NHS
Royal Papworth Hospital
NHS Foundation Trust

Royal Papworth Hospital NHS Foundation Trust

Annual Report and Accounts

April 2022 to March 2023

Compassion
Excellence
Collaboration

Royal Papworth Hospital NHS Foundation Trust

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

Contents

The Quality Report for 2022/23 is to be published by 30 June 2023 and will be made available for review on the Trust's website.

Annual Accounts

This report is based on guidelines issued by NHS England and was approved by the Board of Directors on the 23 June 2023.

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1. Performance Report

1.1 Overview of Performance

Statement from Chief Executive Officer

This past year has been a year of two halves at Royal Papworth Hospital NHS Foundation Trust: the first half focused on recovering our services post the COVID-19 pandemic and providing excellent, specialist care to as many patients suffering from heart and lung disease as possible; the second still doing this but with the added complexity of widespread industrial action.

For myself it has also been a year of two halves, starting the year as Chief Operating Officer before moving into the Chief Executive Officer role at the end of August 2022.

Thanks to the dedication and teamwork of our people we have seen areas of the hospital deliver a strong recovery, with numbers of patients treated against the national target of 104% reached or exceeded.

Across outpatients, both first appointments and follow-up appointments have been delivered at or above the 2019 baseline every single month in 2022, with the majority of these also being in excess of the 104% target. In November 2022 and January 2023, crucially two months when we did not have industrial action, our teams saw more than 9,000 patients across first and follow-up outpatient appointments.

In radiology, CT diagnostic tests have also seen a strong performance, with nine months of the year being above that national target. The CT team has collectively come together to drive up their numbers by maximising efficiency and supported other NHS providers through mutual aid.

Although elective activity has been down on 2019 levels for all but one month of the year, the number of patients who have waited 52+ weeks for treatment has reduced to seven by the end of March, with some of these because people having chosen to defer their own treatment.

This struggle with elective throughput has been in part due to a noticeable increase in acuity of patients. This is seen through our urgent and emergency pathways which have been consistently running hot throughout the year, making this level of demand the new normal for our teams.

Off the back of more than two exhausting years as a COVID surge site and an ECMO centre providing highly specialised acute respiratory care, we know that our most valuable asset – our staff – continue to feel exhausted and burnt out, and that the cost-of-living crisis is having additional impacts, too. This is reflected further in the results of the 2022 NHS Staff Survey, which staff completed between September to November 2022 with results published in March 2023.

We are working hard to make Royal Papworth Hospital a place that consistently recognises and rewards staff for their efforts, making them feel valued and supported both in work and in their personal lives. We have continued to offer 50% off food and drink in the hospital, an initiative which has been well received by all colleagues, as has the continued discount on staff parking and bus travel.

There are many other schemes in place: financial schemes for staff who may be struggling with financial hardship; wellbeing initiatives regularly throughout the year including our first cohort of trained mental health first aiders; and other training programmes such as line manager development and reciprocal mentoring to create an inclusive working environment.

Despite the many and varied challenges, there have been countless and frequent reasons to be proud with examples of innovation, excellence and new services, in combination with high quality care provided to our patients.

Our inpatient (99%) and outpatient (97%) Family and Friends Test (FFT) scores continue to be extremely high and above the national target; we were once again named as one of the top Trusts in the country for inpatient care with an overall experience of 9.2 out of 10; our cancer care was also rated 9.2 out of 10 putting it among the best in the country; and we receive hundreds of examples of positive feedback and formal compliments every month.

Our cath lab teams have introduced new services to benefit our patients: in June 2022 they delivered the UK's first pulsed field ablation to treat atrial fibrillation (AF); and in March 2023 NHS England commissioned the left atrial appendage occlusion (LAAO) service, meaning our fragile AF patients from the East of England no longer have to go to London for this treatment.

In surgery, we reached a milestone in the pioneering pulmonary endarterectomy (PEA) service with our team performing their 2,500th operation, making our centre now one of the largest and most experienced in the world. There was also the 100th DCD heart transplant, seven years on from carrying out the first in Europe in 2015.

Aligned with our strategic objective to research and innovate, there have been plenty of positive stories from our research and development team during the past 12 months.

Clinical trials have focused on investigating the link between lung fibrosis and acid reflux, detecting lung cancer earlier through an ethanol breath biopsy tool and the awarding of £3.4 million for a major new UK-wide artificial intelligence trial for cystic fibrosis and bronchiectasis patients. There has also been a £300,000 grant from the National Institute for Health and Care Research (NIHR) to explore a combined therapy approach to treating obstructive sleep apnoea, a condition which affects 1.5 million adults in the UK.

At the heart of this world-class research is close working with our partners in the Integrated Care System (ICS) and on the Cambridge Biomedical Campus (CBC). The Heart and Lung Research Institute (HLRI), a collaboration with the University of Cambridge (UoC), was opened by our patron, HRH The Duchess of Gloucester, in July.

Within the HLRI, the Clinical Research Facility (CRF) is now receiving its first outpatients following its positive Care Quality Commission (CQC) inspection and we look forward to welcoming inpatients in the future, too. The team have worked hard on commissioning the CRF and getting it ready for the inspection, and these are exciting times as we look to improve outcomes and treatment options for people suffering with respiratory and cardiovascular diseases.

