example elective waiting time data), and mitigates risks to the quality and accuracy of this data through the quality assurance and sign off procedure above and the work of the Data Quality Team which covers the following areas:

- **Validation** – in response to known areas of data quality concern (as identified through reporting or operational processes), we will:
  - Actively validate data sets to ensure decision making is based on accurate information
  - Ensure operational/clinical teams are informed to enable necessary action to be taken in cases where patient care is affected.
- **Addressing errors** – where data errors are identified, in addition to informing operational/clinical teams to enable the patient impact to be understood and addressed, we will:
  - Identify the root cause
  - Correct the information, as necessary
  - Ensure feedback is provided to the originator of the root cause (for example user, system provider, etc.)
  - Ensure action is taken to reduce or prevent repetition of the issue
- **Reporting** – use of key performance indicators (KPIs) to:
  - Monitor levels of data quality
  - Identify improvements or deterioration in data quality
  - Identify areas for validation, corrections, training, process improvements or ad hoc audits
- **Auditing** – delivery of an audit programme to:
  - Systematically check for data quality issues across the Trust, through sampling of records and providing appropriate feedback
  - Allow for ad hoc audits in response to suspected Data Quality weaknesses
- **Training** – delivery of Data Quality training for relevant members of staff. In addition, we provide targeted training in response to themes or repeated errors, as identified through:
  - Audit
  - Reporting
  - Operational issues

- **Process improvements** – where necessary, we systematically change operational processes to maximise data quality. Any such process changes are:
  - Clinically and operationally owned, designed and supported
  - Underpinned by procedural documents
  - Not be to the detriment of patient care
  - Reviewed once implemented

### **Freedom to Speak Up**

During the year 22/23, 153 cases were raised to the FTSU Guardian compared with 149 cases raised the previous year, demonstrating consistent engagement with the FTSUG.

There are now 30 trained FTSU Champions who support the FTSUG and increasing visibility across SFH.

#### **Top themes:**

1. Inappropriate attitudes and behaviour including bullying
2. Worker safety and wellbeing - which includes impact of work-related processes and impact on health
3. Leadership styles and behaviours – this includes failure to respond to concerns or manage teams effectively

Organisational learning from the themes is reported through Culture and Improvement workstreams, there is regular, direct communication with the Executive Team and the FTSU Guardian is involved in Training & Development Programmes.

Feedback is requested from all those that raise concerns. Feedback received on the process is positive and colleagues say they would use it again to raise concerns.

One case of detriment for speaking up has been reported in this year and subsequent independent investigation undertaken.

Results from the 2022 National Staff Survey, show SFH is above the national average in domains related to confidence in speaking up.

### **Quality**

A review of our performance from 1 April 2022 to 31 March 2023 indicates there are appropriate controls in place. These controls include:

- Corporate level leadership for the quality account is assigned to the Chief Nurse
- Quality governance, quality and performance reports are included in our performance management framework
- Internal audits of some of our indicators have tested how the indicators included in the Quality Report are derived, from source to reporting, including validation checks
- Key individuals involved in producing the report are recruited on the basis that they have the appropriate skills and knowledge to deliver their responsibilities

We have engaged with a wide range of stakeholders in our activity to improve the quality of care provided. The same assurance processes are used for other aspects of performance.

The global pandemic has continued to disrupt business as usual over the past year; nonetheless the Advancing Quality Programme remains the vehicle to drive the Quality Priorities. The Programme is closely monitored, updated and amended as required throughout the year with regular progress reports through the Advancing Quality Programme Board, the Trust Quality Committee and Board of Directors as part of the routine cycle of business.

We used the following intelligence sources to identify and agree the Quality Priorities for 2022/23.

- Stakeholder and regulator reports and recommendations
- Clinical Commissioning Group (CCG) feedback and observations following their quality visits
- Commissioning for Quality and Innovation (CQUIN) priorities
- National inpatient and outpatient surveys
- Feedback from our Board of Directors and Council of Governors
- Emergent themes and trends arising from complaints, serious incidents and inquests
- Feedback from senior leadership assurance visits and our ward accreditation programme
- Nursing and midwifery assurance framework and nursing metrics
- Quality and safety reports
- Internal and external reviews
- National policy
- Feedback and observations from Healthwatch through partnership working
- Feedback from stakeholders, partners, regulators, patients and staff in the development of our Advancing Quality Programme

The indicators are shared with each of the Trust's Clinical Divisions and through to the Board of Directors. Specific indicators within the report are monitored and reported through the Trust performance and governance framework namely the:

- Monthly divisional performance review meetings
- Patient Safety Committee
- Nursing, Midwifery and Allied Healthcare Professional Committee
- Maternity Assurance Committee
- Quality Committee.

## **Ockenden Report**

The Ockenden Final report from the independent review of maternity services at the Shrewsbury and Telford Hospital NHS Trust was published on 30 March 2022. This built on Donna Ockenden's interim report published in December 2020. NHSE/I and the Secretary of State for Health have fully accepted the report and offer sincere apologies to families involved.

Within the report, there are 15 areas for national action and 60 local actions for learning for Shrewsbury and Telford Hospital NHS Trust. Four key pillars identified throughout the report are:

- Safe staffing levels
- A well-trained workforce
- Learning from incidents
- Listening to families.

The interim report published in 2020 made clear recommendations in the form of Immediate and Essential Actions for all Maternity Services across England. Sherwood Forest Hospitals are fully compliant in six of the seven immediate actions and have processes in place to ensure that as a maternity system we reach full compliance with the final action. Subsequently on the 31<sup>st</sup> March 2023 the 'Three Year Plan for Maternity and Neonates' was released which incorporates the findings from the Ockenden and Kirkup Reports and will shape the services in the next few years.

As a Trust, we're proud of what we've achieved and how we are performing but we are not complacent. We have worked hard to ensure our maternity and neonatal services deliver good and safe care. This is reflected in the feedback we receive from families and our safe outcomes as a service. We recently received the results of a CQC Maternity Survey carried out among women that gave birth at Sherwood Forest and we scored very well, particularly in areas such as staff treating new mums with respect and dignity during the birth, being supportive and speaking to them in a way that they understand, as well as involving them in decision making. In addition to this as part of the planned national inspection of Maternity Services by the CQC, at SFH we were inspected in November 2022 and maintained our previous 'Good' rating from 2018. Identified within this inspection we have key areas to focus upon and these have been prioritised within Division.

Recognising the impact publication and the subsequent headlines may have on maternity teams generally, we have ensured we have a strong visible leadership presence.

The board of directors alongside the externally supported Maternity Assurance Committee will have full oversight of 15 actions released at the end of March 2022.

## 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 the ISA 260 report for the Audit and Assurance Committee and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit and Assurance Committee, and the other Board Committees and plan to address any weaknesses and ensure that continuous improvement of the system is in place.

The process for maintaining and reviewing the effectiveness of the system of internal control was monitored by the Board and its committees. The chairs of these committees play a key role in assuring me of the performance, quality and financial position of the organisation, which in turn supports the management of risks across the organisation.

The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through an annual programme of internal audit work. The Head of Internal Audit has provided me with an opinion for 2022/23. See below:

I am providing an opinion of **significant assurance** that there is a generally sound framework of governance, risk management and control designed to meet the organisation's objectives, and that controls are generally being applied consistently.

In providing my opinion three main areas are considered:

- Board Assurance Framework (BAF)
- individual assignments
- follow up of actions.

I am providing an opinion of significant assurance in relation to the Board Assurance Framework.

I am providing an opinion of significant assurance for the outturn of individual audit assignments.

I am providing an opinion of moderate assurance for the follow up of actions. The Trust's implementation rate at first follow up improved slightly in 2022/23 but remains at a moderate assurance opinion level. The Audit and Assurance Committee has continued to maintain good oversight of the position, however, alerting the Board to the Trust's performance throughout the year. The Trust has also continued to enhance the internal processes for monitoring the implementation of actions.



There have been 5 internal audit assignments completed during the year, including 2 advisory reports, on Maternity Standards (2223/SFH/02) and the review of the HFMA Improving NHS financial sustainability checklist (2223/SFH/03), one significant assurance report (Infection Prevention and Control Board Assurance Framework 2223/SFH/06), one moderate assurance report (NHS Digital opinion) Data Security and Protection Toolkit 2223/SFH/01) and one limited assurance report (Nutrition and Hydration 2223/SFH/05).

The Limited Assurance report and those where high-risk actions were agreed are as follows:

<b>2022/23 Internal Audit Report</b>	<b>Opinion</b>	<b>High Risk Actions</b>	<b>Medium Risk Actions</b>	<b>Low Risk Actions</b>	<b>Current Progress</b>
Maternity Standards	Advisory	1	0	0	Actioned in 2022/23.
Food and Nutrition	Limited	0	9	2	5 medium risk and 2 low risk actions implemented.  4 medium risk actions outstanding or not yet due.

All internal audit reports providing Limited Assurance have been presented to the Audit and Assurance Committee by the relevant executive lead. Implementation of actions identified in the reports are monitored through the most appropriate committee.

All internal audit reports providing Significant Assurance are presented to the most appropriate committee, where the implementation of actions is also monitored.

Any actions which become overdue are reported back to the Audit and Assurance Committee and the action owners are invited to attend to discuss progress.

The follow up element of the Head of Internal Audit Opinion provided moderate assurance due to only a small improvement from 67% in 2021/22 to 69% in 2022/23 in the number of actions implemented at first follow up; the overall implementation rate improved from 83% to 95%.

The Audit and Assurance Committee has maintained good oversight of the position and challenges throughout the year and we have enhanced our internal processes for monitoring of the implementation of actions to ensure managers are supported in achieving the deadlines agreed in the individual internal audit reports.

In relation to Limited Assurance opinion reports issued in 2021/22, progress in implementing the agreed actions is as follows:

<b>2021/22 Limited Assurance Internal Audit Report</b>	<b>High Risk Actions</b>	<b>Medium Risk Actions</b>	<b>Low Risk Actions</b>	<b>Current Progress</b>
Patient Consent	0	6	3	All actions now implemented.
Clinical Effectiveness	0	7	0	All actions now implemented.
Contract Management Review	0	3	0	All actions now implemented.
Venous Thromboembolism (VTE) Management	0	5	1	One low risk action is outstanding.

