



Annual Report

2022 - 2023



modern • integrated • outstanding

patient at heart • everyday excellence • creative collaboration

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The performance report 2022-23

Overview

The purpose of this section of the performance report is to set out key information on the Trust in relation to its main objectives, strategies and the principal risks it faces. This section includes:

- Foreword from the chair and chief executive
- An overview of the Trust, its strategic objectives, organisational structure, services provided and population served
- An update regarding the Hertfordshire and West Essex Integrated Care Board and the West Essex Health and Care Partnership
- Statement on adopting Going Concern basis
- A summary of the Trust's performance (covering clinical, operational, financial and people)

Foreword - chair and the chief executive officer

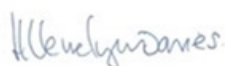
We are proud of the amazing work our Trust and our people do every day to offer the best possible service to our local population. We don't get many chances to set out the challenges and triumphs we face, and the Annual Report is one of our opportunities.

Anyone who reads a newspaper or watches the television will know that it has been an exceptionally busy year for everyone in the NHS, with unprecedented challenges to overcome. This includes managing COVID-19 and, significantly, managing the impact on the increased number of patients who are waiting for delayed appointments and procedures. We are very proud of all of our people for their efforts both during the pandemic and afterwards as our services transitioned to business as usual.

As you will read in the rest of the report, we have made major steps forward in areas such as our electronic health record. We have signed a contract with Oracle Health (Cerner) for our new electronic health record (EHR) system. With an ambition to be the most digitally enabled hospital nationally, this is really positive news for our people and patients.

We continue to invest in our site, including our new Aseptic Unit. The specialist unit will make chemotherapy medication for people with cancer and the pharmacy team will produce individually prepared chemotherapy treatment doses for oncology and haematology patients at the unit.

We have played a major role in the creation of place-based partnerships across the health and care system that will enable everyone to receive care that runs smoothly, no matter which organisation is providing the care. We continue to focus on our culture and improving our Staff Survey results. We know that with the cost of living issues facing both our people and our wider population, that it will be a challenging year ahead. However, the foundations we have created over the last two years give us a strong platform to work from to be a great place to work and a great place to receive healthcare from. It is our privilege to work at PAHT.



Hattie Llewelyn-Davies

Chair



Lance McCarthy

Chief executive

24 July 2023

The purpose and activities of the organisation

PAHT is a 418 bedded hospital with a full range of general acute services, including; a 24/7 Accident and Emergency Department (A&E), plus an Intensive Care Unit (ICU), a Maternity Unit (MU) and a Level II Neonatal Intensive Care Unit (NICU).

The Trust serves a core population of around 350,000 and is the natural hospital of choice for people living in West Essex and East Hertfordshire. In addition to the communities of Harlow and Epping, the Trust serves the populations of Bishop's Stortford and Saffron Walden in the North, Loughton and Waltham Abbey in the South, Great Dunmow in the East, and Hoddesdon and Broxbourne in the West. Its extended catchment incorporates a population of up to 500,000.

The Trust owns the main hospital site in Harlow, and also operates outpatient and diagnostic services out of the Herts and Essex Hospital, Bishop's Stortford and St Margaret's Hospital, Epping. The operation of these facilities forms part of the longer term strategy of bringing services closer to where patients live and making services, where appropriate, more accessible and easily available to patients.

The Trust operates over forty different services to meet the needs of its patients (see service portfolio below):

Directory of our services

Children and women's services			
Antenatal and newborn screening	Children's ward including patient at home (23/24 delivered by community provider)	Colposcopy and hysteroscopy services	Community midwifery
Early Pregnancy Unit	Foetal medicine	Gynaecology ambulatory service	Gynaecology including termination of pregnancy services

Infant feeding support	Newborn hearing screening	Neonatal critical care – special care baby unit and neonatal community nurses	Maternity: Antenatal clinics Ultrasound scanning Labour Ward Antenatal Ward Postnatal Ward Maternity Assessment Centre (Maternity Triage and Day Assessment Unit) Birth Centre Community midwifery services Homebirth service
Maternity bereavement services	Obstetrics	Paediatric diabetic Medicine	Paediatrics – inpatients, outpatients, ambulatory care
Specialist antenatal services	Tongue tie service		
Clinical support services			
Audiology	Blood tests	Breast surgery	Chemotherapy
Clinical haematology	Dermatology	Dietetics	Infection prevention and control services
Interventional radiology	Medical oncology	Mortuary and bereavement services	Neurology
Oncology services	Outpatients	Patient appliances	Pathology: microbiology, cellular pathology, blood sciences, biochemistry
Pharmacy services	Physiotherapy and occupational therapy	Radiology	Speech and language therapy

Tissue viability	Transfusion services		
Medicine			
Cardiology	Diabetic medicine	Endocrinology	General medicine
Genito-urinary medicine	Geriatrics including frailty	Medical inpatient wards	Older people's assessment and liaison (OPAL)
Oncology services relevant to medical care	Patient at home, adult (23/24 delivered by community provider)	Respiratory medicine	Rheumatology
Specialist palliative care and end of life services			
Surgery and critical care			
Day surgery	Colorectal services	Ear, nose and throat	Endoscopy services
Gastro enterology	General surgery	High Dependency Unit	Intensive Care Unit
Maxillo-facial surgery	Ophthalmology	Oral surgery	Perioperative Medicine (Anaesthetics and ICU)
Surgery – inpatients	Trauma and orthopaedics	Urology	Vascular services
Urgent and emergency care			
Adult assessment services incorporating same day emergency care and urgent 'hot' clinics	Clinical Medical Delivery Unit	Emergency department	Paediatric emergency department
Urgent Treatment Centre			

Strategic objectives

Following significant consultation with our people during 2021, we launched our strategy, **PAHT2030**, which we are now delivering through our clinical and management teams.

Our vision

Our vision remains:

To be modern: always using up-to-date treatments, technology and facilities.

To be integrated: working as one to provide joined-up healthcare that always puts patients first.

To be outstanding: delivering healthcare that our patients deserve and that makes us proud.

Our strategic priorities

During 2022, our people and patients have worked together to produce a range of strategies incorporating clinical, corporate and cultural improvements to support the delivery of our **PAHT2030** strategic priorities:

1. Transforming our care

We are developing the most up-to-date and expert care designed to meet the individual needs of the patient, where and when they need it.

We will:

- Work with **health system partners** to **empower patients** to take more control over their care and in monitoring their health
- **Enable our people to work in connected, streamlined ways** to deliver the right care, at the right time, in the right place
- **Drive continuous improvement** using real time data to enable PAHT to be a truly learning organisation

2. Our culture

Our focus is on fostering and nurturing an inclusive environment that champions diversity and equality, and where our people are engaged, supported and helped to learn and grow.

We will:

- Foster a healthy workplace where wellbeing is paramount, and staff feel valued, supported and safe to speak up
- Create new and enhanced ways of working, with a focus on greater collaboration as well as individual professional development
- Offer great career and development opportunities and be a model for diversity and inclusion

3. Digital health

We're harnessing new technology and digital solutions to transform patient care and improve how we work.

We will:

- Rollout our powerful new Electronic Health Record
- Use innovative technologies to capture, share and learn from the latest patient and clinical data
- Create a digitally enabled hospital that will increase efficiency and improve staff experience and patient outcomes

4. Corporate transformation

A focus on continuing to modernise our corporate services to support our clinical teams in providing outstanding care.

We will:

- Modernise our systems and services to support better care delivery, making the Trust an amazing place to work and thrive
- Collaborate with the Integrated Care System and Integrated Care Partnership for greater service integration
- Build high quality working environments for greater efficiency and cross departmental working

5. Our new hospital

We're building a world class hospital for the future, providing first rate care for our patients and the best place to work for our people.

We will:

- Improve outcomes for patients and future-proof our service delivery through smart, flexible building design
- Become more sustainable across everything we do, achieving our target of net zero carbon
- Exploit our greenfield location as a place of wellness not illness, for the benefit of staff and patients and local biodiversity

Alongside our **PAHT2030** priorities, our five corporate core objectives: patients; people; performance; places and pounds continue to hold us to account, keeping us grounded in reality and challenging us to keep improving the experience for our patients, visitors and people.

And, throughout everything we do, we are guided at all times by our PAHT values:

- **Patient at heart**
- **Everyday excellence**
- **Creative collaboration**

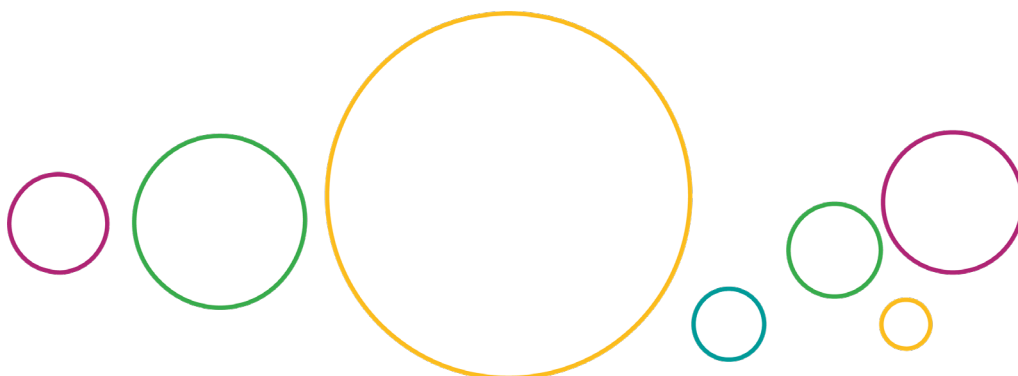
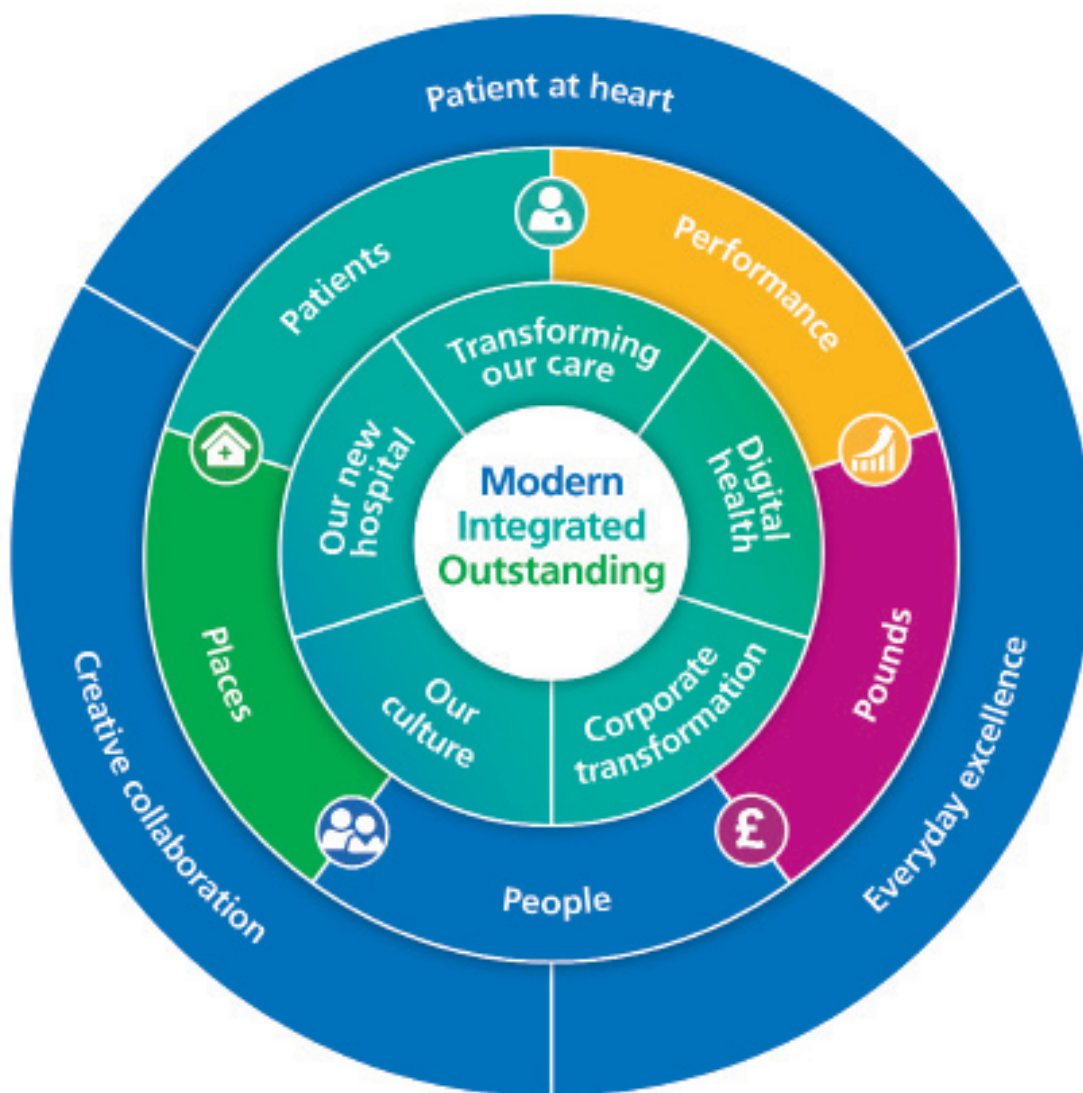
Our **PAHT2030** priorities; our core objectives and our values make a strong partnership that supports PAHT to make a difference.

During 2022-23, 27 clinical strategies have been developed by our people, setting the patient at the heart and outlining how our organisation and our people will improve outcomes for our patients and the working lives of our people in collaboration with all other local health and care organisations, our communities and our patients.

What this means for our patients

Our patients are at the heart of each PAHT strategy, and we will provide them with the best care and work with system partners to improve outcomes. We will provide:

- Quicker diagnosis and faster access to services whoever or wherever our patients are.
- Innovative and responsive care in different settings, including patients' homes, the community and our new hospital
- Holistic care with increased self-management and prevention support to help them remain healthier for longer and out of hospital where it is safe to do so; and
- Accessible services tailored to the needs of our population with easy access and a seamless patient experience



West Essex Health and Care Partnership

The Trust is a member of the West Essex Health and Care Partnership, which aims to build patient-centred models of care. The difference in health outcomes across localities is often related to the wider determinants of health that can influence an individual's or community's choices and their ability to remain healthy. Health inequalities are being addressed through a number of workstreams:

Healthy behaviours: the Live Well Harlow programme aims to use health and wellbeing campaigns to prevent disease and ill health. Health equity initiatives are being embedded in transformation programmes.

Clinical care: improving access to local health care services, digitally enabled care and optimising digital use to support demand on general practice services.

Built environment: working alongside public health and planning colleagues to get each locality in West Essex formally signed up to the Live Well Accreditation scheme.

Socio-economic: focusing on education, employment, income, family and community safety.

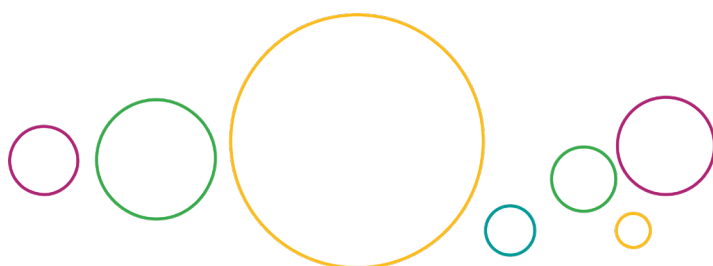
Data and insight: an integrated and developed data system that provides holistic population insights for stakeholders enabling population health management.

Integrated Care Board

NHS Hertfordshire and West Essex Integrated Care Board (ICB) is the local NHS organisation that plans and oversees how NHS money is spent and makes sure health services work well and are of high quality. The ICB was established on 1 July 2022.

Overall, the Hertfordshire and West Essex Integrated Care System (ICS) is designed to:

- improve the general health and wellbeing of Hertfordshire and west Essex residents, and improve health and care services in the area
- tackle the inequalities which affect people's physical and mental health, such as their ability to get the health services they need, and the quality of those services help tackle health and wider inequalities
- get the most out of local health and care services and make sure that they are good value for money
- help the NHS to support social and economic development in west Essex and Hertfordshire



New hospital

There has been little progress this last year on the new Princess Alexandra Hospital, with Trusts in the New Hospital Programme (NHP) pausing development whilst the NHP team conducted a major review of the programme. This review has included the scoping of Hospital 2.0 – a standardisation framework for all new hospitals to maximise efficiency and value for the taxpayer using shared procurement and design and modern methods of construction. Despite this, the Trust's team has continued to work closely with the NHP team, and at the time of writing the Trust is at an advanced stage in the new hospital development, aligned with the national priorities. We are ready to proceed with our outline business case once the NHP has formalised their programmatic approach to the delivery of 40 new hospitals. Following that we will then move to full business case and construction.

On 25 May 2023 the Secretary of State for Health and Social Care announced to the House of Commons that the new hospital would be 'fully funded'. The new hospital programme will continue throughout 2023-24.

Digital strategy

The Trust's digital strategy was approved in 2022-23 and described support for patients and people through a street of virtual patients living in Willow Road, and an office of virtual colleagues located in Office A47. In early 2023 the Trust entered into a contract with Oracle Cerner to implement their electronic health record system. The implementation is scheduled for autumn 2024 and will:

- Support patient facing colleagues in the provision of high quality and safe care
- Provide high-quality data for evaluation, evidence and validation of care
- Support more effective and consistent diagnostic processes through best practice care pathways

Key risks

The Trust has a Board Assurance Framework (BAF) which provides a mechanism for the Board to monitor risks to delivery of the Trust's strategic objectives. The highest scoring risks on the BAF throughout 2022-23 were variation in clinical outcomes, our estate and delivery of the emergency department standard. The risks are reviewed monthly and progress is monitored by the relevant board committees and Trust board every other month.

Board assurance framework risks 2022-23

Strategic objective one: Our patients: we will continue to improve the quality of care, outcomes and experiences that we provide our patients, integrating care with our partners and reducing health inequity in our local population.

- **1.0 COVID-19:** Pressures on PAHT and the local healthcare system due to the ongoing management of Covid-19 and the consequent impact on the standard of care delivered
- **1.1 Variation in outcomes resulting in an adverse impact on clinical quality, safety and patient experience**
- **1.2 Electronic patient record (EPR):** The current EPR has limited functionality resulting in risks relating to delivery of safe and quality patient care
- **1.3 Recovery programme:** Risk of poor outcomes and patient harm due to long waiting times for treatment

Strategic objective two: Our people: we will support our people to deliver high quality care within a compassionate and inclusive culture that continues to improve how we attract, recruit and retain all our people. Providing all our people with a better experience will be evidenced by improvements in our Staff Survey results.

- **2.1 General Medical Council (GMC) enhanced monitoring:** There is a risk that the GMC/Health Education England (HEE) will remove the Trust's doctors in training. This is caused by concerns regarding the quality of their experience, supervision and training. Removal of the doctors will result in the Trust being unable to deliver all of its services
- **2.3 Workforce:** Inability to recruit, retain and engage our people

Strategic objective three: Our places: we will maintain the safety of and improve the quality and look of our places and will work with our partners to develop an outline business case (OBC) for a new hospital, aligned with the further development of our local Integrated Care Partnership.

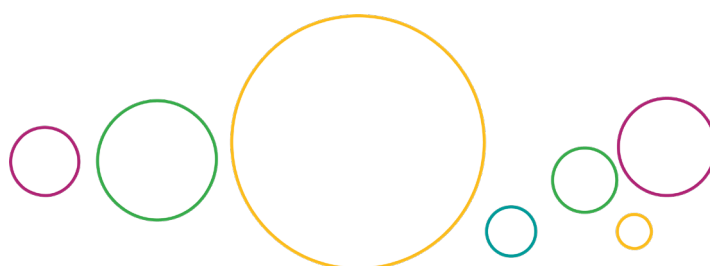
- **3.1 Estates and infrastructure:** Concerns about potential failure of the Trust's estate and infrastructure and consequences for service delivery
- **3.2 System pressures:** Capacity and capability to deliver long-term financial and clinical sustainability at PAHT due to pressures in the wider health and social care system
- **3.5 New hospital:** There is a risk that the new hospital will not be delivered to time and within the available capital funding

Strategic objective four: Our performance: we will meet and achieve our performance targets, covering national and local operational, quality and workforce indicators.

- **4.1 Winter resilience:** Risk that the Trust will be unable to sustain and deliver safe, high quality care during the winter period due to the increased demand on its services
- **4.2 Emergency department (ED) performance:** Failure to achieve ED standard resulting in increased risks to patient safety and poor patient experience

Strategic objective five: Our pounds: we will manage our pounds effectively to ensure that high quality care is provided in a financially sustainable way.

- **5.1 Revenue:** Risk that the Trust will fail to meet the financial plan due to the following factors: An indicative annual budget for 22/23 has been established. A deficit plan has been submitted but national allocations are not yet known and are linked to system envelopes. Expenditure plans have been set to deliver a breakeven requirement inclusive of a CIP requirement, with additional deficit expenditure to reflect the current and forecast additional rising Inflation costs in 22/23



Going concern

The Trust Board has assessed the Trust's ability to continue for the foreseeable future in accordance with the Department of Health and Social Care (DHSC) Group Accounting Manual. Consequently, as in previous years, the Trust has prepared its 2022-23 Annual Accounts on a going concern basis.

In approving the Trust's Annual Accounts the Board of Directors has satisfied itself that the Trust has prepared the accounts on the basis of going concern.

The directors of the Trust have considered whether there are any local or national policy decisions that are likely to affect the continued funding and provision of services by the Trust. The Trust is a member of the Hertfordshire and West Essex Integrated Care System (ICS). The ICS has published its Strategic Delivery Plan and NHS Long Term Plan response for the five-year period 2020-21 to 2024-25, the Trust is one of 3 acute providers within the ICS and key to the delivery of the future healthcare provision for Hertfordshire and west Essex.

The Trust continues to develop and is planning for a new hospital which will be funded directly by Treasury. The proposal and Strategic Outline Case (SOC) is supported both locally and nationally by a range of stakeholders. There are no known factors or circumstances identified that would cause the directors to doubt that The Princess Alexandra Hospital NHS Trust will continue to provide healthcare services into 2023-24.

For the 2022-23 financial year, the Trust delivered a system performance deficit of £13.0m against a breakeven plan. Income from our local Integrated Care board (ICB)/Clinical Commissioning Groups was largely based on the adapted finance regime introduced in response to the COVID-19 pandemic

and this provided relative certainty regarding our income and cash flow with the majority of income that the Trust receives based on 'block contracts' rather than being linked to cost and volume; the Trust ended the financial year with a £39.2m cash balance. The Trust received specific income for Elective Recovery (ERF) and the ongoing Covid-19 costs, although this value was lower than the previous year and continues to reduce in 2023-24.

For 2023-24 the financial funding arrangements are moving back, in part, towards the payment by results (PbR) basis whilst retaining elements of the block income payments seen over the previous pandemic period.

The Trust's income is predominantly made up from commissioner contracts uplifted for inflation and growth, with an allocation for Covid support and Elective Recovery (ERF) to reduce the longer wait elective patients.

The financial requirement for the year will be reducing the Trust's underlying cost base and delivering efficiencies to achieve a deficit plan of £5.1m. This position includes a £16.7m Patients, Quality and Productivity (PQP) efficiency target and an agreement with the ICS to deliver efficiencies across the provision of healthcare across the system which have been collectively agreed as an Integrated Care System (ICS).

The Trust has prepared a 12 month rolling cash forecast, incorporating the planned £5.1m deficit, during the going concern period to 30 June 2024. The cash forecast shows sufficient operating liquidity for the Trust to continue to during 2023-24. The Trust has access to NHS working capital support and loans should the need for this arise, however, there is no expectation of utilising this facility during 2023/4.

In conclusion, these factors, and the anticipated future provision of services in the public sector, support the Trust's adoption of the going concern basis for the preparation of the accounts.

Performance analysis

Financial performance

2022-23 has seen the NHS transition from the pandemic financial regime.

As part of these arrangements, NHS organisations have seen a reduction in top-up and Covid income and targeted investment to tackle and reduce elective and 104 week waits. Whilst the Trust did receive some additional income support for winter and mental/community discharge challenges, the non-recurrent income seen over the previous two financial years has been substantially reduced.

The delivery of the elective recovery and 104-week waits has seen service pressures through higher staffing cost, insourcing to meet capacity challenges and the outsourcing of activity. In addition, continuing Covid-19 related expenditure, reduced productivity and higher estates costs reflecting the ageing infrastructure have contributed to the Trust's deficit in 2022-23.

Operating and financial review

The Trust delivered a deficit of £13.0m for the financial year 2022-23. This was a movement of £14.1m from the surplus achieved in 2021-22, however, the financial environments are not comparable due to changes in the contracting arrangements as the NHS moves out of the pandemic response and towards the Government's 'living with Covid' strategy.

Cost improvement

The Trust made efficiency savings of £11.7m in 2022-23, of which 91% were non-recurrent. These were delivered through our Cost Improvement

Programme (CIP) without impacting the quality or safety of the care we provide. Throughout 2022-23, we have invested in external support to reinvigorate our CIP programme and have developed a Trust wide programme, now labelled Patients, Quality and Productivity (PQP); putting the patient at the centre of everything we do and making sure we optimise productivity through high quality care.

Capital investment

The Trust invested £28.4m in capital infrastructure and equipment to support the delivery of services in 2022-23 and future years. Key projects included major investment in the development of the Electronic Health Records (EHR), infrastructure upgrades across our estate and ICT to improve the sustainability and resilience of our systems, the Clinical Diagnostic Centre (CDC) and radiology imaging facilities. Approximately half of the spend was funded through the Trust's own self-funded capital programme with the other half provided through Public Dividend Capital (PDC) which is provided via the Department DHSC.

The investment in the PAH New Hospital Programme has continued in 22/23 as the Trust looks towards further developing the business case.

The planned capital investments for 2023-24 includes:

- Continued investment in EHR, CDC and imaging capacity
- Redevelopment of the discharge lounge to improve flow.
- Finance modernisation programme
- Estates and ICT infrastructure developments
- The development of our New Hospital Programme

These capital investments support the Trust to meet our vision to provide high quality care for all patients, each day and to demonstrate our focus on corporate social responsibility to the

communities we serve. While we plan for a new hospital, we recognise the need to continue to optimise our estate for meeting the short to medium term health needs of our patients. This does however cause funding challenges and is one of the on-going cost pressures we are seeking to balance.

Looking ahead

Looking ahead to 2023-24, the national guidance is moving back towards the payment by results (PbR) basis for elective patients, whilst retaining elements of the block income payments seen over the pandemic period for all other care. Income contracts with the ICBs will be uplifted for inflationary impacts and offset by an efficiency requirement. The Trust will continue to receive elective recovery investment linked to improvements in elective performance and reduced levels of COVID-19 support in line with prior years.

The ICS capital allocation continues to be constrained, the Trust's capital allocation is £14.3m of internally generated resources. Additional external capital funding (in the form of Public Dividend Capital) will be received to support the EHR development, Community Diagnostic Centre and the new hospital programme. These major capital investment projects will continue to transform the care that we are able to provide, whilst maintaining the existing hospital. In line with prior years, we anticipate further funding being received in the form of PDC in 2023-24 and may look to bid for some of this funding.

We will continue to look at opportunities to further invest in our hospital to provide the best possible care to our local population now and into the future, working with the Hertfordshire and West Essex system.



Key financial results

The following table shows a range of financial performance values taken from the accounts.

Accounts highlights	2022/23 £000's	2021/22 £000's
(Deficit)/surplus for year	(13,049)	1,110
Public Dividend Capital Dividend Payable	(4,014)	(4,770)
Value of Property, Plant and Equipment	164,432	149,131
Right of Use Assets (Leases – IFRS 16)	31,655	-
Value of borrowings (Leases - IFRS 16)	27,943	-
Value of borrowings (including loans)	-	10
Cash at 31 March	39,196	51,050
Creditors – trade and other	(51,994)	(42,635)
Debtors – trade and others	14,408	11,265
Revenue from patient care activities	339,047	335,454
Clinical negligence costs	(13,242)	(13,867)
Gross employee benefits	(246,877)	(221,622)



Better payment practice code

The code sets out the following obligations for NHS organisations in respect of the payments it makes to its suppliers - principally:

- payment terms are to be agreed with suppliers before a contract commences
- payment terms are not to be varied without prior agreement with a supplier
- by default, bills are to be settled within 30 days unless other terms have been agreed

During and post the COVID-19 pandemic, the Trust is committed to making supplier payments within 30 days of the invoice date. Where possible and appropriate, the Trust will accelerate payments to suppliers recognising its responsibility to support all businesses in sustaining cash flow. As such performance in 2022/23 was

an improvement on 2021-22. We will as part of our enhanced focus on cash management in 2023-24, continue to review our payment performance and policy. Detailed information is available in the Performance Report of the Annual Accounts on page 156.

Anti-fraud and bribery

The Trust continues to work to maintain an anti-fraud, bribery and corruption culture and has a range of policies and procedures to minimise risk in this area. The Trust is committed to providing and maintaining an absolute standard of honesty and integrity in dealing with its assets. We are committed to the elimination of fraud, bribery and illegal acts within the Trust and ensure rigorous investigation and disciplinary or other actions as appropriate if allegations are made. The Trust utilises best practice, as recommended by NHS Counter Fraud Authority.

Operational performance

The Trust's operational performance against national and local standards is monitored and reviewed at:

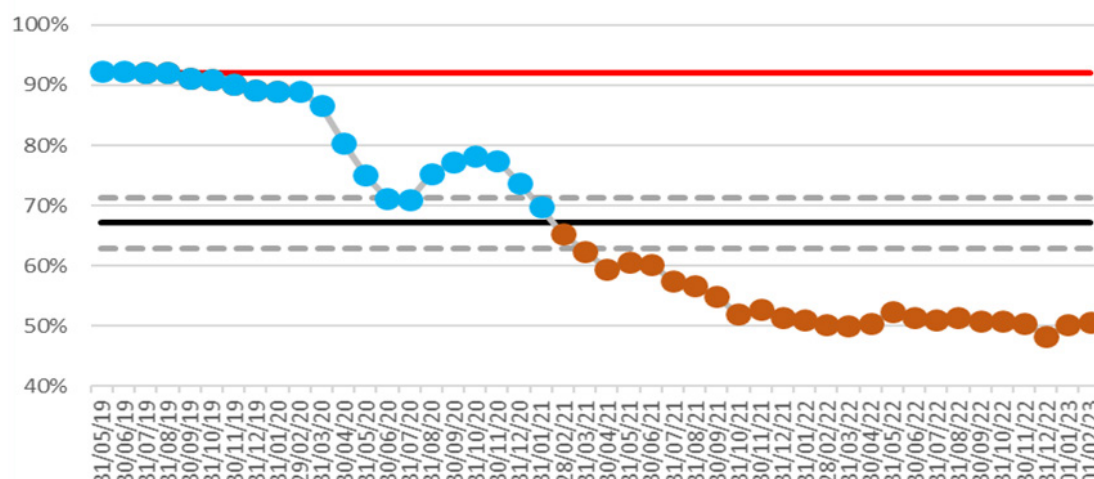
- Regular Performance Review Meetings between members of the executive team and each division or department
- The Urgent Care Board
- The System Access Board
- The Cancer Board
- Senior Management Team meetings
- The Performance and Finance Committee
- Trust Board meetings

An Integrated Performance Report is presented to the Performance and Finance Committee, Quality and Safety Committee and Trust Board meetings. Externally, the Trust is held to account for its operational performance by NHS England and its commissioners.