There was also close working with Cambridge University Hospitals NHS Foundation Trust (CUH) through January to March, when we opened a winter ward on our fourth floor to help ease winter pressures at Addenbrooke's. This received CUH patients who were medically fit for discharge but awaiting a care package and is just one example of the collaboration with other NHS trusts, local authority and the social care sector during the winter months in particular, improving care and experiences for patients in our ICS.

Further collaborative working with the UoC has seen us create a joint bid for a total body PET scanner. Strategic partnerships are coming online regularly, including with CMR Surgical which has seen the installation of a cutting-edge surgical robot in our theatres, a UK first for this type of robot in thoracic surgery, with the first cases taking place in April 2023.

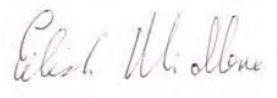
Challenges remain, mainly in terms of recruitment and retention of staff, as well as our continued management of surgical site infections and ongoing actions to address this.

We continue to closely monitor Mycobacterium abscessus, and alongside mitigations such as filters and water treatment, our staff engagement – through training and education – is a vital tool in maintaining safety for our most vulnerable patients.

The industrial action that began in December has had an impact on our services, patients and staff. We had two rounds of Royal College of Nursing (RCN) strikes in December and February, a strike by the Chartered Society of Physiotherapy (CSP) and the first round of British Medical Association (BMA) junior doctor strikes in March. At the time of writing, there has been a breakthrough in the negotiations with the unions representing staff on agenda for change contracts which may see an end to strikes, but we are anticipating further strikes by the BMA. By their very design these strikes are disruptive and have impacted our staff and our patients.

For our junior doctors, nurses, and physiotherapists, the decision over whether to strike or not has been a difficult and emotional one. I want thank all of our people at Royal Papworth Hospital for their part in the lead up to and during the strikes, to not only provide safe care for our patients, but for the support they have shown to colleagues.

There is an increasing focus on getting back to business as usual, with our research and development and workforce directorates both launching new strategies for the years ahead. Myself and the executive team are identifying strategic priorities for the years ahead aligned with our 2020-2025 strategy. This is important work as we move into the second half of that six-year timeframe, with our shared vision of providing tomorrow's treatments to today's patients, always keeping in mind our Trust values of collaboration, excellence and compassion.



Eilish Midlane
Chief Executive
23 June 2023

Overview of Performance

The purpose of the Overview is to give the user a short summary that provides them with sufficient information to understand the organisation, its purpose, the key risks to the achievement of its objectives and how it has performed during the year.

Hospital History and Statutory Background

Royal Papworth Hospital NHS Foundation Trust ("Royal Papworth Hospital" or "the Trust") is the UK's largest specialist cardiothoracic hospital and the country's main heart and lung transplant centre. We have an extraordinary commitment to delivering the highest levels of clinical quality and outcomes and for providing the best possible standards of personalised care to our patients.

Royal Papworth Hospital was one of the first foundation trusts to be authorised under the Health and Social Care (Community Health and Standards) Act 2003 and came into existence in July 2004 as Papworth Hospital NHS Foundation Trust. Since then, it has been licenced by the Regulator (previously named Monitor, now NHS England). From 2018 we became Royal Papworth Hospital NHS Foundation Trust.

Royal Papworth Hospital has an associated charity – Royal Papworth Hospital NHS Foundation Trust Charity (Royal Papworth Hospital Charity) registered Charity number 1049224. From 2013/14, Royal Papworth Hospital has been required to produce group accounts which include the charity. Funds are still retained in the Charity which produces a separate annual report and accounts and continues to be regulated by the Charity Commission.

Royal Papworth Hospital is a founder member of Cambridge University Health Partners (CUHP). It is a strategic partnership aiming to improve patient care, patient outcomes and population health through innovation and the integration of service delivery, health research and clinical education across the Cambridgeshire region and beyond. CUHP is a not-for-profit Company Limited by Guarantee, The partners are Anglia Ruskin University (ARU), Cambridge and Peterborough NHS Foundation Trust, Cambridge University Hospitals NHS Foundation Trust, Royal Papworth Hospital NHS Foundation Trust and the University of Cambridge. Its most recent partner, Anglia Ruskin University, is the largest provider of Nursing, Midwifery, Health and Social Care students in England, and is among the UK's leading universities for degree apprenticeship provision, working with hundreds of employers across the UK. These are key strategic partners and our joint working will ensure patients reap the benefits of the world class research, clinicians and industry which are based in Cambridge and the surrounding area.

Our Services

Whilst Royal Papworth Hospital is a regional centre for the diagnosis and treatment of cardiothoracic disease, it is also a national centre for a range of specialist services, including heart and lung transplantation, pulmonary endarterectomy (PEA) and Extra Corporeal Membrane Oxygenation (ECMO). Royal Papworth Hospital has the largest respiratory support and sleep centre (RSSC) in the UK.