Managers and Executive Directors provide me with assurance through regular Board and management reports, all which evidence areas of effective internal control and risk management. The Audit and Assurance Committee and the Risk Committee ensure effective operation of risk management and focus on the establishment and maintenance of controls designed to give assurance that assets are safeguarded, waste and inefficiency are avoided, reliable information is produced and value for money is sought continuously.

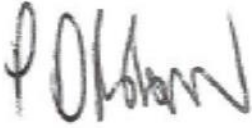
My review for 2022/23 is also informed by:

- Regular executive reporting to Board and escalation processes through the Board Committees
- Assessment of financial reports submitted to NHS England
- Patient surveys
- Staff surveys
- Clinical Audit.

## **Conclusion**

There are no significant control issues

I am satisfied the organisation has a sound system of internal control supported by a robust governance structure.

A handwritten signature in dark ink, appearing to read 'P. Robinson'.

**Paul Robinson**  
**Chief Executive Officer**

**15<sup>th</sup> June 2023**

Sherwood Forest Hospitals NHS Foundation Trust

## Annual accounts for the year ended 31 March 2023

## Foreword to the accounts

### Sherwood Forest Hospitals NHS Foundation Trust

These accounts, for the year ended 31 March 2023, have been prepared by Sherwood Forest Hospitals NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

Signed



<b>Name</b>	<b>Paul Robinson</b>
<b>Job</b>	
<b>title</b>	<b>Chief Executive Officer</b>
<b>Date</b>	<b>15 June 2023</b>

## Statement of Comprehensive Income

		2022/23	2021/22
	Note	£000	£000
Operating income from patient care activities	3	438,752	385,658
Other operating income	4	61,132	66,115
Operating expenses	7, 9	(485,814)	(437,504)
<b>Operating surplus/(deficit) from continuing operations</b>		<b>14,070</b>	<b>14,269</b>
Finance income	11	565	24
Finance expenses	12	(16,692)	(14,876)
PDC dividends payable		(2,009)	(679)
<b>Net finance costs</b>		<b>(18,136)</b>	<b>(15,531)</b>
Other gains / (losses)	13	26	16
<b>Surplus / (deficit) for the year from continuing operations</b>		<b>(4,040)</b>	<b>(1,246)</b>
Surplus / (deficit) on discontinued operations and the gain / (loss) on disposal of discontinued operations	15	-	-
<b>Surplus / (deficit) for the year</b>		<b>(4,040)</b>	<b>(1,246)</b>
<b>Other comprehensive income</b>			
<b>Will not be reclassified to income and expenditure:</b>			
Impairments	8	(245)	1,550
Other recognised gains and losses		2	-
<b>Total comprehensive income / (expense) for the period</b>		<b>(4,283)</b>	<b>304</b>
<b>Adjusted financial performance (control total basis):</b>			
Surplus / (deficit) for the period		(4,040)	(1,246)
Remove net impairments not scoring to the Departmental expenditure limit		(136)	(11,737)
Remove (gains) / losses on transfers by absorption		-	-
Remove I&E impact of capital grants and donations		284	(196)
Remove net impact of inventories received from DHSC group bodies for COVID response		-	-
<b>Adjusted financial performance surplus / (deficit)</b>		<b>(3,892)</b>	<b>(13,179)</b>

## Statement of Financial Position

		31 March 2023	31 March 2022
	Note	£000	£000
<b>Non-current assets</b>			
Intangible assets	14	4,775	5,512
Property, plant and equipment	15	320,712	299,258
Right of use assets	18	4,003	
Receivables	20	1,261	492
Other assets	22	-	-
<b>Total non-current assets</b>		<b>330,751</b>	<b>305,262</b>
<b>Current assets</b>			
Inventories	19	5,685	4,965
Receivables	20	27,504	14,656
Cash and cash equivalents	21	23,541	6,324
<b>Total current assets</b>		<b>56,730</b>	<b>25,945</b>
<b>Current liabilities</b>			
Trade and other payables	22	(63,349)	(40,238)
Borrowings	24	(10,651)	(10,151)
Provisions	25	(187)	(153)
Other liabilities	23	(1,727)	(5,582)
Liabilities in disposal groups	23.2	-	-
<b>Total current liabilities</b>		<b>(75,914)</b>	<b>(56,124)</b>
<b>Total assets less current liabilities</b>		<b>311,567</b>	<b>275,083</b>
<b>Non-current liabilities</b>			
Trade and other payables	22	-	-
Borrowings	24	(213,149)	(219,776)
Provisions	25	(877)	(670)
Other liabilities	23	-	-
<b>Total non-current liabilities</b>		<b>(214,026)</b>	<b>(220,446)</b>
<b>Total assets employed</b>		<b>97,541</b>	<b>54,637</b>
<b>Financed by</b>			
Public dividend capital		462,632	415,445
Revaluation reserve		16,022	16,511
Income and expenditure reserve		(381,113)	(377,319)
<b>Total taxpayers' equity</b>		<b>97,541</b>	<b>54,637</b>

The notes on pages 141 to 195 form part of these accounts.



Name	Paul Robinson
Position	Chief Executive
Date	15 June 2023



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

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
<b>Taxpayers' and others' equity at 1 April 2022 - brought forward</b>	<b>415,445</b>	<b>16,511</b>	<b>(377,319)</b>	<b>54,637</b>
Implementation of IFRS 16 on 1 April 2022	-	-	-	-
Surplus/(deficit) for the year	-	-	(4,040)	<b>(4,040)</b>
Other transfers between reserves	-	(20)	20	<b>0</b>
Impairments	-	(245)	-	<b>(245)</b>
Other recognised gains and losses	-	-	2	<b>2</b>
Public dividend capital received	47,187	-	-	<b>47,187</b>
Public dividend capital repaid	-	-	-	-
Other reserve movements	-	(224)	224	-
<b>Taxpayers' and others' equity at 31 March 2023</b>	<b>462,632</b>	<b>16,022</b>	<b>(381,113)</b>	<b>97,541</b>

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

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
<b>Taxpayers' and others' equity at 1 April 2021 - brought forward</b>	<b>404,594</b>	<b>15,183</b>	<b>(376,295)</b>	<b>43,482</b>
Prior period adjustment	-	-	-	-
<b>Taxpayers' and others' equity at 1 April 2021 - restated</b>	<b>404,594</b>	<b>15,183</b>	<b>(376,295)</b>	<b>43,482</b>
Surplus/(deficit) for the year	-	-	(1,246)	(1,246)
Other transfers between reserves	-	(18)	18	-
Impairments	-	1,550	-	1,550
Revaluations	-	-	-	-
Public dividend capital received	10,851	-	-	10,851
Public dividend capital repaid	-	-	-	-
Other reserve movements	-	(204)	204	-
<b>Taxpayers' and others' equity at 31 March 2022</b>	<b>415,445</b>	<b>16,511</b>	<b>(377,319)</b>	<b>54,637</b>

## **Information on reserves**

### **Public dividend capital**

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

### **Revaluation reserve**

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

### **Financial assets reserve**

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

### **Merger reserve**

This legacy reserve reflects balances formed on previous mergers of NHS bodies.

### **Income and expenditure reserve**

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

## Statement of Cash Flows

		2022/23	2021/22
	Note	£000	£000
<b>Cash flows from operating activities</b>			
Operating surplus / (deficit)		14,070	14,269
<b>Non-cash income and expense:</b>			
Depreciation and amortisation	7.1	15,817	13,494
Net impairments	8	(136)	(11,737)
Income recognised in respect of capital donations	4	(56)	(534)
(Increase) / decrease in receivables and other assets		(13,490)	6,444
(Increase) / decrease in inventories		(720)	(851)
Increase / (decrease) in payables and other liabilities		3,783	1,690
Increase / (decrease) in provisions		241	(451)
Other movements in operating cash flows		1	1
<b>Net cash flows from / (used in) operating activities</b>		<b>19,510</b>	<b>22,325</b>
<b>Cash flows from investing activities</b>			
Interest received		435	11
Purchase of intangible assets		(1,303)	(639)
Purchase of PPE and investment property		(19,235)	(26,049)
Sales of PPE and investment property		94	111
<b>Net cash flows from / (used in) investing activities</b>		<b>(20,009)</b>	<b>(26,566)</b>
<b>Cash flows from financing activities</b>			
Public dividend capital received		47,187	10,851
Capital element of finance lease rental payments		(994)	-
Capital element of PFI, LIFT and other service concession payments		(10,150)	(9,957)
Interest on loans		-	-
Other interest		-	(10)
Interest paid on finance lease liabilities		(50)	-
Interest paid on PFI, LIFT and other service concession obligations		(16,641)	(14,867)
PDC dividend (paid) / refunded		(1,636)	(639)
<b>Net cash flows from / (used in) financing activities</b>		<b>17,716</b>	<b>(14,622)</b>
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>17,217</b>	<b>(18,863)</b>
<b>Cash and cash equivalents at 1 April - brought forward</b>		<b>6,324</b>	<b>25,187</b>
<b>Cash and cash equivalents at 31 March</b>	21.1	<b>23,541</b>	<b>6,324</b>

## **Notes to the Accounts**

### **Note 1 Accounting policies and other information**

#### **Note 1.1 Basis of preparation**

NHS England has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2022/23 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

#### **Accounting convention**

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

#### **Note 1.2 Going concern**

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

#### **Note 1.3 Interests in other entities**

The Trust is the Corporate Trustee of Sherwood Forest Hospitals General Charitable Fund. The Charity is not consolidated as the balances are not deemed material, however, the revenue and capital grants are reflected in the accounts. Non consolidated balances as at 31 March 2023 were £1.4m. This decision is ratified by the Board on an annual basis.

#### **Note 1.4 Revenue from contracts with customers**

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

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

Standard credit terms apply to invoiced revenue with all NHS debt due for payment within 14 days and all non NHS receivables due within 30 days of the invoice date. Invoices are not raised where revenue is recognised on performance of a contractual obligation until this has been met.