Targets and national standards

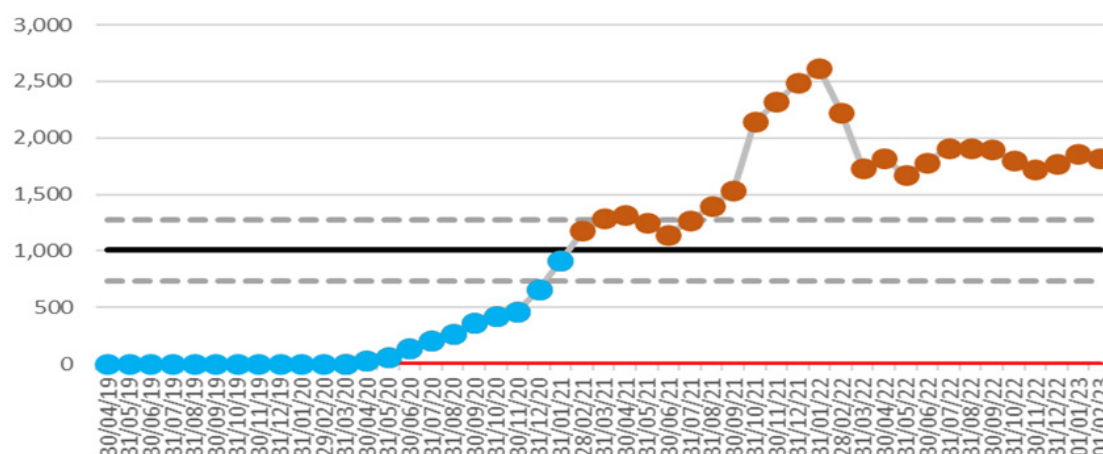
Delivery of all national standards has continued to be significantly impacted by the increased elective waiting lists caused by Covid-19 and further increased numbers of emergency patients requiring care. During the year the hospital has returned to a sustainable level of facilities that enable treatment of elective and emergency patients with separate care of patients with infections such as Covid-19 and Influenza. This has enabled more capacity for elective care during 2022-23 than in the past two years.

Referral to treatment Incomplete



Full elective operating was delivered during winter 2022-23 although the elective orthopaedic ward was closed for two weeks in January to support the increased emergency admissions. Critical care capacity has been challenged during the year with a number of elective critical care cases requiring re-scheduling due to emergency pressures.

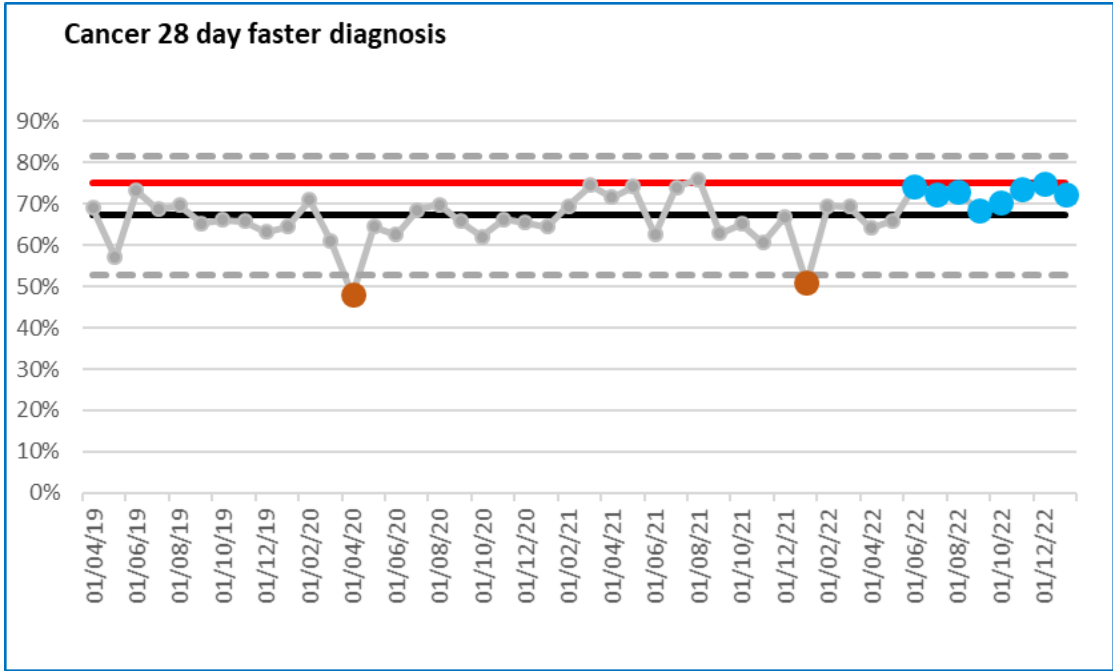
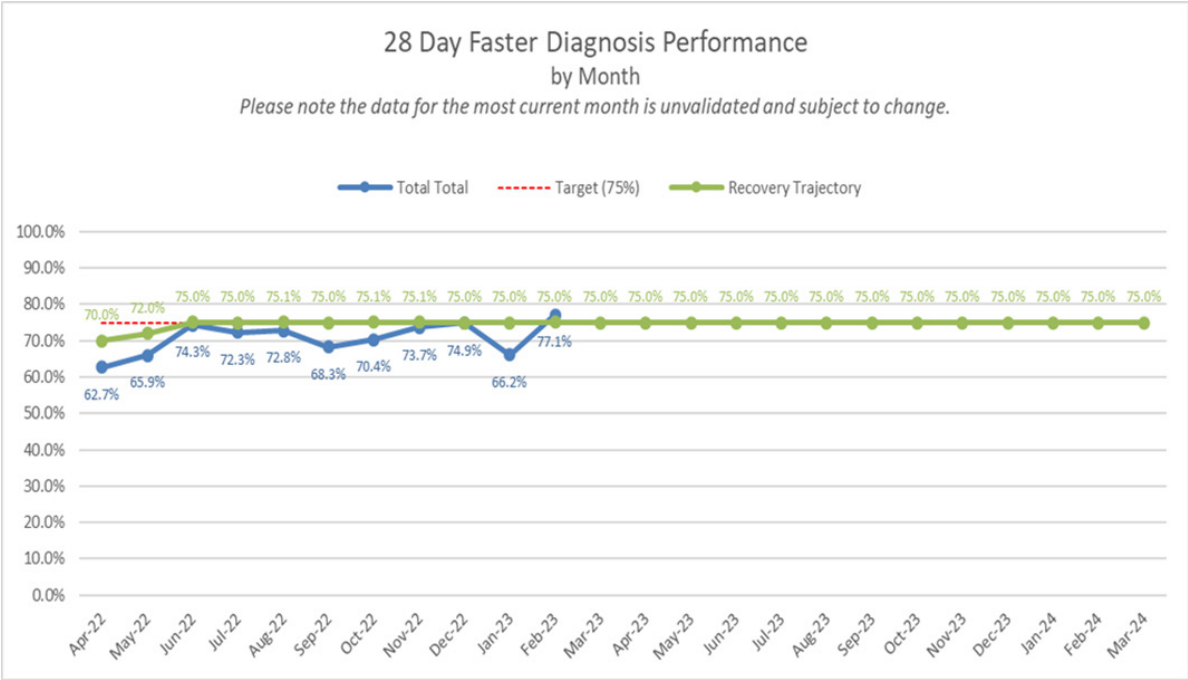
Referral to treatment 52 week waits

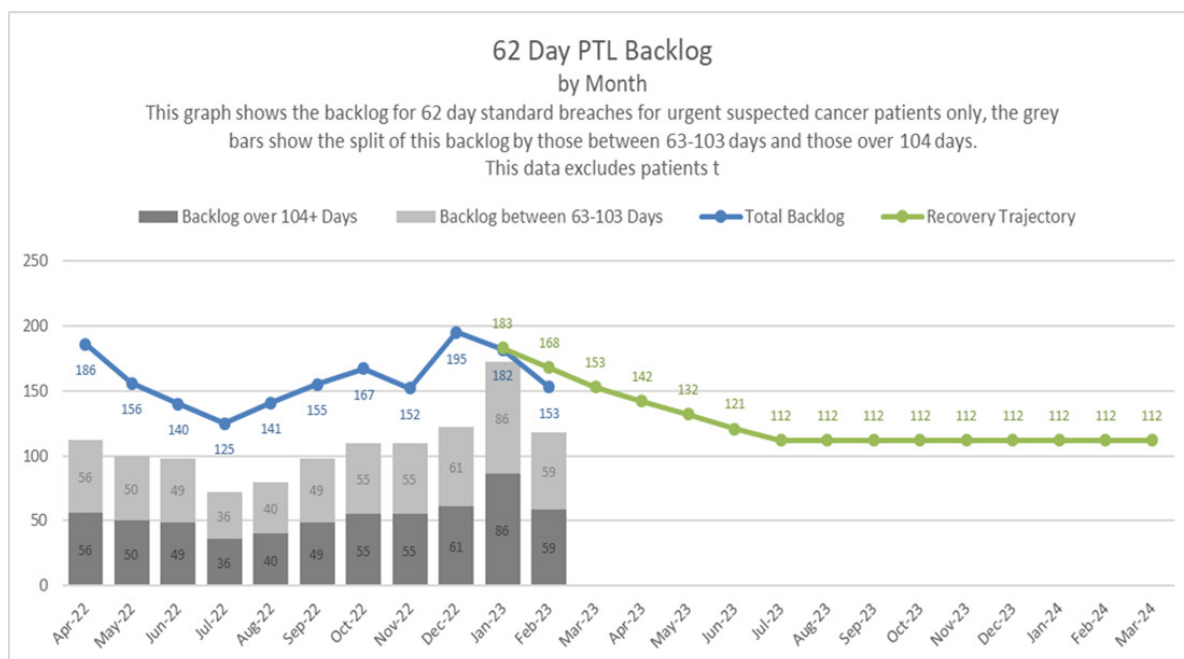


The 18 week Referral to treatment (RTT) standard was impacted by the long waiting times for treatment for patients, with half the Trust's patients waiting over 18 weeks for routine treatment. Urgent and cancer treatments continue to be delivered in under 18 weeks. The Trust continues to book patients in clinical priority order and has been successful in ensuring the highest priority patients are being booked within a month of making a decision to treat (P2s). The Trust has also reduced the number of long waiting patients with patients over 78 weeks steadily reducing over the year and ensured that there were no patients waiting over two years for treatment in summer 2022. The Trust aimed to treat all patients waiting longer than 78 weeks by 31st March in line with the national requirement, but finished the year with 14 patients to be treated after this date as a result of cancellations due to industrial action in March 2023.

Delivery of the national cancer standards has continued to be impacted by the number of patients waiting over 62 days for their treatment due to Covid-19, however significant progress has been made in reducing the long waits. The Trust achieved the national requirement to reduce the backlog of patients back to pre-Covid levels (February 2020) at 31 March 2023 and aims to exceed the March 2024 standard set in 2023-24. A current cancer recovery plan has been implemented across all specialties and two large improvement projects in colorectal and urology are planned for early 2023-24.

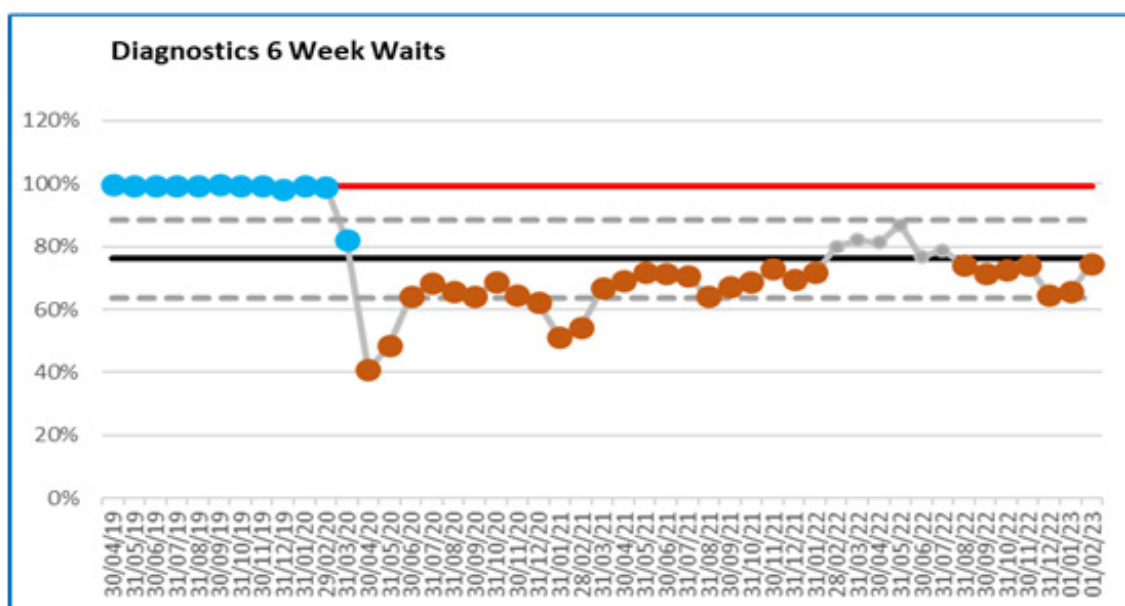
The Trust is committed to the delivery of all national cancer standards and good progress is being made in early 2023 with the faster diagnosis standard and the two week wait first appointment measures.





Diagnostic performance

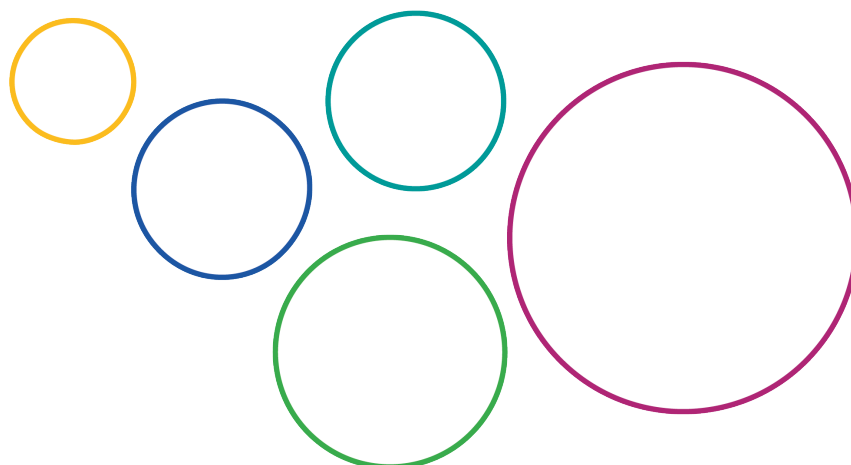
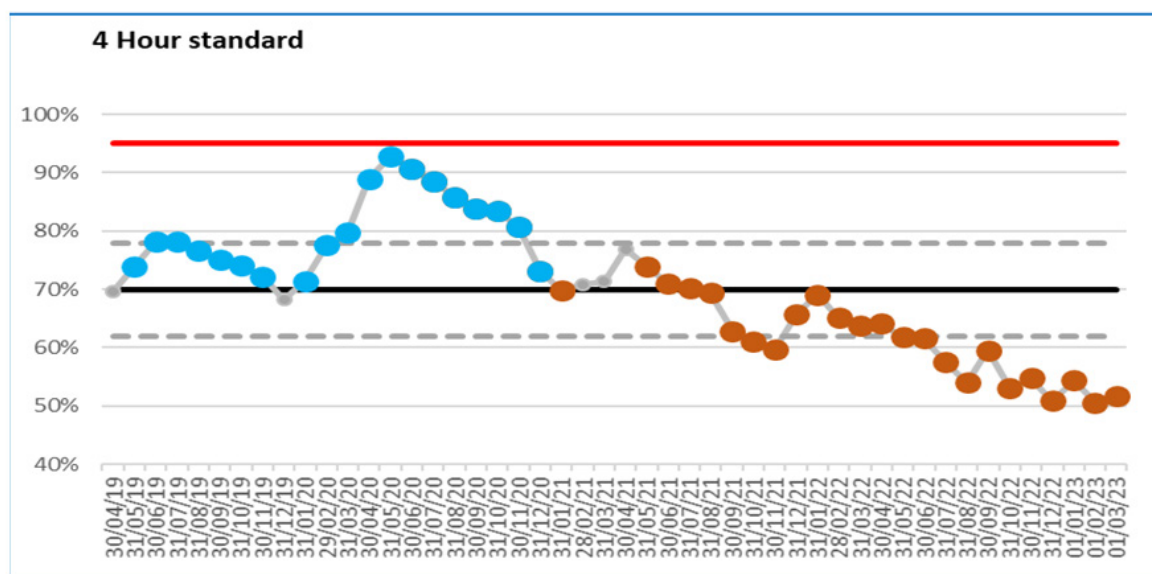
Diagnostic performance has also been impacted by backlogs of routine patients waiting longer than six weeks for their diagnostic. Cancer and urgent diagnostics continued and the diagnostics department delivered additional activity to both the emergency department, cancer pathways and to reduce the backlog. Diagnostic services are performing above their recovery trajectory and the Trust is delighted to report that CT reported above the new 95% against the national standard from December 2022. The Trust aims to achieve the overall national standard by August 2023, with the exception of Audiology which has a separate improvement plan. The opening of the third CT machine and the replacement of the MRI equipment at St Margaret's Hospital ensured resilience in diagnostic capacity in the year.



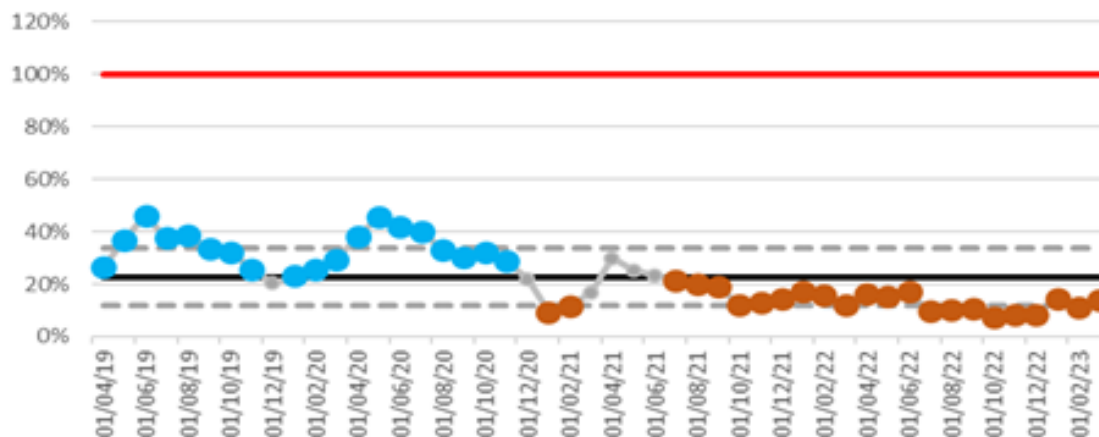
Urgent care and emergency department (ED) performance

The urgent care attendances during the year have seen sustained high attendances throughout the year but in 2022-23 Covid-19 infection fluctuations have not significantly impacted attendances. The separate respiratory emergency department was maintained throughout the year until the winter when additional capacity in the main department was opened. The separate area for the Urgent Treatment Centre was expanded with separate areas for blood tests and physiotherapy appointments. All walk-in patients are streamed to the most appropriate emergency service enabling the emergency department to concentrate on the most urgent cases.

In summer 2022, the emergency department implemented an Electronic Health Record system which enables clinical triage on first attendance and streaming of patients to the most appropriate location which is a significant safety improvement. The ongoing waves of COVID-19 admissions and increased pressures in the wider health and social care system have exacerbated the flow of patients through the hospital and returning to home and care settings. As a result of ongoing demand the bed occupancy has continued to be high which then impacts the time to admission on a ward and the ambulance handover performance. Over the winter, improvements were implemented to support faster ambulance offload. The four hour standard to ensure patients are treated, discharged or admitted within four hours of arrival in the emergency department has been below the national standard for the year and an extensive recovery programme is in place.



Ambulance handovers less than 15 minutes



We have continued to work with our system partners to further develop streamlined services that can be delivered in the most effective location and to prevent attendances and admissions to hospital. The Local Delivery Board has continued to forge close working relationships across organisations and enabled improved service provision such as increased intermediate care capacity, patient at home support for patients with existing care packages and sharing of staff. This collaboration has been essential to support the various services across the wider health and social care system.

The Trust has continued to focus on reducing long length of stay for patients through collaborative work with the ICS and further initiatives are in place for 23/24 to improve timely discharge of patients to their home setting.

Responding in an emergency

The responsibility of the Emergency Preparedness Resilience and Response lead (EPRR) is to ensure that PAHT fulfils its legal obligations as a category 1 responder under the Civil Contingencies Act 2004 and the Health and Social Care Act 2012, amended 2015.

For the reporting year 2022-23 the

EPRR lead has focused on reporting the PAHT core standards and ensuring that PAHT meets the required standards which had changed from previous years; developing and commencing the required national operating standards and core standards training.

All business continuity plans are up to date for all the critical services ensuring that if an emergency or business continuity event occurs PAHT is prepared and able to continue its critical services. As required nationally, an assessment against the NHS England emergency preparedness, resilience and response core standards was undertaken and assurance provided to NHS England.

Partnership working with the Essex Resilience Forum (ERF), the Integrated Care Board (ICB) and the Local Health Resilience Partnership (LHRP) has continued. These partnerships are an essential part of preparedness in responding to any emergency as defined by the Civil Contingency Act 2004.

The Covid-19 'command and control' structure remained in place to meet the increases and decreases in demand and respond to changing situations. The initial structure comprised a Strategic Command Cell, with tactical cells managing operational response,

clinical response, infection prevention and control, supporting our people, communications response and the management of our estate and infrastructure.

The coming year will see us working alongside our partners and a range of other organisations, as we come out

Clinical performance

Infection prevention and control

Throughout 2022 there was a notable reduction in patients developing severe illness with the Omicron variant. COVID-19 hospital admissions continued to fall as the months passed, and increasing numbers of inpatients testing positive for COVID-19 were asymptomatic.

COVID-19 tests continued to be routinely used as part of a diagnostic pathway for symptomatic patients and staff. Asymptomatic testing of patients and staff gradually reduced throughout the year. Local discretion is being encouraged in Trusts, with a gradual reduction after the winter of 2022-2023 for return to work protocols for COVID-19 positive staff, and testing of immunocompromised patients. Use of fluid-resistant surgical masks (FRSMs) has been advised from April 2023 only in respiratory wards and selected high risk settings. Individual choice for mask use by staff and patients will continue in other settings.

Clostridioides difficile (C.difficile)

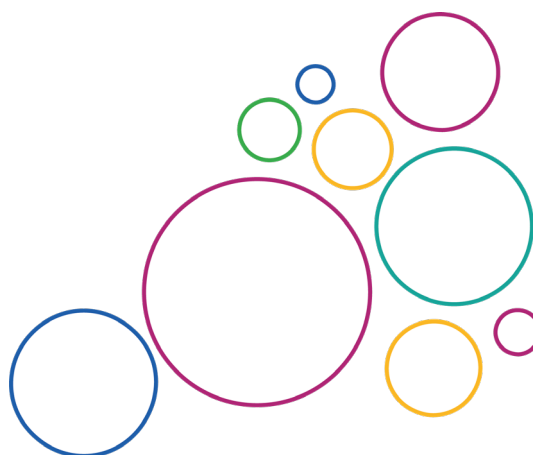
A total of 36 C. difficile cases were reported during the year 2022-2023 (below the threshold of 56 cases), as shown in the C.difficile table below. Of these, 28 were hospital-onset, health care associated (HOHA) detected three or more days after admission, and eight were community-onset healthcare associated (COHA) detected in the community or within two days of

of the Covid-19 pandemic and return to business as usual. This includes identifying learning, and restoring our services, in a way that reflects a dramatically different way of working and improving our ability to respond to an emergency.

admissions, and the patient had been an inpatient in the Trust in the previous four weeks. This compares with a total of 35 cases in 2021-2022, 18 of which were HOHA, and 17 were COHA.

Cases were reviewed as part of the root cause analysis (RCA) process at the bi-monthly Incident Review Panels, identifying any trends/themes and sharing of learning. Panel reviews include the monitoring of key IPC measures for the control of C.difficile including isolation, sampling, cleaning, hand hygiene and the prescribing of antibiotics.

The total antibiotic consumption in the organisation was noted to be high and, as such, there has been a strong focus on antimicrobial stewardship (AMS). Oversight and monitoring of antibiotic usage continued through the monthly Antimicrobial Stewardship (AMS) Group meetings, working with medical and pharmacy colleagues in the monitoring of antibiotic consumption. Adjustments have been made to the Trust's antibiotic policy and an external peer review undertaken.



Clostridium difficile (C.difficile)	Threshold 2022-23	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Total
Hospital onset healthcare associated:	56	5	1	5	3	5	2	0	1	1	0	3	2	36
Community onset healthcare associated:		1	1	2	1	1	0	0	0	0	0	0	2	
Community onset indeterminate association:		0	0	0	0	0	2	0	0	0	0	0	0	2
Community onset community association:		4	0	1	1	1	2	1	2	1	1	1	2	17

MRSA Bacteraemia

There were no cases of HOHA or COHA MRSA bacteraemia this year, meaning the Trust achieved the zero-tolerance trajectory. In December 2022, a patient with a community onset, community associated (COCA) bacteraemia was admitted; the patient had not had any association with PAHT and was therefore investigated by the IPC team within the Integrated Care Board (ICB).

MSSA Bacteraemia

Unlike with other organisms, there is no trajectory in place for MSSA bacteraemia, however, the Trust has continued to closely monitor and review its cases. There was a total of 15 HOHA and four COHA cases in 2022-23 which is similar to the case numbers in the previous year.

Norovirus

There were five outbreaks of confirmed Norovirus in the Trust during 2022-23.

Mpox (previously called Monkeypox)

During May 2022, Trusts were notified by UKHSA of several cases of Monkeypox, a rare infection, most commonly found in west or central Africa, identified in the UK. Within the Trust, two confirmed cases of Mpox were identified (not patients that were admitted) and managed appropriately in the community. Several more suspected cases attended ED during this period of increased prevalence (all negative).

Group A Streptococcus (GAS)

During the winter months of 2022-23, there was a national increase in lower respiratory tract Group A Streptococcus (GAS) infections in children and adults.

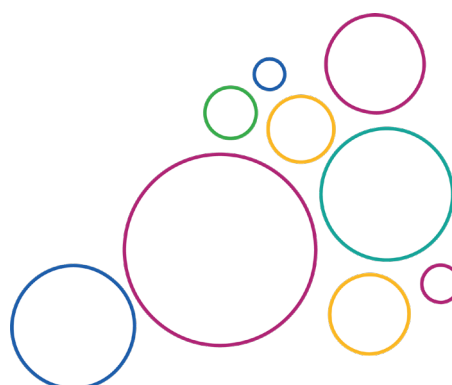
Locally, the number of GAS isolates from all clinical samples received from the community, was higher than normal from April 2022, and significantly higher from December 2022 in children under 16 years old. In adult cases, an increase was observed from December 2022, reflecting the national prevalence data, where a rise in cases in those over 65 years has been identified.

Learning from patient safety incidents

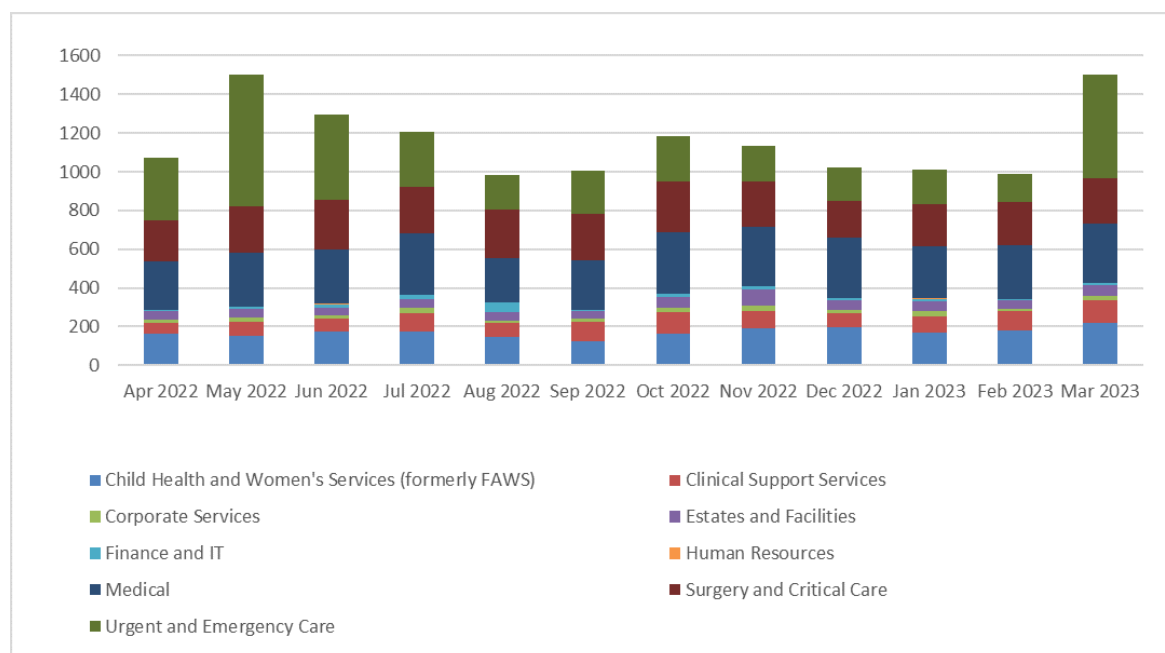
Patient safety is a priority and we continuously work to ensure that incidents are managed effectively, promptly and most importantly that we learn and share the improvements from them.