2022/23 saw a reduced but continuing level of COVID-19, which was evidenced in the national staff survey responses in 2022, and a growing emphasis on recovery, working in partnership with the local system focusing on management of waiting patients and making effective use of our available capacity. The Trust continued to provide regional and national support in Critical Care, ECMO and Respiratory services.

Our role within the ICS has seen us leading the development of the Shared Care Record and chairing the system Diagnostics Board. We also led the development of the system's Cardiovascular Disease Strategy. In January 2023 we opened a 'nested ward' facility which

was operated by Cambridgeshire University Hospitals NHS FT (CUH) and successfully provided capacity for CUH to support complex discharges and manage patient flow across the organisation.

In 2022/23 the hospital treated 20,797 inpatient/day cases and delivered 103,284 outpatient contacts to patients from across the UK.

Royal Papworth Hospital's services are internationally recognised and include cardiology, respiratory medicine, cardiothoracic surgery, and transplantation.

Royal Papworth Hospital

Royal Papworth Hospital is located on the Cambridge Biomedical Campus and offers cutting-edge facilities for patients requiring heart and lung treatment in a bespoke building. The facilities include:

- 290 beds, with virtually all being single rooms
- 46-bed Critical Care Area including Cardiac Recovery Unit and Cardiac High Dependency Unit
- 7 state-of-the-art theatres
- 5 Catheter Laboratories
- 6 inpatient wards and a 24-bed day ward
- A centrally-located outpatient unit
- State-of-the-art diagnostic and treatment facilities

Information about the hospital can be found on the Trust's website:
https://royalpapworth.nhs.uk/

Heart and Lung Research Institute

2022/23 saw our staff move into the Heart and Lung Research Institute which we share with the University of Cambridge. The Trust and the UoC have overseen the development of the HLRI through the joint Project Board which managed all aspects of the project including specification, construction, financial controls, equipment fit-out and building operational management arrangements. In this year work has continued with the University and partners to finalise governance structures for the HLRI and the HLRI Clinical Research Facility to ensure that it is fully enabled to deliver against the ambitions of the development.

Trust teams from research and development, and education were able to move into the new facility in April 2022 along with their university partners. This move brought teams back together from the hospital and Royal Papworth House in Huntingdon and being on site together will bring opportunity and benefits in collaboration and team working.

Our clinical research facility opened in 2022/23 and received its first research participants through the facility in March 2023. The CRF facility was registered with the Care Quality Commission in September 2022.

This marks the completion of another milestone for the Trust with this world-class facility bringing together the University's expertise in cardiovascular and respiratory science and Royal Papworth Hospital's expertise in treating heart and lung disease. The HLRI has established one of the largest concentrations of biomedical and scientific research into heart and lung disease in the UK and will mean new treatments will be created, tested and delivered all on one site. The Institute will allow for significant expansion of basic and clinical research capacity in Cambridge and will also enable the co-location of research groups that are currently dispersed across Cambridgeshire.

Diseases of the heart and lung are some of the biggest killers worldwide. Despite a growing awareness of risk factors, such as smoking and poor diet, the prevalence of such diseases is

increasing. The HLRI will provide a unique opportunity to establish a world-leading centre of excellence for heart and lung research and will be used by the Trust for research, clinical trials and education facilities.

Recruitment and Research Activity

During 2022/23 we enrolled 2,404 patients across a balanced portfolio of 71 studies that were open to recruitment. In addition to this recruitment activity, we managed the follow up visits for over 100 ongoing studies.

Royal Papworth Hospital ranked as the top recruiting site in the UK for over 40% of the non-commercial interventional studies we supported and over 50% of the commercial studies we supported.

Research and Development Highlights

- The new 5-year Research Strategy was published in Dec 2022. This covers research across the Trust and outlines the eleven targets to be achieved within the next five years to allow RPH research to grow and achieve its potential. This is an ambitious strategy outlining major changes required to optimise the research potential of the Trust and in doing so transform RPH into a major cardiothoracic research institution.
- The Heart Lung Research Institute is now open, and R&D moved into the institute in April 2022. A key part of the institute is a dedicated Clinical Research Facility which opened in March 2023
- The Trust continues to have studies where we were the first site in the in the UK including the X-VIVO study where we were also the highest recruiter in the UK.
- The NIHR have developed a new research delivery role 'Clinical Research Practitioner' which has been identified as an occupational group in health and care in the UK by the UK Professional Standards Authority (PSA). We are working with our Clinical Trials Co-ordinators to help them achieve recognition and currently have 1 registered and a large number working towards this professional recognition.
- The Papworth Trials Unit Collaboration have established a new QA lead post and have sourced funding for Q-Pulse to ensure we continue to be compliant with current regulatory standards.
- Monthly Grant and Protocol Development workshops are now being held to support RPH investigators to develop their research idea.

Research Impact and Publications

Over 350 papers with Royal Papworth Hospital authors were published during 2022 across a breadth of clinical disciplines and published in a range of journals. This is a similar number to 2021 reflecting a sustained commitment to publishing data and knowledge from the Trust.

The Trust remains committed to improving patient outcomes by undertaking clinical research that will lead to better treatments in the NHS. We would like to say thank you to all those who participated in our research over the past year.