#### **Revenue from NHS contracts**

"The main source of income for the Trust is contracts with commissioners for health care services. Funding envelopes are set at an Integrated Care System (ICS) level. The majority of the Trust's income is earned from NHS commissioners in the form of fixed payments to fund an agreed level of activity.

In 2022/23 fixed payments are set at a level assuming the achievement of elective activity targets. These are termed 'aligned payment and incentive' contracts. These payments are accompanied by a variable-element to adjust income for actual activity delivered on elective services and advice and guidance services. "

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

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

#### **Revenue from research contracts**

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

#### **NHS injury cost recovery scheme**

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

## **Note 1.5 Other forms of income**

### **Grants and donations**

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

### **Apprenticeship service income**

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

### **Other income**

Income from various sources including items such as pharmacy sales and on site creche services.

## **Note 1.6 Expenditure on employee benefits**

### **Short-term employee benefits**

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

### **Pension costs**

#### *NHS Pension Scheme*

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

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

## **Note 1.7 Expenditure on other goods and services**

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

## **Note 1.8 Discontinued operations**

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

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

### **Recognition**

Property, plant and equipment is capitalised where:

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

Where a large asset, for example a building, includes a number of components with significantly different asset lives, e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful lives. The Trust following advice from the District Valuer does not separately recognise any components within the PFI property as it is the responsibility of the PFI provider to maintain all assets at condition B until the date of transfer to the Trust in 2043.

### ***Subsequent expenditure***

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

### **Measurement**

#### ***Valuation***

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

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

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

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

For specialised assets, current value in existing use is interpreted as the present value of the asset's remaining service potential, which is assumed to be at least equal to the cost of replacing that service potential. Specialised assets are therefore valued at their depreciated replacement cost (DRC) on a modern equivalent asset (MEA) basis. An MEA basis assumes that the asset will be replaced with a modern asset of equivalent capacity and meeting the location requirements of the services being provided.

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

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



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

#### *Depreciation*

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

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

#### *Revaluation gains and losses*

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

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

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

#### *Impairments*

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

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

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

#### *De-recognition*

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

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

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

#### *Donated and grant funded assets*

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

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

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

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

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

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

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

Lifecycle replacement costs are reviewed and charged to revenue or capital when they meet the capital definition and are then accounted for as part of the annual valuation assessment." In 2022/23 all lifecycle replacement costs were capitalised in line with the PFI model.

## Useful lives of property, plant and equipment

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

	Min life Years	Max life Years
Land	-	-
Buildings, excluding dwellings	1	57
Dwellings	1	57
Plant & machinery	5	15
Transport equipment	-	-
Information technology	5	8
Furniture & fittings	5	10

## Note 1.10 Intangible assets

### Recognition

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

### Internally generated intangible assets

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

Expenditure on research is not capitalised. Expenditure on development is capitalised where it meets the requirements set out in IAS 38.

### Software

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

### Measurement

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

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for

property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

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

### **Amortisation**

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

### **Useful lives of intangible assets**

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

	<b>Min life Years</b>	<b>Max life Years</b>
Information technology	-	-
Software licences	5	10

### **Note 1.11 Inventories**

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

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

### **Note 1.12 Cash and cash equivalents**

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

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

### **Note 1.13 Financial assets and financial liabilities**

#### **Recognition**

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

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

#### **Classification and measurement**

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

#### **Financial assets and financial liabilities at amortised cost**

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

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

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

#### **Impairment of financial assets**

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

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

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

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

### **Derecognition**

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

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

## **Note 1.14 Leases**

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

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

### **The Trust as a lessee**

#### **Recognition and initial measurement**

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

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

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

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

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

#### **Subsequent measurement**

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

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

### **The Trust as a lessor**

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

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

#### **Finance leases**

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

## **Operating leases**

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

## **Initial application of IFRS 16**

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

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

## **The Trust as lessee**

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

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

## **The Trust as lessor**

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

## **2021/22 comparatives**

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



### Note 1.15 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective from 31 March 2023:

		Nominal rate	Prior year rate
Short-term	Up to 5 years	3.27%	0.47%
Medium-term	After 5 years up to 10 years	3.20%	0.70%
Long-term	After 10 years up to 40 years	3.51%	0.95%
Very long-term	Exceeding 40 years	3.00%	0.66%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective from 31 March 2023:

	Inflation rate	Prior year rate
Year 1	7.40%	4.00%
Year 2	0.60%	2.60%
Into perpetuity	2.00%	2.00%

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

### Clinical negligence costs

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

### Non-clinical risk pooling

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

### Note 1.16 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 26 where an inflow of economic benefits is probable.

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

Contingent liabilities are defined as:

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

### **Note 1.17 Public dividend capital**

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

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

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

This policy is available at <https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts>.

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

### **Note 1.18 Value added tax**

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

### **Note 1.19 Climate change levy**

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

### **Note 1.20 Foreign exchange**

The functional and presentational currency of the trust is sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- monetary items are translated at the spot exchange rate on 31 March
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items."

### **Note 1.21 Third party assets**

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

## **Note 1.22 Losses and special payments**

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

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

## **Note 1.23 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 1.24 Early adoption of standards, amendments and interpretations**

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

## **Note 1.25 Standards, amendments and interpretations in issue but not yet effective or adopted**

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

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

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

## **Other standards, amendments and interpretations**

<b>Financial year for which the change first applies</b>	<b>Standard</b>
Not EU-endorsed.* Applies to first time adopters of IFRS after 1 January 2016. Therefore not applicable to DHSC group bodies.	IFRS 14 Regulatory Deferral Accounts
Application required for accounting periods beginning on or after 1 January 2021. Standard is not yet adopted by the FReM which is expected to be from April 2025	IFRS 17 Insurance Contracts

## **Note 1.27 Critical judgements in applying accounting policies**

In applying the Trust's accounting policies management are required to make judgements, estimates and assumptions concerning the carrying amounts of assets and liabilities that are not readily apparent from other sources. Estimates and assumptions are based on historical experience and any other factors that are deemed relevant. Actual results may differ from these estimates and are continually reviewed to ensure validity remains appropriate. These revisions are recognised in the period in which they occur or the current and future periods, as appropriate. In relation to buildings a 2% change in value would equate to £4.9m.

Assumptions have been made regarding the treatment of Lifecycle costs which have all been capitalised in year, £2.09m based on the PFI model.

External Valuation where reliance has been placed on the valuation report as at 31 March 2023, as this represents the best available evidence of current value. Further details are included in note 1.9, and note 17.

## **Note 2 Operating Segments**

No segmental analysis is shown as Sherwood Forest Hospitals NHS Foundation Trust acts solely in the UK and operates as a segment providing healthcare. The ""Chief Operating Decision Maker"" is deemed to be the Trust Board.

The Board currently receives only high level financial information and does not therefore review information or allocate resources in any way that could be perceived to represent operating segments.

The Trust is split into 5 clinical divisions, Urgent and Emergency Care, Medicine, Surgery, Women's and Children's and Clinical Support Therapies & Outpatients. In addition there is a supporting corporate function. All of these divisions are engaged directly in the provision of healthcare and hence are reported as one segment.""

A detailed analysis of all income is disclosed in note 3 to these accounts.

**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

<b>Note 3.1 Income from patient care activities (by nature)</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
<b>Acute services</b>		
Income from commissioners under API contracts*	374,317	333,841
High cost drugs income from commissioners (excluding pass-through costs)	14,636	15,475
Other NHS clinical income	-	-
<b>Community services</b>		
Income from commissioners under API contracts*	13,971	17,697
Income from other sources (e.g. local authorities)	2,931	2,834
<b>All services</b>		
Private patient income	115	96
Elective recovery fund	11,452	4,682
Agenda for change pay offer central funding	9,563	-
Additional pension contribution central funding*	10,959	10,342
Other clinical income	808	691
<b>Total income from activities</b>	<b>438,752</b>	<b>385,658</b>

\*Aligned payment and incentive contracts are the main form of contracting between NHS providers and their commissioners. More information can be found in the 2022/23 National Tariff payments system documents.

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

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

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

	<b>2022/23</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
<b>Income from patient care activities received from:</b>		
NHS England	37,795	26,322
Clinical commissioning groups	97,197	354,914
Integrated Care Boards	299,376	-
Department of Health and Social Care	-	-
Other NHS providers	421	738
NHS other	-	63
Local authorities	2,931	2,834
Non-NHS: private patients	115	96
Non-NHS: overseas patients (chargeable to patient)	109	64
Injury cost recovery scheme	808	627
Non NHS: other	-	-
<b>Total income from activities</b>	<b>438,752</b>	<b>385,658</b>
<b>Of which:</b>		
Related to continuing operations	438,752	385,658
Related to discontinued operations	-	-

NHS Injury Cost Recovery scheme income is subject to a provision for impairment of receivables of 24.86% to reflect expected rates of collection. (23.76% 2021/22)

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

	<b>2022/23</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
Income recognised this year	109	64
Cash payments received in-year	10	13
Amounts added to provision for impairment of receivables	-	-
Amounts written off in-year	15	35

**Note 4 Other operating income**

	<b>2022/23</b>			<b>2021/22</b>		
	<b>Contract income</b>	<b>Non-contract income</b>	<b>Total</b>	<b>Contract income</b>	<b>Non-contract income</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Research and development	776	-	776	799	-	799
Education and training	12,952	720	13,672	12,423	501	12,924
Non-patient care services to other bodies	36,354		36,354	29,694		29,694
Reimbursement and top up funding	4,633		4,633	16,650		16,650
Income in respect of employee benefits accounted on a gross basis	219		219	228		228
Receipt of capital grants and donations and peppercorn leases		56	56		534	534
Charitable and other contributions to expenditure		1,220	1,220		1,904	1,904
Revenue from finance leases (variable lease receipts)		-	-		-	-
Revenue from operating leases		731	731		690	690
Amortisation of PFI deferred income / credits		-	-		-	-
Other income	3,470	1	3,471	2,692	-	2,692
<b>Total other operating income</b>	<b>58,404</b>	<b>2,728</b>	<b>61,132</b>	<b>62,486</b>	<b>3,629</b>	<b>66,115</b>

**Of which:**

Related to continuing operations	61,132	66,115
Related to discontinued operations	-	-

**Note 5 Additional information on contract revenue (IFRS 15) recognised in the period**

	<b>2022/23</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	-	-

**Note 5.1 Income from activities arising from commissioner requested services**

Under the terms of its provider licence, the trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider licence and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	<b>2022/23</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
Income from services designated as commissioner requested services	437,720	384,871
Income from services not designated as commissioner requested services	<u>1,032</u>	<u>787</u>
<b>Total</b>	<b><u>438,752</u></b>	<b><u>385,658</u></b>

**Note 5.2 Profits and losses on disposal of property, plant and equipment**

No land and buildings assets used in the provision of commissioner requested services have been disposed of during the year.