A patient safety incident or adverse incident is defined as 'any unintended or unexpected incident which could have, or did lead to harm for one or more patients receiving NHS funded care'. This includes all terms such as adverse incidents, adverse events and near misses, where an incident was recognised and averted.

For the year 1 April 2022 to 31 March 2023, 13,901 incidents were reported on the Trust's Datix incident management system; this is a 13% increase from 2021-22.



Incident reporting data for period 1 April 2022 – 31 March 2023

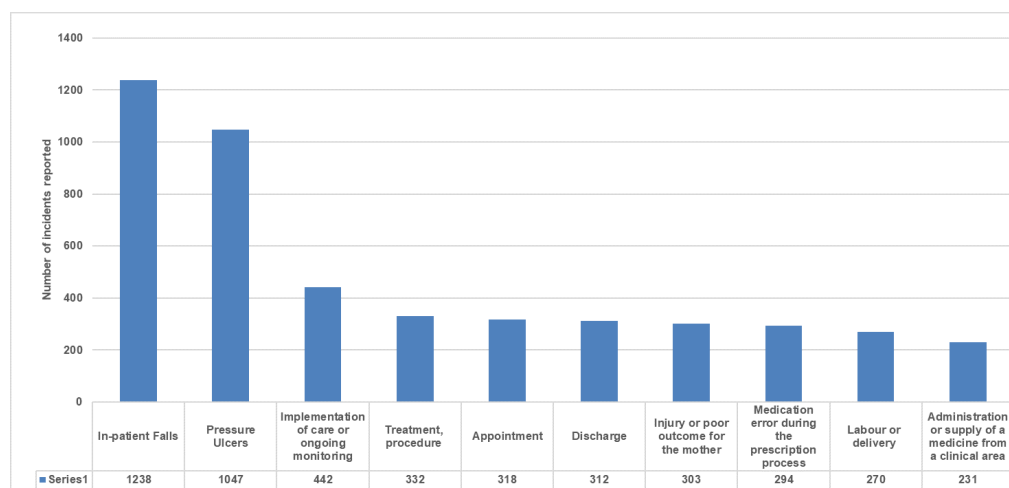


Of the total number of incidents raised in year, 8118 were classed as patient safety incidents, this is 59%, which is comparable with previous reporting years.

Top 10 patient safety incidents

The top 10 categories of patient safety incidents reported in this financial year are summarised in the graph below. These are reported to the National Reporting and Learning System (NRLS) to enable learning and comparison with similar sized organisations across the country to occur.

Category of patient safety incidents for 1 April – 31 March 2023



Category of non-patient safety incidents

5783 (41%) incidents reported under the following categories:

- 2784 monitoring (17%)
- 940 staff related (7%)
- 885 staffing shortage (6%)
- 622 equipment related (4%)
- 461 environmental (3%)
- 389 security (3%)
- 100 visitor related (1%)

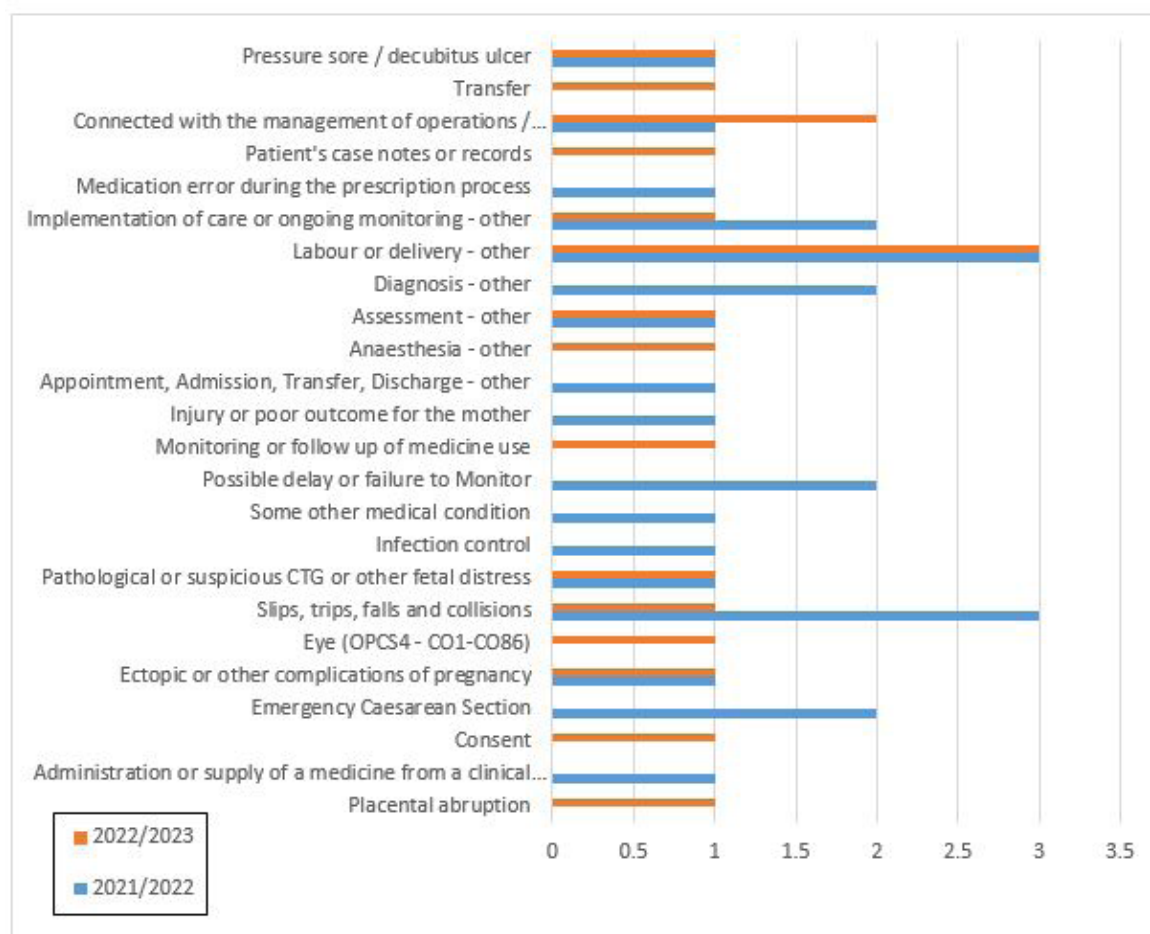
There has been an increase in the category of incidents raised classed as monitoring in year, from 11% of the total of non-patient incidents last year up to 17% this year. This is resulting from our teams using the Datix incident reporting system to capture information on:

- number of deprivations of liberty cases
- safeguarding referrals within and outside of the Trust
- monitoring of operational issues (including 12-hour breaches).

Serious Incidents

The Trust raised 18 serious incidents (SIs) during the period 1 April 2022 to 31 March 2023.

Number of serious incidents reported - a 2-year comparison of data



Once a serious incident investigation is concluded, an action plan is developed to prevent reoccurrence. The Trust uses a sharing the learning report to ensure all relevant staff are

- aware of the key issues that occurred in this incident
- the changes to practice either implemented or being completed
- what the learning from the incident is to prevent reoccurrence

This will be presented and shared widely within the local team where the incident occurred and if relevant to other clinical areas and divisions will be shared across the Trust. This information is reported in Trust wide reports that are discussed at monthly or quarterly meetings, including the sub-committee of Trust board the Quality and Safety Committee.

Three of the 18 SIs raised in year were Never Events. The investigation has concluded for one of the three incidents with a robust action plan being completed. A subsequent audit to confirm the actions are embedded into staff practice has given assurance this has been completed. The remaining two never event SI investigations are ongoing, immediate interim actions have been developed until the conclusion of the report is completed.

Examples of changes implemented as part of learning from incidents

Falls:

Falls improvement work has taken place on the respiratory ward:

- The staff have all completed the falls prevention training
- The team discuss all patients that are at high risk of falling within the ward handovers and safety huddles
- All patients on the ward now have a falls risk assessment within 6 hours of admission and evidenced

of this completion is monitored within the regular ward audits

Maternity:

- A new process has been put in place when a woman has an intentional medical device left in place following a procedure. A checklist sticker is placed in the healthcare records. The patient will be given an additional pink wristband as a visual reminder that caution is advised as the woman has a medical device in place
- There has been a change in guidance to ensure a CT urogram is completed for all women who require a caesarean section when they are fully dilated to monitor for a recognised complication of this surgery

Pressure ulcers:

Improvement work has taken place with a specific focus on the care of the elderly wards:

- An increase in nurses trained on pressure ulcers on the ward
- Our medicine division wards have a safety huddle template that prompts all ward teams to identify the patients at high risk of both fallings and developing pressure related injuries
- The ward manager's daily audit requires the senior ward nurse to randomly select and review a set of patient nursing healthcare records to complete an assessment of the essential care given
- The pressure ulcer risk assessment tool has been placed on our electronic tool Nervecentre, with the risk score for each patient being reviewed as part of the nursing handover

The year in patient experience

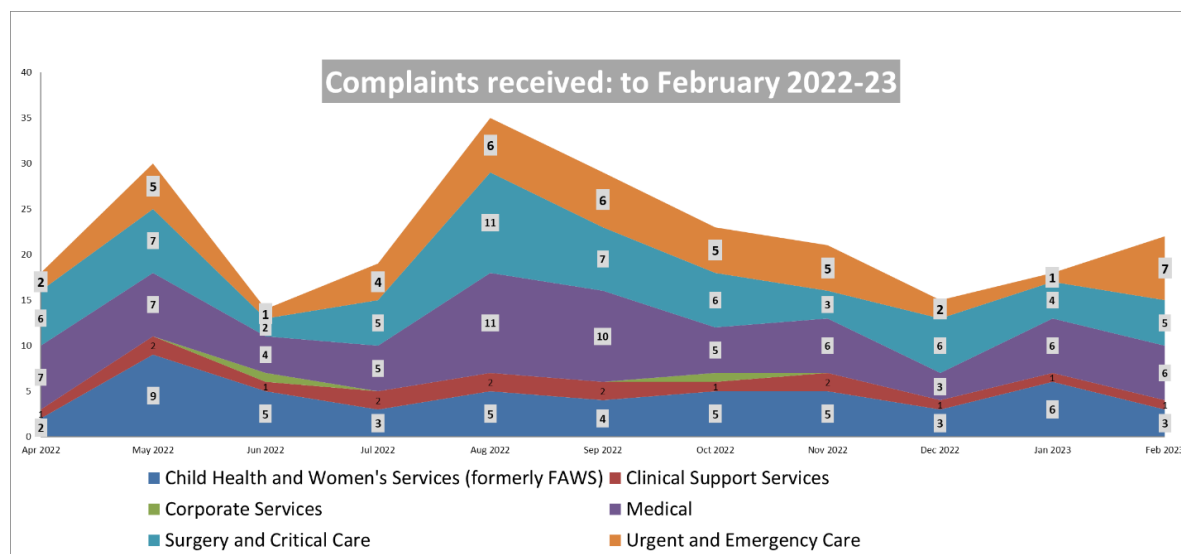
The top themes of the 4231 concerns raised to the patient advice and liaison service (PALS) team to the end of March 2023 related to delays, communication and cancellations. The main themes from the 259 complaints received related to nursing care, medical care expectations and communication issues.

All of this led to the creation of the first integrated Patient Safety, Experience and Quality Strategy which was

launched in March 2022 with Aidan Fowler, national director of patient safety, which will help to:

- Address harms related to communication and ensure we develop a culture of learning and psychological safety
- Assessing and mediating the impact of technology on patient experience: reduction in evidence of concerns raised as a result of implementation of new technologies
- Developing a culture of kindness and compassion to our patients and people which we can measure

Complaints received in 2022-23



Three significant projects have been launched in the last year to help reduce communication related complaints and we think they are beginning to have an effect.

- **Communication skills training:** One of the most significant changes is the introduction of a highly effective new training programme known as SAGE and THYME. The training was developed in Manchester by Dr Mike Connelly, and is an evidence based model for responding to emotional distress
- **Open visiting:** The second is the recent introduction of open visiting, which will unlock significant improvements in experience for most families and carers

• Voluntary services support:

The third and final change is an increase in the number of volunteers returning to wards using a new support approach known as the compassionate care Namaste volunteer role. The idea of Namaste is to honour the spirit within, a critical concept for patients with dementia whose physical and mental state in hospital may not reflect their normal behaviours.

Mortality

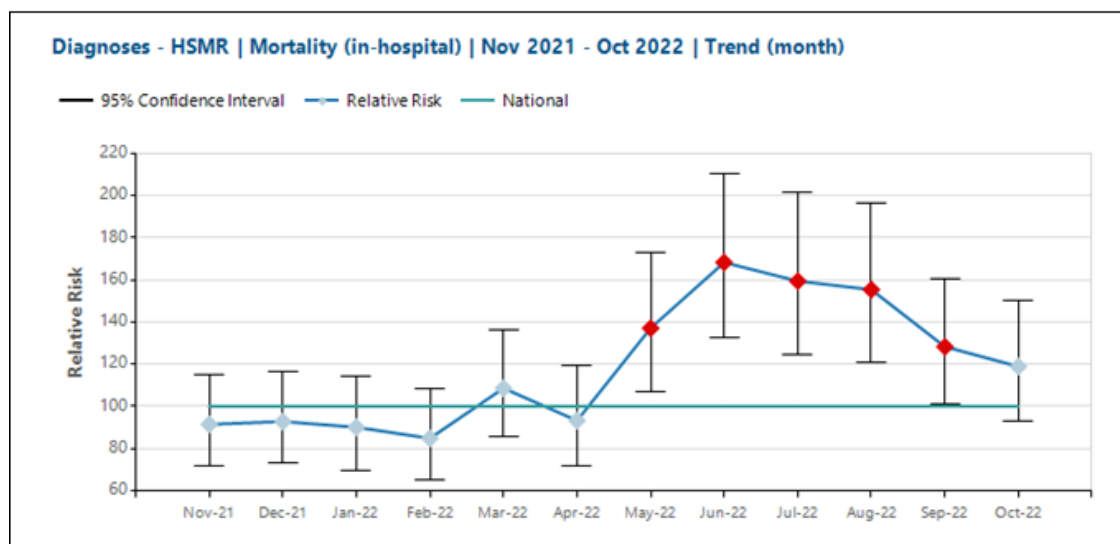
Mortality governance is a key priority for the Trust board. The medical director has executive responsibility for the learning from deaths agenda and a non-executive director has responsibility for oversight of progress.

Hospital Standardised Mortality Ratio (HSMR)

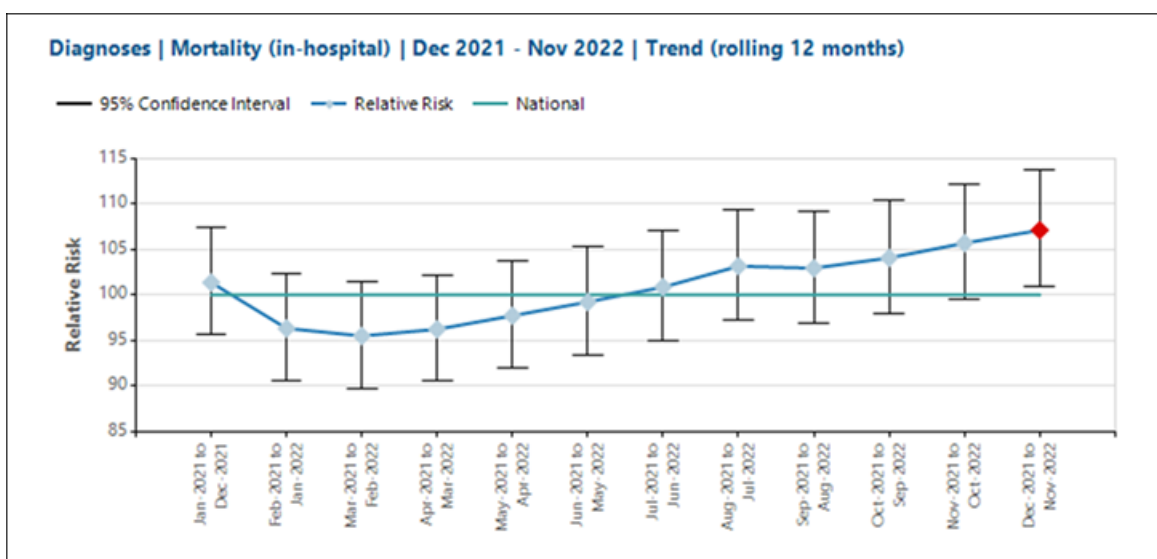
The Hospital Standardised Mortality Ratio is the ratio of observed deaths to expected deaths for a basket of 56 diagnosis groups, which represent approximately 80% of in-hospital deaths.

This year we have experienced significant shortages of skilled coders in the clinical coding team. This has affected clinical data quality for the months of May-August 2022 whereby 15-23% of inpatient episodes (super spells) were uncoded prior to data submission. There has been a focus on coding those super spells of patients who died. There are very few deaths in the uncoded super spells leading to an exaggerated impact of the number of deaths on both the in-month HSMR and the 12 month rolling HSMR which can be seen in the tables below.

HSMR trend (month)



HSMR (12 month rolling trend)



It is anticipated that with the annual data refresh performed by the Hospital Episode Statistics team, the 12 month rolling HSMR and the in month HSMR figures for May-September will return to 'within expected'.

Learning from deaths does not rely on the HSMR figure. All deaths are scrutinised by the Medical Examiner team, 25% of deaths are further reviewed using the structured judgement review approach and learning shared through monthly departmental mortality and morbidity meetings. Any concerns raised through or external to this process are scrutinised by the incident management group by reporting using the Trust Datix system.

Summary Hospital-Level Mortality Indicator (SHMI)

The Summary Hospital-level Mortality Indicator (SHMI) reports on mortality at Trust level across the NHS in England using a standard and transparent methodology. It is produced and published monthly as a National Statistic by NHS Digital. The SHMI is the ratio between the actual number of patients who die following hospitalisation at the Trust and the number that would be expected to die on the basis of average England figures, given the characteristics of the patients treated at the Trust.

SHMI for the period November 2021 to October 2022 is 104.21 (as expected) and has remained at this level since October 2019.

Learning from Deaths Programme

PAHT has a learning from deaths programme that meets national requirements. The programme reports to the Strategic Learning from Deaths Group (SLFD) which is held monthly. A Learning from Deaths report and

the minutes of the SLFD group are presented to the Quality and Safety Committee by the medical director on a monthly basis. The medical director reports on mortality to public Board on a bi-monthly basis.

Risks are captured on the learning from deaths risk register which is reviewed quarterly at the SLFD group. New risks are reviewed, discussed and added to the risk register as they arise.

Medical Examiners Service

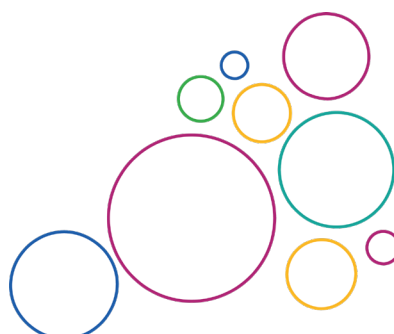
Over the past year the Princess Alexandra Hospital medical examiners service has continued to expand to support the roll out of medical examiner scrutiny of all community deaths. PAHT are working with our referring general practices and St Clare's Hospice to continue to embed the community process.

Quality improvement

The most recent trust inspection completed by the Care Quality Commission (CQC) was an unannounced focused inspection in the summer of 2021, this included a review of Trust wide Well Led Key Line of Enquiry. The care services inspected were:

- Maternity care
- Medicine (including elderly care)
- Urgent and emergency care (emergency department)

The CQC report was published on 17 November 2021 and the ratings assigned to the Trust by the CQC are overleaf:



Our overall Trust rating

Overall trust quality rating		Requires Improvement 
Are services safe?		Requires Improvement 
Are services effective?		Requires Improvement 
Are services caring?		Good 
Are services responsive?		Requires Improvement 
Are services well-led?		Requires Improvement 

Our overall ratings by service

Rating for The Princess Alexandra Hospital

	Safe	Effective	Caring	Responsive	Well-led	Overall
Medical care (including older people's care)	Requires Improvement ↔↔ Nov 2021	Requires improvement Jul 2019	Good Jul 2019	Good Jul 2019	Requires Improvement ↔↔ Nov 2021	Requires Improvement ↔↔ Nov 2021
Services for children & young people	Good Jul 2019	Good Jul 2019	Outstanding Jul 2019	Good Jul 2019	Good Jul 2019	Good Jul 2019
Critical care	Good Mar 2018	Good Mar 2018	Good Mar 2018	Requires improvement Mar 2018	Good Mar 2018	Good Mar 2018
End of life care	Good Jul 2019	Good Jul 2019	Good Jul 2019	Good Jul 2019	Good Jul 2019	Good Jul 2019
Outpatients and diagnostic imaging	Good Oct 2016	Not rated	Good Oct 2016	Requires improvement Oct 2016	Good Oct 2016	Good Oct 2016
Surgery	Requires improvement Jul 2019	Good Jul 2019	Good Jul 2019	Good Jul 2019	Good Jul 2019	Good Jul 2019
Urgent and emergency services	Inadequate ↔↔ Nov 2021	Good Mar 2020	Good Mar 2020	Requires Improvement ↔↔ Nov 2021	Inadequate ↔↔ Nov 2021	Inadequate ↔↔ Nov 2021
Maternity	Requires Improvement ↔↔ Nov 2021	Requires Improvement ↔↔ Nov 2021	Good Jul 2019	Good Jul 2019	Requires Improvement ↔↔ Nov 2021	Requires Improvement ↔↔ Nov 2021
Overall	Requires Improvement ↔↔ Nov 2021	Requires Improvement ↔↔ Nov 2021	Good ↔↔ Nov 2021	Requires Improvement ↔↔ Nov 2021	Requires Improvement ↔↔ Nov 2021	Requires Improvement ↔↔ Nov 2021

A summary of this CQC inspection showed

During the 2021 inspection, the CQC identified areas where improvements were achieved, these were:

- We appointed a director of midwifery to strengthen clinical leadership
- The sustainability of the medical rota in midwifery had improved following the cohort of doctors that started in summer of 2021
- The urgent and emergency care service leaders had made improvements in the governance meetings
- The urgent and emergency care service had a good skill mix of staff on each shift and reviewed this regularly. Consultants were supported by a team of junior doctors with the shifts overlapping at middle and foundation grades
- The Trust has systems and processes in place to learn from incidents, complaints and safeguarding alerts to drive improvements, utilising peer reviews and thematic deep dives
- All staff are committed to continually learning and improving services. They are developing a

better understanding of quality improvement methods and the skills to use them. The Trust is enhancing its quality improvement capacity

- Despite the challenges of the pandemic, the Trust continued to engage with staff, patients and their representatives and system partners in an open and transparent manner

The CQC noted outstanding practice in relation to the Patient Panel:

- The Trust's Patient Panel is the only model of its kind regionally. The Patient Panel is a voluntary group whose main objective is to provide support for patients and their relatives/carers. The Patient Panel receive funding from the Trust to ensure the patients' voices are heard. The panel was awarded the Queen's Award for Voluntary Service in July 2021.

The report detailed 29 recommendations for the Trust:

- 18 **must do** actions
- 11 **should do** actions

The recommendations have been collated into individual projects and are being updated by the relevant divisional teams using our quality improvement methodology to enable a consistent and sustained approach to the achievement of these objectives. Each project has a designated executive, a senior responsible officer (SRO) and we have appointed a quality project management team to support.

Following this inspection, the CQC assigned the urgent and emergency care department (emergency department) a rating of inadequate in the domains of safe and well led. They issued a Section 31 warning notice that required initially weekly and monthly submission of data to them. During 2022, as a result of assurance provided from the submitted data, this was changed to monthly submissions.

The concerns identified by the CQC from their inspection were:

1. The Trust must ensure there are sufficient numbers of suitably qualified, skilled, competent and experienced nursing staff at all times to meet the needs of patients in the emergency department (ED). To meet this condition, the Trust must submit information detailing the planned and actual staffing figures, including skill mix for doctors, nurses and healthcare assistants.

2. The Trust must ensure every patient attending the ED has an initial assessment of their condition to enable staff to identify the most clinically urgent patients and ensure they are triaged, assessed and appropriately streamlined. The Trust should submit monthly information to show the outcomes of daily audits of compliance with triage, assessing and streamlining patients.

3. The Trust must devise a process to undertake a review of current and future patients' clinical risk assessments, care planning and psychological observations to ensure the level of patients' needs are individualised, recorded and acted upon. Monthly data should be submitted of daily audits on staff compliance with the completion of patient risk assessments and associated actions.

4. The Trust must ensure that it implements an effective system, with the aim of ensuring all patients who present to the ED have observations completed within 15 minutes of arrival and then appropriately thereafter in line with Trust policy. The Trust must submit monthly audit data on staff compliance with completion of patients' psychological observations and appropriate action taken.

Immediate actions were implemented following receipt of the warning notice, with further actions underway.

Specific focused inspection of the urgent and emergency care department

The CQC completed a further unannounced inspection of the emergency department in March 2023 to monitor progress against the Trust action plan and review performance against their Key Lines of Enquiry standards. The outcome of their inspection is awaited.

Health and safety

The Health and Safety Committee has been established to plan, manage, and monitor organisational compliance with statutory health and safety requirements and specific NHS duties. In this way compliance with external organisational requirements such as the Health and Safety Executive (HSE), NHS Resolution (formerly the NHSLA), Department of Health, CQC etc. are managed. The chief operating officer chairs the Health and Safety Committee, being the director with delegated responsibility for health and safety within The Princess Alexandra Hospital.

The Health and Safety Committee is accountable to the Performance and Finance Committee (PAF) which is in turn, responsible to the Trust Board. The Health and Safety Committee is tasked with monitoring the development, implementation, audit and delivery of health and safety organisational management throughout all working aspects of the Trust's diverse activities. The committee receives reports from its sub-groups and ratifies policies approved at Trust Policy Group.

The health and safety team continues to provide advice and guidance in the implementation of statutory risk assessments through the various subgroups. To support the risk assessment programme, the patient

safety and risk management team deliver local and open risk assessment training, promoting best practice in the completion of a Trust risk assessment and the principals of effective risk management within departments and in the wider organisation. Specialist risk assessments are completed by the health and safety advisor upon request.

Throughout 2022-23, the team has worked hard to continue with their audit programme, which has seen a positive response to the audits undertaken with some areas benefiting from upgrades/refurbishments. The team have also worked with the divisions and departments on several additional initiatives, such as a hearing loop audit, wheelchair audit, and ski pad audit. The team has continued to promote positive health and safety working with the learning and organisational development team and the production of a managers' training module for launch in May 2023.

Quality First team

At The Princess Alexandra Hospital NHS Trust (PAHT), quality improvement is defined as:

'Working together in partnership to make the sustainable changes that will lead to excellence for our patients, people, places, performance and pounds.'

Quality First team (QI and PMO)

The Quality First team are based at The Princess Alexandra Hospital and include both the quality improvement team and the Programme Management Office.

Quality improvement (QI) team

The quality improvement team has two key functions:

1. Lead PAHT's Improvement Partnership, build people's confidence and capability in delivering quality improvement and transformation.
2. Centrally coordinate and facilitate the delivery of quality improvement and transformation programmes and projects that:
 - address significant risks for in the organisation
 - support the delivery and realisation of strategy, namely **PAHT2030**

2022-23 programme highlights

The following outlines some of the projects and programmes that the quality improvement team support:

- Improving patient outcomes (mortality improvement)
- Learning from deaths software and mortality dashboard
- Aspiration pneumonia programme
- Fractured neck of femur
- Acute kidney injury (AKI)
- Sepsis
- Remote patient monitoring
- Outpatients
- Patient initiated follow up (PIFU)
- Long-term condition – patient managed pathway
- Medicines optimisation
- STOP IT
- Venous thromboembolism (VTE)
- Urgent and emergency care improvement programme
- Nervecentre ED module
- Patient and clinical administration
- General Medical Council (GMC) improvement programme
- Clinical strategy

The Improvement Partnership

The Improvement Partnership is an approach to enrolling, engaging, involving and developing our people in quality improvement and transformation. The Quality First team delivers leading change and leading projects learning and development sessions, with the objective of growing confidence and competence, enabling staff to deliver successful quality improvement and transformation projects. When a quality improvement project (capturing project outcomes in a poster) is completed, the member of staff becomes a PAHT Improvement Partner.



The Programme Management Office (PMO)

The PMO provides assurance, oversight and governance to the Trust Board of the key projects and programmes undertaken at PAHT.

The PMO ensures there is an effective framework for the management of project deliverables, ensuring sustainable change is implemented and benefits are identified, managed, monitored and ultimately realised in a timely manner. The key deliverables and functions of the PMO can be broken down into the following areas:

- Ensuring robust and clear project and programme governance
- Providing independent, appropriate and effective check and challenge and independent review to support senior responsible officers (SROs) and project teams to strengthen accountability, ensuring clear expectations, clear roles and responsibilities, effective grip and that effective structures are in place to enable delivery
- Undertaking programme management and oversight, ensuring

effective delivery (on time, on budget and in scope)

- Providing a central reporting function, covering all aspects of project and programme management including benefits realisation and lessons learnt, across the five Ps
- Overseeing the project and programme impact assessments and risk management processes, ensuring effective escalation and resolution
- Providing effective project and programme management tools, guidance and training, supporting the development of delivery plans
- Establish an organisational standard for project and programme management and ensuring standardisation of reporting processes and dashboards, including the full administration and ownership of the PM3 system

PMO 2022-23 programme highlights

There are currently a total of 891 projects registered on PM3. The PMO is currently overseeing the delivery of 353 live projects, with a further 394 projects in the pipeline and 144 projects currently completed or being closed down. The key projects and programmes overseen by the PMO include:

PAHT 2030: Transforming our care (TOC)

TOC incorporates a number of workstreams including:

- The development of 28 clinical strategies, covering all divisions and specialities, with delivery starting in 2023
- The optimisation of the surgical pathway has been undertaken
- The optimised theatres programme has been launched
- The quality strategy has been successfully launched
- The OHCP system integration has been undertaken
- The mental health strategy has been launched

- The respiratory and frailty virtual models are embedded into practice.