Royal Papworth Hospital Charity

Royal Papworth Hospital NHS Foundation Trust is the Corporate Trustee of Royal Papworth Hospital Charity (Registered Charity Number: 1049224). The Corporate Trustee of Royal Papworth Charity via the Trustee Board has complied with the duty in Section 17 of the Charities Act 2011 and has paid due regard to Charity Commission guidance on public benefit in deciding what activities the Charity should undertake.

The Charity has had a thrilling year in 2022, launching a new strategy that focuses on prioritising the funding needs that will benefit our patients now and in the future. The strategy aligns with the Hospital's strategic goals and ensures that the available resources are used in the areas of most critical need. The fantastic charity supporters have been the backbone of our success,

donating and fundraising for Royal Papworth, making sure we can deliver the best projects and make a real difference together.

Throughout the year, our amazing charity supporters have helped to raise over £2.5m by taking on exciting and stimulating challenges. We've cheered them on as they crossed the finish line after a 450km cycle ride, supported them on their mission to maintain complete silence for 24 hours, and looked up to them as they reached the summit of the highest mountain in the British Isles. We're in awe of the remarkable commitment and generosity, and their fundraising enables us to push the boundaries of heart and lung medicine.

Our community groups and corporate partners have played a significant role in championing our cause in the past year. Our charity partners, CKLG Accountants and Ashton Legal Solicitors and Lawyers Cambridge, have provided full support as they sought different ways to raise money for Royal Papworth Hospital. We have also celebrated 40 years of generosity and partnership with the Norfolk Zipper Club at their Ruby Anniversary luncheon. The club has donated an incredible £1.28m worth of equipment over the years, which continues to have a direct and immediate impact on our patients. Everyone at Royal Papworth is truly grateful for the phenomenal support provided by the Norfolk Zipper Club.

The Charity events have been a fantastic opportunity to engage with our supporters in person. We were delighted to cheer on a team of four who ran in our local Half Marathon – the Cambridge Half Marathon, raising over £3,000. The second Papworth golf day was a truly memorable event with many patients, staff, and friends joining us for the day. Thanks to everyone's kindness who participated, the event raised £15,000 for Royal Papworth Hospital.

The Charity are working hard to prepare for the future, mitigate the impact of the economic situation, and ensure we can continue to support the needs of patients and staff at the Hospital. We've collaborated with the Patient Advice Liaison Service (PALS) team to enhance our volunteering program and dispatched a fundraising and volunteering mailing to inspire and share with our supporters the impact of giving their time and fundraising in aid of the Charity.

The Charity is proud to have provided £1.3m in grants to Royal Papworth Hospital for various projects that support our patients and staff. 175 grants were approved this year for projects across the hospital, including emergency accommodation for families, medical equipment for theatres, training and education courses for staff, wellbeing activities for patients, and pioneering research. The continued generosity and kindness from our supporters make a transformational difference to everyone at Royal Papworth.

We invite you to explore the Charity's Annual Report and Accounts for the year ending 31 March 2023, which will be published separately and will be available on the Charity's website after they are submitted to the Charity Commission in January 2024. Come join us and be a part of the amazing work we're delivering together.

Further information on Royal Papworth Hospital Charity is available at:
www.royalpapworthcharity.com

Cambridge University Health Partners (CUHP)

Cambridge University Health Partners (CUHP) was established as a Limited Company in 2009. It is one of six Academic Health Science Centres in England whose mission is to improve patient healthcare by bringing together the NHS, industry and academia.

The Chairman and the Chief Executive of Royal Papworth Hospital NHS Foundation Trust are ex officio Directors of CUHP, as are the Chair and Chief Executive of CUH and CPFT, the Vice-Chancellor of the University of Cambridge, the University Registrary and the Regius Professor of Physic, the Vice Chancellor and the Deputy Vice Chancellor (Research and

Innovation) of Anglia Ruskin University. There are also three further Directors with both clinical and academic responsibilities, linked with the member NHS Trusts.

In April 2020 CUHP was re-designated as a National Institute for Health Research – NHS England/Improvement (NIHR-NHSE/I) Academic Health Sciences Centre (AHSC) for a further five years.

By inspiring and organising collaboration, CUHP aims to ensure patients reap the benefits of the world class research, clinicians and industry which are based in Cambridge and the surrounding area.