**Note 6 Operating leases - Sherwood Forest Hospitals NHS Foundation Trust as lessor**

This note discloses income generated in operating lease agreements where Sherwood Forest Hospitals NHS Foundation Trust is the lessor.

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

**Note 6.1 Operating lease income**

	2022/23	2021/22
	£000	£000
<b>Lease receipts recognised as income in year:</b>		
Minimum lease receipts	731	690
Variable lease receipts / contingent rents	-	-
Other	-	-
<b>Total in-year operating lease income</b>	<b>731</b>	<b>690</b>

**Note 6.2 Future lease receipts**

	31 March 2023 £000
<b>Future minimum lease receipts due at 31 March 2023:</b>	
- not later than one year	544
- later than one year and not later than two years	472
- later than two years and not later than three years	472
- later than three years and not later than four years	472
- later than four years and not later than five years	472
- later than five years	-
<b>Total</b>	<b>2,432</b>
	31 March 2022 £000
<b>Future minimum lease receipts due at 31 March 2022:</b>	
- not later than one year;	500
- later than one year and not later than five years;	1,783
- later than five years.	-
<b>Total</b>	<b>2,283</b>



## Note 7.1 Operating expenses

	2022/23	2021/22
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	1,949	1,083
Purchase of healthcare from non-NHS and non-DHSC bodies	5,412	2,992
Purchase of social care	-	-
Staff and executive directors costs	316,140	293,695
Remuneration of non-executive directors	174	152
Supplies and services - clinical (excluding drugs costs)	35,718	34,672
Supplies and services - general	4,379	3,425
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	28,048	27,079
Inventories written down	-	-
Consultancy costs	82	187
Establishment	4,228	4,202
Premises	23,215	20,052
Transport (including patient travel)	732	456
Depreciation on property, plant and equipment	13,777	11,651
Amortisation on intangible assets	2,040	1,843
Net impairments	(136)	(11,737)
Movement in credit loss allowance: contract receivables / contract assets	409	280
Movement in credit loss allowance: all other receivables and investments	-	-
Increase/(decrease) in other provisions	-	(55)
Change in provisions discount rate(s)	(5)	-
Fees payable to the external auditor		
audit services- statutory audit	125	118
other auditor remuneration (external auditor only)	-	-
Internal audit costs	113	129
Clinical negligence	14,648	15,499
Legal fees	138	50
Insurance	-	-
Research and development	-	-
Education and training	2,286	1,562
Expenditure on short term leases (current year only)	-	
Expenditure on low value leases (current year only)	-	
Variable lease payments not included in the liability (current year only)	-	
Operating lease expenditure (comparative only)		353
Early retirements	38	104
Redundancy	74	80
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	24,959	22,045
Charges to operating expenditure for off-SoFP PFI / LIFT schemes	132	143
Car parking & security	-	-
Hospitality	282	130
Losses, ex gratia & special payments	-	177
Grossing up consortium arrangements	-	-
Other services, eg external payroll	-	-
Other	6,857	7,137
<b>Total</b>	<b>485,814</b>	<b>437,504</b>
<b>Of which:</b>		
Related to continuing operations	485,814	437,504
Related to discontinued operations	-	-

**Note 7.2 Other auditor remuneration**

	<b>2022/23</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
<b>Other auditor remuneration paid to the external auditor:</b>		
Audit-related assurance services	-	-
<b>Total</b>	-	-

**Note 7.3 Limitation on auditor's liability**

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

**Note 8 Impairment of assets**

	<b>2022/23</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
<b>Net impairments charged to operating surplus / deficit resulting from:</b>		
Changes in market price	(136)	(11,737)
Other	-	-
<b>Total net impairments charged to operating surplus / deficit</b>	<b>(136)</b>	<b>(11,737)</b>
Impairments charged to the revaluation reserve	245	(1,550)
<b>Total net impairments</b>	<b>109</b>	<b>(13,287)</b>

**Material impairments / (reversals) charged to the SOCI resulting from changes in market price**

	<b>2022/23</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
<b>Reversals of impairments charged to the SOCI in previous years</b>		
Tower 1,2,3 Kings Mill Site	(3,676)	(7,177)
Newark Site		(1,116)
Kings Treatment Centre	(1,387)	(3,374)
Block 40	(958)	
Elipse	(366)	(702)
Other	(983)	(3,808)
<b>Impairments charged to SOCI in year</b>		
PFI lifecycle	2,063	1,867
FM building		183
Histopathology / Mortuary		125
MRI	651	
MCH Fire Stopping	1,878	
Other	2,642	2,265
	<b>(136)</b>	<b>(11,737)</b>

The District Valuer has undertaken a desk top review of the Trust estate as at 31 March 2023. This takes account of numerous factors contributing to an overall assessment of each building asset on a modern equivalent basis: these include functional and external obsolescence, investment into the property since the previous valuation and any changes of use.

**Note 9 Employee benefits**

	<b>2022/23</b>	<b>2021/22</b>
	<b>Total</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
Salaries and wages	235,677	218,926
Social security costs	25,474	23,021
Apprenticeship levy	1,197	1,102
Employer's contributions to NHS pensions	36,051	33,997
Pension cost - other	174	179
Temporary staff (including agency)	18,148	16,885
<b>Total gross staff costs</b>	<b>316,721</b>	<b>294,110</b>
Recoveries in respect of seconded staff	-	-
<b>Total staff costs</b>	<b>316,721</b>	<b>294,110</b>
<b>Of which</b>		
Costs capitalised as part of assets	469	231

**Note 9.1 Retirements due to ill-health**

During 2022/23 there were 4 early retirements from the trust agreed on the grounds of ill-health (2 in the year ended 31 March 2022). The estimated additional pension liabilities of these ill-health retirements is £249k (£123k in 2021/22).

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

## **Note 10 Pension costs**

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

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

### **a) Accounting valuation**

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2023, is based on valuation data as 31 March 2022, updated to 31 March 2023 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

### **b) Full actuarial (funding) valuation**

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

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

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

## **National Employment Savings Trust (NEST)**

The National Employment Savings Trust (NEST) Corporation is the Trustee of the NEST occupational pension scheme. The scheme, which is run on a not-for-profit basis, ensures that all employers have access to suitable, low-charge pension provision. The Trust is required to comply with workplace pension legislation and to auto enrol employees into a pension scheme. Where employees are ineligible to join the NHS Pension Scheme the Trust enrolls the employee into NEST. NEST is a defined contribution scheme.

As at 31 March 2023 there were 8,449 members of the NHS Pension Scheme, 844 are enrolled within NEST and 4,780 are not currently contributing through a workplace pension scheme.

**Note 11 Finance income**

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

	2022/23	2021/22
	£000	£000
Interest on bank accounts	565	24
<b>Total finance income</b>	<b>565</b>	<b>24</b>

**Note 12.1 Finance expenditure**

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

	2022/23	2021/22
	£000	£000
<b>Interest expense:</b>		
Interest on lease obligations	50	-
Interest on late payment of commercial debt	-	10
Main finance costs on PFI and LIFT schemes obligations	5,261	5,485
Contingent finance costs on PFI and LIFT scheme obligations	11,381	9,382
<b>Total interest expense</b>	<b>16,692</b>	<b>14,877</b>
Unwinding of discount on provisions	-	(1)
Other finance costs	-	-
<b>Total finance costs</b>	<b>16,692</b>	<b>14,876</b>

**Note 12.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015**

	2022/23	2021/22
	£000	£000
Total liability accruing in year under this legislation as a result of late payments	-	-
Amounts included within interest payable arising from claims made under this legislation	-	10
Compensation paid to cover debt recovery costs under this legislation	-	-

**Note 13 Other gains / (losses)**

	2022/23	2021/22
	£000	£000
Gains on disposal of assets	94	111
Losses on disposal of assets	(68)	(95)
<b>Total gains / (losses) on disposal of assets</b>	<b>26</b>	<b>16</b>

<b>Note 14.1 Intangible assets - 2022/23</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>Software licences £000</b>	<b>Software licences £000</b>
<b>Valuation / gross cost at 1 April 2022 - brought forward</b>	<b>10,232</b>	<b>9,593</b>
IFRS 16 implementation - reclassification of existing finance leased assets to right of use assets	-	
Additions	1,303	639
Disposals / derecognition	(38)	
<b>Valuation / gross cost at 31 March 2023</b>	<b>11,497</b>	<b>10,232</b>
<b>Amortisation at 1 April 2022 - brought forward</b>	<b>4,720</b>	<b>2,877</b>
IFRS 16 implementation - reclassification of existing finance leased assets to right of use assets	-	-
Disposals / Derecognition	(38)	-
Provided during the year	2,040	1,843
<b>Amortisation at 31 March 2023</b>	<b>6,722</b>	<b>4,720</b>
<b>Net book value at 31 March 2023</b>	<b>4,775</b>	
<b>Net book value at 1 April 2022</b>	<b>5,512</b>	
<b>Asset Lives</b>	<b>Minimum life Years</b>	<b>Maximum life years</b>
Software Licenses	5	10