Our culture

Our culture incorporates a number of workstreams including:

- A shared governance framework has been produced
- A talent management and succession planning initiative has been undertaken
- A workforce planning and rostering review has been completed
- Our culture development programme, including modernising our learning and organisational development (OD) systems, launches imminently
- A new blended learning and development programme has been launched and an annual OD programme has been launched
- Action and delivery plans have been produced to improve and address equality, diversity and inclusion and are now in delivery
- The new PAHT organisational values have been launched
- A revised people governance structure is now in place
- A new extranet system has been introduced

Digital health

Digital health incorporates a number of workstreams including:

- The procurement of a new electronic health record (EHR) and pre-go-live work including approval of the business case has been completed
- Remote healthcare delivery across all areas is in progress
- A pilot has been launched with the aim of implementing wearable technology and remote monitoring in a number of specialities
- E-health governance mechanisms are now in place
- The business information provision at PAHT has been refreshed, and work is underway to enhance what is provided
- Shared care record implementation has been completed

Corporate transformation

Corporate transformation incorporates a number of workstreams including:

- The upgrade of the Integra ledger system is in progress
- A redesign of the medical administration operating model is underway with a new operating model agreed with the digitalisation of administrative processes planned for implementation in 2023
- A review of the Trust's administration, booking and reception services has been completed, with implementation planned in 2023
- Procurement activities associated with the ICS (Integrated Care System) pathology procurement (outsourcing) has been completed, with a planned start date of December 2023
- The roll out of digital pathology has been completed
- A self-service portal has been implemented for the our people information system
- A self-service portal is in progress for our financial systems
- FFF (Future-Focused Finance) accreditation is in progress
- Finance modernisation and optimisation is underway, with external support
- The implementation of a new contact management system has been undertaken, refinement, optimisation and operationalisation of the system is now in progress

- The ICS alignment of procurement services and the digitalisation of procurement and supplies processes has been undertaken with a new system in place

Our new hospital

Our new hospital incorporates a number of workstreams including:

- All governance processes and arrangements are in place
- The outline business case for the new hospital has been approved by PAHT and by the ICS and subsequently submitted to the regulator and national team for approval and progression, decision pending.
- 66 schemes developed and recorded on PM3 totalling £18.35M
- Outcomes and planned improvements across patients, quality and productivity
- Improved accountability and ownership of the PQP programme
- Improved cross divisional and Trust-wide working
- Improved clinical engagement in the PQP programme
- Enhanced drive, cadence, focus and embedded governance
- Adoption of PM3 as the single version of the truth
- Enhanced reporting and oversight of PQP through PM3



People performance

In 2022-23 our people continued to work in different ways to meet the challenges of managing COVID as business as usual. The Trust has continued to recruit both domestic and international staff across all staff groups. A number of business cases to develop and grow services led to an overall increase in establishment in the final quarter of the year which meant that the overall vacancy rate at year end was 9.9%, and a nursing vacancy rate of 14.4%. Allied health professionals continue to be a challenging role to recruit to, which is reflected nationally, however the Trust has successfully recruited internationally to some of these roles and is in the process of implementing development roles to support the Trust to 'grow our own'. The recruitment team continue to work closely with local organisations such as Harlow Job Centre plus, holding monthly recruitment open days to attract candidates into roles where training and development can be offered to applicants with minimal or no prior experience such as housekeepers, domestics and porter roles. Open days have contributed to the successful recruitment of health care support workers, registered nurses and midwives.

The key workforce indicators for the year are reflected in the table below:

People KPI	2022/23 target	Year to date performance
Vacancy rate	8%	9.90%
Sickness absence	4.3%	4.4%
Voluntary turnover	12%	16.3%
Statutory and mandatory training	90%	89%
Appraisal	90%	84%
Time to hire	42 days	44 days

The five key pillars of the people strategy are:

- **Culture, health and wellbeing**
- **Workforce resourcing and planning**
- **Learning, leadership and team development**
- **New service and workforce models**
- **Optimising technology**

Our NHS people plan focus is:

- **Looking after our people** – with quality health and wellbeing support for everyone
- **Belonging in the NHS** – with a particular focus on tackling the discrimination that some staff face
- **New ways of working and delivering care** – making effective use of the full range of our people's skills and experience
- **Growing for the future** – how we recruit and keep our people, and welcome back colleagues who want to return

Culture, health and wellbeing

During 2022-23, a number of initiatives aligned with the Trust's values took place to enhance culture and support people's health and wellbeing.

The Trust's values and behaviours framework, This is Us, has been further embedded into working practices since its launch in 2021. Continuing initiatives since the launch include promoting culture huddles as a way of having open, honest conversations about team culture, aligning appraisal conversations with our ways of working, management practices and leadership promise, and embedding This is Us into our engagement events.

Our Event in a Tent annual engagement event was refreshed to make way for the This is Us Week, the first of which was held in June 2022 and will continue annually. This week of engagement events is focused on bringing This is Us culture to life, including sessions and events centred around showcasing improvement work, connecting learning across our teams, recognising and valuing our colleagues and supporting people's access to health and wellbeing information and advice.

The This is Us staff awards programme took place, with over 400 nominations made in May 2022, 115 individuals and 15 teams shortlisted, and 24 award winners announced across 12 This is Us awards categories. This was a fantastic moment to recognise staff who go the extra mile in their work to best support patients and colleagues. The annual Long Service Awards also took place during this week, with over 50 colleagues invited to celebrate reaching either 20 or 25 years' of service at PAHT.

Our This is Us values and behaviours framework has also been integral to the design and launch of a bespoke set

of PAHT management competencies, which underpin our Ready to Manage programme which was introduced in February 2023. This programme will be completed by all managers at PAHT, and is already proving to be a positive step in building skills to embed our management practices and leadership promise.

Results from the Staff Survey 2022 are also being used to drive conversations across the Trust about improving culture. A Feedback to Action programme has been developed and implementation began in February 2023 to support teams in exploring these results and identifying local initiatives/ actions to improve how we work together.

During 2022-2023, the staff health and wellbeing team have continued to support people through Covid-19. Along with providing in house occupational health services, the team continues to support the mental health first aiders and the health and wellbeing champions.

During 2022, the Trust provided financial wellbeing support including:

- Financial wellbeing information newsletter
- Access to foodbank vouchers via named individuals in the Trust
- Promoting financial support via Employee Assistance Programme
- Additional payment to band 1-7
- Discounted travel on local bus routes to the Trust
- Exploring season ticket and parking loans via the Trust
- Support via the Money Helper

To further support financial wellbeing, the Trust partnered with Rainbow Services, a community group based in Harlow offering a wide range of advice, guidance and support and also Harlow Citizens' Advice who attend the Trust twice monthly.

This is Us Week in June 2022 included the following health and wellbeing activities:

- Burnout webinar
- Sleep webinar
- Personal safety and de-escalation webinar and face to face session
- Menopause awareness session
- Musculoskeletal (MSK) awareness webinar
- Electronic health kiosks at different PAHT locations
- People questionnaire to understand thoughts about the Trust, including health and wellbeing#
- People division stand showcasing the range of the services and ability for our people to meet the teams

Schwartz Rounds were re-implemented at the beginning of 2023 with an increase in trained facilitators. Schwartz Rounds are meetings which provide an opportunity for staff from all disciplines across the organisation to reflect on the emotional aspects of their work. They allow NHS staff to get together once a month to reflect on the stresses and dilemmas that they have faced while caring for patients. Feedback from the rounds has been very positive.

Learning, leadership and team development

During 2022-23, we have continued to build on our existing learning, leadership and team development offerings, and have introduced many new initiatives. For example, we have:

- Opened a new Learning and Education Centre, a dedicated facility for medical education and personal development based on site at The Princess Alexandra Hospital
- Refreshed our onboarding strategy and programme of support, introducing twice monthly start dates, a 2-day corporate induction, 1-day managers' induction and monthly new employee forum. The programme adopts a holistic and comprehensive approach aligned with our Trust

values, starting at the point of the offer letter and continuing through the first six months of employment

- Supported 85 apprentices, with 21 people completing in 2022/23 including 6 assistant practitioners which have continued to registered nurse top up training
- Supported 18 colleagues in participating in the ICS inclusive career development and ICS Mary Seacole leadership development programmes
- Launched a Ready to Manage programme for all PAHT managers and supervisors, comprising 21 modules and centred around a newly developed bespoke set of PAHT management competencies
- Delivered a 6-month senior management development programme, PAHT2030 Ready, focused on building the leadership skills required to engage and involve teams across PAHT in embedding and delivering our PAHT 2030 strategy
- Refreshed our approach to team development, now offering a targeted series of sessions aligned to our values and embedding our This is Us culture through our organisational development (OD) 'light' service, further supported by a bespoke organisational development consultancy service, which provides a deeper level of support for teams to improve and enhance culture and performance
- Continued to support NHS graduate management training scheme trainees placed within the organisation and will continue to do this over the next 12 months

Optimising technology

The digital agenda continues to be a priority within the people division. Manager self-service was rolled out across the organisation, enabling managers to update and approve contractual information online rather than via paper forms, increasing efficiency across the Trust.

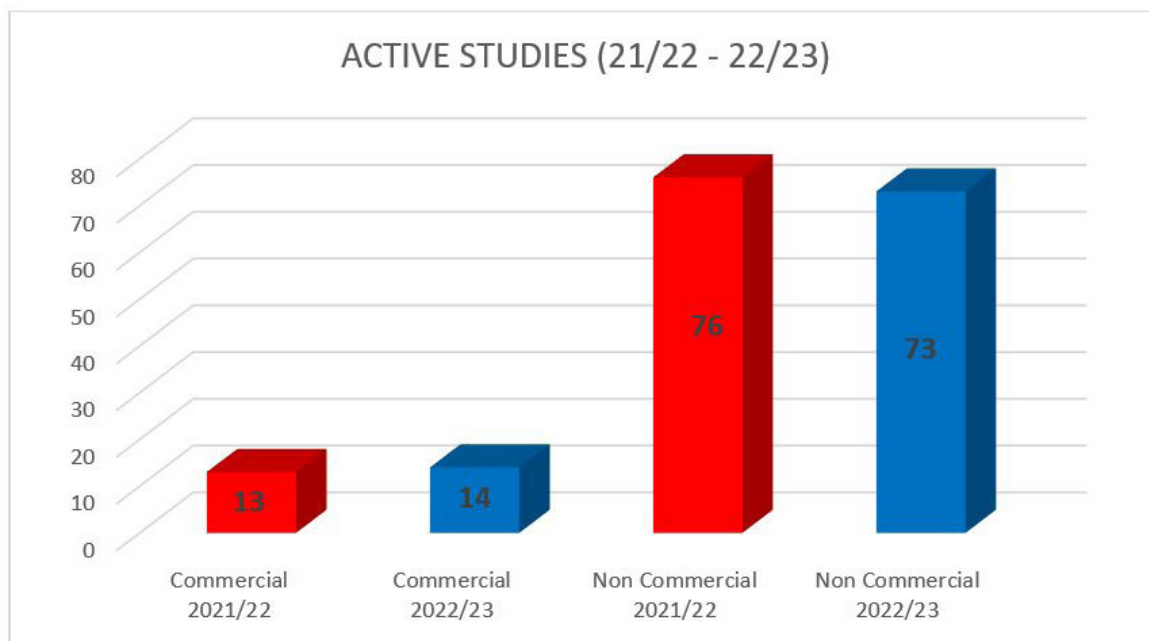
The recruitment team, in collaboration with IT colleagues, developed a joined-up process for new starters into the organisation, supporting a smooth transition of gaining digital access from recruitment through to first day of working for all new starters to our organisation. Combining new technologies with human input and inherent flexibility, stakeholders involved in the recruitment and on-boarding process could manage their part of the

process within agreed timescales and quality criteria. Rather than looking at the tasks each stakeholder could execute, this new process looks at what the new starter requires at each stage, and who was best placed to provide it. This new process saw the recruitment team, in collaboration with IT colleagues, win the Digital Transformation Project of the Year for the staff onboarding project.

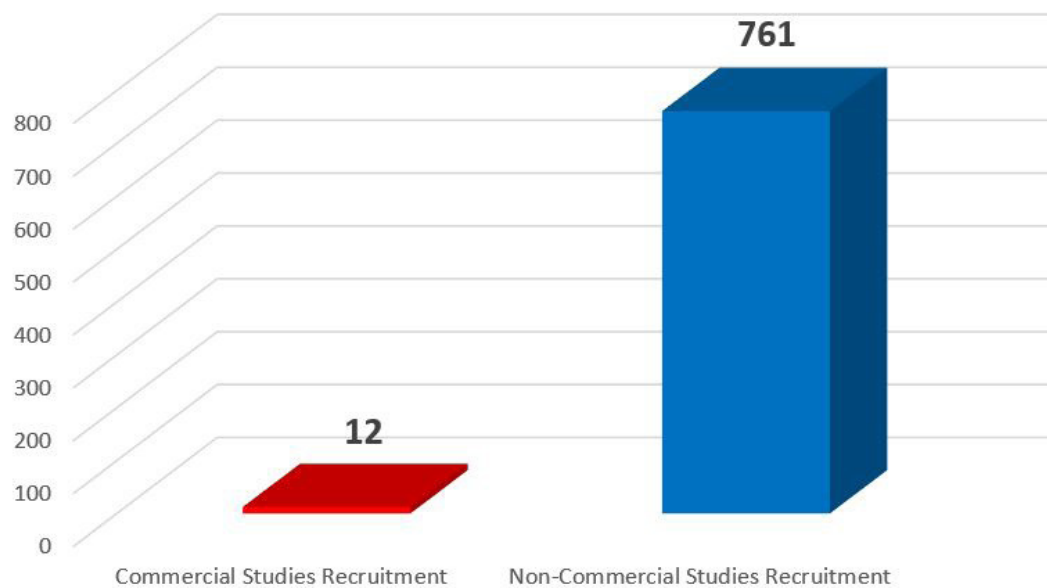


Research, development and innovation at PAHT

14 commercial portfolio studies and 73 non-commercial studies were open throughout 2022-23.

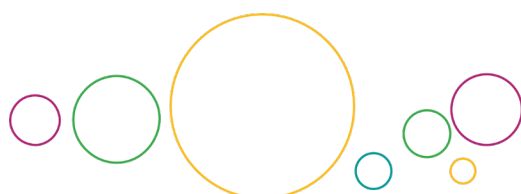


2022/23 PAHT Accrual Figures



Recruitment per speciality

Recruitment	Speciality	Directorate	Commercial/Non Commercial
Portfolio activity			
9	Respiratory	Medicine	Non-commercial portfolio
3	Respiratory	Medicine	Commercial portfolio
104	Cancer	Clinical support services	Non-commercial portfolio
67	Rheumatology	Surgery and critical care	Non-commercial portfolio
1	Rheumatology	Surgery and critical care	Commercial portfolio
167	Obstetrics and maternity	Family and women's	Non-commercial portfolio
72	Gastroenterology	Surgery and critical care	Non-commercial portfolio
12	T&O	Surgery and critical care	Non-commercial portfolio
55	Ophthalmology	Surgery and critical care	Non-commercial portfolio
9	Critical care	Surgery and critical care	Non-commercial portfolio
109	People	Corporate	Non-commercial portfolio
8	Emergency	Urgent and emergency	Commercial portfolio
94	Emergency	Urgent and emergency	Non-commercial portfolio
7	General surgery	Surgery and critical care	Non-commercial portfolio
24	Anaesthetics	Surgery and critical care	Non-commercial portfolio
32	Diabetes	Medicine	Non-commercial portfolio



Improving our estate

To be a **modern, integrated** and **outstanding** hospital, our estate requires significant ongoing investment to enable us to provide the best services possible.

During the last year, the Trust invested in the estate, transforming a number of key sites that have since brought significant improvements to our operations.

This is not just about investing in spaces and places, it is about investing in our people and our patients; listening to their needs, understanding what we can do better to provide and maintain the very best environment to deliver and receive care.

We have a responsibility to invest to improve the health of the planet too, and during the last year we have introduced a number of initiatives to reduce our environmental impact in line with wider NHS green targets.

In 2022-23, the PAHT estate was remodelled and maintained to improve the experience for everyone in the hospital by:

- improving the management of buildings and engineering systems
- providing excellent and sustainable facilities
- ensuring safety and security at all times

The capital programme for this year was circa £8m, this included a £3.8m investment in backlog maintenance and continued investment in our patients and people.

Our patients have benefited from the following completed schemes:

1. New Aseptic Suite (TSU) – now relocated into Arendal House to serve the adjacent Williams Day Unit chemotherapy unit.

2. Creation of a new HV/LV transformer building to northside with new UKPN supply to provide site resilience and Trust owned connecting switch panel.

3. Mental health room upgrades in the main emergency department (ED), Adult Assessment Unit (AAU) and paediatric ED.

4. Upgrade of main kitchen to meet EHO requirements for serving.

5. Refurbishment of highlighted public toilets.

6. Tye Green Ward physiotherapy conservatory reroofing project.

7. Installation of new heating and cooling systems in various wards.

8. Relocation of therapies/hot clinics and paediatric departments to Gibberd Ward for improved flow over winter.

9. New medical gas pipework installation into main theatres along with new AVUSs to provide safer and better control and monitoring.

10. Discharge lounge/Clinical Decisions Unit in ED for better patient flow.

11. Installation of new external and internal wayfinding across site for better patient experience accessing the site.

12. Installation of new AGSS system and ventilation systems to the maternity department for gas and air safe use.

Our amazing people have benefited from the following completed schemes designed to support their welfare and wellbeing:

1. Upgrade works to Macmillan bungalow offices.

2. Upgrade works to patient experience team (PET) offices.

3. Upgrade works to consultants' offices.

4. New heating and cooling systems across site.

5. Upgrade of old safeguarding modular unit for agile working.

6. Upgrade of main kitchen for a more compliant working environment.

7. Installation of new AGSS system and ventilation systems to maternity department for gas and air safe use.

8. New turnkey state of the art CT scanner in the radiology department.

In addition to these projects, the following projects were completed in 2022-23:

- Replacement of obsolete electrical switchgears across the organisation
- Wireless nurse call system replacement and removal of old system
- Fire compartmentation works across site with upgrades
- Boiler house upgrade works and support areas
- New boiler set to serve campus houses and clinical areas
- Renewal of RO water units to Gibberd/outpatients' department (OPD) and boiler house
- Replacement of failed flooring to prevent slips, trips and falls
- Various roofing projects where leaks evident
- Replacement of failed heating parts on infrastructure within basement
- Emergency water main and pipework repairs
- Various replacement/new heating and cooling systems to clinical and administration areas across site



Annual Sustainability Report 2022-23

1.0 Background

In 2020, the NHS Shared Business Services Authority declared a climate emergency, noting that the health and care system in England contributes 4-5% of the country's carbon footprint. It also recognised global climate change as the greatest threat to human life in the 21st century.

Reducing its carbon emissions will take pressure off the healthcare system and ultimately save lives. Therefore, the NHS is committed to reaching net-zero carbon emissions by 2045 against 1990 emission levels through:

1. Reaching net zero by 2040 for the emissions we control directly (the NHS Carbon Footprint), with an 80% reduction by 2028 – 2032;
2. Reaching net zero by 2045 for the emissions we can influence but don't directly control (the NHS Carbon Footprint Plus), with an 80% reduction by 2036 – 2039.

In line with the above and to comply with the Standard NHS Contract requirement along with other NHS Trusts, PAHT submitted the Board approved three-year Green Plan to the Integrated Care Board (ICB) on 14 January 2022. Following this, the ICB issued a collated green plan. Each Trust is required to deliver its green plan. PAHT is working collaboratively with the ICB and regional greener NHS teams to deliver the objectives of our green plan and the priority areas.

2.0 Being Greener at PAHT

2.1 Travel and Transport

The 'Greener' NHS statutory requirement for travel and transport requires each Trust to contribute towards:

Ensuring that the region's owned

and leased fleet is made up of at least 90% Low Emission Vehicles (LEV) by March 2024. This should include a target of 5% of the fleet being made up of Ultra-Low Emissions (ULEV) and Zero Emission Vehicles (ZEV) by March 2023, ensuring that all vehicles (under 3.5 tonne) purchased or leased from 1 April 2022 onwards are ULEVs or ZEVs.

To fulfil this travel and transport requirement, the Trust carried out an electric vehicle trial in partnership with four vehicle manufacturers (Toyota, MG, Renault and LEVC) from April 2022 – June 2022. The trial involved the patient at home team and facilities delivery drivers who drive our current fleet vehicles on a day to day basis.

The trial was a complete success, with our people happy and promoting the use of these vehicles going forward. Following the success of our electric vehicle (EV) trial the Trust has approved funds for installation of dedicated electric chargers and lease of six electric vehicles for the estates and facilities department. The swapping of existing fossil fuelled fleet to electric vehicles will make PAHT one of the leading Trusts to implement this change within our ICS. Benefits will include reduction in our transport related carbon emission, cost savings, corporate image enhancement and employee satisfaction (morale boost) because the drivers selected the vehicles themselves.

2.2 Energy

2.2.1 Contract

We have successfully hedged our utilities (gas and electricity) contracts until 31 September 2023, with a further flexible procurement contract approved by the Board to help the Trust avoid any cost pressure from the current

volatile energy market and actualize any potential financial benefits despite the current high energy prices and the geopolitical influences on the international energy market.

2.2.2 Renewable energy supply

The electricity contract supplies 100% renewable energy at no premium cost and it is Renewable Energy Guarantees Origin (REGO) certified. This satisfies a key focus area of the greener NHS net zero requirement

2.2.3 On-site energy generation

PAHT has generated 641,896 kWh of electricity power (enough to watch television for over 6.4million hours) from the Solar Photovoltaic (Solar PV) system installed on site. This leads to a total of 325,894kg of carbon dioxide saved by not using electricity from the national power grid supply which burns fossil fuels and releases CO2 into the atmosphere. It also generated a total revenue of £19,156 from March 2021 to November 2022.

2.3 Recycled paper

In conjunction with the procurement team, we have a system in place to support the purchase of 100% recycled paper for Trust's paper printing. This gives marginal cost savings but the reduction in carbon emissions and environmental impact is significant.

2.4 Data collections

We have successfully participated in data collection submissions for decarbonisation schemes and working with the ICS to submit quarterly data returns to the NHSE/I for gathering of information for sustainability reporting.

2.5 Staff engagement

To embed the Trust's sustainability agenda and create awareness, we have undertaken sustainability update meetings with staff groups and departments in the Trust including the Medical Advisory Committee, surgeons and the facilities team.

2.6 Waste

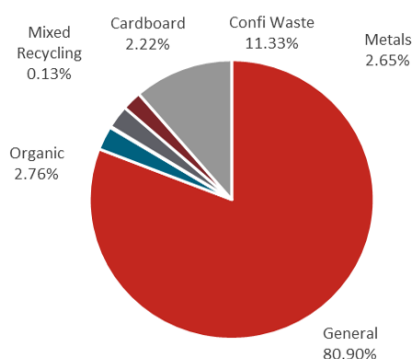
2.6.1 Clinical waste

The Trust is partnering with a behavioural change specialist company to support our clinical waste management and HTM07-01 compliance. The team carried out over 11,000 waste bin audits in 2022-23 and have delivered more than 750 one-to-one training sessions with front-line staff. This results in a reduction of 31 tonnes (650 in 2021-22 to 618 in 2022-23) in the volume of clinical waste disposed of and a split ratio of 47:43:11 for our offensive, infectious and incineration waste streams. This has brought us closer to the desired 60:20:20 split recommended by NHS Improvement as well as giving direct cost savings of £7,467 and a significant cost avoidance despite the increase in price per tonne from the service providers.

2.6.2 General waste and waste recycling

There was an increase in volume of domestic waste generated this financial year compared to the previous year. 97% of all domestic waste was diverted from landfill and either recycled or incinerated for Energy from Waste (EfW). 156.25 tonnes (19.1%) of the total domestic waste was recycled – figure 2.

Waste types and volumes (%)



Waste volumes (tonnes): Total waste 818 tonnes. General waste 662 tonnes. Recycled waste 156 tonnes.

2.6.3 Clothing bank

The Trust charity has a clothing bank in the hospital for recycling of clothing items to help reduce carbon footprint and support our local community.

The reuse and recycling scheme, will lessen impacts on overflowing landfill sites by extending the useful life of clothing items and minimising waste. The scheme supports prevention of

homelessness and provision of pop-up accommodation for rough sleepers. In 5 months 1.16 tonnes of clothing items have been collected.

Lance McCarthy

Lance McCarthy
Chief executive

24 July 2023



The Accountability Report 2022/23

Corporate governance report

Our Trust Board

The Trust Board meets bi-monthly in public. The times and venues are advertised on the hospital's website (www.pah.nhs.uk) and Board papers are published ahead of each meeting. The role of the Trust Board is to determine strategy and policy for the Trust, to monitor in-year performance against its plans and ensure the Trust is well governed.

The Trust Board formally operates in accordance with its governance manual comprising the standing orders, standing financial instructions and scheme of delegation.

Name	Position	Voting	From	To
Executive directors				
Lance McCarthy	Chief executive officer	Y	03.05.17	Current
Sharon McNally	Chief nurse and deputy chief executive	Y	01.10.18	Current
Stephanie Lawton	Chief operating officer	Y	02.03.16	Current
Fay Gilder	Medical director	Y	01.11.20	Current
Tom Burton	Finance director (interim from 06.06.22)	Y	01.08.22	Current
James McLeish	Director of quality improvement	N	01.04.16	Current
Michael Meredith	Director of strategy	N	04.06.18	Current
Ogechi Emeadi	Director of people, organisational development and communications	N	01.08.18	Current
Phil Holland	Chief information officer	N	01.02.21	Current
Saba Sadiq	Chief financial officer	Y	14.12.20	02.05.22

Name	Position	Voting	From	To
Non-executive directors				
Hattie Llewelyn-Davies	Trust chair	Y	13.09.21	12.09.25
Helen Glenister	Non-executive director and vice chair (chair of Quality and Safety Committee from 01.01.20)	Y	01.04.18	31.03.23
George Wood	Senior independent director (chair of Audit Committee)	Y	01.07.19	30.06.25
John Hogan	Non-executive director (chair of Strategic Transformation Committee from 24.01.22)	Y	01.08.17	08.07.22
Helen Howe	Non-executive director (chair of People Committee from 01.04.20)	Y	11.06.18	31.03.24
Colin McCready	Non-executive director (Chair of PAF from 31.03.22)	Y	01.02.22	31.01.25
John Keddie	Associate non-executive director (chair of Charitable Funds Committee from 01.01.20)	N	01.07.19	30.06.23
Darshana Bawa	NExT NED	N	11.01.21	31.01.22
	Associate non-executive director	N	01.02.22	31.08.22
	Non-executive director	N	01.09.22	31.08.24
Anne Wafula-Strike	Associate NED	N	15.02.21	15.02.24
Elizabeth Baker	Associate non-executive director	N	01.02.22	31.07.23
Rob Gerlis	Associate non-executive director	N	04.04.22	04.04.24

Attendance at board meetings

Number of board members present at board meetings in 2022-23:

	07.04.22	05.05.22	09.06.22	07.07.22	04.08.22	08.09.22	06.10.22	03.11.22	01.12.22	12.01.23	02.02.23	02.03.23
	Public and private	Private Board	Public and private	Private Board	Public and private	Private Board	Public and private	Private Board	Public and private	Private Board	Public and private	Private Board
Public	16/20	14/19	17/20	19/20	18/19	18/19	19/19	18/19	19/19	18/19	17/19	16/19
Private	17/20		18/20		18/19		19/19		19/19		18/19	

In terms of Board attendance, please note the following:

- One non-executive director (NED) left the Trust on 8 July 2022.

Committees

The Trust board has established the following committees to discharge its responsibilities on Board assurance:

Audit Committee

The Audit Committee provides the board of directors with an independent and objective review of financial and corporate governance, assurance processes and risk management across the whole of the Trust's activities (clinical and non-clinical) both generally and in support of the annual governance statement. In addition it oversees the work programmes for external and internal audit and receives assurance of their independence, monitoring the Trust's arrangements for corporate governance.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee determines the remuneration and terms of service of the Trust's directors and senior managers; it also considers the overall skill mix and balance of the board of directors.

Performance and Finance Committee

The purpose of the Performance and Finance Committee is:

- Consider, challenge and recommend the Trust's operating plan to the Board
- Scrutinise operational and

financial performance and monitor achievement of national and local targets and recommend any re-basing or re-forecasting of operational and financial performance trajectories to the board

- Assure the board of directors that the Trust has robust processes in place to prioritise its finance and resources and make decisions about their deployment to ensure that they best meet patients' needs, deliver best value for money and are efficient, economical, effective and affordable
- Recommend the Trust's cost improvement programme to the board and monitor its delivery, including investigating reasons for variance from plan and recommend any re-basing or re-forecasting of the plan to the board
- Monitor the management of the Trust's asset base and the implementation of the Trust's enabling strategies in support of the Trust's clinical strategy and clinical priorities
- Review and monitor the management of finance, performance and contracting risks

Quality and Safety Committee

The Quality and Safety Committee (QSC) functions as the Trust's umbrella clinical governance committee. It enables the Trust Board to obtain assurance that high standards of care are provided by the Trust and that adequate and appropriate governance structures, processes and controls are

in place throughout the Trust to enable it to deliver a quality service according to each of the dimensions of quality set out in High Quality Care for All and enshrined through the Health and Social Care Act 2012.

People Committee

The purpose of the People Committee is:

- To maintain oversight of the development and design of the workforce and ensure it is aligned with the strategic context within which the Trust is required to operate
- Assure the Trust Board on all aspects of workforce and organisational development and provide leadership and oversight for the Trust on workforce issues that support delivery of the Trust's annual objectives
- Assure the Trust Board that the Trust has adequate staff with the necessary skills and competencies to meet both the current and future needs of the

Trust and ensure delivery of efficient services to patients and service users

- Assure the Trust Board that legal and regulatory requirements relating to workforce are met

Strategic Transformation Committee

The Strategic Transformation Committee ("the Committee") is responsible for overseeing the delivery of the Trust's strategy ([PAHT2030](#)) and transformation programmes.

The Committee will monitor the external strategic environment and developments across the Integrated Care Board.

Charitable Funds Committee

The Charitable Funds Committee was established by the Trust Board to make and monitor arrangements for the control and management of the Trust's charitable funds.