For more information on CUHP see http://www.cuhp.org.uk/

Trust highlights and achievements 2022/23:

April 22:	Dr Madalina Garbi, Consultant Cardiologist in Echocardiography and Valve Disease, elected as the next President of the British Heart Valve Society (BHVS) from 2022-2025.
	Research study being led by Royal Papworth Hospital and the University of Cambridge explores artificial intelligence to help screen for and diagnose heart valve diseases.
	New art installation at the Serpentine Gallery in London featured the work of the hospital's surgery, radiology and research teams in diagnosing and treating mesothelioma.
	Announced that chief executive Stephen Posey would leave Royal Papworth to take up the CEO role at Derby and Burton.
	Joined a clinical trial investigating the link between the progressive lung disease idiopathic pulmonary fibrosis (IPF), and acid reflux.
May 22	Celebrated clinical research practitioners, who work in a variety of roles in research.
	Marked the impact of research for International Clinical Trials Day, with a patient who took part in the NOTACS (Nasal Oxygen Therapy After Cardiac Surgery) after a double bypass.
June 22	Judy Machiwenyika, Nurse Consultant, invited to Buckingham Palace Garden Party in recognition of her MBE from the 2021 New Year Honours List.
	Cath lab team performed UK's first pulsed field ablation to treat atrial fibrillation, improving safety and efficiency.
	Celebrated LGBT+ History Month.
	Antimicrobial stewardship team announced as a finalist in the 'Patient Safety Pilot Project of the Year' category for the HSJ Patient Awards.
July 22	Heart and Lung Research Institute (HLRI) officially opened by Royal Papworth Hospital patron HRH The Duchess of Gloucester.
	Teenager who spent nearly four months fighting COVID-19 in 2021 reunited with critical nurses who cared for her while she was on ECMO.
	Dr Sarah Clarke, Consultant Cardiologist, announced as the 122nd president of the Royal College of Physicians.
Aug 22	Announced chief operations officer Eilish Midlane as new chief executive.

	Twenty medical students from Ukraine, whose practical training was halted by war, arrived in Cambridge for clinical placements including at Royal Papworth.
	Lung cancer study launched in collaboration with Cambridge company Owlstone Medical, aiming to diagnose lung cancer earlier by detecting ethanol (an alcohol) in exhaled breath.
Sep 22	Patients rate cancer service among best in country, with an overall rating for care of 9.2 out of 10.
	Laudit, a positive incident reporting platform, named as a finalist in two prestigious tech awards.
	Patient celebrated 35th anniversary of heart-lung transplant by being reunited with the surgeon who performed her operation.
Oct 22	Named as one of the best hospitals in the country for inpatient care, as per the annual Adult Inpatient Survey run by the Care Quality Commission (CQC).
	Research led by Royal Papworth supported the use of shared decision making in cardiology.
	Pioneering balloon pulmonary angioplasty (BPA) procedure performed on 150th patient.
Nov 22	Awarded £3.4 million for major new UK-wise cystic fibrosis and bronchiectasis trials, investigating if machine-learning technology can transform healthcare for these patients.
	COVID-19 patient clapped out of hospital following record 299-day run on ECMO, leading to national media coverage.
	UK's longest surviving heart transplant patient celebrated 40th anniversary since her operation.
	Black History Month marked and celebrated internally and externally.
Dec 22	A pharmacy technician at Royal Papworth appeared in a new gallery at the Science Museum showcasing the role of technicians.
	Staff, teams and volunteers recognised for their achievements at the annual Staff Awards, held at Homerton College in Cambridge.
Jan 23	Nested winter ward opened on 4 North East to help alleviate winter pressures at neighbouring Addenbrooke's Hospital.
	Announced that Royal Papworth Hospital will host Aortic Dissection Awareness Day UK 2023, to take place in September 2023.
	International cardiac surgery trial investigating nasal oxygen therapy after cardiac surgery (NOTACS) passed halfway mark of participant recruitment.
	Finance team awarded One NHS Finance Towards Excellence Level 3, the highest accredited level.
	Announced that Harvey McEnroe will join as chief operating officer from April 2023.
Feb 23	Granted £300,000 by NIHR to launch a new sleep research study, exploring combined therapy approach for treating obstructive sleep apnoea (OSA).

Dr Dariusz Wozniak, a consultant in our Respiratory Support and Sleep Centre was awarded £210k in funding by the Motor Neurone Disease Association to trial home initiation of ventilation in people with motor neurone disease.

First left atrial appendage occlusion (LAAO) procedures took place at the new hospital following NHS England commissioning.

Mar 23 New patient digital letter service, delivered in partnership with DrDoctor, launched to improve communication with patients for some outpatient appointments.

First outpatient appointments took place in the Clinical Research Facility (CRF) inside the Heart and Lung Research Institute (HLRI).

Cardiovascular Outcomes – NICOR 2023 report for 2019-2022

Royal Papworth Hospital is one of the better performing NHS hospitals in the UK for cardiac surgery survival, according to the latest NICOR annual report and our internal audit data. This era included the COVID pandemic and consequently, case volumes nationally were below average and crude mortality was above the previous averages. During this period, Royal Papworth performed 4261 total cardiac procedures, the third largest case volume in the UK, with an actual mortality of 2.54% (CI 2.04-3.11%), significantly better than the EuroSCORE II prediction of 4.24%, and the national average actual mortality of 2.96%.

Annual Report on Cardiothoracic Organ Transplantation

Royal Papworth Hospital has some of the UK's best survival rates for heart and lung transplants, according to a report published by NHS Blood and Transplant (NHSBT) in September 2022.