**Note 15.1 Property, plant and equipment - 2022/23**

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Valuation/gross cost at 1 April 2022 - brought forward</b>	<b>18,656</b>	<b>242,210</b>	<b>2,567</b>	<b>701</b>	<b>48,018</b>	<b>-</b>	<b>26,019</b>	<b>612</b>	<b>338,783</b>
IFRS 16 implementation - reclassification of existing finance leased assets to right of use assets	-	-	-	-	-	-	-	-	-
Transfers by absorption	-	-	-	-	-	-	-	-	-
Additions	-	7,433	200	7,642	10,590	-	8,529	-	<b>34,394</b>
Impairments	(863)	(6,615)	-	-	-	-	-	-	<b>(7,478)</b>
Reversals of impairments	-	7,369	-	-	-	-	-	-	<b>7,369</b>
Revaluations	-	-	-	-	-	-	-	-	-
Reclassifications	-	(6,071)	-	-	10	-	-	(10)	<b>(6,071)</b>
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	-
Disposals / derecognition	-	-	-	-	(1,854)	-	-	-	<b>(1,854)</b>
<b>Valuation/gross cost at 31 March 2023</b>	<b>17,793</b>	<b>244,326</b>	<b>2,767</b>	<b>8,343</b>	<b>56,764</b>	<b>-</b>	<b>34,548</b>	<b>602</b>	<b>365,143</b>



**Accumulated depreciation at 1 April 2022 -  
brought forward**

IFRS 16 implementation - reclassification of  
existing finance leased assets to right of use assets

Transfers by absorption

Provided during the year

Impairments

Reversals of impairments

Revaluations

Reclassifications

Transfers to / from assets held for sale

Disposals / derecognition

**Accumulated depreciation at 31 March 2023**

**Net book value at 31 March 2023**

**Net book value at 1 April 2022**

-	-	-	-	24,684	-	14,359	482	39,525
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	6,071	-	-	3,896	-	2,757	39	12,763
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	(6,071)	-	-	-	-	-	-	(6,071)
-	-	-	-	-	-	-	-	-
-	-	-	-	(1,786)	-	-	-	(1,786)
-	-	-	-	26,794	-	17,116	521	44,431
17,793	244,326	2,767	8,343	29,970	-	17,432	81	320,712
18,656	242,210	2,567	701	23,334	-	11,660	130	299,258

**Note 15.2 Property, plant and equipment - 2021/22**

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Valuation / gross cost at 1 April 2021 - as previously stated</b>	<b>17,681</b>	<b>230,701</b>	<b>2,373</b>	<b>230</b>	<b>41,763</b>	<b>-</b>	<b>20,769</b>	<b>612</b>	<b>314,129</b>
Prior period adjustments	-	-	-	-	-	-	-	-	-
<b>Valuation / gross cost at 1 April 2021 - restated</b>	<b>17,681</b>	<b>230,701</b>	<b>2,373</b>	<b>230</b>	<b>41,763</b>	<b>-</b>	<b>20,769</b>	<b>612</b>	<b>314,129</b>
Transfers by absorption	-	-	-	-	-	-	-	-	-
Additions	-	4,709	194	701	7,577	-	5,429	-	<b>18,610</b>
Impairments	-	(4,250)	-	-	-	-	-	-	<b>(4,250)</b>
Reversals of impairments	975	16,562	-	-	-	-	-	-	<b>17,537</b>
Revaluations	-	(5,742)	-	-	-	-	-	-	<b>(5,742)</b>
Reclassifications	-	230	-	(230)	-	-	-	-	-
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	-
Disposals / derecognition	-	-	-	-	(1,322)	-	(179)	-	<b>(1,501)</b>
<b>Valuation/gross cost at 31 March 2022</b>	<b>18,656</b>	<b>242,210</b>	<b>2,567</b>	<b>701</b>	<b>48,018</b>	<b>-</b>	<b>26,019</b>	<b>612</b>	<b>338,783</b>

**Accumulated depreciation at 1 April 2021 - as previously stated**

Prior period adjustments	-	-	-	-	22,549	-	12,058	414	35,021
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**Accumulated depreciation at 1 April 2021 - restated**

	-	-	-	-	22,549	-	12,058	414	35,021
Transfers by absorption	-	-	-	-	-	-	-	-	-
Provided during the year	-	5,742	-	-	3,384	-	2,457	68	11,651
Impairments	-	-	-	-	-	-	-	-	-
Reversals of impairments	-	-	-	-	-	-	-	-	-
Revaluations	-	(5,742)	-	-	-	-	-	-	(5,742)
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	-
Disposals / derecognition	-	-	-	-	(1,249)	-	(156)	-	(1,405)
<b>Accumulated depreciation at 31 March 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,684</b>	<b>-</b>	<b>14,359</b>	<b>482</b>	<b>39,525</b>

<b>Net book value at 31 March 2022</b>	<b>18,656</b>	<b>242,210</b>	<b>2,567</b>	<b>701</b>	<b>23,334</b>	<b>-</b>	<b>11,660</b>	<b>130</b>	<b>299,258</b>
<b>Net book value at 1 April 2021</b>	<b>17,681</b>	<b>230,701</b>	<b>2,373</b>	<b>230</b>	<b>19,214</b>	<b>-</b>	<b>8,711</b>	<b>198</b>	<b>279,108</b>

**Note 15.3 Property, plant and equipment financing - 31 March 2023**

	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
Owned - purchased	17,793	11,396	-	8,343	28,771	-	17,430	80	83,813
On-SoFP PFI contracts and other service concession arrangements	-	231,838	-	-	-	-	-	-	231,838
Off-SoFP PFI residual interests	-	-	2,767	-	-	-	-	-	2,767
Owned - donated/granted	-	1,092	-	-	1,199	-	2	1	2,294
<b>Total net book value at 31 March 2023</b>	<b>17,793</b>	<b>244,326</b>	<b>2,767</b>	<b>8,343</b>	<b>29,970</b>	<b>-</b>	<b>17,432</b>	<b>81</b>	<b>320,712</b>

**Note 15.4 Property, plant and equipment financing - 31 March 2022**

	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
Owned - purchased	18,656	11,445	-	701	21,889	-	11,657	126	64,474
Finance leased	-	-	-	-	-	-	-	-	-
On-SoFP PFI contracts and other service concession arrangements	-	229,639	-	-	-	-	-	-	229,639
Off-SoFP PFI residual interests	-	-	2,567	-	-	-	-	-	2,567
Owned - donated/granted	-	1,126	-	-	1,445	-	3	4	2,578
<b>Total net book value at 31 March 2022</b>	<b>18,656</b>	<b>242,210</b>	<b>2,567</b>	<b>701</b>	<b>23,334</b>	<b>-</b>	<b>11,660</b>	<b>130</b>	<b>299,258</b>

**Note 15.5 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2023**

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Subject to an operating lease	-	3,724	-	-	-	-	-	-	3,724
Not subject to an operating lease	17,793	240,602	2,767	8,343	29,970	-	17,432	81	316,988
<b>Total net book value at 31 March 2023</b>	<b>17,793</b>	<b>244,326</b>	<b>2,767</b>	<b>8,343</b>	<b>29,970</b>	<b>-</b>	<b>17,432</b>	<b>81</b>	<b>320,712</b>

#### **Note 16 Donations of property, plant and equipment**

The Trust received donations during the year of £227k. (2021/22 £395k). No restrictions were placed on these donations of which £535k funded the purchase of tangible capital assets.

#### **Note 17 Revaluations of property, plant and equipment**

An independent desktop revaluation was undertaken of the Trust's buildings by the District Valuer with an effective date of 31st March 2023. The review was performed by Rob Mapletoft, (MRICS), RICS registered valuer.

Assets in existing use:

For specialised properties (i.e. those for which no active market exists), depreciated replacement cost has been used and is considered to be a satisfactory approximation of current value in existing use.

Within this methodology, consistent with previous years, a Modern Equivalent Asset (MEA) approach was undertaken referenced to National Indices acceptable to the RICS. Consideration was given to improvements carried out during the year and where appropriate asset lives were adjusted accordingly based on the remaining useful life advised by the District Valuer. This had minimal effect on remaining lives. Modern Equivalent Asset (MEA) concept is applied: the "replacement cost" being based on the cost of a modern replacement asset that has the same productive capacity as the property being valued.

The Trust has no assets identified as no longer in operational use and therefore 'surplus' or any assets held for sale.

The carrying value of land building and dwellings valued on an open market valuation basis at 31 March 2023 is detailed in note 15.1.

The useful economic asset lives for intangibles and plant and equipment are initially assessed when an asset is first recognised. Periodically the Trust does review these lives to identify and adjust for any assets impaired or where the useful economic life requires adjustment. This exercise was undertaken in 2019/20 for I.T assets.

The asset lives for individual buildings and dwellings are in accordance with the latest valuation report prepared by the external valuer.

#### **Note 18 Leases - Sherwood Forest Hospitals NHS Foundation Trust as a lessee**

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

The Trust has entered into a number of leases as per IFRS16. These relate solely to equipment and buildings. The only material lease relates to wards at Mansfield Community Hospital

The Trust has applied IFRS 16 to account for lease arrangements from 1 April 2022 without restatement of comparatives. Comparative disclosures in this note are presented on an IAS 17 basis.

**Note 18.1 Right of use assets - 2022/23**

	Property (land and buildings) £000	Plant & machinery £000	Total £000	Of which: leased from DHSC group bodies £000
IFRS 16 implementation - reclassification of existing finance leased assets from PPE or intangible assets	-	-	-	-
IFRS 16 implementation - adjustments for existing operating leases / subleases	4,440	563	5,003	-
Transfers by absorption	-	-	-	-
Additions	-	14	14	-
Remeasurements of the lease liability	-	-	-	-
<b>Valuation/gross cost at 31 March 2023</b>	<b>4,440</b>	<b>577</b>	<b>5,017</b>	<b>-</b>
IFRS 16 implementation - reclassification of existing finance leased assets from PPE or intangible assets	-	-	-	-
IFRS 16 implementation - adjustments for existing subleases	-	-	-	-
Transfers by absorption	-	-	-	-
Provided during the year	720	294	1,014	-
Impairments	-	-	-	-
Reversal of impairments	-	-	-	-
Revaluations	-	-	-	-
Reclassifications	-	-	-	-
Disposals / derecognition	-	-	-	-
<b>Accumulated depreciation at 31 March 2023</b>	<b>720</b>	<b>294</b>	<b>1,014</b>	<b>-</b>
<b>Net book value at 31 March 2023</b>	<b>3,720</b>	<b>283</b>	<b>4,003</b>	<b>-</b>
Net book value of right of use assets leased from other NHS providers				-
Net book value of right of use assets leased from other DHSC group bodies				-

## Note 18.2 Revaluations of right of use assets

No external valuations have been made in year relating to building or PPE.