Statement of board members' interests 2022-23

Name	Title	Interests/memberships declared
Hattie Llewelyn-Davis	Trust chair	• Board Member NHS Providers • Board Member of NHS Providers Trading Subsidiary (FTN Trading Ltd) • Steering Group Member, the Disabled NHS Directors Network • Chair, Eastlight Community Homes • Minority shareholder in TIAA
Helen Glenister	Non-executive director	• Chair of Accelerate CIC • Chief Executive of Isabel Hospice
Helen Howe	Non-executive director	• Trustee, Addenbrooke's Charitable Trust • Trustee, Great Abington Institute • Honorary Professor Pharmacy, University of East Anglia • Trustee, Cambridge Community Nursing Trust
John Hogan	Non-executive director	• Trustee of Charity, Whitefield Academy Development Trust
George Wood	Non-executive director	• Chairman of the King George's Hospital Charity • Non-Executive Director, Mid Essex Integrated Care Board
Colin McCready	Non-executive director	• Chief Financial Officer, NHS Supply Chain

Name	Title	Interests/memberships declared
Darshana Bawa	Non-executive director	• Finance Director for Micro Scooter Ltd • Company Secretary at Kit Imports Ltd • Director and Company Secretary for Annandale Property Investments Ltd • Daughter is employed in the consultancy arm of KPMG (working on public sector projects including health services)
John Keddle	Associate non-executive director	• Governor, Anglia Ruskin University • Trustee, Anglia Trust • Chair, Harlow Growth Board • Chair, Discover Harlow Board • Deputy Chair, London Stansted Cambridge Consortium • Chair, ARU Direct Ltd
Anne Wafula-Strike	Associate non-executive director	• Founder of Olympia-Wafula Foundation • Non-Executive Director for UK Athletics and England Athletics • Non-Executive Director for British Paralympic Association • Non-Executive Director for Active Essex
Elizabeth Baker	Associate non-executive director	• Adviser, Portsmouth Water, via Agilia Infrastructure Partners Ltd • Adviser, Transport for London Independent Investment Advisory Group • Member, Harlow Growth Board
Rob Gerlis	Associate non-executive director	• Chair, Stellar Healthcare Ltd

Name	Title	Interests/memberships declared
Lance McCarthy	Chief executive officer	Member, NHS Employers Policy Board
Tom Burton	Finance director	No interests declared
Ogechi Emeadi	Director of people, organisational development and communications	No interests declared
Michael Meredith	Director of strategy and estates	No interests declared
Sharon McNally	Chief nurse and deputy chief executive	No interests declared
Stephanie Lawton	Chief operating officer	Trustee St Francis Hospice
James McLeish	Director of quality improvement	Spouse is a clinical specialist paramedic for Isabel Hospice Hertfordshire
Fay Gilder	Medical director	Tutor, Hughes Hall College, University of Cambridge
Phil Holland	Chief information officer	No interests declared
Saba Sadiq	Chief financial officer	No interests declared

Each director knows of no information which would be relevant to the auditors for the purposes of their audit report, and of which the auditors are not aware, and; has taken “all the steps that he or she ought to have taken” to make himself/herself aware of any such information and to establish that the auditors are aware of it.

Statement of director’s responsibilities

The full statement of director’s responsibilities is included in the financial statements.

The statement of accounting officer's responsibilities

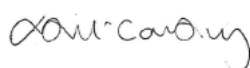
The chief executive of NHS England has designated that the chief executive should be the accountable officer of the Trust. The relevant responsibilities of accountable officers are set out in the NHS Trust Accountable Officer Memorandum. These include ensuring that:

- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance
- value for money is achieved from the resources available to the Trust
- the expenditure and income of the Trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them
- effective and sound financial management systems are in place and
- annual statutory accounts are

prepared in a format directed by the Secretary of State to give a true and fair view of the state of affairs as at the end of the financial year and the income and expenditure, other items of comprehensive income and cash flows for the year

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

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



Lance McCarthy
Chief executive

24 July 2023



Annual Governance Statement 2022-23

My Annual Governance Statement (AGS) has been written describing the governance arrangements in place at the Trust during 2022-23. During the year, we continued to review and strengthen our governance arrangements and took into account the findings of our Care Quality Commission (CQC) inspections together with continuing feedback and support from NHS England.

At the same time, we have taken a full and active role within the Hertfordshire and West Essex Integrated Care System (ICS) and the West Essex Health and Care Partnership. Delivering high quality, timely and cost effective care to our local community are core components of our strategic objectives, and the ICS and ICP both give clear clinically led focus on improving standards, financial stability and adapting services to a growing and changing community across West Essex and Hertfordshire.

The key financial results for 2022-23 are that the Trust delivered a system performance deficit of £13.0m against a breakeven plan.

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of The Princess Alexandra Hospital NHS Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Princess Alexandra Hospital NHS Trust for the year ended 31 March 2023 and up to the date of approval of the Annual Report and Accounts.

The governance framework of the organisation

The Governance Framework describes the structure and systems that are in place for the direction and control of the Trust to fulfil the functions as set out in the Statutory Instrument 1994 No. 3179. These mechanisms include the Board, its Committees, management arrangements, Governance Manual and Risk Management Strategy.

The Trust Board is responsible for making sure we provide safe, effective and compassionate care to our patients at the same time as supporting their families, relatives and carers. It does this by making the key decisions that affect our hospital and setting the values, aims and strategic direction for the Trust. It also reviews performance against our objectives, as well as against national standards and targets. It has overall responsibility for the

effective control of the Trust and is accountable, through its chairman, to NHS England and the Secretary of State for Health and Social Care. The Trust Board consists of:

- a Chairman
- five voting non-executive directors and four non-voting associate non-executive directors
- five voting executive directors (chief executive officer, director of finance, medical director, chief operating officer and chief nurse/deputy chief executive) and four further executive directors without voting rights; the director of people, organisational development and communications, the director of strategy and estates, the director of quality improvement and the chief information officer.

The following non-executive director appointment was made in year:

- John Hogan, non-executive director left the Trust on 8 July 2022
- Darshana Bawa was appointed as a non-executive director on 1 September 2022; this followed her previous appointment as an associate non-executive director
- Helen Glenister, non-executive director left the Trust on 31 March 2023

The following executive director appointment was made in year:

- Saba Sadiq, director of finance left the Trust on 2 May 2022 and Tom Burton was appointed as the Trust's director of finance on 1 August 2022 (interim from 6 June 2022)

Attendance at Board and Committee meetings throughout 2022-23 has been monitored and is recorded in the Annual Report. The Trust Board has established the following Committees to discharge its responsibilities in relation to Board assurance:

- Audit Committee
- Quality and Safety Committee
- Performance and Finance Committee

- People Committee
- Strategic Transformation Committee
- Remuneration and Nominations Committee
- Charitable Funds Committee
- Senior Management Team Meeting

An annual effectiveness review of each committee is undertaken to ensure they continue to meet their terms of reference. The outcomes of the reviews are reported to the Trust Board.

Following each meeting of the committees the committee chairs present written and verbal reports to the next Board meeting. These reports provide a summary of the matters discussed at the meetings, areas of risk or concern as well as areas of good news or positive performance. Progress against the committees' work plans is also included in each committee report to Board.

Capacity to handle risk

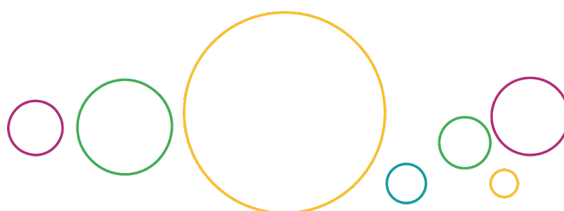
As chief executive officer, I am accountable for the overall risk management activity within the Trust. Committed leadership in the area of risk management is essential to maintaining sound systems of internal control required to manage risks associated with the achievement of the corporate goals of the Trust. The Trust's Risk Management Strategy details my overall accountability to the Trust Board for risk management and makes it clear that managing risk is a key responsibility for the Trust and all staff employed by it. The Trust Board receives regular reports that detail quality, financial and operational performance risk, and, where required, the action being taken to reduce identified high-level risks. I am responsible for ensuring that the Trust is in a position to provide overall assurance that the organisation has in place the necessary controls to manage its risk exposure. In discharging these responsibilities, I was assisted by the following directors during 2022-23:

- The director of finance has delegated responsibility for co-ordinating the management of financial and business related risk, the Trust's Capital programme and assisted me in ensuring that the Trust's resources were managed efficiently, economically and effectively.
- The chief nurse has delegated authority and responsibility for the professional leadership of the nursing, midwifery and allied health professions. The role is also the executive lead for infection prevention and control with the director of infection prevention and control reporting to them. The role has delegated responsibility for reporting to the Trust Board on the achievement of quality and patient experience standards and complaints and claims management and is the Trust's safeguarding lead
- The medical director has overall accountability for operational and clinical risk and incident management. This includes the establishment and monitoring of assurance mechanisms and provision of associated risk reports to the Trust Board. The medical director also has delegated responsibility for co-ordinating and monitoring the Trust's revalidation programme for medical staff in line with the 'Maintaining High Professional Standards' system for the NHS. The medical director is also the Caldicott Guardian for the Trust
- The chief operating officer has delegated authority for managing the Trust's performance delivery both against national operating standards and key performance indicators. The chief operating officer also has delegated responsibility for health and safety.
- The director of people, organisational development and communications has delegated responsibility for overseeing all people functions across the Trust, including recruitment, staff training and

managing absence as well as embedding the Trust's people strategy and organisational development and culture programme.

- The director of quality improvement has delegated responsibility for managing the Trust's transformation and modernisation programme as well as the Quality First team and implementing the quality improvement strategy.
- The director of strategy has delegated responsibility for managing the development of the new hospital and the estates strategy.
- The chief information officer has delegated responsibility for ensuring that information governance arrangements at the Trust are suitable, is the Trust's Senior Information Risk Owner (SIRO) and is responsible for the development and implementation of the digital strategy for the Trust.

As chief executive, I also hold responsibility for managing the strategic development and leadership of the Trust's quality improvement agenda; ensuring the implementation of the quality management improvement agenda; and ensuring the safety and quality of the care provided to our patients.



All our people receive risk management and related training at induction and further updates as required. The training covers topics such as risk assessments, health and safety at work, moving and handling, fire safety, incident reporting, information governance as well as infection prevention and control. In addition to providing staff with skills and knowledge to carry out their work safely, staff are actively encouraged to report incidents and escalate any identified risks in a timely manner. In addition, thematic learning from incidents is shared through newsletters, internal safety alerts, simulation sessions and/or case scenarios through the Trust's Sharing the Learning sessions. We also support a programme of counter fraud training and awareness provided by the local counter fraud specialist team.

The risk and control framework

The role of the risk and control framework is to identify, evaluate and prioritise clinical and non-clinical risks and gain assurance that these are properly controlled to ensure safe and effective care.

Within the Trust, there are systems and processes in place for identifying, managing and monitoring risks. These include:

- A risk management strategy (for the effective management of clinical and non-clinical risk)
- A Board Committee structure with clear reporting lines to the Trust Board
- A Risk Management Group reporting to the Trust Board via Senior Management Team meetings
- A Significant Risk Register and Board Assurance Framework, both of which are reviewed by the Risk Management Group and Trust Board.
- Monitoring systems for incidents and complaints

The risk management strategy, including the risk appetite statement, has been revised and approved by the Board.

Risk is managed at different levels of the organisation. Each division and corporate department has a risk register that is regularly reviewed, ensuring that risk scores are accurate and that risks are appropriately mitigated, managed and escalated. Each risk on the register has a risk owner accountable for that risk.

The Risk Management Group meets on a monthly basis to review risks across all divisions as well as corporate departments. The group's objectives are:

- To champion and promote the identification, proactive management of risks and sound risk management practices across the Trust, facilitating and embedding a strong risk management process and culture
- To ensure the identification of the burden of risks across the Trust by providing a critical review of risks on all risk registers.
- To offer constructive challenge, serving as risk moderators in the Trust's risk escalation process and ensuring that significant risks are appropriately escalated
- To support the delivery of the Trust's objectives by obtaining assurance on the effectiveness of controls and actions identified to minimise risks
- To improve the standard of decision making on risk management

The Trust has a Board Assurance Framework (BAF) which provides a mechanism for the Board to monitor the risks to delivery of the Trust's strategic objectives as well as the effectiveness of the controls and assurance processes. The risks reflect the Trust's in-year and future risks.

Each risk on the BAF has an executive

lead and a designated responsible committee. The risks are reviewed monthly with executive leads and are reviewed by the relevant committees and the Trust Board bi-monthly. The Risk Management Group reviews the BAF by exception.

There are a number of high scoring risks on the BAF:

- Variation in outcomes resulting in an adverse impact on clinical quality, safety, patient experience and 'higher than expected' mortality (risk score of 16)
- EPR: The current EPR has limited functionality resulting in risks relating to delivery of safe and quality patient care (risk score of 16)
- Recovery programme: Risk of poor outcomes and patient harm due to long waiting times for treatment (risk score of 15)
- Workforce: Inability to recruit, retain and engage our people (risk score of 16)
- GMC enhanced monitoring: There is a risk that the GMC/HEE will remove the Trust's doctors in training. This is caused by concerns regarding the quality of their experience, supervision and training. Removal of the doctors will result in the Trust being unable to deliver all of its services (score of 20)
- Estates and infrastructure: Concerns about potential failure of the Trust's estate and infrastructure and consequences for service delivery (risk score of 20)
- System pressures: Capacity and capability to deliver long term financial and clinical sustainability at PAHT due to pressures in the wider health and social care system (risk score of 16)
- Risk that the new hospital will not be delivered to time and within the available capital funding (risk score of 20)
- Failure to achieve the emergency department (ED) standard, resulting

in increased risks to patient safety and poor patient experience (risk score of 20).

Further detail on these risks and their management is outlined in this Annual Report.

The BAF and risk management internal audit resulted in substantial assurance being provided for both the design and operational effectiveness of the controls in place. Areas of good practice were noted in this review included the comprehensive risk management strategy, the close alignment of the BAF with the Trust's strategies and the regular reviews of operational risk at the Trust Board.

Quality governance arrangements

There is clear accountability at Board level for patient safety and clinical quality outcomes, along with structured reporting of performance against these objectives. Executive oversight of quality improvement is through the director of nursing, midwifery and allied health professionals (AHPs) who, with the medical director, ensures an organisation-wide approach to the integrated delivery of the quality governance agenda. For any transformational change required, they are supported by the Trust's Quality First team.

Each of the Trust's divisions has a patient safety and quality group where themes and trends from reviews of incidents and complaints and learning are reported. Performance is reviewed at monthly performance review meetings and at the Quality and Safety Committee each division presents a quarterly overview of its performance on a rolling programme, in line with the Care Quality Commission (CQC) key lines of enquiry. Throughout 2022-23 the Quality and Safety Committee

continued to receive updates on progress against the improvement plan developed to address concerns raised by the CQC during their inspection. Regular 'Sharing the Learning' reports providing an overview of themes, trends and learning arising from incidents, serious incidents and on-going quality improvement initiatives for topics such as falls, dementia and pressure ulcers are also received.

Mortality is monitored by the Quality and Safety Committee as well as the Trust Board. The Quality and Safety Committee receives monthly reports on mortality and learning from deaths whilst the Trust Board receives an update at every public Board meeting (held bi-monthly). Medical examiners have been appointed and structured judgement reviews are undertaken.

HSMR rose to 'above expected' for May, June, July and August 2022, with a reduction in September 2022 and then back to 'as expected' in October 2022. This was due to incomplete coding for the months mentioned above; between 16%-25% of hospital spells were not coded but all spells have since been coded.

The Quality and Safety Committee, People Committee and Trust Board receive reports on nurse and midwifery staffing levels in line with guidance received from NHS England and the Care Quality Commission on the delivery of the 'Hard Truths' commitments associated with publishing staffing data regarding nursing, midwifery and care staff levels.

CEO Assurance Panels have been convened to provide enhanced oversight and assurance where high risk areas have been identified in relation to quality.

Never events

The Trust reported three never events in 2022-23. Two were reported in September 2022, both related to wrong site surgery. The first was graded as moderate harm and the second as minor. The third was reported in February 2023 and is related to a retained foreign body and graded as minor harm. All three never events have been managed through the serious incident process.

Well-led Reviews

The Board commissioned an external review of the Well-led framework in March 2021 and the recommendations were monitored through the relevant committees and the Trust Board. The majority of the recommendations have been implemented with actions in place for the outstanding recommendations relating to revising the format of the IPR and improving the Staff Survey results and behaviours.

The recommendations related to:

- Ongoing Board, executive and divisional development
- Embedding the divisional re-structure, governance and accountability framework
- Continuing the overarching culture programme across the organisation

Compliance with NHS Provider Licence

The Trust is compliant with the following NHS provider licence conditions:

- The provider has taken all precautions necessary to comply with the licence, NHS acts and NHS Constitution (Condition G6 (3))
- The provider has complied with required governance arrangements (Condition FT4 (8))

In relation to General Condition 4 (Fit and proper persons) of the Provider Licence the Trust has a robust process for monitoring the Trust's compliance with the regulations. Annual compliance checks, by way of annual self-declarations, are undertaken and reported to the People Committee.

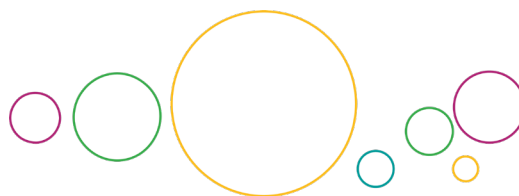
Developing Workforce Safeguards

The Trust ensures that short, medium and long-term workforce strategies and staffing systems are in place which provide assurance to the Trust Board that staffing processes are safe, sustainable and effective. Compliance with the 'Developing Workforce Safeguards' recommendations is demonstrated through the following systems:

- The Integrated Performance Report (IPR) is received at each public Trust Board meeting and details a range of staffing metrics including vacancy rates, sickness absence, turnover, appraisal rates, Friends and Family Test results, statutory and mandatory training compliance
- A workforce report is presented to the People Committee bi-monthly where the metrics listed above are scrutinised
- The safer nurse staffing report is presented to the Quality and Safety Committee by exception and bi-monthly to the People Committee and Trust Board; this details the actions taken to provide safe, sustainable and productive staffing levels for nursing, midwifery and care staff as well as providing an update on nursing vacancy rates, and in 2022-23, the plans to further reduce the vacancy rate to achieve the target vacancy rate
- Trust Board reporting is underpinned by monthly performance review

reports which detail a range of performance indicators including vacancy rates, sickness absence, turnover, maternity leave, training and average absence

- Freedom to Speak Up Guardians and Guardian of Safe Working reports are presented to the Trust Board and Workforce Committee
- Electronic job planning processes are in place for medical staff
- Bi-annual nursing and midwifery establishment reviews are undertaken and reported to the People Committee, Quality and Safety Committee and the Trust Board. The reviews utilise the Safer Nursing Care Tool (SNCT) for adult ward areas, the Baseline Emergency Staffing Tool (BEST) for the emergency department and Birthrate Plus for the maternity department
- The Trust's workforce plan underpins the Trust's annual operating plan which is reviewed by the Performance and Finance Committee and approved by the Trust Board
- The Trust remains focused on increasing and retaining its core nursing workforce, utilising new roles such as nurse consultants, nursing associates, expanding our clinical nurse practitioners, clinical digital nurses and professional nurse advocates whilst continuing to further develop and embed new workforce models. Working with our Integrated Care System (ICS) partners, we will continue to explore opportunities for joint roles as we identify workforce models that support integrated working and the implementation of our new models of care



Managing conflicts of interest

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

The Trust's Audit Committee monitors and approves the registers of interest.

Care Quality Commission

The Trust is not fully compliant with the registration requirements of the Care Quality Commission (CQC).

In July and August 2021, CQC carried out unannounced inspections of the following services at the Trust:

- Urgent and emergency care
- Medical care (including older people's care)
- Maternity

During August and September 2021, the CQC inspected the well-led question for the Trust overall.

The Trust was formally served with a notice under Section 31 of the Health and Social Care Act 2008 on 16 August, imposing conditions on the Trust's registration as a service provider:

- To ensure there are sufficient numbers of suitably qualified, skilled, competent and experienced nursing staff at all times to meet the needs of patients within the ED
- To operate an effective system which will ensure that every patient attending the ED has an initial assessment of their condition to identify the most clinically urgent patients
- To undertake a review of current and future patients clinical risk assessments, care planning and physiological observations and

ensure that the level of patients' needs are individualised, recorded and acted upon

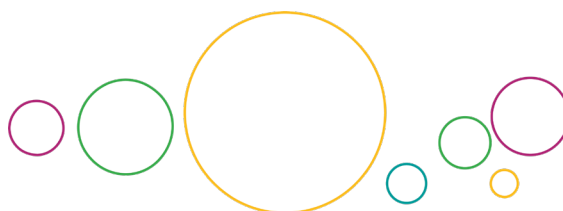
- To ensure that we implement an effective system for all patient observations to be completed within 15 minutes of arrival

The Trust has provided monthly progress reports to the CQC. The urgent and emergency care team have clear plans for improving these areas as well as continuing their transformation work to ensure the provision of safe, effective and responsive care to all of our patients.

The CQC completed a further unannounced inspection of the emergency department in March 2023 to monitor progress against the action plan and review performance against their key lines of enquiry standards. The outcome of their inspection is awaited.

The Trust's internal governance and oversight processes for urgent and emergency care remain in place and progress is formally reported through Quality and Safety Committee. The ICS and NHSEI have oversight of the conditions and assurance of the improvement actions through the established quality and performance governance structures.

The final CQC report as published on 17 November 2021 shows the Trust as 'Requires Improvement' overall and the core services of medicine and maternity remained 'Requires Improvement' and urgent and emergency care (UEC) services remained as 'Inadequate'.



NHS Pension Scheme

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

Equality, diversity and human rights

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

Carbon reduction

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

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

The Trust has a Governance Manual comprising standing orders and standing financial instructions, which provide the framework for ensuring appropriate authorisation of expenditure commitments in the Trust. The Board's processes for managing its resources include approval of annual budgets for both revenue and capital, reviewing financial performance against these

budgets, and assessing the results of the Trust's cost improvement programme on a monthly basis. The Trust has a process for the development of business cases for both capital and revenue expenditure and, depending on the level of investment, these are reviewed by the Senior Management Team, Performance and Finance Committee and Trust Board. The Performance and Finance Committee reviews productivity, operational and financial performance and use of resources both at Trust and Divisional level.

More details of the Trust's performance and some specific Trust projects aimed at increasing efficiency are included in this Annual Report. The Trust's external auditors are required to consider whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. They report the results of their work to the Audit Committee.

Information governance/data security risks

The Trust reported two information governance (IG) data security breaches to the Information Commissioner's Office (ICO) during 2022/23.

The first breach followed an incident regarding the update in Anti-Virus software at the Trust which left the Trust unable to utilise computers to be able to access all data management and treatment systems.

The second breach related to a member of staff who raised a concern that a fellow staff member had accessed their medical records inappropriately whilst they were off sick.

Both of these breaches were investigated and closed by the ICO,

with no further action taken against the Trust.

Data quality and governance

Data quality reports are produced and reviewed at the Data Quality Steering Group. This group reports to the Senior Management Team and then onto Performance and Finance Committee (PAF) and the Trust Board. Local audits on data quality are undertaken and quarterly data quality reports are presented to PAF with benchmarked data against national and local peer Trusts. The Information Governance Steering Group receives a monthly update on data quality.

The Integrated Performance Report is discussed at each of the committees every month and at Trust Board bi-monthly.

Elective waiting time data

Patients who have been referred to the Trust on a Cancer Waiting Time or Referral to Treatment (RTT) pathway are managed daily by the clinical and operational teams, in line with the hospital's Access Policy. These pathways are reviewed at weekly Patient Tracker List (PTL) meetings, chaired by the performance manager where pathway trigger points are reviewed and remedial actions taken, if required. The PTL meetings report to the weekly Elective Care Operational Group meetings which are chaired by the head of performance and planning and then to the System Access Board. The System Access Board also reviews RTT Data Quality reports and determines required actions to ensure that processes maintain accurate data recording. Divisions monitor waiting list information at divisional Board meetings.

Quality and Safety Committee

(QSC) receives updates on review lists (overdue un-booked follow-up appointments). Unbooked first appointments due to insufficient capacity (appointment slot issues, ASIs) are also regularly reported to QSC. Both issues are discussed at divisional board meetings and senior management teams on a regular basis. The oversight of review lists and numbers are tracked and monitored through the monthly System Access Board meeting and plans to reduce these unbooked lists are discussed in the Elective Care Operational Group.

In addition, a number of data quality reports are produced to enable the service management teams to monitor patients on non-RTT pathways. These are reviewed through the Data Quality Steering Group. Both the System Access Board and the Data Quality Steering Group report to the Senior Management Team and to Performance and Finance Committee.

Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit, the executive team, managers and clinical leads within the Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the information provided in this Annual Report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the

system of internal control by the Trust Board and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Trust has an annual clinical audit programme in place including mandated audits addressing national and local issues, targets and performance.

The Trust's internal auditors provide an opinion on the overall arrangements for gaining assurance as part of the risk-based Annual Internal Audit Plan. During the year, the following internal audit reports received a moderate/limited assurance rating:

- Estates Management Compliance

Action plans are in place to address Internal Audit's recommendations for all audits undertaken. The internal auditors provide a progress report to the executive management team, senior management team and Audit Committee. The executive team as well as the Audit Committee continues to focus on the implementation of recommendations to ensure the Audit Committee is receiving adequate assurance that control weaknesses are being addressed.

Head of Internal Audit Opinion (HoIA) on the Effectiveness of the System of Internal Control for the Year Ended 31 March 2023

The role of internal audit is to provide an opinion to the Board, through the Audit Committee on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. The Annual Report from internal audit provides an overall opinion on the adequacy and

effectiveness of the organisation's risk management, control, and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period. The basis for forming our opinion is as follows:

- An assessment of the design and operation of the underpinning Assurance Framework and supporting processes
- An assessment of the range of individual opinions arising from risk-based audit assignments contained within internal audit risk-based plan that have been completed throughout the year
- This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses
- Any reliance that is being placed upon third party assurances

Based upon the work completed to date for the Trust, we can provide overall moderate assurance that there is a sound system of internal control, designed to meet the Trust's objectives and that controls are being applied consistently.

Significant issues

The following is a summary of three significant issues which were and will continue to be the focus of the Trust Board's attention and direct the Trust's management efforts during 2022 (and beyond); these issues are also reflected on the Board Assurance Framework:

Urgent and emergency care

The Trust has struggled to deliver against the Emergency Department Standard throughout the year. The Urgent Care Improvement Board meets on a weekly basis to review actions being taken to improve performance

against all the emergency care standards. Recovery plans remain in place to address performance issues both internally and across the health and social care system. Weekly System Priorities meetings address improvements across the West Essex health and social care organisations and a clinically led discharge working group has reviewed discharge pathways for improvements.

As outlined above, following the CQC's inspection of the urgent and emergency care service, a notice was served on the Trust under Section 31 of the Health and Social Care Act 2008 imposing conditions on the Trust's registration as a service provider. Actions are being taken to address the areas of concern and to ensure the provision of safe, effective and responsive care to all of our patients. Progress against the actions is monitored through the Trust's governance processes and the outcome of CQC's visit to the emergency department in March 2023 is awaited.

Covid-19: Recovery and restoration

The impact of the COVID-19 pandemic on the Trust's services has been significant. As elective procedures were reduced during the pandemic, an increased number of patients have been waiting for more than 52 weeks for routine surgery and there has been a rise in demand for diagnostic services. Some patients requiring routine elective treatments have waited nearly 78 weeks for their treatments. However, the Trust has focused on supporting patients requiring urgent care and cancer treatments. The Trust has continued with expanded

endoscopy, CT and MRI capacity to support the management of cancer patients. All patients who have been waiting for longer than they would do normally continue to be reviewed by the relevant clinical team and reprioritised where relevant.

The intensity of the response to the pandemic has had a marked impact on the Trust's people. The same group of staff who worked through the pandemic are stepping up to recover elective backlogs and the Trust has launched a number of health and wellbeing initiatives to support colleagues.

The Trust acknowledges the scale of the challenge that lies ahead and continues to work with partners across the local health and care system to bring waiting lists down in a way that is transparent and equitable, that provides equity for patients and looks after the workforce. Despite a huge amount of hard work from everyone it will be some time before the Trust's services are restored to pre-pandemic levels.

Staff Survey

The Staff Survey results for 2022 have shown us that many people in the organisation are not having the experience they should be having. In terms of the national comparison, the trend analysis shows that overall, 46 questions showed improvement at PAHT (with 7 of these improving despite a national worsening), however 19 PAHT scores worsened despite a national improvement.

The results have been, and continue to be shared at four core levels; Trust Board, senior management, trust-wide (all-staff) and at a divisional-level. Building on previous approaches to how the Staff Survey results have been used to drive improvement, a Feedback to Action programme has been launched. This trust-wide programme offers a structured framework in which to leverage the benefits and strengths of collaborative efforts to improve staff engagement. To further inform Feedback to Action we will be orchestrating a deep dive into our best and worst performing departments using additional key metrics including turnover, attrition/vacancy rate, statutory and mandatory training compliance, and appraisal compliance.

There are also wider programmes of work, planned and underway including:

- Improving the physical and mental health and wellbeing of our people
- Improving our learning and safety culture, encouraging people to openly share feedback or concerns and ensure this is acted upon - improving psychological safety
- Embedding our This is Us management practices and leadership promise in our ways of working
- Ensuring our workforce plans support teams being effectively staffed to deliver high quality services

Estate

The quality and safety of the estate remains a significant challenge for us at a time of financial constraint. It has been well communicated that the current hospital estate has reached its limit in terms of capacity and development. A significant portion of the hospital site is more than 60 years old and falls short of modern day expectations with areas of key infrastructure in need of replacement. Our ability to keep up with the changing clinical landscape, technological advances and delivery of new models of care is limited by our current estate.

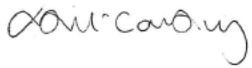
These key risks and concerns drive our long-term estate strategy which includes building a new hospital to address these challenges and enable the Trust to be successful in delivering integrated care as part of an Integrated Care Partnership. However we still need to deliver high quality, efficient services from the current estate for at least the next 5 years as we continue to develop the Outline Business Case for a new hospital in line with the national New Hospital Programme.

Conclusion

As Accountable Officer, I receive information and assurance from a wide range of sources about the Trust's internal control systems and structures in place to ensure the effective operation of the Trust. These facilitate the identification of strengths and areas in need of attention enabling appropriate action plans to be established and acted on.

Although significant issues have been identified as above, my review confirms that the Trust has a generally sound system of internal control that supports the achievement of its policies, aims and objectives and statutory duties. I and the Trust Board remain committed to achieving continuous improvement

and enhancement of the systems of internal control.