The report identified that the national 30-day rate of survival following adult DBD heart transplantation (unadjusted) was 91.4%, which ranged from 88.6% to 93.5% across centres (RPH 93.7%; risk adjusted 87.6%). The national 90-day survival rate (unadjusted) was 88.2%, ranging from 85.0% to 90.7% across centres (RPH 91.9%; risk adjusted 85.5%). The national 1-year survival rate was 84.5%, ranging from 81.0% to 87.4% across centres (unadjusted), (RPH 90.1%; 84.2% risk-adjusted). The national 5-year survival rate was 72.3%, ranging from 68.5% to 75.8% across centres (RPH 77.3%; 77.5% risk-adjusted).

RPH survival rates were consistent with the national rate statistically consistent with the national rate of survival.

For lung transplant the 90-day post-transplant RPH had survival rate of 91.6% (91.3% risk adjusted). This was statistically consistent with the national rate of survival which was 90.3%% which ranged from 87.6% to 92.5%. The national risk-adjusted 1-year survival rate was 82.5%, ranging from 79.1% to 85.4% across centres (RPH 83.8%; 84.6% risk adjusted), with no significant outliers. The national 5-year survival rate was 55.4%, ranging from 51.6% to 58.9% across centres. The 5-year survival rate at Papworth was 56.1%; 56.1% risk adjusted.

According to NHSBT's Annual Report on Cardiothoracic Organ Transplantation, in 2021/22 Royal Papworth Hospital performed more adult lung transplants and adult heart transplants than any other hospital in the UK. It also had the lowest decline rate for donor organs, meaning it accepts a higher proportion of organs offered for donation than any other UK centre.

Strategy and operational plans

We launched our five-year strategy for the years 2020-25 in September 2020. This followed a re-examination of our strategy in the light of COVID-19 and whilst we recognised that this would change the way we do some things and would bring some of our plans forward, our key priorities for the future remained the same. This strategy will guide our work, as we recover from the pandemic and focus again on our core purpose: to bring tomorrow's treatments to today's patients. The strategy will help us build on our strengths, address our challenges and realise the potential of our new hospital and our exceptional staff.

Clinical excellence and innovation are at the heart of everything we do, but how we do things is just as important, and our strategy is clear about improving our staff experience and building meaningful partnerships with organisations who share common goals, as we work to deliver benefit across our system as a provider, an anchor organisation and key employer. The global pandemic reinforced the importance of our work and made us more determined to tackle the heart and lung conditions that affect so many lives.

We are excited about the opening of the Heart and Lung Research Institute, which completes our building transformation and enables the delivery of our plans for enhanced education and research over the next five years.

We know that the expertise, commitment and compassion displayed by our staff will continue to make a huge difference to patients here and across the world over the next five years.

Our strategy sets out a clear direction of travel for the future. It will guide our decisions on priorities and investments and steer the ongoing development of both services and partnerships. In light of the strategic context, the key questions facing us, and the direction in which we want to travel, we have defined six strategic goals that underpin our work.

Figure 5: Strategic Goals 2020 – 2025

The implementation of our strategy aims to ensure that Royal Papworth Hospital maintains its position as a cardiothoracic centre of international standing and supports our new state of the art hospital and research centre on the Cambridge Biomedical Campus.

We have agreed Corporate Objectives for 2022/24 that support the delivery of our strategic goals. These are set out in the table below together with the method of measurement:

Corporate Objectives

Strategic Goal	Corporate Objectives 2023/24:
1. Deliver clinical excellence	To deliver an excellent care, experience and outcomes for our patients, we will: • Continue to develop our Quality Strategy with a focus on embedding principles of quality improvement being key to ways of working. • Work with stakeholders to develop our quality ambitions for 2023-2026. • Utilise our programmes and partnerships to deliver an improved patient and staff digital experience and protect our services from cyber-attack threats. • Use our resources optimally to safely treat patients waiting for care as quickly as possible.
2. Grow pathways with partners	In order to develop services with partners and patients, we will: • Collaborate with our Integrated Care System partners (ICS) to support the delivery of our collective system plan. • Continue to work with commissioning partners regionally and nationally to deliver specialised services that are patient focused and seamlessly joined up with the wider health service, to offer the best possible patient outcomes and experience. • Continue to identify and invest in meaningful relationships with industry and educational partners to support the delivery of the national Life Sciences strategy.
3. Offer a positive staff experience	To ensure an open and inclusive working environment where we understand, encourage and celebrate diversity, making the NHS a place where all feel they belong and are respected, we will: • We make the wellbeing of our staff a priority. • Continue to implement our 'Compassionate and Collective' leadership programme to ensure that we build a positive culture that enhances staff experience and enables the delivery of high equality and safe care. • Ensure equitable leadership and people practices to embed equality, diversity and inclusion into everything we do.
4. Share and educate	Grow Pathways with Partners. In order to develop services with partners and patients we will: • Provide an educational environment to enable growing our own for a sustainable highly skilled workforce. • Respond to specialist workforce supply gaps by working with stakeholders to address. • Review our Strategy to develop a Royal Papworth School and identify the best way to deliver its' original objectives.