## Note 18.3 Reconciliation of the carrying value of lease liabilities

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

	<b>2022/23</b>
	<b>£000</b>
<b>Carrying value at 31 March 2022</b>	-
IFRS 16 implementation - adjustments for existing operating leases	5,003
Transfers by absorption	-
Lease additions	14
Lease liability remeasurements	-
Interest charge arising in year	50
Early terminations	-
Lease payments (cash outflows)	(1,044)
Other changes	-
<b>Carrying value at 31 March 2023</b>	<b>4,023</b>

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 7.1. Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above.

## Note 18.4 Maturity analysis of future lease payments at 31 March 2023

	<b>Total</b>	Of which leased from DHSC group bodies:
	<b>31 March 2023</b>	<b>31 March 2023</b>
	<b>£000</b>	<b>£000</b>
<b>Undiscounted future lease payments payable in:</b>		
- not later than one year;	1,043	-
- later than one year and not later than five years;	3,386	-
- later than five years.	-	-
<b>Total gross future lease payments</b>	<b>4,429</b>	-
Finance charges allocated to future periods	(406)	-
<b>Net lease liabilities at 31 March 2023</b>	<b>4,023</b>	-
<b>Of which:</b>		
Leased from other NHS providers		-
Leased from other DHSC group bodies		-



**Note 18.5 Maturity analysis of finance lease liabilities at 31 March 2022 (IAS 17 basis)**

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

	<b>31 March 2022 £000</b>
<b>Undiscounted future lease payments payable in:</b>	
- not later than one year;	-
- later than one year and not later than five years;	-
- later than five years.	-
<b>Total gross future lease payments</b>	<b>-</b>
Finance charges allocated to future periods	-
<b>Net finance lease liabilities at 31 March 2022</b>	<b>-</b>
of which payable:	
- not later than one year;	-
- later than one year and not later than five years;	-
- later than five years.	-
Total of future minimum sublease payments to be received at the reporting date	-

**Note 18.6 Commitments in respect of operating leases at 31 March 2022 (IAS 17 basis)**

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

	<b>2021/22 £000</b>
<b>Operating lease expense</b>	
Minimum lease payments	353
Contingent rents	-
Less sublease payments received	-
<b>Total</b>	<b>353</b>

	<b>31 March 2022 £000</b>
<b>Future minimum lease payments due:</b>	
- not later than one year;	224
- later than one year and not later than five years;	836
- later than five years.	46
<b>Total</b>	<b>1,106</b>
Future minimum sublease payments to be received	-

#### **Note 18.7 Initial application of IFRS 16 on 1 April 2022**

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

The standard has been applied using a modified retrospective approach without the restatement of comparatives. Practical expedients applied by the Trust on initial application are detailed in the leases accounting policy in note 14.

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

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

	<b>1 April 2022</b>
	<b>£000</b>
<b>Operating lease commitments under IAS 17 at 31 March 2022</b>	<b>1,106</b>
Impact of discounting at the incremental borrowing rate	
<b>IAS 17 operating lease commitment discounted at incremental borrowing rate</b>	<b>1,052</b>
<b>Less:</b>	
<b>Other adjustments:</b>	
Other adjustments	3,951
<b>Total lease liabilities under IFRS 16 as at 1 April 2022</b>	<b>5,003</b>

## Note 19 Inventories

	31 March 2023 £000	31 March 2022 £000
Drugs	2,065	1,888
Work In progress	-	-
Consumables	3,426	2,879
Energy	194	198
Other	-	-
<b>Total inventories</b>	<b>5,685</b>	<b>4,965</b>
<b>of which:</b>		
Held at fair value less costs to sell	-	-

Inventories recognised in expenses for the year were £30,595k (2021/22: £32,245k). Write-down of inventories recognised as expenses for the year were £0k (2021/22: £0k).

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2022/23 the Trust received £993k of items purchased by DHSC (2021/22: £1,509k).

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

The deemed cost of these inventories was charged directly to expenditure on receipt with the corresponding benefit recognised in income.

**Note 20.1 Receivables**

	<b>31 March 2023 £000</b>	<b>31 March 2022 £000</b>
<b>Current</b>		
Contract receivables	22,924	10,810
Allowance for impaired contract receivables / assets	(527)	(448)
Prepayments (non-PFI)	2,677	2,350
Interest receivable	143	13
Finance lease receivables	-	-
Operating lease receivables	-	-
VAT receivable	2,263	1,434
Other receivables	24	497
<b>Total current receivables</b>	<b>27,504</b>	<b>14,656</b>
<b>Non-current</b>		
Contract receivables	2,011	1,164
Allowance for impaired contract receivables / assets	(1,410)	(1,117)
PFI lifecycle prepayments	42	45
Other receivables	618	400
<b>Total non-current receivables</b>	<b>1,261</b>	<b>492</b>
<b>Of which receivable from NHS and DHSC group bodies:</b>		
Current	18,261	7,461
Non-current	618	400

**Note 20.2 Allowances for credit losses**

	<b>2022/23</b>	<b>2021/22</b>
	<b>Contract receivables and contract assets</b>	<b>Contract receivables and contract assets</b>
	<b>£000</b>	<b>£000</b>
<b>Allowances as at 1 April - brought forward</b>	<b>1,565</b>	<b>1,285</b>
Transfers by absorption	-	-
New allowances arising	454	280
Changes in existing allowances	-	-
Reversals of allowances	(45)	-
Utilisation of allowances (write offs)	(37)	-
Changes arising following modification of contractual cash flows	-	-
Foreign exchange and other changes	-	-
<b>Allowances as at 31 Mar 2023</b>	<b>1,937</b>	<b>1,565</b>

The majority of carrying debt relates to NHS organisations, therefore no significant credit risk is assumed in non impaired receivables.

### Note 21.1 Cash and cash equivalents movements

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

	2022/23	2021/22
	£000	£000
<b>At 1 April</b>	<b>6,324</b>	<b>25,187</b>
Prior period adjustments		-
<b>At 1 April (restated)</b>	<b>6,324</b>	<b>25,187</b>
Transfers by absorption	-	-
Net change in year	17,217	(18,863)
<b>At 31 March</b>	<b>23,541</b>	<b>6,324</b>
<b>Broken down into:</b>		
Cash at commercial banks and in hand	6	6
Cash with the Government Banking Service	23,535	6,318
<b>Total cash and cash equivalents as in SoFP</b>	<b>23,541</b>	<b>6,324</b>
Bank overdrafts (GBS and commercial banks)	-	-
Drawdown in committed facility	-	-
<b>Total cash and cash equivalents as in SoCF</b>	<b>23,541</b>	<b>6,324</b>

### Note 21.2 Third party assets held by the trust

Sherwood Forest Hospitals NHS Foundation Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties and in which the trust has no beneficial interest. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March 2023	31 March 2022
	£000	£000
Bank balances	-	-
Monies on deposit	5	5
<b>Total third party assets</b>	<b>5</b>	<b>5</b>

**Note 22.1 Trade and other payables**

	<b>31 March 2023 £000</b>	<b>31 March 2022 £000</b>
<b>Current</b>		
Trade payables	5,853	5,514
Capital payables	18,991	3,891
Accruals	13,509	17,364
Receipts in advance and payments on account	168	922
Social security costs	3,177	3,216
Other taxes payable	3,161	3,048
PDC dividend payable	413	40
Pension contributions payable	3,454	3,238
Other payables	14,623	3,005
<b>Total current trade and other payables</b>	<b>63,349</b>	<b>40,238</b>
<b>Non-current</b>		
Other payables	-	-
<b>Total non-current trade and other payables</b>	<b>-</b>	<b>-</b>
<b>Of which payables from NHS and DHSC group bodies:</b>		
Current	1,673	4,280
Non-current	-	-

**Note 22.2 Early retirements in NHS payables above**

The payables note above does not include any liabilities in relation to early retirements.

**Note 23 Other liabilities**

	<b>31 March 2023 £000</b>	<b>31 March 2022 £000</b>
<b>Current</b>		
Deferred income: contract liabilities	1,727	5,582
<b>Total other current liabilities</b>	<b>1,727</b>	<b>5,582</b>
<b>Non-current</b>		
Deferred income: contract liabilities	-	-
<b>Total other non-current liabilities</b>	<b>-</b>	<b>-</b>

**Note 24.1 Borrowings**

	<b>31 March 2023 £000</b>	<b>31 March 2022 £000</b>
<b>Current</b>		
Lease liabilities*	1,043	-
Obligations under PFI, LIFT or other service concession contracts	9,608	10,151
<b>Total current borrowings</b>	<b>10,651</b>	<b>10,151</b>
<b>Non-current</b>		
Lease liabilities*	2,980	-
Obligations under PFI, LIFT or other service concession contracts	210,169	219,776
<b>Total non-current borrowings</b>	<b>213,149</b>	<b>219,776</b>

\* The Trust has applied IFRS 16 to lease arrangements within these accounts from 1 April 2022 without restatement of comparatives. More information about leases and the impact of this change in accounting policy can be found in note 18.