Lance McCarthy
Chief executive

24 July 2023

Remuneration and staff report

Remuneration report

Background

This report includes details regarding “senior managers” remuneration in accordance with paragraphs 3.69 to 3.164 of the DHSC (Department of Health and Social Care) Group Accounting Manual 2022/23. The Remuneration Report set out below is subject to audit by our external auditors.

The Trust has established a Remuneration and Nominations Committee to advise and assist the Board in meeting its responsibilities to ensure appropriate remuneration, allowances and terms of service for the chief executive officer, executive directors and very senior managers. The Remuneration Committee is chaired by the Trust’s chairman and meets at least annually. Membership of the committee consists of Trust chairman and all non-

executive directors with the director of people and others in attendance. The chief executive officer and executive directors’ remuneration is determined on the basis of reports to the Remuneration and Nominations Committee taking account of any independent evaluation of the post, national guidance on pay rates and market rates. Pay rates for the chair and non-executive directors of the Trust are determined in accordance with national guidance.

The Trust does not operate any system of performance related pay and no proportion of remuneration is dependent on performance conditions. The performance of non-executive directors is appraised by the chair. The performance of the chief executive officer is appraised by the chair. The performance of Trust executive directors is appraised by the chief executive officer. Annual pay increases are implemented in accordance with national pay awards for all other NHS staff.

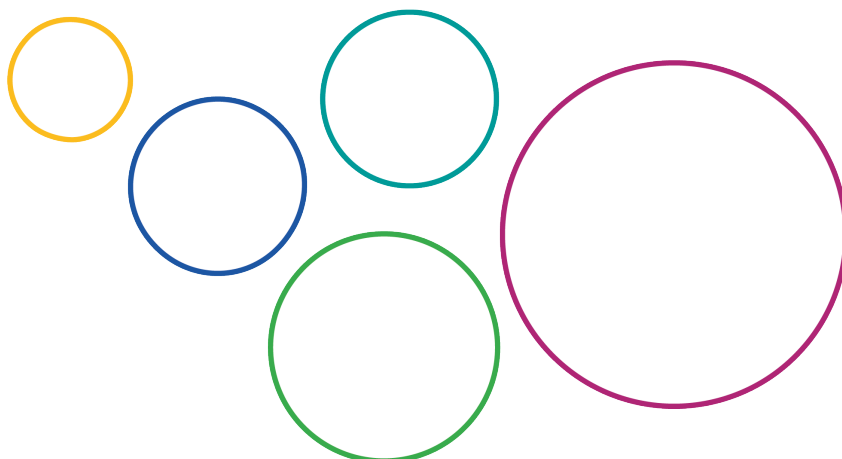


Table of salaries - non-executive directors (subject to audit)

		2022/2023						
Name	Title	Period	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 benefits (bands of £2,500)	TOTAL (bands of £5,000)
			£000's	£'s	£000's	£000's	£000's	£000's
Harriet Lydia Rose Llewelyn-Davies (1)	Trust Chair	All Year	45-50	-	-	-	-	45-50
Steve Clarke (2)	Trust Chair		-					-
Darshana Bawa (1)	Associate Non Executive Director	All Year	10-15	-	-	-	-	10-15
Robin David Gerlis (2)	Non Executive Director	04/04/2022 - 31/03/2023	10-15	-	-	-	-	10-15
Helen Mary Glenister (1)	Non Executive Director	All Year	10-15	-	-	-	-	10-15
Helen St Claire Howe (1)	Non Executive Director	All Year	10-15	-	-	-	-	10-15
John Russell Keddie (1)	Non Executive Director	All Year	10-15	-	-	-	-	10-15
Colin Bruce McCready (1)	Non Executive Director	All Year	10-15	-			-	10-15
Anne Wafula Strike (1)	Non Executive Director	All Year	10-15	-	-	-	-	10-15
George Wood (1)	Non Executive Director	All Year	10-15	-	-	-	-	10-15
Pam Court (2)	Non-Executive Director/Acting Chair	-	-	-	-	-	-	-
Dr John Hogan (1)	Non-Executive Director	01/04/2022 - 08/07/22	0-5	-	-	-	-	0-5
Liz Baker (1)	Associate Non-Executive Director	All Year	10-15	-	-		-	10-15

- 1) Indicates that the post holder has been in post for the whole year
 2) Indicates that the post holder has been in post part year only

		2021/2022						
Name	Title	Period	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 benefits (bands of £2,500)	TOTAL (bands of £5,000)
			£000's	£'s	£000's	£000's	£000's	£000's
Harriet Lydia Rose Llewelyn-Davies (1)	Trust Chair	13.09.2021 - 31.03.2022	25-30	-	-	-	5.0-7.5	30-35
Steve Clarke (2)	Trust Chair	01.04.2021 - 01.07.2021	-	800	-	-	-	-
Darshana Bawa (1)	Associate Non Executive Director	01.02.2022 - 31.03.2022	0-5	-	-	-	-	0-5
Robin David Gerlis (2)	Non Executive Director	-	-	-	-	-	-	-
Helen Mary Glenister (1)	Non Executive Director	All Year	20-25	-	-	-	-	20-25
Helen St Claire Howe (1)	Non Executive Director	All Year	10 - 15	-	-	-	-	10 - 15
John Russell Keddie (1)	Non Executive Director	All Year	10 - 15	-	-	-	-	10 - 15
Colin Bruce McCready (1)	Non Executive Director	01.02.2022 - 31.03.2022	0-5	-	-	-	-	0-5
Anne Wafula Strike (1)	Non Executive Director	All Year	10-15	-	-	-	-	10-15
George Wood (1)	Non Executive Director	All Year	10 - 15	-	-	-	-	10 - 15
Pam Court (2)	Non-Executive Director/Acting Chair	01.04.2021 - 31.12.2021	5-10	-	-	-	-	5-10
Dr John Hogan (1)	Non-Executive Director	All Year	10 - 15	-	-	-	-	10 - 15
Liz Baker (1)	Associate Non-Executive Director	01.02.2022 - 31.03.2022	-	-	-	-	-	-

- 1) Indicates that the post holder has been in post for the whole year
2) Indicates that the post holder has been in post part year only

Table of salaries - executive directors (subject to audit)

		2022/2023						
Name	Title	Period	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 benefits (bands of £2,500)	TOTAL (bands of £5,000)
			£000's	£'s	£000's	£000's	£000's	£000's
Lance McCarthy (1)	Chief Executive	All Year	200-205	-	-	-	70-72.5	275-280
Sharon McNally (1)	Director of Nursing and Midwifery	All Year	140-145	-	-	-	50-52.5	195-200
Stephanie Lawton (1)	Chief Operating Officer	All Year	140-145	-	-	-	47.5-50	190-195
James McLeish (1)	Director of Quality Improvement	All Year	120-125	-	-	-	35-37.5	155-160
Michael Meredith (1)	Director of Strategy	All Year	130-135	-	-	-	30-32.5	160-165
Ogechi Emeadi (1)	Director of People, Comms & OD	All Year	115-120	-	-	-	-	115-120
Phil Holland (1)	Chief Information Officer	All Year	110-115	-	-	-	27.5-30	140-145
Thomas Burton (2)	Director of Finance	01/08/2022-31/03/2023	95-100	-	-	-	72.5-75	165-170
Saba Sadiq (2)	Director of Finance	01/04/2022-29/04/2022	10-15	-	-	-	5-7.5	15-20
Fay Gilder (1)	Medical Director	All Year	195-200	-	-	-	42.5-45	240-245

1) Indicates that the post holder has been in post for the whole year

2) Indicates that the post holder has been in post part year only

3) Thomas Burton was in post between 01/06/22 and 31/03/23. For three months of this period, he was on secondment and £40.1k of costs was recharged from NHS England.

		2021/2022						
Name	Title	Period	Salary (bands of £5,000)	Expense payment s (taxable) to nearest	Performance pay and bonuses (bands of £5,000)	Long term performance pay and bonuses (bands of £5,000)	All pension related benefits (bands of £2,500)	TOTAL (bands of £5,000)
			£000's	£'s	£000's	£000's	£000's	£000's
Lance McCarthy (1)	Chief Executive	All Year	200-205	-	-	-	57.5-60.0	255-260
Sharon McNally (1)	Director of Nursing and Midwifery	All Year	135-140	-	-	-	67.5-70.0	200-205
Stephanie Lawton (1)	Chief Operating Officer	All Year	140-145	-	-	-	40.0-42.5	185-190
James McLeish (1)	Director of Quality Improvement	All Year	115-120	-	-	-	55.0-57.5	170-175
Michael Meredith (1)	Director of Strategy	All Year	125-130	-	-	-	30.0-32.5	155-160
Ogechi Emeadi (1)	Director of People, Comms & OD	All Year	120-125	-	-	-	27.5-30.0	145-150
Phil Holland (1)	Chief Information Officer	All Year	95-100	-	-	-	30.0-32.5	130-135
Thomas Burton (2)	Director of Finance		-					
Saba Sadiq (2)	Director of Finance	All Year	135-140	-	-	-	35.0-37.5	170-175
Fay Gilder (1)	Medical Director	All Year	185-190	-	-	-	47.5-50.0	230-235

1) Indicates that the post holder has been in post for the whole year

2) Indicates that the post holder has been in post part year only

3) Thomas Burton was in post between 01/06/22 and 31/03/23. For three months of this period, he was on secondment and £40.1k of costs was recharged from NHS England.

Salary pension entitlement of senior managers (subject to audit)

Name	Title	Real increase / (decrease) in pension age (bands of £2,500)	Real increase / (decrease) in pension lump sum at pension age (bands of £2,500)	Total accrued pension 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 (£000's)	Real increase in Cash Equivalent Transfer Value (CETV) (£000's)	Cash Equivalent Transfer Value at 31 March 2023 (£000's)	Employer's contribution to stakeholder pension (£000's)
Lance McCarthy (1)	Chief Executive	2.5-5	2.5-5	75-80	140-145	1,194	65	1,324	-
Sharon McNally (1)	Director of Nursing and Midwifery	2.5-5	0-2.5	60-65	180-185	1,286	67	1,410	-
Stephanie Lawton (1)	Chief Operating Officer	2.5-5	0-2.5	60-65	115-120	940	47	1,036	-
James McLeish (1)	Director of Quality Improvement	2.5-5	0-2.5	30-35	90-95	746	-	40	-
Michael Meredith (1)	Director of Strategy	2.5-5	0-2.5	15-20	20-25	268	22	316	-
Ogechi Enneadi (1)	Director of People, Comms & OD	0-2.5	0-2.5	50-55	95-100	917	-	962	-
Saba Sadiq (2)	Director of Finance	0-2.5	0-2.5	15-20	0-5	171	4	240	-
Fay Glider (1)	Medical Director	0-2.5	2.5-5	60-65	140-145	1,158	42	1,340	-
Tom Burton (2)	Finance Director	2.5-5	0-2.5	25-30	0-5	224	37	289	-
Phil Holland (1)	Chief Information Officer	0-2.5	0-2.5	25-30	35-40	383	21	430	-

- 1) Indicates that the post holder has been in post for the whole year
2) Indicates that the post holder has been in post part year only

CETV is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies.

The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS Pension Scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost.

CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase/(decrease) in CETV - this reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period.



Exit packages: (non-compulsory) departure payments (subject to audit)

2022/23			2021/22	
	Agreements	Total value of agreements	Agreements	Total value of agreements
	Number	£000's	Number	£000's
Contractual payments in lieu of notice	-	-	-	-
Exit payments following employment tribunals or court orders	-	-	-	-
Total	-	-	-	-

Pay ratio information

The Princess Alexandra Hospital NHS Trust is required to disclose the relationship between the total remuneration of the highest-paid director/member of staff in the organisation against the 25th percentile, median and 75th percentile of remuneration of the organisation's workforce. Total remuneration of the employee at the 25th percentile, median and 75th percentile is further broken down to disclose the salary component.

The banded remuneration of the highest paid director/member of staff in The Princess Alexandra Hospital NHS Trust in the financial year 2022-23 was £200k - £205k (2021-22, £200k - £205k). The relationship to the remuneration of the organisation's workforce is disclosed in the table overleaf. The total range of staff remuneration in the financial year 2022-23 is between £20,207 to £359,623 (2021-22, 18,521 to £301,041). During the financial year 2022-23, employees who received remuneration in excess of the highest paid director is 24 (2021 – 22, 62).

Pay multiples

Reporting bodies are required to disclose 4 key indicators between years:

- Percentage change in salary and allowances for highest paid director from previous year.
- Percentage change in performance pay and bonuses for highest paid director from the previous year.
- Percentage change in average salary and allowances for employees of the entity as a whole, and
- Percentage change in average performance pay and bonuses for employees of the entity as a whole.

For PAHT for 2022/23 (and 2021/22), these were as overleaf:

2022/23			2021/22	
	Highest paid director	Employee average	Highest paid director	Employee average
Salary and allowances	0.9%	3.7%	8.0%	13.3%
Performance pay and bonuses	0.0%	0.0%	0.0%	0.0%

2022/23	25th Percentile	Median	75th Percentile
Total remuneration	21,658	29,439	44,665
Salary component of total remuneration	21,658	29,439	44,665
Pay ratio information	9:1	7:1	5:1

2021/22	25th Percentile	Median	75th Percentile
Total remuneration	23,235	31,805	45,216
Salary component of total remuneration	23,235	31,805	45,216
Pay ratio information	9:1	6:1	4:1

Consultancy and professional services spend

Total consultancy and professional services expenditure in 2022/23 was £3,569k (2021/22 £5,508k).



Off payroll engagement

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

For all off-payroll engagements as of 31 March, for more than £245(1) per day:

	31 March 2023 Number	31 March 2022 Number
Number of existing engagements as of 31 March	-	-
Of which, the number that have existed:		
for less than one year at the time of reporting	-	-
for between one and two years at the time of reporting	-	-
for between 2 and 3 years at the time of reporting	-	-
for between 3 and 4 years at the time of reporting	-	-
for 4 or more years at the time of reporting	-	-

Note

(1) The £245 threshold is set to approximate the minimum point of the pay scale for a Senior Civil Servant.



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

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

	31 March 2023 Number	31 March 2022 Number
No. of temporary off-payroll workers engaged between 1 April 2022 and 31 March 2023	-	-
Of which,		
No. not subject to off-payroll legislation(2)	-	-
No. subject to off-payroll legislation and determined as in-scope of IR35(2)	-	-
No. subject to off-payroll legislation and determined as out of scope of IR35(2)	-	-
No. of engagements reassessed for compliance or assurance purposes during the year	-	-
Of which: no. of engagements that saw a change to IR35 status following review	-	-

Notes

(1) The £245 threshold is set to approximate the minimum point of the pay scale for a Senior Civil Servant.

(2) A worker that provides their services through their own limited company or another type of intermediary to the client will be subject to off payroll legislation and the department must undertake an assessment to determine whether that worker is in-scope of intermediaries legislation (IR35) or out-of-scope for tax purposes

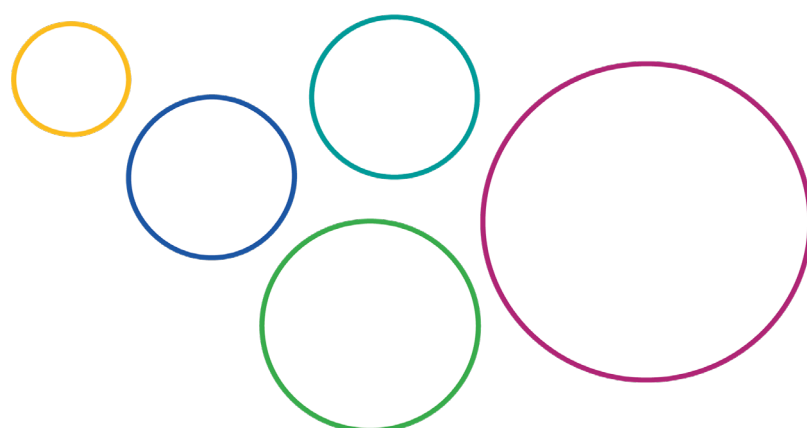


Table 3: Off-payroll board member/senior official engagements

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

	31 March 2023 Number	31 March 2022 Number
Number of off-payroll engagements of board members, and/or senior officers with significant financial responsibility, during the financial year (1)	-	-
Total no. of individuals on payroll and off-payroll that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year. This figure must include both on payroll and off-payroll engagements (2)	19	17

Staff Report

Employee benefits and staff numbers (subject to audit)

The revised national agenda for change pay settlement accrued for 2022-23 is £6,629k, based on an estimate by NHS England.

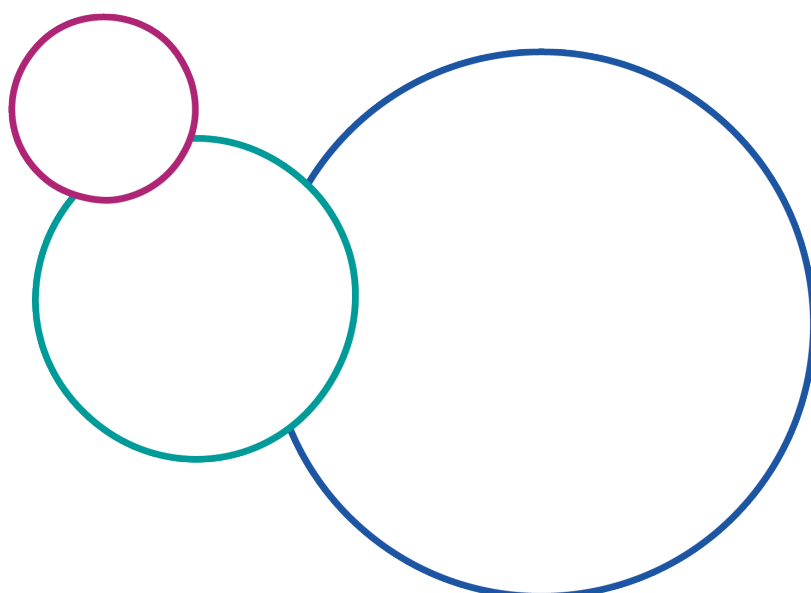
This pay settlement reflects the offer announced by the Secretary of State and agenda for change unions on 16 March 2023 contained revised pay terms for the 2022/23 and 2023/24 financial years for staff on agenda for change terms. The 2022/23 component of the offer, and the element relevant to the 2022/23 accounts, contained a non-consolidated payment of 2% plus a backlog bonus of at least £1,250 per member of staff that will only be applicable for Trust employees in post on 31 March 2023.

Per IAS 19 paragraph 19, DHSC judges that the offer constitutes a present legal or constructive obligation for agenda for change employers to make such payments, for which a reliable estimate of the obligation can be made. Accordingly, the 2022/23 component of the settlement offer has been accrued as an expense within the 2022/23 accounts, for agenda for change employers, per paragraph of 11 of IAS 19.

The 2022/23 pay award for Very Senior Managers has been disclosed as salary in the Remuneration Report. For the fair pay disclosure, the additional non-consolidated award has been included in the definitions of salary and remuneration.

Employee benefits

Gross expenditure	Permanently employed	Other	2022/23 total	2021/22 total
	£000's	£000's	£000's	£000's
Salaries and wages	155,534	670	156,229	143,481
Social security costs	16,514	-	16,514	14,723
Apprenticeship levy	763	-	763	715
Employer's contributions to NHS pensions	25,849	-	25,849	24,288
Pension costs - other	27	-	27	33
Temporary staff	-	47,495	47,495	38,382
Total employee benefits	198,687	48,190	246,877	221,622
Less: Employee costs capitalised	763	326	1,089	1,510
Redundancy	-	21	21	11



Average staff numbers

	Permanent number	Other number	2022/23 total	2021/22 total
Medical and dental	283	254	537	590
Ambulance staff	-	-	-	-
Administration and estates	1,085	61	1,146	1,116
Healthcare assistants and other support staff	647	20	667	671
Nursing, midwifery and health visiting staff	1,151	41	1,192	1,184
Nursing, midwifery and health visiting learners	-	-	-	-
Scientific, therapeutic and technical staff	252	11	263	259
Healthcare science staff	98	9	107	103
Social care staff	-	-	-	-
Other	-	-	-	11
Total	3,516	396	3,912	3,934
Staff engaged on capital projects (included in above)	16	7	23	27

Staff sickness and ill health retirements

Annual references for staff sickness absence relate to calendar years. For ill health retirements, year references relate to financial years.

Figures Converted by DH to Best Estimates of Required Data Items				Statistics Published by NHS Digital from ESR Data Warehouse	
Months	Average FTE for 2022	Adjusted FTE days lost to Cabinet Office definitions	Average Sick Days per FTE	FTE-Days Available	FTE-Days recorded Sickness Absence
12	3,509	41,670	11.9	1,280,671	67,599

Ill health retirements	2022/23	2021/22
	Number	Number
Number of persons retired early on ill health grounds	-	-
	£000s	£000s
Total additional pensions liabilities accrued in the year	385	-

Staff policies for disabled people

The Trust complies with the requirements under the 2010 equality legislation to provide reasonable adjustments for staff who identify as disabled. Occupational health advice and guidance is provided by the Trust's staff health and wellbeing (SHaW) team. The people business partnering team provide advice and guidance to managers on how to make health referrals to SHaW and to support managers in implementing reasonable adjustments when they are identified for staff. The Trust has an attendance policy which provides guidance to staff on identifying and managing requests for reasonable adjustments (section 6.44). The policy also provides guidance on making a management referral to SHaW (section 6.9). Employees can also make

self-referrals to SHaW for support and guidance.

The employee experience of disabled staff, including actions to address any identified less positive experience, is reported in our annual Workforce Disability Equality Standard Report.

The Trust adheres to the fundamental principle of listening to the lived experience of our disabled staff by encouraging members of the staff-led Disability and Wellbeing Network to share their experiences and anecdotes. PAHT continues to be a Disability Confident Committed employer (Level 1) when recruiting, retaining and developing disabled staff, whilst working towards becoming a Disability Confident Employer (Level 2) by 2023-2024. EDI champions are included on all interview

panels at AfC band 8a and above

The Trust continues to support the ICS inclusive career development programme for BAME and disabled

staff at Agenda for Change bands 2 – 4. Work is underway with Project Search to support employment opportunities for young adults with a learning disability or autism spectrum conditions, or both.

Trade Union disclosures

Table 1

Relevant union officials

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

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
1	0.6 WTE

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.

Percentage of time	Number of employees
0%	-
1-50%	-
51%-99%	1
100%	-

Table 3

Percentage of time 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.

	Figures
Provide the total cost of facility time	£24,913.95
Provide the total pay bill	£245,788.00
Provide the percentage of the total pay bill spent on facility time, calculated as: £245,788.00 (total cost of facility time ÷ total pay bill) x 100	0.01%

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:	
Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	60.00

**Reporting of compensation schemes - exit packages 2022/23
(subject to audit)**

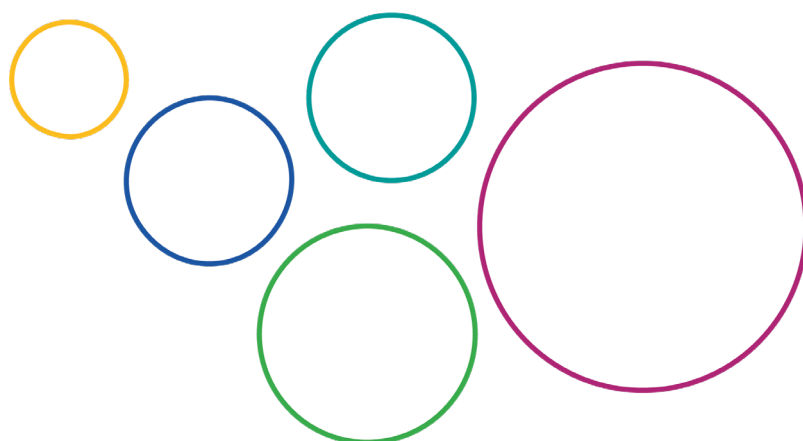
There were no exit packages provided in 2022/23 (£0k 2021/22).

Exit package cost band (including any special payment element)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
Less than £10,000	-	-	-
£10,000 - £25,000	-	-	-
£25,001 - £50,000	-	-	-
£50,001 - £100,000	-	-	-
£100,001 - £150,000	-	-	-
£150,001 - £200,000	-	-	-
> £200,000	-	-	-
Total	-	-	-
Total resource cost (£)	-	-	-

Redundancy and other departure costs have been paid for in accordance with the provisions of the NHS Pensions Scheme. Exit costs in this note are accounted for in full in the year of departure. Where the Trust has agreed early retirements, the additional costs are met by the Trust and not by the NHS Pensions Scheme. Ill-health retirement costs are met by the NHS Pensions Scheme and are not included in the table.

Reporting of compensation schemes - exit packages 2021/22 (subject to audit)

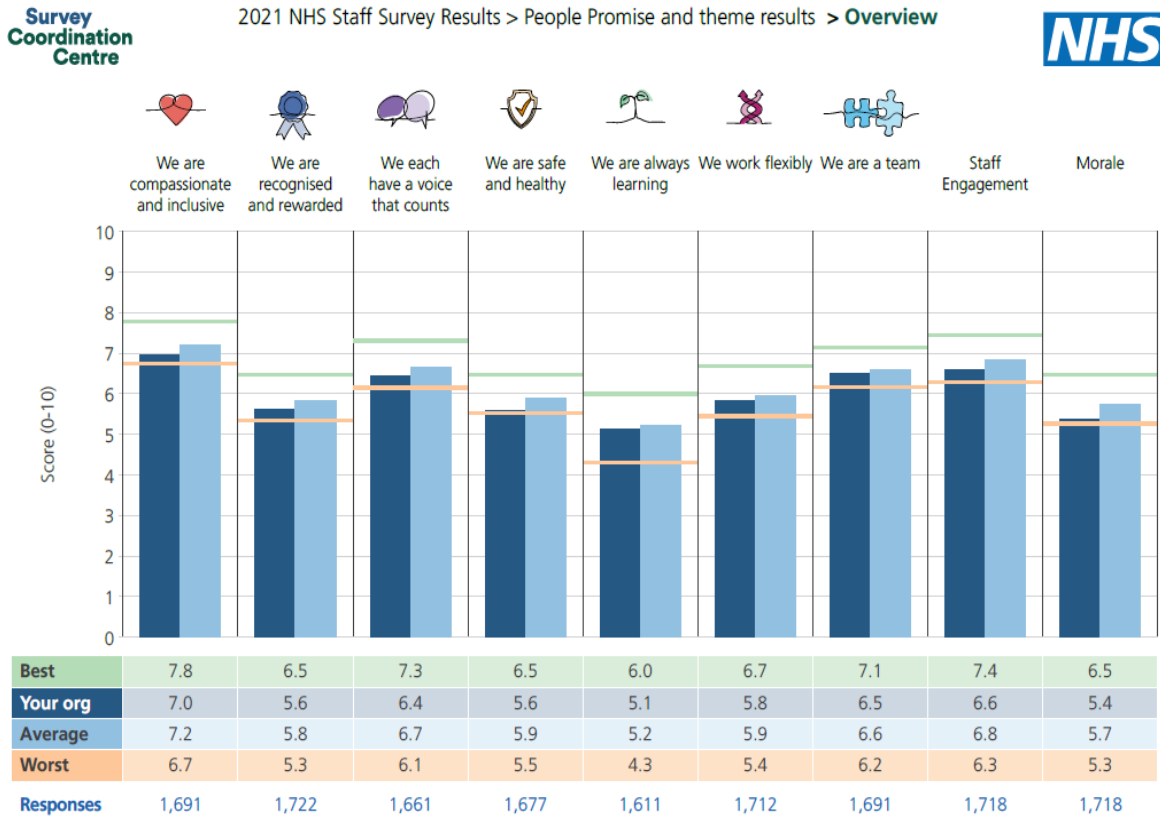
Exit package cost band (including any special payment element)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
Less than £10,000	-	-	-
£10,000 - £25,000	-	-	-
£25,001 - £50,000	-	-	-
£50,001 - £100,000	-	-	-
£100,001 - £150,000	-	-	-
£150,001 - £200,000	-	-	-
> £200,000	-	-	-
Total	-	-	-
Total resource cost (£)	-	-	-



The National NHS Staff Survey

The results of the NHS Staff Survey 2021 were published in March 2022 and categorised into ten key themes.

A depiction of PAHT results compared against the national average results from similar providers is reflected in the chart below.



Overall, the Trust scored lower than the national average across all themes, with health, wellbeing and morale being key areas of concern. In addition, the following priority areas for improvement were identified from free-text respondent comments: leadership, staffing levels and quality of patient care.

In comparison to our 2020 results, our most improved scores concerned immediate managers and people feeling secure to raise concerns about unsafe clinical practice. In comparison to the national average 2021 scores, our results were better regarding number of people experiencing discrimination at work associated with gender or disability, experience of appraisals, managers taking an interest in health and wellbeing, knowing what work responsibilities are, and teams dealing with disagreements constructively.

The following improvement priorities were agreed for action across the Trust, for progressing during 2022-23:

- **Priority one:** Improving the physical and mental health and wellbeing of our people
- **Priority two:** Improving our learning and safety culture, encouraging people to openly raise concerns and ensure they are acted upon - improving psychological safety

- **Priority three:** Ensuring our workforce plans support teams being effectively staffed to deliver high quality services
- **Priority four:** Embedding our This is Us management practices and leadership promise in our ways of working

How was improvement action taken during 2022/23?