5. Research and innovate	To develop the Trust as a centre for research and development, we will: • Develop the Heart and Lung Research Institute (HLRI) opening the Clinical Research Facility and building the research study portfolio. • Encourage greater research involvement from staff across our many professions, supported by the Royal Papworth Hospital Charity's Research Innovation Fund. • Work collaboratively with research partners and industry to enable the HLRI to become a leading centre of cardiovascular research. • Invest in researchers and research delivery capacity to create a self-sustaining environment for clinical research. • Encourage greater involvement from staff across our many professions, supported by the Royal Papworth Hospital Charity's Research and Innovation Fund. • Apply in collaboration with the University for national funding to support new research networks in MedTech and imaging.
6. Achieve sustainability	To establish a sustainable operational and financial position, we will: • Deliver our financial and operational plan. • Improve the health of our local population as part of our ICS, by bringing our experience and expertise to system programmes of work. • Take steps on our five year plan to provide sustainable healthcare to our patients, in line with NHS ambitions to deliver a net zero National Health Service.

For further information on the Trust Strategy 2020-25 is published on our website:
Royal Papworth Hospital NHS Foundation Trust

Further regulatory information about Royal Papworth Hospital NHS Foundation Trust is published at:
https://www.england.nhs.uk/publication/royal-papworth-hospital-nhs-foundation-trust/

Key issues and risks for 2023/24:

Principal Risks
PR1 Workforce: Failure to maintain an engaged and skilled workforce in adequate numbers to support delivery of high-quality care and drive innovation, through staff that are well supported and aligned to our shared values, behaviours and purpose.
PR2 Productivity: Failure to achieve sufficient patient throughput to support timely and equitable access to care, and achieve financial stability, through optimising the productivity of our people and facilities.
PR3 Finances: Failure to deliver our financial plan on a sustainable basis and deliver our contribution to the wider system through rigorous financial management and an effective response to uncertainties in the future mechanisms for commissioning and innovation in specialised services.
PR4 Cyber security and data loss: Failure to prioritise cyber resilience through the implementation of up-to-date cyber security controls, training, surveillance, risk management, business continuity and recovery planning increases the risk of a major cyber event causing data loss, key system failure, and prolonged disruption to services.

We recognise the significant impact that the pandemic, and the ongoing service recovery has had on our staff. In 2022/23 we have also seen increased economic pressures and industrial unrest and all these factors will continue to have an impact across the coming year. One of the key priorities outlined in our five-year strategy for 2020-25 was to support staff health and wellbeing, and this is now more important than ever.

During the pandemic, we reconfigured the layout of our hospital in ways we could not have imagined doing before with significant increases in critical care and our ECMO services and expansion of our respiratory wards to allow us to take additional ward-level patients from neighbouring hospitals. We established a vaccination hub supporting our staff and delivering a vaccine service to the public of Cambridgeshire and Peterborough. These measures required the redeployment of staff across the Trust, and we used our command-and-control centre and Clinical Decision Cell (CDC) working together to ensure the safe management of staff and services. In 2022/23 we have used this approach to support our response to strike action which has been seen through the winter and spring and which is set to continue in 2023/24. We have continued to respond to the issues and innovations arising from the pandemic on matters such as: the impact of travel & transport; staff facilities & environment; digital support; office environment and IPC/social distancing; the organisation of clinical areas as well as the impact on individual staff through new working arrangements in terms of shifts & hours and how that impacts on teams.

More of our staff undertake some elements of their work remotely and we have increased numbers of services that are delivered through virtual platforms. This carries some risk relating to cyber security. We have minimised this risk by ensuring that our Board and our staff are trained and alert to the cyber risks and have implemented technical measures to bolster system security. We also have a Cyber Security communications plan to ensure current themes are regularly and consistently shared across our organisation through our top leaders.

The Trust continues to work closely with the developing Integrated Care System (ICS) to ensure that there is alignment of objectives and priorities, and to assess any impact on the Trust's five-year strategy. This along with changes to specialist commissioning arrangements could have an adverse impact on funding flows which could impact on sustainability and future performance.

Further information on the principal risks to the Trust and the mitigations, and internal control processes are included in the Annual Governance Statement (AGS) section of the Annual Report.

Other factors not set out within this summary could also impact on the Trust and accordingly, this summary should not be considered to represent an exhaustive list of all the potential risks and uncertainties, both positive and negative that may affect the Trust.

Going Concern

There is no presumption of going concern status for NHS foundation trusts. Directors must decide each year whether or not it is appropriate for the NHS foundation trust to prepare its accounts on the going concern basis, taking into account best estimates of future activity and cash flows.

After making enquiries, the directors have a reasonable expectation that the services provided by Royal Papworth Hospital NHS foundation trust will continue to be provided by the public sector for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing the accounts, following the definition of going concern in the public sector adopted by HM Treasury's Financial Reporting Manual, the key driver being the continuation of services.

Further information is available in the Annual Accounts – Accounting Policies.

1.2 Performance Analysis

The purpose of the "Performance analysis" is to provide a detailed performance summary of how Royal Papworth Hospital measures its performance, more detailed integrated performance analysis and long-term trends. It should be noted that our performance against NHS standards continues to be affected by the pandemic with increases in wating lists and some continued pressures from COVID related absence. Further information will be provided in our Quality Accounts 2022/23.