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

	<b>Lease Liability £000</b>	<b>PFI and LIFT schemes £000</b>	<b>Total £000</b>
<b>Carrying value at 1 April 2022</b>	-	229,927	229,927
<b>Cash movements:</b>			
Financing cash flows - payments and receipts of principal	(994)	(10,150)	(11,144)
Financing cash flows - payments of interest	(50)	(5,261)	(5,311)
<b>Non-cash movements:</b>			
Impact of implementing IFRS 16 on 1 April 2022	5,003	-	5,003
Additions	14	-	14
Lease liability remeasurements	-	-	-
Application of effective interest rate	50	5,261	5,311
<b>Carrying value at 31 March 2023</b>	<b>4,023</b>	<b>219,777</b>	<b>223,800</b>

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

	<b>Lease Liability £000</b>	<b>PFI and LIFT schemes £000</b>	<b>Total £000</b>
<b>Carrying value at 1 April 2021</b>	-	239,884	239,884
Prior period adjustment	-	-	-
<b>Carrying value at 1 April 2021 - restated</b>	<b>-</b>	<b>239,884</b>	<b>239,884</b>
<b>Cash movements:</b>			
Financing cash flows - payments and receipts of principal	-	(9,957)	(9,957)
Financing cash flows - payments of interest	-	(5,485)	(5,485)
<b>Non-cash movements:</b>			
Application of effective interest rate	-	5,485	5,485
<b>Carrying value at 31 March 2022</b>	<b>-</b>	<b>229,927</b>	<b>229,927</b>

## Note 25.1 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Other	Total
	£000	£000	£000	£000	£000
<b>At 1 April 2022</b>	<b>260</b>	<b>58</b>	<b>105</b>	<b>400</b>	<b>823</b>
IFRS 16 implementation - adjustments for onerous lease provisions	-	-	-	-	-
Transfers by absorption	-	-	-	-	-
Change in the discount rate	(4)	(1)	-	(565)	(570)
Arising during the year	45	7	70	799	921
Utilised during the year	(45)	(5)	(38)	(5)	(93)
Reclassified to liabilities held in disposal groups	-	-	-	-	-
Reversed unused	(6)	-	(24)	-	(30)
Unwinding of discount	-	-	-	13	13
<b>At 31 March 2023</b>	<b>250</b>	<b>59</b>	<b>113</b>	<b>642</b>	<b>1,064</b>
<b>Expected timing of cash flows:</b>					
- not later than one year;	45	5	113	24	187
- later than one year and not later than five years;	180	20	-	49	249
- later than five years.	25	34	-	569	628
<b>Total</b>	<b>250</b>	<b>59</b>	<b>113</b>	<b>642</b>	<b>1,064</b>

Pensions relate to liabilities for employees who retired pre 1994 for whom the Trust retains responsibility for the payments being made.  
Other relates to pension tax liability where there is an offsetting accounts receivable balance held with the DoHSC.

## Note 25.2 Clinical negligence liabilities

At 31 March 2023, £164,728k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Sherwood Forest Hospitals NHS Foundation Trust (31 March 2022: £272,599k).

## Note 26 Contingent assets and liabilities

	31 March 2023 £000	31 March 2022 £000
<b>Value of contingent liabilities</b>		
NHS Resolution legal claims	-	-
Employment tribunal and other employee related litigation	-	-
Redundancy	-	-
Other	(242)	(63)
<b>Gross value of contingent liabilities</b>	<b>(242)</b>	<b>(63)</b>
Amounts recoverable against liabilities	-	-
<b>Net value of contingent liabilities</b>	<b>(242)</b>	<b>(63)</b>
<b>Net value of contingent assets</b>	<b>-</b>	<b>-</b>

## Note 27 Contractual capital commitments

	31 March 2023 £000	31 March 2022 £000
Property, plant and equipment	14,044	2,700
Intangible assets	1	400
<b>Total</b>	<b>14,045</b>	<b>3,100</b>

## Note 28 On-SoFP PFI, LIFT or other service concession arrangements

The Trust is currently committed to two on-statement of financial position PFI schemes as the transaction meets the IFRIC 12 definition of a service concession, as interpreted in the Government Accounting Manual. The Trust is required to account for the PFI scheme 'on-statement of financial position' and therefore the Trust treats the assets as if it were assets of the Trust.

The Trust has entered into private finance initiative contracts with:

a) Central Nottinghamshire Hospitals plc to construct and refurbish the Trust's buildings on the King's Mill and Newark hospital sites and then to operate them (estates, facilities management and life cycle replacement) for the Trust for the period to 2043. The contract requires that throughout the contract they are maintained to category B building standards. This PFI is known as the Modernisation of Acute Services (MAS). The MAS PFI scheme was completed and all assets were brought into use by 31 March 2012, with an estimated capital value of £366.5m.

b) Leicester Housing Association (LHA)\*, to construct a day nursery and out of hours facility, on the King's Mill hospital site. All assets were brought into use by 2002, with a capital value of £1.3m. Throughout the term of the agreement there is a requirement to keep the premises clean, tidy and in good order and to keep in good and substantial repair and condition in accordance with the Operating Agreement.

In respect of both PFI schemes the Trust has the rights to use the specified assets for the length of the Project Agreements. At the end of the Project Agreements the assets of both schemes will transfer to the Trust's ownership for no additional consideration.

The annual charge relating to the MAS scheme is subject to an annual inflation uplift based on RPI. The LHA schemes are a fixed charge over the life of the contract. All liquidity and associated market and financing risks for both schemes rests with Central Nottinghamshire plc and Leicester Housing Association respectively.

\* Leicester Housing Association is now known as Paragon Asra Housing (PA Housing).

### Note 28.1 On-SoFP PFI, LIFT or other service concession arrangement obligations

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

	31 March 2023 £000	31 March 2022 £000
<b>Gross PFI, LIFT or other service concession liabilities</b>	<b>646,118</b>	<b>655,881</b>
<b>Of which liabilities are due</b>		
- not later than one year;	26,448	26,113
- later than one year and not later than five years;	108,749	104,068
- later than five years.	510,921	525,700
Finance charges allocated to future periods	(426,341)	(425,954)
<b>Net PFI, LIFT or other service concession arrangement obligation</b>	<b>219,777</b>	<b>229,927</b>
- not later than one year;	9,608	10,151
- later than one year and not later than five years;	38,037	37,781
- later than five years.	172,132	181,995

**Note 28.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments**

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

	<b>31 March 2023 £000</b>	<b>31 March 2022 £000</b>
<b>Total future payments committed in respect of the PFI, LIFT or other service concession arrangements</b>	<b>1,494,515</b>	<b>1,513,037</b>
<b>Of which payments are due:</b>		
- not later than one year;	57,853	54,314
- later than one year and not later than five years;	248,242	235,659
- later than five years.	1,188,420	1,223,064

**Note 28.3 Analysis of amounts payable to service concession operator**

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

	<b>2022/23 £000</b>	<b>2021/22 £000</b>
<b>Unitary payment payable to service concession operator</b>	<b>53,793</b>	<b>48,752</b>
<b>Consisting of:</b>		
- Interest charge	5,261	5,485
- Repayment of balance sheet obligation	10,150	9,957
- Service element and other charges to operating expenditure	24,911	22,034
- Capital lifecycle maintenance	2,090	1,894
- Revenue lifecycle maintenance	-	-
- Contingent rent	11,381	9,382
- Addition to lifecycle prepayment	-	-
 Other amounts paid to operator due to a commitment under the service concession contract but not part of the unitary payment	 48	 11
<b>Total amount paid to service concession operator</b>	<b>53,841</b>	<b>48,763</b>

**Note 29 Off-SoFP PFI, LIFT and other service concession arrangements**

Sherwood Forest Hospitals NHS Foundation Trust incurred the following charges in respect of off-Statement of Financial Position PFI and LIFT arrangements:

The Trust is currently committed to one 'off statement of financial position' PFI scheme relating to residential accommodation for the King's Mill site. The transaction meets the IFRIC 12 definition of a service concession, as interpreted in the Government Accounting Manual, but the Trust does not have control. Accordingly the Trust does not recognise the scheme as an asset of the Trust.

The arrangement is with PA Association and includes the construction of new residential accommodation and the upgrade of existing accommodation combined with a 35 year contract to manage and operate the accommodation. The Trust has guaranteed to utilise a minimum level of the overall accommodation, but the majority of risks associated with operating and letting the properties have been transferred to PA Housing Association. The capital value of the scheme was £6.7m.

The annual charge is fixed over the life of the contract and the only liability to the Trust is a minimum room usage guarantee. All liquidity and associated market and financing risks rests with PA Housing Association.

Sherwood Forest Hospitals NHS Foundation Trust incurred the following charges in respect of off-Statement of Financial Position PFI and LIFT obligations:

	<b>31 March 2023 £000</b>	<b>31 March 2022 £000</b>
<b>Charge in respect of the off SoFP PFI, LIFT or other service concession arrangement for the period</b>	<b>132</b>	<b>143</b>
<b>Commitments in respect of off-SoFP PFI, LIFT or other service concession arrangements:</b>		
- not later than one year;	400	352
- later than one year and not later than five years;	1,735	1,517
- later than five years.	3,991	3,528
<b>Total</b>	<b><u>6,126</u></b>	<b><u>5,397</u></b>

### **Note 30 Financial instruments**

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. The nature of the Trust's activities means that exposure to risk, although not eliminated, is substantially reduced.

#### **Note 30.1 Financial risk management**

Because of the continuing service provider relationship that the Trust has with Integrated Care Boards (ICB's) and the way those ICB's are financed, the Trust 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 Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the Board of Directors. Trust treasury activity is subject to review by the Finance Committee.

#### **Note 30.2 Currency Risk**

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

#### **Note 30.3 Market (Interest Rate) Risk**

All of the Trust financial assets and all of its financial liabilities carry nil or fixed rates of interest. The Trust is not therefore, exposed to significant interest rate risk.

#### **Note 30.4 Liquidity Risk**

The Trust's net operating costs are incurred under annual service agreements with Integrated Care Boards (ICB's) and NHS England, which are financed from resources voted annually by Parliament. The Trust ensures that it has sufficient cash to meet all its commitments when they fall due. This is regulated by the Trust's compliance with the 'Use of Resources Risk Rating' system created by NHSI, the Independent Regulator.

The Board continues to monitor its monthly and future cash position and has governance arrangements in place to manage cash requirements throughout the year. The Trust is not, therefore, exposed to significant liquidity risks.