- Workshops were held from March to May 2022 with leads from all divisions, to review the results and identify improvement suggestions. Improvement plans were developed (April 2022) targeting improvement actions linked to the Trust's four key staff survey improvement priorities
- Staff Survey results roadshows were held between May to June 2022 to share these plans with wider staff and seek further feedback and suggestions
- Improvement actions were implemented at a local level, including for example, introduction of regular team meetings and 1:1 meetings within estates and facilities, increased visibility and awareness of safety champions within child health and women's services, introduction of weekly senior management visits to clinical teams in the medicine division, reintroduction of leadership team walk-arounds fortnightly within the surgery division, running psychological support sessions within the urgent and emergency care division, introduction of culture huddles within the clinical support services division, and a range of actions across corporate services focused around enhancing development and involvement opportunities
- A wider range of health and wellbeing support resources were made available to all of our people, including the introduction of cost-of-living support measures
- Introduction of This is Us Week, offering a six-day engagement programme hosting annual awards, a summer celebration barbeque, learning and networking events, and so much more.
- Introduction of This is Me as our new approach to learning, development and performance, including refreshed learning offers for all our people, including a dedicated managers' development programme, and the development a new interactive appraisal conversations tool
- **PAHT2030 Ready** programme was completed with our senior managers, equipping them with the skills and knowledge to engage their teams in taking forward our **PAHT2030** strategy



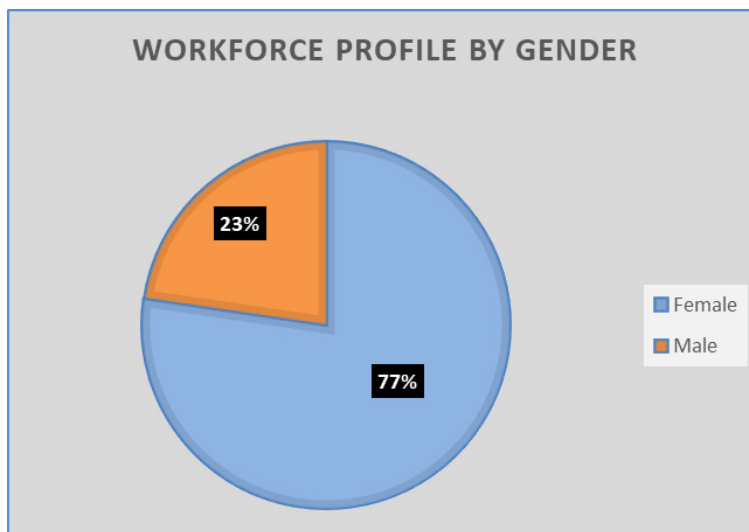
Our staff breakdown

March 2023 staff composition	Male	Female
Executive directors	4	6
Other employees	884	3018
Total	888	3024

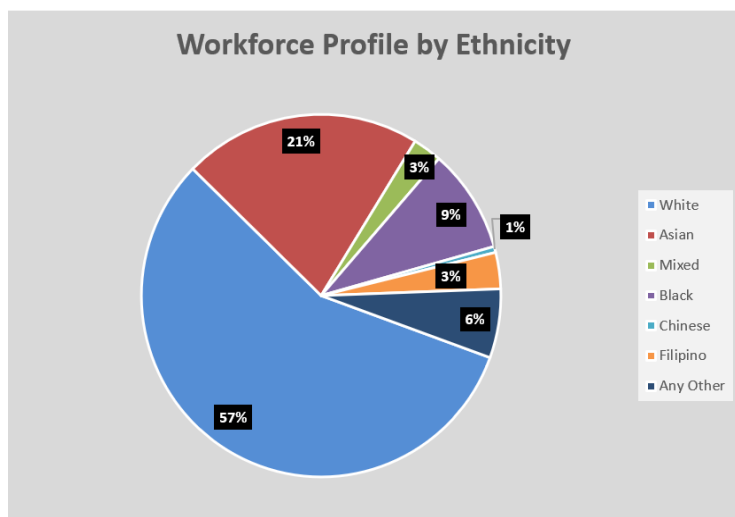
Turnover rate

Turnover rate	2021/22	April 22 - February 23
Voluntary turnover	15.76%	16.30%
Overall staff turnover	16.88%	18.59%

Our workforce - gender profile



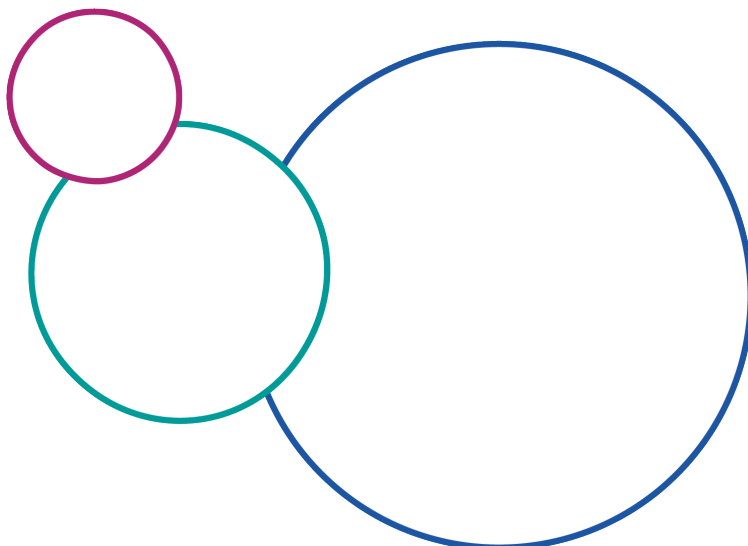
Our workforce - ethnic profile



Equality, diversity and inclusion

We are committed to eliminating discrimination and promoting equality and diversity in everything we do. Outlined below are a number of programmes and initiatives in place to promote inclusion for our people.

- We delivered inclusive recruitment training to equip managers with the skills and knowledge to attract the best candidates in a fair and objective way. An engaging approach underpins the training with a focus on behaviour change
- We created a short film on registering as disabled with personalised messages from Hattie-Llewelyn-Davies, chair, and Anne Wafula-Strike, associate non-executive director, which was shared with all of our people
- We introduced the NHS Rainbow Badge initiative, with the support of the LGBT+ staff network. Our people are encouraged to sign up to wear an NHS Rainbow Badge as a visible demonstration that our Trust is an open, non-judgemental and inclusive place for people who identify as LGBT+
- We celebrated the diversity and inclusivity of our teams at PAHT with the Equal-TEA afternoon tea during This is Us Week
- We continued a programme of actions to support an anti-racism initiative within PAHT
- Bespoke coaching and development support was given to the Race, Equality and Cultural Heritage (REACH) staff network members to enhance leadership skills and the effectiveness of the network
- We commenced work with Employ-Ability, a specialist employment charity supporting people with mental ill health to secure and retain employment. We delivered interview skills sessions to members of Employ-ability
- Work continues with the Integrated Care System (ICS) on the county-wide inclusive career development programme. Four PAHT staff at band AfC bands 2 and 5 have completed the programme
- We deliver face-to-face equality, diversity and inclusion (EDI) sessions on day one of the corporate induction to ensure that all new starters are aware of our approach to equality, diversity and inclusion and understand the expectation that everyone is treated with respect
- EDI champions are on interview panels at band 8a and above



Looking forward

As a new business year gets underway, there is much to look forward to. We are hopeful that the funding for a new hospital will be announced and that we can then set and agree a build schedule. The need for a new hospital for the local area is well established and will serve local people and patients for years to come. It will also provide the best place to work for our clinical and corporate teams and enable us to make a real difference and appeal to new people to join PAHT.

Of course, the build of a new hospital will take some years to complete. It is vital that we maintain and refurbish areas of our current estate to continue to provide a safe environment for patients and our people. One area for improvement is our Maternity Unit, which will be extended and enhanced to give a better space both clinically and for the health and wellbeing of the people bringing their babies into the world.

We also have been given the lead role in bringing part of the Government plan to increase diagnostic care in the community to our catchment area. We are the project lead for a new diagnostic hub at St Margaret's Hospital in Epping with additional scanning and diagnostic testing available at the weekend and for longer shifts during the week. The hub will have a partner diagnostic spoke based at Herts and Essex Hospital in Bishop's Stortford. This development brings diagnostics closer to patients, increases the number of appointments and extends the days of the week that tests are available, which will support local people.

Our new electronic patient record (EHR) is set to be well underway and being tested in the next 12 months. The project team is being established and these dedicated digital experts will bring the energy, enthusiasm and

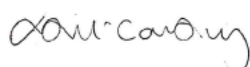
drive to embed the new patient records system across the organisation. The significance of this improvement cannot be underestimated and will bring confidence and efficiency to the way our people deliver care to our patients.

As well as our significant ongoing focus on our PAHT2030 transformational goals, we have a critical challenge to make PAHT more financially sustainable. Currently, we have a clear-cut deficit and a desire to eliminate this situation and balance our finances. Our senior team is sighted on the challenge and are working on creating a more sustainable long-term future for PAHT and the patients it cares for.

The Green Plan for PAHT will continue to be enhanced with actions for our people to contribute to. People are becoming more aware of the need to be sustainable and the benefits it will bring to all.

Our people remain a key focus for the current business year (2023-24) as we look to enhance the health and wellbeing offer that we have for our people as well as a new This is Us system (TiMS) that will bring learning and development options and achievements to the fingertips of all our people.

In the new business year (2023-24), we will see the growth and enhancement of our community partnerships. We have a shared responsibility to make better the integrated care pathways and support our partner organisations to provide safe and equitable local health care.



Lance McCarthy
Chief executive

24 July 2023

**The Princess Alexandra Hospital NHS Trust,
Hamstel Road, Harlow, Essex, CM20 1QX
01279 44 44 55**



NHSHarlow



@NHSHarlow



@PrincessAlexandraNHS



The Princess Alexandra Hospital NHS Trust

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF THE PRINCESS ALEXANDRA HOSPITAL NHS TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Princess Alexandra Hospital NHS Trust ("the Trust") for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

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

Basis for opinion

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

Going concern

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

In our evaluation of the Directors' conclusions, we considered the inherent risks associated with the continuity of services provided by the Trust over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for the going concern period.

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

opportunity to commit fraud. Our risk assessment procedures included:

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

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

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

We also identified a fraud risk related to expenditure recognition, particularly in relation to year-end accruals. The Trust is set a financial performance target by NHS England and there is a risk that non-pay expenditure may be manipulated in order to report that the control total is met.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation of some of the Trust-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journals posted at the end of the year which improve the Trust's position.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.
- Testing a sample of invoices of expenditure, in the period just after 31 March 2023, to determine whether expenditure and where appropriate the associated accruals has been recognised in the correct accounting period and whether accruals are complete.

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors 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.

Firstly, the Trust is subject to laws and regulations that directly affect the financial statements, including the financial reporting aspects of NHS legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

We are also required to make a referral to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014 if we have reason to believe that the Trust, or an officer of

the Trust, is about to make, or has made, a decision which involved or would involve the body incurring unlawful expenditure, or is about to take, or have begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.

As outlined in the section of the report dealing with other legal and regulatory matters, we made a section 30 referral to the Secretary of State on 10 May 2023 in relation to the Trust's "breakeven duty".

Secondly, the Trust is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We did not identify any laws and regulations where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

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

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

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

Other information in the Annual Report

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

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

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

Annual Governance Statement

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

Remuneration and Staff Reports

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

Directors' and Accountable Officer's responsibilities

As explained more fully in the statement set out on page 3, the directors are responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing

the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to either cease the services provided by the Trust or dissolve the Trust without the transfer of its services to another public sector entity. As explained more fully in the statement of the Chief Executive's responsibilities, as the Accountable Officer of the Trust, on Page 61 the Accountable Officer is responsible for ensuring that annual statutory accounts are prepared in a format directed by the Secretary of State.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

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

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

We have identified a significant weakness in the Trust's value for money arrangements associated with financial sustainability. The Trust delivered a £13.0m deficit in 2022/23 compared to a break-even plan. The Trust is forecasting a further deficit of £5m for 2023-24, though this requires the achievement of significant efficiencies that are not fully identified and does not have a strategy in place for achieving break-even on a recurrent basis.

We have raised a recommendation in our Auditor's Annual Report for the Trust to ensure that it develops a financial strategy that sets out how it will achieve a break-even position on a recurrent basis over the medium term.

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

As explained in the statement set out on page 102, the Chief Executive, as the Accountable Officer, is responsible for ensuring that value for money is achieved from the resources available to the Trust. We are required under section 21(2A) of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

We have planned our work and undertaken our review in accordance with the Code of Audit Practice and related statutory guidance having regard to whether the Trust had proper arrangements in place to ensure financial sustainability, proper governance and to use information about costs and performance to improve the way it manages and delivers its services. Based on our risk assessment, we undertook such work as we considered necessary.

Statutory reporting matters

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

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

On 10 May 2023 we wrote to the Secretary of State in accordance with Section 30 (1)(a) of the Local Audit and Accountability Act 2014 in respect of the Trust's breach of its "breakeven duty" as set out in paragraph (2)(1) of Schedule 5 of the National Health Service Act 2006 and taking into account the Department of Health and Social Care's Guidance on Breakeven Duty and Provisions. At the date of our referral the Trust's reported financial position was a cumulative deficit of £154.5m.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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

CERTIFICATE OF COMPLETION OF THE AUDIT

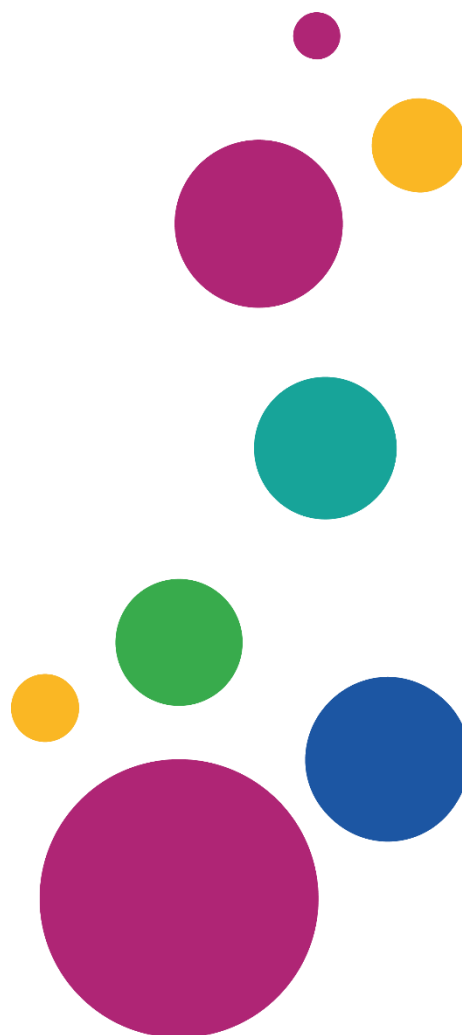
We certify that we have completed the audit of the accounts of Princess Alexandra Hospital NHS Trust for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.



Dean Gibbs
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square, Canary Wharf, London, E14 5GL
25 July 2023

The Princess Alexandra Hospital NHS Trust

Annual accounts for the year ended 31 March 2023



Statement of directors' responsibilities in respect of the accounts

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

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

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

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

The directors confirm that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS Trust's performance, business model and strategy

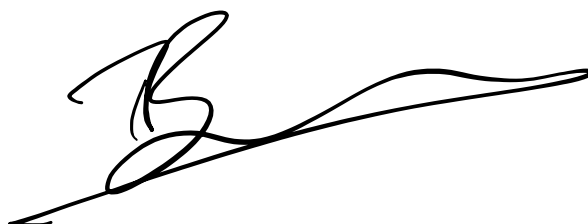
By order of the Board

Chief executive



24 July 2023

Finance director



24 July 2023

Statement of comprehensive income for the year ending 31 March 2023

		2022/23	2021/22
	Note	£000	£000
Operating income from patient care activities	2	339,047	335,454
Other operating income	3	22,534	20,402
Operating expenses	4, 6	(372,660)	(349,782)
Operating surplus/(deficit) from continuing operations		(11,079)	6,074
Finance income	9	775	29
Finance expenses	10	(250)	(6)
PDC dividends payable		(4,014)	(4,770)
Net finance costs		(3,489)	(4,747)
Surplus / (deficit) for the year		(14,568)	1,327

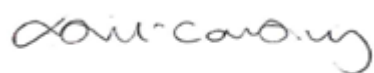
On a day to day basis the Trust is measured against a control total defined by NHS England, which excludes costs outside of the control of the Trust. The deficit against the control total was £13,049k in 2022-23. A reconciliation from the accounting deficit to this figure is provided in note 32.

Statement of financial position as at 31 March 2023

		31 March 2023	31 March 2022
	Note	£000	£000
Non-current assets			
Intangible assets	11	16,046	11,011
Property, plant and equipment	12	164,432	149,131
Right of use assets	21	31,655	-
Receivables	16	1,196	1,287
Total non-current assets		213,329	161,429
Current assets			
Inventories	15	5,142	5,181
Receivables	16	14,408	11,265
Cash and cash equivalents	17	39,196	51,050
Total current assets		58,746	67,496
Current liabilities			
Trade and other payables	18	(51,994)	(42,635)
Borrowings	20	(1,863)	(10)
Provisions	22	(798)	(953)
Other liabilities	19	(811)	(3,142)
Total current liabilities		(55,466)	(46,740)
Total assets less current liabilities		216,609	182,184
Non-current liabilities			
Borrowings	20	(26,080)	-
Provisions	22	(1,342)	(2,153)
Total non-current liabilities		(27,422)	(2,153)
Total assets employed		189,186	180,031
Financed by			
Public dividend capital		340,936	326,639
Revaluation reserve		6,985	1,201
Income and expenditure reserve		(158,735)	(147,809)
Total taxpayers' equity		189,186	180,031

The notes on pages 106 to 158 form part of these accounts.

The financial statements on pages 100 to 105 were approved by the Board on 27 June 2023. and signed on its behalf by:



Name: **Lance Daniel McCarthy**

Position: **Chief executive**

Date: **24 July 2023**

Statement of changes in equity for the year ended 31 March 2023

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2022 - brought forward	326,639	1,201	(147,809)	180,031
Implementation of IFRS 16 on 1 April 2022	-	-	3,688	3,688
Surplus/(deficit) for the year	-	-	(14,568)	(14,568)
Impairments	-	(892)	-	(892)
Revaluations	-	6,676	-	6,676
Public dividend capital received	14,297	-	-	14,297
Other reserve movements	-	-	(46)	(46)
Taxpayers' and others' equity at 31 March 2023	340,936	10,673	(158,735)	189,186

Statement of changes in equity for the year ended 31 March 2022

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2021 - brought forward	320,559	591	(149,136)	172,014
Taxpayers' and others' equity at 1 April 2021	320,559	591	(149,136)	172,014
Surplus/(deficit) for the year	-	-	1,327	1,327
Impairments	-	(186)	-	(186)
Revaluations	-	796	-	796
Public dividend capital received	6,080	-	-	6,080
Taxpayers' and others' equity at 31 March 2022	326,639	1,201	(147,809)	180,031

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

Income and expenditure reserve

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

Statement of cash flows

		2022/23	2021/22
	Note	£000	£000
Cash flows from operating activities			
Operating surplus / (deficit)		(11,079)	6,074
Non-cash income and expense:			
Depreciation and amortisation	4	14,529	11,984
Net impairments	5.2	1,320	-
Income recognised in respect of capital donations	3	-	(500)
Increase in receivables and other assets		(2,381)	(3,257)
Decrease in inventories		39	516
Increase in payables and other liabilities		5,792	6,849
Increase / (decrease) in provisions		(944)	894
Net cash flows from / (used in) operating activities		7,277	22,561
Cash flows from investing activities			
Interest received		775	29
Purchase of intangible assets		(6,650)	(5,485)
Purchase of PPE and investment property		(20,292)	(33,339)
Receipt of cash donations to purchase assets		-	500
Net cash flows from / (used in) investing activities		(26,167)	(38,295)
Cash flows from financing activities			
Public dividend capital received		14,297	6,080
Capital element of finance lease rental payments		(2,248)	(30)
Interest paid on finance lease liabilities		(228)	-
PDC dividend (paid) / refunded		(4,770)	(4,495)
Cash flows from (used in) other financing activities		(15)	(13)
Net cash flows from / (used in) financing activities		7,036	1,542
Increase / (decrease) in cash and cash equivalents		(11,854)	(14,192)
Cash and cash equivalents at 1 April - brought forward		51,050	65,242
Cash and cash equivalents at 31 March	17	39,196	51,050

Notes to the accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

The Department of Health and Social Care has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2022/23 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

Note 1.1.1 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 1.1.2 Going concern

These accounts have been prepared on a going concern basis, in accordance with the definition as set out in section 4 of the Department of Health and Social Care (DHSC) Group Accounting Manual (GAM) which outlines the interpretation of IAS1 'Presentation of Financial Statements'. IAS1 requires management to assess, as part of the Accounts preparation process, the Trust's ability to continue as a going concern. The HM Treasury Financial Reporting Manual directs that in the context of non-trading entities in the public sector, the anticipated continuation of the provision of a service in the future is normally sufficient evidence of going concern. The financial statements should be prepared on a going concern basis unless there are plans for, or no realistic alternative other than, the dissolution of the Trust without transfer to another entity

In approving the Trust's Annual Accounts, the Board of Directors has satisfied itself that the Trust has prepared the accounts on the basis of going concern, recognising the following:

The directors of the Trust have considered whether there are any local or national policy decisions that are likely to affect the continued funding and provision of services by the Trust. The Trust is a member of the Hertfordshire and West Essex Integrated Care System (ICS). The ICS has published its Strategic Delivery Plan and NHS Long Term Plan response for the five-year period 2020/21 - 2024/25 and this plan includes the continued provision of services by the Trust. In addition, the Trust continues to develop an Outline Business Case to build a new hospital, which is being supported by a variety of stakeholders. No circumstances were identified causing the directors to doubt the continued provision of NHS services. For the 2022/23 financial year, the Trust achieved an accounting deficit of £14.6m against a planned breakeven, which is an adjusted financial performance of £13m against control total. Income from our local Integrated Care Systems was largely based on the adapted finance regime introduced in response to the COVID-19 pandemic and this provided predictability and improved cash flow with the Trust finishing the year with a £39.2m cash balance. Additional costs arising from the pandemic were reimbursed in throughout the year.

For 2023/24 the funding arrangements have been revised with an element of a return to a mixture of fixed payment and activity-based contracting, with COVID funding as a percentage (0.6%) of the contract embedded. The Trust has agreed contracts with key ICS for continuing delivery of NHS acute services in West Essex for 2023/24 and beyond.

In addition, the Trust has access to working capital arrangements should the need for this arise. In conclusion, these factors, and the anticipated future provision of services in the public sector, support the Trust's adoption of the going concern basis for the preparation of the accounts.

Note 1.2 Critical judgements in applying accounting policies

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which both the estimate is revised if the revisions affect only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

- Trust has considered whether there is a need for an impairment in PPE, for the current value of capitalised assets relating New Hospital Programme, and assessed that no impairment is required. The Trust is assured that the new

Hospital Programme is continuing, despite delays in the National New Hospital Programme. The Trust has received a commitment from the New Hospital Programme, and continued funding for £1.7m in 2023/24 for Compulsory Purchase of the Land.

Department of Health and Social Care guidance specifies that the Trust's land and buildings should be valued on the basis of depreciated replacement cost, applying the Modern Equivalent Asset (MEA) concept. The MEA is defined as "the cost of a modern replacement asset that has the same productive capacity as the property being valued." Therefore, the MEA is not a valuation of the existing land and buildings that the Trust holds, but a theoretical valuation for accounting purposes of what the Trust could need to spend in order to replace the current assets. The MEA valuation approach continues to be adopted by the Trust (Note 1.7.2). The Valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust. The valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation.

Note 1.3 charitable funds

Under the provisions of IAS 27 Consolidated and Separate Financial Statements, those Charitable Funds that fall under common control with NHS bodies are consolidated within the entity's financial statements. IAS 1 states that specific disclosure requirements as set out in individual standards or interpretations need not be satisfied if the information is not material, and on that basis the Trust has not consolidated its charitable funds.

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.

Revenue from NHS contracts

The accounting policies for revenue recognition and the application of IFRS 15 are consistently applied. The structure of setting funding envelopes in the NHS changed between the first and second half of 2021/22, from an individual NHS provider level to an Integrated Care System level. The funding setting structure remained at an Integrated Care System level during 2022/23. The revenue recognition policies in respect of the different funding structures remain the same.

The main source of income for the Trust is contracts with commissioners for health care services. In 2022/23 and 2021/22, the majority of the Trust's income from NHS commissioners was in the form of block contract arrangements. The Trust receives block funding from its commissioners, where funding envelopes are set at an Integrated Care System level. The related performance obligation is the delivery of healthcare and related services during the period, with the Trust's entitlement to consideration not varying based on the levels of activity performed.

The Trust also receives additional income outside of the block payments to reimburse specific costs incurred and, in 2022/23, the other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as a variable consideration.

In 2022/23, the Elective Recovery Fund enabled systems to earn income linked to the achievement of elective activity targets including funding any increased use of independent sector capacity. Income earned by the system is distributed between individual entities by local agreement. Income earned from the fund is accounted for as variable consideration.

Where the effects of practical expedients mandated by the GAM are material, these should be disclosed as accounting policies. These include: (1) As per paragraph 121 of the Standard the Trust does not disclose information regarding performance obligations part of a contract that has an original expected duration of one year or less. (2) The GAM does not require the Trust to disclose information where revenue is recognised in line with the practical expedient offered in paragraph B16 of the Standard where the right to consideration corresponds directly with value of the

performance completed to date. (3) The GAM has mandated the exercise of the practical expedient offered in C7A of the Standard that requires the Trust to reflect the aggregate effect of all contracts modified before the date of initial application.

Revenue from 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 1.4.1 Other forms of income

Grants and donations

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

Apprenticeship service income

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

Note 1.5 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 1.6 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 1.7 Property, plant and equipment

Note 1.7.1 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.

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.

Note 1.7.2 Measurement

Valuation

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

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

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

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

For specialised assets, current value in existing use is interpreted as the present value of the asset's remaining service potential, which is assumed to be at least equal to the cost of replacing that service potential. Specialised assets are therefore valued at their depreciated replacement cost (DRC) on a modern equivalent asset (MEA) basis. An MEA basis assumes that the asset will be replaced with a modern asset of equivalent capacity and meeting the location requirements of the services being provided. Assets

held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements.

Valuation guidance issued by the Royal Institute of Chartered Surveyors states that valuations are performed net of VAT where the VAT is recoverable by the entity. 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.

The valuation exercise was carried out on 2 March 2023 with the valuation date being 31 March 2023. Valuations were undertaken in accordance with International Financial Reporting Standards (IFRS) as interpreted, and applied by the HMT Treasury FReM compliant with Department of Health Group Manual for Accounts. They are also prepared in accordance with the professional standards of the Royal Institution of Chartered Surveyors: RICS Valuation - Global Standards 2017 and RICS UK National Supplement, commonly known together as the 'Red Book'.

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.

Note 1.7.3 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.

Note 1.7.4 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.

In 2022/23, this includes assets donated to the Trust by the Department of Health and Social Care as part of the response to the coronavirus pandemic. As defined in the GAM, the Trust applies the principle of donated asset accounting to assets that the Trust controls and is obtaining economic benefits from at the year end.

Note 1.7.5 Useful lives of property, plant and equipment

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

	Min life Years	Max life Years
Buildings, excluding dwellings	15	30
Plant & machinery	5	15
Transport equipment	3	7
Information technology	5	8
Furniture & fittings	5	15

Note 1.8 Intangible assets

Note 1.8.1 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, eg an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware, eg application software, is capitalised as an intangible asset.

Note 1.8.2 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.

Note 1.8.3 Useful lives of intangible assets

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

	Min life Years	Max life Years
Information technology	5	8
Development expenditure	5	8

Note 1.9 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the weighted average cost 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 1.10 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 1.11 Financial assets and financial liabilities

Note 1.11.1 Recognition

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

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

Note 1.11.2 Classification and measurement

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

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

Financial assets are classified as subsequently measured at amortised cost, fair value through income and expenditure.

Financial liabilities classified as subsequently measured at amortised cost or fair value through income and expenditure.

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).

All outstanding non-NHS receivables over one year old are included in the credit loss allowance. Any receivable relating to prescription charges that are over six months old plus any receivable where the Trust considers there to be a high risk of being uncollectable are included. The amount included for Injury Cost Recovery receivables follows the DHSC GAM guidance (an allowance of 24.86% of outstanding receivables is included - was previously 23.76% in 2021/22).

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.

Note 1.11.3 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 1.12 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.

Note 1.12.1 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.

Note 1.12.2 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 head lease.

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 basis.

Note 1.13 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 the discount rates published and mandated by HM Treasury. The discount rate used by the Trust for Early Retirements is 1.70% in real terms (2021/22 rate was 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 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 1.14 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 1.15 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 1.16 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 1.17 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 1.18 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 1.19 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 accrual's 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 1.20 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 1.21 Early adoption of standards, amendments and interpretations

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

Note 1.22 Standards, amendments and interpretations in issue but not yet effective or adopted

The DHSC GAM does not require the following IFRS Standards and Interpretations to be applied in 2022-23. These Standards are still subject to HM Treasury FReM adoption. IFRS 17 Insurance Contracts – The Standard is effective for accounting periods beginning on or after 1 January 2023. IFRS 17 is yet to be adopted by the FReM, therefore early adoption is not permitted

Note 1.23 Sources of estimation uncertainty

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

Provisions

Provisions have been made for legal and constructive obligations of uncertain timing or amount as at the reporting date where the liability meets the recognition criteria of IAS 37. These are based on judgements and estimates of future cash flows and are dependent on future events. Any differences between expectations and the actual future liability will be accounted for in the period when such determination is made.

Public liability claims are based on information received from the NHS Resolution (NHSR, previously NHS Litigation Authority) which handles claims on behalf of the Trust. For cases not yet concluded, provision, or contingent liability, is made according to NHSR assessment of expected outcomes.

Pensions provisions are based on information received from NHS Pension Agency (part of NHS Business Services Authority).

Other provisions for legal and constructive obligations (including employment) are made by management, and informed by professional opinion. Provisions are made where past events are known and settlement by the Trust is probable and a reliable estimate can be made. As actual settlement is not known at the reporting date provisions are calculated on the best information available on likely settlement at the date the Accounts are approved.

At the end of each accounting period management review expenditure items that are outstanding and estimate the amount to be accrued in financial statements. Accruals are generally based on estimates and judgements of historical trends and outcomes. Any variation in prior periods has not been material to the Accounts.

Note 2 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.4

Note 2.1 Income from patient care activities (by nature)	2022/23	2021/22
	£000	£000
Acute services		
Income from commissioners under API contracts*	287,615	299,510
High cost drugs income from commissioners (excluding pass-through costs)	18,208	5,194
Other NHS clinical income	10,888	18,720
All services		
Private patient income	286	287
Elective recovery fund	6,744	3,464
Agenda for change pay offer central funding	6,629	-
Additional pension contribution central funding**	7,910	7,422
Other clinical income	767	857
Total income from activities	339,047	335,454

*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 2.2 Income from patient care activities (by source)

	2022/23	2021/22
	£000	£000
Income from patient care activities received from:		
NHS England	41,091	31,541
Clinical commissioning groups	70,803	301,775
Integrated care boards	226,052	
Department of Health and Social Care	21	5
Other NHS providers	29	877
Non-NHS: private patients	286	287
Non-NHS: overseas patients (chargeable to patient)	151	149
Injury cost recovery scheme	614	710
Non-NHS: other	-	110
Total income from activities	339,047	335,454
Of which:		
Related to continuing operations	339,047	335,454
Related to discontinued operations	-	-

Note 2.3 Overseas visitors (relating to patients charged directly by the provider)

	2022/23	2021/22
	£000	£000
Income recognised this year	151	149
Cash payments received in-year	75	55
Amounts added to provision for impairment of receivables	200	-
Amounts written off in-year	138	129

Note 3 Other operating income

	2022/23			2021/22		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	664	-	664	712	-	712
Education and training	10,065	834	10,899	8,981	-	8,981
Non-patient care services to other bodies	8,189	-	8,189	3,682	-	3,682
Reimbursement and top up funding	612	-	612	2,028	-	2,028
Receipt of capital grants and donations and peppercorn leases	-	-	-	-	500	500
Charitable and other contributions to expenditure	-	614	614	-	802	802
Revenue from operating leases	-	104	104	-	458	458
Other income	1,452	-	1,452	3,239	-	3,239
Total other operating income	20,982	1,552	22,534	18,642	1,760	20,402

Of which:

Related to continuing operations	22,534	20,402
Related to discontinued operations	-	-

Note 4 Operating expenses

	2022/23	2021/22
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	4,449	5,966
Purchase of healthcare from non-NHS and non-DHSC bodies	11,061	11,506
Staff and executive directors' costs	245,767	220,101
Remuneration of non-executive directors	181	147
Supplies and services - clinical (excluding drugs costs)	23,784	24,280
Supplies and services - general	5,181	4,804
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	24,631	25,737
Inventories written down	207	242
Consultancy costs	3,569	5,508
Establishment	1,641	2,695
Premises	15,265	14,257
Transport (including patient travel)	398	827
Depreciation on property, plant and equipment	11,493	9,543
Amortisation on intangible assets	3,036	2,441
Net impairments	1,320	-
Movement in credit loss allowance: contract receivables / contract assets	1,557	62
Fees payable to the external auditor		
audit services- statutory audit	111	183 *
other auditor remuneration (external auditor only)	-	15
Internal audit costs	204	139
Clinical negligence	13,242	13,867
Legal fees	455	965
Insurance	99	189
Education and training	2,647	817
Variable lease payments not included in the liability (current year only)	210	
Operating lease expenditure (comparative only)		2,461
Redundancy	21	11
Car parking & security	1,514	2,088
Hospitality	19	6
Losses, ex gratia & special payments	91	489
Other services, eg external payroll	185	247
Other	322	189
Total	372,660	349,782
Of which:		
Related to continuing operations	372,660	349,782
Related to discontinued operations	-	-

* The audit fee for KPMG shown above of £111k is inclusive of VAT which is not recoverable. Excluding VAT, the audit fee is £93k (2021-22: £90K)

Note 5 Other auditor remuneration

	2022/23 £000	2021/22 £000
Other auditor remuneration paid to the external auditor:		
1. Audit-related assurance services	-	15
Total	-	15

Note 5.1 Limitation on auditor's liability

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

Note 5.2 Impairment of assets

	2022/23 £000	2021/22 £000
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	1,320	-
Total net impairments charged to operating surplus / deficit	1,320	-
Impairments charged to the revaluation reserve	892	186
Total net impairments	2,212	186

Note 6 Employee benefits

	2022/23	2021/22
	Total	Total
	£000	£000
Salaries and wages	156,229	143,481
Social security costs	16,514	14,723
Apprenticeship levy	763	715
Employer's contributions to NHS pensions	25,849	24,288
Pension cost - other	27	33
Temporary staff (including agency)	47,495	38,382
Total gross staff costs	<u>246,877</u>	<u>221,622</u>
Of which		
Costs capitalised as part of assets	1,089	1,510

Note 6.1 Retirements due to ill-health

During 2022/23 there were no early retirements from the trust agreed on the grounds of ill-health (none in the year ended 31 March 2022). The estimated additional pension liabilities of these ill-health retirements is 0k (0k in 2021/22).

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

Note 7

Pension costs

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2023, is based on valuation data as at 31 March 2022, updated to 31 March 2023 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 at 20.6%, and the Scheme Regulations were amended accordingly.

The 2016 funding valuation also tested the cost of the scheme relative to the employer cost cap that was set following the 2012 valuation. There was initially a pause to the

cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

NEST Pension Scheme

Where staff are not eligible for, or choose to opt out of, the NHS Pensions Scheme, they are entitled to join the National Employment Savings Trust (NEST) scheme. NEST is a government-backed defined contribution scheme set up to make sure that every employer can easily access a workplace pension scheme. The employer's contribution rate in 2022/23 was 3% (2021/22 3%).

Note 8 Operating leases - Princess Alexandra Hospital NHS Trust as lessor

The trust as lessor:

Note 8.1 Operating lease income

	2022/23 £000	2021/22 £000
Lease receipts recognised as income in year:		
Minimum lease receipts	104	458
Total in-year operating lease income	104	458

Note 8.2 Future lease receipts

	31 March 2023 £000	31 March 2022 £000
Future minimum lease receipts due at 31 March 2023:		
- not later than one year	89	405
- later than four years and not later than five years	-	194
- later than five years	-	53
Total	89	652

Note 8.3 Commitments in respect of operating leases at 31 March 2022 (IAS 17 basis)

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

	2021/22 £000
Operating lease expense	
Minimum lease payments	2,461
Total	2,461
	31 March 2022 £000
Future minimum lease payments due:	

- not later than one year;	2,090
- later than one year and not later than five years;	7,960
- later than five years.	53,244
Total	63,294
Future minimum sublease payments to be received	-

Note 9 Finance income

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

	2022/23	2021/22
	£000	£000
Interest on bank accounts	775	29
Total finance income	775	29

Note 10 Finance expenditure

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

	2022/23	2021/22
	£000	£000
Interest expense:		
Interest on lease obligations	228	-
Total interest expense	228	-
Unwinding of discount on provisions	(22)	(7)
Other finance costs	44	13
Total finance costs	250	6

Note 11 Intangible assets - 2022/23

	Internally generated information technology £000	Development expenditure £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2022 - brought forward	7,415	15,746	-	23,161
Additions	3,475	-	4,596	8,071
Valuation / gross cost at 31 March 2023	10,890	15,746	4,596	31,232
Amortisation at 1 April 2022 - brought forward	558	11,592	-	12,150
Provided during the year	1,061	1,975	-	3,036
Amortisation at 31 March 2023	1,619	13,567	-	15,186
Net book value at 31 March 2023	9,271	2,179	4,596	16,046
Net book value at 1 April 2022	6,857	4,154	-	11,011

Note 11.1 Intangible assets - 2021/22

	Internally generated information technology £000	Development expenditure £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2021 - as previously stated	1,583	15,295	-	16,878
Valuation / gross cost at 1 April 2021 - restated	1,583	15,295	-	16,878
Additions	5,763	451	-	6,214
Reclassifications	69	-	-	69
Valuation / gross cost at 31 March 2022	7,415	15,746	-	23,161
Amortisation at 1 April 2021 - as previously stated	39	9,670	-	9,709
Amortisation at 1 April 2021 - restated	39	9,670	-	9,709
Provided during the year	519	1,922	-	2,441
Amortisation at 31 March 2022	558	11,592	-	12,150
Net book value at 31 March 2022	6,857	4,154	-	11,011
Net book value at 1 April 2021	1,544	5,625	-	7,169

Note 12.1 Property, plant and equipment - 2022/23

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2022 - brought forward	8,946	104,708	14,567	41,535	279	25,580	1,332	196,947
Additions	-	2,402	11,147	2,470	24	4,290	-	20,333
Impairments	(892)	(1,320)	-	-	-	-	-	(2,212)
Revaluations	-	3,352	-	-	-	-	-	3,352
Reclassifications	-	1,688	(1,688)	-	-	-	-	-
Valuation/gross cost at 31 March 2023	8,054	110,830	24,026	44,005	303	29,870	1,332	218,420
Accumulated depreciation at 1 April 2022 - brought forward	-	3,686	-	24,939	162	17,872	1,157	47,816
Provided during the year	-	3,692	-	3,115	26	2,640	23	9,496
Revaluations	-	(3,324)	-	-	-	-	-	(3,324)
Accumulated depreciation at 31 March 2023	-	4,054	-	28,054	188	20,512	1,180	53,988
Net book value at 31 March 2023	8,054	106,776	24,026	15,951	115	9,358	152	164,432
Net book value at 1 April 2022	8,946	101,022	14,567	16,596	117	7,708	175	149,131

Note 12.2 Property, plant and equipment - 2021/22

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation / gross cost at 1 April 2021 - as previously stated	8,150	88,189	19,251	37,156	279	25,649	1,205	179,879
Valuation / gross cost at 1 April 2021 - restated	8,150	88,189	19,251	37,156	279	25,649	1,205	179,879
Additions	-	15,782	-	4,379	-	-	127	20,288
Impairments	-	(186)	-	-	-	-	-	(186)
Revaluations	796	(3,761)	-	-	-	-	-	(2,965)
Reclassifications	-	4,684	(4,684)	-	-	(69)	-	(69)
Valuation/gross cost at 31 March 2022	8,946	104,708	14,567	41,535	279	25,580	1,332	196,947
Accumulated depreciation at 1 April 2021 - as previously stated	-	3,761	-	21,944	136	15,057	1,136	42,034
Accumulated depreciation at 1 April 2021 - restated	-	3,761	-	21,944	136	15,057	1,136	42,034
Provided during the year	-	3,686	-	2,995	26	2,815	21	9,543
Revaluations	-	(3,761)	-	-	-	-	-	(3,761)
Accumulated depreciation at 31 March 2022	-	3,686	-	24,939	162	17,872	1,157	47,816
Net book value at 31 March 2022	8,946	101,022	14,567	16,596	117	7,708	175	149,131
Net book value at 1 April 2021	8,150	84,428	19,251	15,212	143	10,592	69	137,845

Note 12.3 Property, plant and equipment financing - 31 March 2023

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	8,054	106,776	24,026	14,094	115	9,358	152	162,575
Owned - donated/granted	-	-	-	1,857	-	-	-	1,857
Total net book value at 31 March 2023	8,054	106,776	24,026	15,951	115	9,358	152	164,432

Note 12.4 Property, plant and equipment financing - 31 March 2022

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	8,946	101,022	14,567	14,729	117	7,708	175	147,264
Finance leased	-	-	-	10	-	-	-	10
Owned - donated/granted	-	-	-	1,857	-	-	-	1,857
Total net book value at 31 March 2022	8,946	101,022	14,567	16,596	117	7,708	175	149,131

Note 12.5 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2023

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Subject to an operating lease	-	134	-	-	-	-	-	134
Not subject to an operating lease	8,054	106,642	24,026	15,951	115	9,358	152	164,298
Total net book value at 31 March 2023	8,054	106,776	24,026	15,951	115	9,358	152	164,432

Note 13 Donations of property, plant and equipment

The Trust did not receive any cash donation in the year 2022-23

Note 14 Revaluations of property, plant and equipment

The trust appointed Gerald Eves (GE), independent firm of professional valuers, to provide a report on the movement in building costs and land values during 2022/23 in order to update the fair value of land and buildings.

The valuations from GE have been carried out in accordance with the Valuation – Global Standards (January 2022 edition) published by the Royal Institution of Chartered Surveyors (RICS) as at 31 March 2023. We refer in this report to those Global Standards and the national standards and guidance set out in the UK national supplement (November 2018 edition) collectively as “the Standards”.

Basis of Valuations

In the preparation of the valuation under IFRS, Gerald Eves have had regard to the Standards and in particular, reference to the following:

In compliance with your requirements, the valuations have been prepared to comply with IFRS, specifically with regard to IAS 16 Property, Plant and Equipment, IAS 40 Investment Properties, Department of Health Group Manual for Accounts 2022/23 and to the Government Financial Reporting Manual (FReM) 2022-2023.

For valuations of property to be included in financial statements in accordance with IFRS, the International Valuation Standards prescribe a Fair Value basis, defined in IFRS 13 ‘Fair Value Measurement’ (at paragraph 9) as:

“.. the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.”

A full commentary on the meaning of and implicit assumptions within this definition is included in the Standards and a copy of this can be provided on request.

Operational property – Table 6.2 of FReM ‘Interpretations and adaptations of IAS 16 for the public sector context’ states that:

“Assets which are held for their service potential (i.e. operational assets) and are in use should be measured at current value in existing use. For non-specialised assets current value in existing use should be interpreted as market value for existing use. In the RICS Red Book, this is defined as Existing Use Value (EUV).”

Existing use value is defined in the standards as:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is

granted vacant possession of all parts of the asset required by the business, and disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at least cost.”

Specialised properties

The standards define a specialised property as: “A property that is rarely, if ever, sold in the market, except by way of a sale of the business or entity of which it is part, due to the uniqueness arising from its specialised nature and design, its configuration, size, location or otherwise.”

The FReM confirms at 6.2 that:

“For specialised assets current value in existing use should be interpreted as the present value of the asset’s remaining service potential, which can be assumed to be at least equal to the cost of replacing that service potential.”

The lack of demand or market for the trust’s property in isolation from its own use means that the land and buildings identified at 5.1 qualify as a “specialised property” under the definitions in the current standards.

The standards require such properties to be valued on a Depreciated Replacement Cost (DRC) method. Information on the standards require such properties to be valued on a Depreciated Replacement Cost (DRC) method. Information on this valuation method is provided in the Depreciated Replacement Cost Method of valuation for financial reporting guidance note (the “DRC Guidance Note”). This guidance note quotes the international valuation standards definition of DRC as:

“The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.”

Non-specialised operational properties

For the trust’s non-specialised operational properties, we have reported. Existing Use Values (EUV) in line with the adaptation of IAS 16 as defined in the FReM.

Note 15 Inventories

	31 March 2023	31 March 2022
	£000	£000
Drugs	1,171	1,305
Consumables	3,801	3,539
Energy	169	253
Other	-	83
Total inventories	5,141	5,181
of which:		
Held at fair value less costs to sell	-	-

Inventories recognised in expenses for the year were £40,272k (2022/23: £40,047k). Write-down of inventories recognised as expenses for the year were £207k (2021/22: £242k).

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 £614k of items purchased by DHSC (2021/22: £802k).

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 16.1 Receivables

	31 March 2023 £000	31 March 2022 £000
Current		
Contract receivables	11,838	7,816
Allowance for impaired contract receivables / assets	(2,395)	(1,344)
Prepayments (non-PFI)	2,911	2,887
PDC dividend receivable	756	-
VAT receivable	1,253	1,790
Other receivables	45	116
Total current receivables	14,408	11,265
Non-current		
Contract receivables	577	576
Other receivables	619	711
Total non-current receivables	1,196	1,287
Of which receivable from NHS and DHSC group bodies:		
Current	10,467	4,908
Non-current	619	711

Note 16.2 Allowances for credit losses

	2022/23	2021/22
	Contract receivables and contract assets	Contract receivables and contract assets
	£000	£000
Allowances as at 1 April - brought forward	1,344	1,689
New allowances arising	1,557	62
Utilisation of allowances (write offs)	(506)	(407)
Allowances as at 31 Mar 2023	2,395	1,344

Note 17 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
At 1 April	51,050	65,242
Net change in year	(11,854)	(14,192)
At 31 March	39,196	51,050
Broken down into:		
Cash at commercial banks and in hand	1,482	209
Cash with the Government Banking Service	37,714	50,841
Total cash and cash equivalents as in SoFP	39,196	51,050
Total cash and cash equivalents as in SoCF	39,196	51,050

Note 17.1 Third party assets held by the trust

The Princess Alexandra Hospital NHS Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties and in which the trust has no beneficial interest. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March 2023	31 March 2022
	£000	£000
Bank balances	21	22
Total third-party assets	21	22

Note 18.1 Trade and other payables

	31 March 2023 £000	31 March 2022 £000
Current		
Trade payables	10,298	11,951
Capital payables	7,547	6,085
Accruals	19,773	20,622
Social security costs	2,248	143
Other taxes payable	2,277	119
Pension contributions payable	2,427	2,459
Other payables	7,424	1,256
Total current trade and other payables	51,994	42,635
Of which payables from NHS and DHSC group bodies:		
Current	3,450	5,962
Non-current	-	-

Note 19 Other liabilities

	31 March 2023 £000	31 March 2022 £000
Current		
Deferred income: contract liabilities	811	3,142
Total other current liabilities	811	3,142

Note 20.1 Borrowings

	31 March 2023 £000	31 March 2022 £000
Current		
Lease liabilities*	1,863	10
Total current borrowings	1,863	10
Non-current		
Lease liabilities*	26,080	-
Total non-current borrowings	26,080	-

* 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 21.

Note 20 Reconciliation of liabilities arising from financing activities - 2022/23

	Lease Liability	Total
	£000	£000
Carrying value at 1 April 2022	10	10
Cash movements:		
Financing cash flows - payments and receipts of principal	(2,248)	(2,248)
Financing cash flows - payments of interest	(228)	(228)
Non-cash movements:		
Impact of implementing IFRS 16 on 1 April 2022	30,066	30,066
Lease liability remeasurements	125	125
Application of effective interest rate	228	228
Early terminations	(10)	(10)
Carrying value at 31 March 2023	27,943	27,943

Note 20.1 Reconciliation of liabilities arising from financing activities - 2021/22

	Lease Liability	Total
	£000	£000
Carrying value at 1 April 2021	40	40
Carrying value at 1 April 2021 - restated	40	40
Cash movements:		
Financing cash flows - payments and receipts of principal	(30)	(30)
Carrying value at 31 March 2022	10	10

Note 21 Leases - Princess Alexandra NHS Trust Hospital as lessee

Note 21.1 Right of use assets

	Property (Land and Buildings)	Plant & Machinery	Transport equipment	Total	Of which leased from DHSC group bodies:
	£000	£000	£000	£000	£000
Recognition of right of use assets for existing operating leases on initial application of IFRS 16 on 1 April 2022	30,207	3,320	-	33,527	20,951
Additions	-	-	125	125	-
Valuation/gross cost at 31 March 2023	30,207	3,320	125	33,652	20,951
Provided during the year	1,343	654	-	1,997	493
Accumulated depreciation at 31 March 2023	1,343	654	-	1,997	493
Net book value at 31 March 2023	28,864	2,666	125	31,655	20,458

Note 21.2 Right of use assets split by counterparty

	Total 31 March 2023 £000
Leased from NHS Providers	1,755
Leased from Executive Agencies	18,703
	20,458

Note 21.3 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 20.1.

	Total	Of which leased from DHSC group bodies:
	31 March	31 March
	2023	2023
	£000	£000
Carrying value at 31 March 2022	10	-
IFRS 16 implementation - adjustments for existing operating leases	30,066	17,377
Lease liability remeasurements	125	-
Interest charge arising in year	228	115
Early terminations	(10)	-
Lease payments (cash outflows)	(2,476)	(799)
Carrying value at 31 March 2023	27,943	16,693

Note 21.4 Lease liabilities split by counterparty

	Total
	31 March
	2023
	£000
Leased from NHS Providers	1,780
Leased from Executive Agencies	14,913
	16,693

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 4. Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above.

Income generated from subleasing right of use assets in £0k and is included within revenue from operating leases in note 3.

Note 21.5 Maturity analysis of future lease payments at 31 March 2023

	Total	Of which leased from DHSC group bodies:
	31 March 2023	31 March 2023
	£000	£000
Undiscounted future lease payments payable in:		
- not later than one year;	1,863	299
- later than one year and not later than five years;	12,468	4,829
- later than five years.	15,860	12,249
Total gross future lease payments	30,191	17,377
Finance charges allocated to future periods	(2,248)	(684)
Net lease liabilities at 31 March 2023	27,943	16,693
Of which:		
- Current	1,863	299
- Non-Current	26,080	16,394

Note 21.6 Maturity analysis of finance lease liabilities at 31 March 2022 (IAS 17 basis)

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

	31 March 2022
	£000
Undiscounted future lease payments payable in:	
- not later than one year;	10
Total gross future lease payments	10
Net finance lease liabilities at 31 March 2022	10
of which payable:	
- not later than one year;	10

Note 21.7 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 12.

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

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

	1 April 2022
	£000
Operating lease commitments under IAS 17 at 31 March 2022	63,294
Impact of discounting at the incremental borrowing rate	(601)
IAS 17 operating lease commitment discounted at incremental borrowing rate	62,693
Less:	
Finance lease liabilities under IAS 17 as at 31 March 2022	10
Other adjustments	(32,627)
Total lease liabilities under IFRS 16 as at 1 April 2022	30,076

Note 22.1 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Legal claims	Redundancy	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2022	496	902	46	1,663	3,107
Change in the discount rate	-	-	-	(568)	(568)
Arising during the year	-	755	-	1,129	1,884
Utilised during the year	(64)	(23)	-	(1,135)	(1,222)
Reversed unused	-	(669)	(46)	(337)	(1,052)
Unwinding of discount	(22)	-	-	13	(9)
At 31 March 2023	410	965	-	765	2,140
Expected timing of cash flows:					
- not later than one year;	66	709	-	23	798
- later than one year and not later than five years;	266	255	-	188	710
- later than five years.	78	1	-	553	632
Total	410	965	-	765	2,140

Note 22.2 Clinical negligence liabilities

At 31 March 2023, £143,158k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of The Princess Alexandra Hospital NHS Trust (31 March 2022: £183,537k).

Note 23 Contingent assets and liabilities

	31 March 2023 £000	31 March 2022 £000
Value of contingent liabilities		
NHS Resolution legal claims	(20)	(14)
Employment tribunal and other employee related litigation	<u>(576)</u>	<u>(383)</u>
Gross value of contingent liabilities	<u>(596)</u>	<u>(397)</u>
Net value of contingent assets	-	-

Note 24 Contractual capital commitments

	31 March 2023 £000	31 March 2022 £000
Property, plant and equipment	5,239	3,214
Intangible assets	<u>3,201</u>	<u>620</u>
Total	<u>8,440</u>	<u>3,834</u>

Note 25 Financial instruments

Note 25.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking activities. Because of the continuing service provider relationship that the trust has with Commissioners and the way Commissioners 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 financial reporting standards mainly apply. The trust's cash management operations are undertaken by the finance department within parameters defined formally within the trust's standing financial instructions and policies agreed by the board of directors. The trust's treasury activity is subject to review by the Trust's internal auditors.

Currency Risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The trust therefore has low exposure to currency rate fluctuations.

Interest rate risk

The Trust can borrow from the government for capital expenditure, subject to approval from NHS England. The borrowings are for 1-25 years, in line with the life of the associated assets, and interest charges at the national loans fund rate, fixed for the life of the loan. The Trust can also borrow from the government for revenue support funding, subject to approval from NHS England. Interest rates are confirmed by the lender (Department of Health and Social Care) at the point borrowing is undertaken. The Trust therefore has low exposure to interest rate fluctuations

Credit risk

A majority of the trust's revenue comes from contracts with other public sector bodies, the trust has low exposure to credit risk

Liquidity risk

The Trust's operating costs are incurred under contracts with Commissioners, which are financed from resources voted annually by Parliament. The trust mainly funds its capital from internally generated funds. The trust is therefore not exposed to significant liquidity risks.

Note 25.2 Carrying values of financial assets

	Held at amortised cost £000	Total book value £000
Carrying values of financial assets as at 31 March 2023		
Trade and other receivables excluding non-financial assets	10,683	10,684
Cash and cash equivalents	39,196	39,196
Total at 31 March 2023	49,879	49,880

	Held at amortised cost £000	Total book value £000
Carrying values of financial assets as at 31 March 2022		
Trade and other receivables excluding non-financial assets	7,816	7,816
Cash and cash equivalents	51,050	51,050
Total at 31 March 2022	58,866	58,866

Note 25.3 Carrying values of financial liabilities

	Held at amortised cost £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2023		
Obligations under leases	27,943	27,943
Trade and other payables (excluding non financial liabilities) - with DHSC group bodies	3,428	3,428
Trade and other payables (excluding non financial liabilities) - with other bodies	44,040	44,040
Total at 31 March 2023	75,411	75,411

	Held at amortised cost £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2022		
Obligations under leases	10	10
Trade and other payables (excluding non financial liabilities) - with DHSC group bodies	5,918	5,918
Trade and other payables excluding non-financial liabilities	36,455	36,455
Total at 31 March 2022	42,383	42,383

Note 25.4 Maturity of financial liabilities

The following maturity profile of financial liabilities is based on the contractual undiscounted cash flows. This differs to the amounts recognised in the statement of financial position which are discounted to present value.

	31 March 2023 £000	31 March 2022 £000
In one year or less	49,331	42,383
In more than one year but not more than five years	12,468	-
In more than five years	15,860	-
Total	77,659	42,383

Note 26 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
Losses				
Bad debts and claims abandoned	488	258	632	411
Stores losses and damage to property	2	268	14	247
Total losses	490	526	646	658
Special payments				
Compensation under court order or legally binding arbitration award	10	36	10	29
Ex-gratia payments	7	342	11	126
Total special payments	17	378	21	155
Total losses and special payments	507	904	667	813
Compensation payments received				

Details of cases individually over £300k

There was one case exceeding £300k during the 2022/23 financial year, (2021/22 £0K). This relates to a one-off goodwill and support payment to all staff up to the equivalent of a band 7. The payment was made on the 5 April 2023

Note 28 Related parties

During the year none of the DHSC Ministers, trust board members or members of the key management staff, or parties related to any of them, has undertaken transactions within The Princess Alexandra Hospital NHS Trust.

The DHSC is regarded as related party. During the year, The Princess Alexandra Hospital Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent department.

Related parties may include but are not limited to:

The Department of Health and Social Care

Other NHS Providers

CCGs and NHS England

NHS Hertfordshire and West Essex ICB

NHS West Essex CCG

NHS East and North Hertfordshire CCG

NHS England and Improvement

NHS Resolution

NHS Business Service Authority

HM Revenue and Customs

NHS Blood and Transplant Services

NHS Professionals

NHS Pensions Agency

Health Education England

NHS Property Services

Local Authorities

The Princess Alexandra Hospital Charity (registered charity 10547745). The trust receives revenue and capital payments from this charity and certain trustees are also members of the trust board. The charity's objective is to provide support both generally and in certain areas of the trust's activities. During the year the charity contributed £502k (unaudited) to the trust (2021/22 £278k).

Note 29 Better Payment Practice code

	2022/23	2022/23	2021/22	2021/22
	Number	£000	Number	£000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	51,088	123,961	48,732	141,040
Total non-NHS trade invoices paid within target	47,645	110,338	43,027	120,653
Percentage of non-NHS trade invoices paid within target	93.3%	89.0%	88.3%	85.5%
NHS Payables				
Total NHS trade invoices paid in the year	1,874	68,213	2,538	53,975
Total NHS trade invoices paid within target	1,795	66,994	2,235	51,061
Percentage of NHS trade invoices paid within target	95.8%	98.2%	88.1%	94.6%

The Better Payment Practice code requires the NHS body to aim to pay all valid invoices by the due date or within 30 days of receipt of valid invoice, whichever is later.

Note 30 External financing limit

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

	2022/23	2021/22
	£000	£000
External finance limit	23,903	20,242
Cash flow financing (from SoCF)	(23,903)	(20,242)
External financing requirement	-	-

Note 31 Capital Resource Limit

	2022/23	2021/22
	£000	£000
Gross capital expenditure	20,333	20,288
Intangible assets	8,071	6,214
Less: Donated and granted capital additions	-	(500)
Right of use assets	125	-
Charge against Capital Resource Limit	28,529	26,002
Capital Resource Limit	28,529	26,002

Note 32 Breakeven duty financial performance

	2022/23	2021/22
	£000	£000
Adjusted financial performance (control total basis):		
Surplus / (deficit) for the period	(14,568)	1,327
Remove net impairments not scoring to the Departmental expenditure limit	1,320	-
Remove I&E impact of capital grants and donations	283	(482)
Remove net impact of inventories received from DHSC group bodies for COVID response	(84)	265
Breakeven duty financial performance surplus / (deficit)	(13,049)	1,110

Note 33 Breakeven duty rolling assessment

	1997/98 to 2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Breakeven duty in-year financial performance		511	415	461	122	(16,403)	(21,998)	(37,714)
Breakeven duty cumulative position	1,536	2,047	2,462	2,923	3,045	(13,358)	(35,356)	(73,070)
Operating income		172,171	179,388	180,790	184,568	177,739	190,478	196,124
Cumulative breakeven position as a percentage of operating income		1.2%	1.4%	1.6%	1.6%	(7.5%)	(18.6%)	(37.3%)
		2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Breakeven duty in-year financial performance		(26,715)	(28,435)	(16,542)	418	1,816	1,110	(13,049)
Breakeven duty cumulative position		(99,785)	(128,220)	(144,762)	(144,344)	(142,528)	(141,418)	(154,467)
Operating income		209,742	213,231	236,700	288,491	315,122	355,856	361,581
Cumulative breakeven position as a percentage of operating income		(47.6%)	(60.1%)	(61.2%)	(50.0%)	(45.2%)	(39.7%)	(42.7%)

In line with the HM Treasury requirements, some previous accounts disclosures relating to staff costs are now required to be included in the staff report section of the annual report instead. The following tables link to data contained in the TAC and are included here for ease of formatting for the annual report. They should not be included in the annual accounts and these tables are not a complete list of numerical disclosures for the staff report.

Staff costs

			2022/23	2021/22
	Permanent	Other	Total	Total
	£000	£000	£000	£000
Salaries and wages	155,559	670	156,229	143,481
Social security costs	16,514	-	16,514	14,723
Apprenticeship levy	763	-	763	715
Employer's contributions to NHS pension scheme	25,849	-	25,849	24,288
Pension cost - other	27	-	27	33
Temporary staff	-	47,495	47,495	38,382
Total gross staff costs	198,712	48,165	246,877	221,622
Recoveries in respect of seconded staff	-	-	-	-
Total staff costs	198,712	48,165	246,877	221,622
Of which				
Costs capitalised as part of assets	763	326	1,089	1,510

Average number of employees (WTE basis)

			2022/23	2021/22
	Permanent	Other	Total	Total
	Number	Number	Number	Number
Medical and dental	283	254	537	590
Administration and estates	1,085	61	1,146	1,116
Healthcare assistants and other support staff	647	20	667	671
Nursing, midwifery and health visiting staff	1,151	41	1,192	1,184
Scientific, therapeutic and technical staff	252	11	263	259
Healthcare science staff	98	9	107	103
Other	-	-	-	11
Total average numbers	3,516	396	3,912	3,934
Of which:				
Number of employees (WTE) engaged on capital projects	16	7	23	27