#### **Note 30.5 Fair Values**

All of the financial assets and all of the financial liabilities of the Trust are measured at fair value on recognition and subsequently amortised cost.

The fair values recognised in these accounts do not differ materially from the carrying amounts.

#### **Note 30.6 Credit Risk**

The majority of the Trust's income comes from contracts with other public sector bodies, resulting in low exposure to credit risk. The Trust mitigates its exposure to credit risk relating to receivables from customers through regular review of debtor balances and by calculating an expected allowance for credit losses at the end of the year. Changes have been made to funding flows at least for the period April to July 2020 as part of the COVID 19 response. These changes are not seen as an increase to credit risk as the operational expenditure and related financing is provided by the DoHSC.

### Note 30.7 Carrying values of financial assets

	Held at amortised cost £000	Held at fair value through I&E £000	Held at fair value through OCI £000	Total book value £000
<b>Carrying values of financial assets as at 31 March 2023</b>				
Trade and other receivables excluding non financial assets	23,783	-	-	23,783
Other investments / financial assets	-	-	-	-
Cash and cash equivalents	23,541	-	-	23,541
<b>Total at 31 March 2023</b>	<b>47,324</b>	<b>-</b>	<b>-</b>	<b>47,324</b>

	Held at amortised cost £000	Held at fair value through I&E £000	Held at fair value through OCI £000	Total book value £000
<b>Carrying values of financial assets as at 31 March 2022</b>				
Trade and other receivables excluding non financial assets	11,319	-	-	11,319
Other investments / financial assets	-	-	-	-
Cash and cash equivalents	6,324	-	-	6,324
<b>Total at 31 March 2022</b>	<b>17,643</b>	<b>-</b>	<b>-</b>	<b>17,643</b>

### Note 30.8 Carrying values of financial liabilities

	Held at amortised cost £000	Held at fair value through I&E £000	Total book value £000
<b>Carrying values of financial liabilities as at 31 March 2023</b>			
Loans from the Department of Health and Social Care	-	-	-
Obligations under leases	4,023	-	4,023
Obligations under PFI, LIFT and other service concession contracts	219,777	-	219,777
Other borrowings	-	-	-
Trade and other payables excluding non financial liabilities	56,430	-	56,430
Other financial liabilities	-	-	-
Provisions under contract	1,064	-	1,064
<b>Total at 31 March 2023</b>	<b>281,294</b>	<b>-</b>	<b>281,294</b>

	Held at amortised cost £000	Held at fair value through I&E £000	Total book value £000
<b>Carrying values of financial liabilities as at 31 March 2022</b>			
Loans from the Department of Health and Social Care	-	-	-
Obligations under leases	-	-	-
Obligations under PFI, LIFT and other service concession contracts	229,927	-	229,927
Other borrowings	-	-	-
Trade and other payables excluding non financial liabilities	33,012	-	33,012
Other financial liabilities	-	-	-
Provisions under contract	823	-	823
<b>Total at 31 March 2022</b>	<b>263,762</b>	<b>-</b>	<b>263,762</b>



### **Note 30.9 Maturity of financial liabilities**

The following maturity profile of financial liabilities is based on the contractual undiscounted cash flows. This differs to the amounts recognised in the statement of financial position which are discounted to present value.

	<b>31 March 2023 £000</b>	<b>31 March 2022 £000</b>
In one year or less	84,108	59,278
In more than one year but not more than five years	112,384	104,264
In more than five years	511,549	526,174
<b>Total</b>	<b>708,041</b>	<b>689,716</b>

# **Note 31 Losses and special payments**

	2022/23		2021/22	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
<b>Losses</b>				
Cash losses	30	25	13	4
Fruitless payments and constructive losses	-	-	-	-
Bad debts and claims abandoned	85	19	182	40
Stores losses and damage to property	3	2	3	4
<b>Total losses</b>	<b>118</b>	<b>46</b>	<b>198</b>	<b>48</b>
<b>Special payments</b>				
Compensation under court order or legally binding arbitration award	-	-	-	-
Extra-contractual payments	-	-	-	-
Ex-gratia payments	40	124	27	188
Special severance payments	1	14	-	-
Extra-statutory and extra-regulatory payments	-	-	-	-
<b>Total special payments</b>	<b>41</b>	<b>138</b>	<b>27</b>	<b>188</b>
<b>Total losses and special payments</b>	<b>159</b>	<b>184</b>	<b>225</b>	<b>236</b>
Compensation payments received				

### **Note 32 Related parties**

The Trust undertakes a large number of related party transactions with other Government bodies. Related parties include but are not limited to

Department of Health and Social Care ministers  
The Department of Health and Social Care  
Board members of the Trust  
Nottingham University Hospitals NHS Trust  
University Hospitals of Leicester NHS Trust  
Chesterfield Royal Hospital NHS Foundation Trust  
Nottinghamshire Healthcare NHS Foundation Trust  
Northampton General Hospital NHS Trust  
University Hospitals of Derby and Burton NHS Foundation Trust  
Leeds Teaching Hospitals NHS Foundation Trust  
NHS Lincolnshire ICB  
NHS Derby and Derbyshire ICB  
NHS Nottingham and Nottinghamshire ICB  
NHS England  
Health Education England  
NHS Resolution  
NHS Property Services  
NHS Providers  
Department of Health and Social Care  
HM Revenue & Customs  
NHS Pension Scheme  
NHS Blood and Transplant  
Criminal Injuries Compensation Authority  
Nottinghamshire County Council  
NHS charitable funds (where not consolidated)

The Trust as Corporate Trustee also has a relationship with Sherwood Forest Hospitals General Charitable Fund. Charitable Income of £227k (2021/22 £874k) has been recognised in these accounts all of which relates to Sherwood Forest Hospitals General Charitable Fund. In addition a recharge of £56k (2020/21 £56k) has been made to Sherwood Forest Hospitals General Charitable Fund in relation to management / staff costs. The accounts are not consolidated on the basis of materiality as approved by the Trustees subject to annual review and approval.

The Trust made no payments to related parties for whom the Chair, Non Executive or Executive Directors are named Directors.

### **Note 34 Prior period adjustments**

Where prior period figures have been adjusted this is clearly stated in the associated note to these accounts.

### **Note 35 Events after the reporting date**

There are no adjusting or non-adjusting events after the reporting period which affect the financial information and disclosures made in these accounts.

# **INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS OF SHERWOOD FOREST HOSPITALS NHS FOUNDATION TRUST**

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Opinion**

We have audited the financial statements of Sherwood Forest Hospitals NHS Foundation Trust ("the Trust") for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, Trust Statements of Financial Position, Trust Statements of Changes in Taxpayers Equity and Trust Statements of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

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

### **Basis for opinion**

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

### **Going concern**

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

In our evaluation of the Accounting Officer's conclusions, we considered the inherent risks associated with the continuity of services provided by the Trust over the going concern period.

Our conclusions based on this work:

- we consider that the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified and concur with the Accounting Officer's assessment that there is not a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for the going concern period.

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

## **Fraud and breaches of laws and regulations – ability to detect**

### ***Identifying and responding to risks of material misstatement due to fraud***

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

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

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

As required by auditing standards, we performed procedures to address the risk of management override of controls in particular the risk that Trust management may be in a position to make inappropriate accounting entries. On this audit we did not identify a fraud risk related to revenue recognition because of the non-complex recognition due to the nature of the revenue, which limits the opportunities to fraudulently misstate revenue.

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

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual cash combinations, postings by specific users, unusual P12 postings to reduce expenditure, and material post close journals.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.
- Inspecting cash payments and purchase invoices in the period prior to and following 31 March 2023 to verify expenditure had been recognised in the correct accounting period.

### ***Identifying and responding to risks of material misstatement related to non-compliance with laws and regulations***

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general sector experience and through discussion with the Accounting Officer (as required by auditing standards) and discussed with the Accounting Officer the policies and procedures regarding compliance with laws and regulations.

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

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

The Trust is subject to laws and regulations that directly affect the financial statements, including the financial reporting aspects of NHS legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

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

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

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

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

### **Other information in the Annual Report**

The Accounting Officer is responsible for the other information, which comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

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

### ***Annual Governance Statement***

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

### ***Remuneration and Staff Reports***

In our opinion the parts of the Remuneration and Staff Reports subject to audit have been properly prepared in all material respects, in accordance with the NHS Foundation Trust Annual Reporting Manual 2022/23.

### **Accounting Officer's responsibilities**

As explained more fully in the statement set out on page 26, the Accounting Officer is responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to either cease the services provided by the Trust or dissolve the Trust without the transfer of their services to another public sector entity.

## **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## **REPORT ON OTHER LEGAL AND REGULATORY MATTERS**

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

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

We have nothing to report in this respect.

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

As explained more fully in the statement set out on page 102, the Accounting Officer is responsible for ensuring that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Under Section 62(1) and paragraph 1(d) of Schedule 10 of the National Health Service Act 2006 we have a duty to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

We have planned our work and undertaken our review in accordance with the Code of Audit Practice and related statutory guidance having regard to whether the Trust had proper arrangements in place to ensure financial sustainability, proper governance and to use information about costs and performance to improve the way it manages and delivers its services. Based on our risk assessment, we undertook such work as we considered necessary.

### **Statutory reporting matters**

We are required by Schedule 2 to the Code of Audit Practice to report to you if any reports to the Regulator have been made under paragraph 6 of Schedule 10 of the National Health Service Act 2006. We have nothing to report in this respect.

## **THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES**

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors of the Trust, as a body, for our audit work, for this report, or for the opinions we have formed.

## **CERTIFICATE OF COMPLETION OF THE AUDIT**

We certify that we have completed the audit of the accounts of Sherwood Forest Hospitals NHS Foundation Trust for the year ended 31 March 2023 in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice.

A handwritten signature in black ink, appearing to read 'Richard Walton', is written over a faint, circular, textured background.

Richard Walton

**for and on behalf of KPMG LLP**

*Chartered Accountants*

Nottingham

28 June 2023