Meeting Specialist Healthcare Needs

2022/23 has been a year of transition for Royal Papworth Hospital and the specialist services provided by our dedicated staff. We have had changes in our very senior management team and changes in the external environment with the establishment of the Integrated Care System and Integrated Care Board. We work closely with our system partners and are the NHS provider representative on the ICB Board which ensures that we have deliver and effective contribution linked to the ICB strategy and operational delivery.

The activity figures reflect the continued recovery of following the pandemic which has had some continued limitation on activity throughout 2022/23, with very significant burnout scores being reported by our staff in the 2022 NHS Staff Survey reflecting a continue requirement for redeployment as a result of the pandemic. We have also needed to address elevated levels of surgical site infection through robust infection prevention and control measures.

The number of patient episodes seen at the hospital was 124,081 (2021/22: 121,734 including Private Patients) and the tables below provide a breakdown of this demand across our services.

Inpatients and day cases

	2022/23	2021/22	2020/21
Cardiology	7,945	8,231	6,587
Cardiac Surgery	1,704	1,712	1,288
Thoracic Surgery (incl PTE)	835	851	827
Respiratory Support and Sleep Centre	6,128	5,649	3,897
Transplant/Ventricular Assist Devices	531	643	524
Thoracic Medicine	3,654	3,527	2,267
Total	**20,797**	**20,613**	**15,390**

Outpatients

	2022/23	2021/22	2020/21
Cardiology	44,268	44,676	36,908
Cardiac Surgery	5,344	5,466	5,514
Thoracic Surgery	1,192	1,201	1,071
Respiratory Support and Sleep Centre	20,518	18,856	15,052
Transplant/Ventricular Assist Devices	3,440	3,335	3,067
Thoracic Medicine	28,522	27,587	21,243
Total	**103,284**	**101,121**	**82,855**

Control of Infection

MRSA bacteraemia and C.difficile infection rates*

Goals 2020/21	Outcome 2020/21	Goals 2021/22	Outcome 2021/22	Goals 2022/23	Outcome 2022/23
No MRSA bacteraemia	1 MRSA bacteraemia	No MRSA bacteraemia	No MRSA bacteraemia	No MRSA bacteraemia	1 MRSA bacteraemia
No more than 11 C.difficile	Total for the year = 8 all cases are now counted toward RPH's objective	No more than 11 C.difficile	Total for the year =12 we were one over our yearly target of 11.	No more than 12 C.difficile	Total for the year = 8 C.difficile. below the threshold.
Achieve 100% MRSA screening of patients according to agreed screening risk	97.5%	Achieve 100% MRSA screening of patients according to the agreed screening risk.	98.6%	Achieve 100% MRSA screening of patients according to agreed screening risk	96.7%

Data Source: Mandatory Enhanced Surveillance System (MESS) and PHE Health Care Associated Infection Data Capture System. *Please note: The figures reported in the table are the number of C.difficile cases and MRSA bacteraemia attributed to the Trust and added to our trajectory/ yearly threshold.

Mycobacterium Abscessus

In 2019, following some routine testing, we launched an investigation into some cases of M. abscessus infection, a rare infection which can cause problems for people with specific underlying respiratory conditions or who are immunosuppressed as a result of their condition.

Immediate safety measures were put in place and regular review of these were implemented. Since implementing our stringent and additional water safety measures, we have significantly reduced the number of patients acquiring of M.abscessus at the Trust. In 2022/23, 2 new cases have been identified with 0 classed as moderate harm.

The latest information on the Mycobacterium abscessus investigation at Royal Papworth Hospital can be found on our website at: https://royalpapworth.nhs.uk/mycobacterium-abscessus.

COVD19 nosocomial Infections

Nine patients were identified as acquiring healthcare associated COVID-19 whilst an inpatient at Royal Papworth Hospital in 2022/23. COVID-19 acquisitions continue to be closely monitored by the Trust, Microbiology and Infection Control on a monthly basis.

Further information will be published in our Quality Report.

Performance of Trust against selected metrics

In 2022/23 the Trust continued to see pressures on service recovery in the context of escalation of industrial action which was seen at a national and local level and the continued impact of COVID-19 which did not align to the low COVID planning assumptions set at the start of the year. We also saw the impact of continued sickness and isolation absence related to COVID-19 and the impact on wellbeing of the cost-of-living pressures that our staff faced. This has had a continued impact on recovery and performance against our operational performance metrics. The Trust measures and reports to the Board against our quality and performance metrics and the table below sets out performance against the national operational metrics identified in the NHS oversight metrics for 2022/23 which are applicable to Royal Papworth Hospital (and which are not reported elsewhere in the Annual Report).

Operational performance Metrics

Indicator	Target pa	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	YTD actual
18 weeks Referral to Treatment (RTT)*	>92%	78.2%	79.3%	78.6%	77.8%	75.8%	74.3%	74.1%	74.1%	70.6%	72.1%	72.7%	71.0%	71.0%
62 day cancer wait *	>85%	80.0%	37.5%	64.3%	20.0%	53.1%	35.3%	33.3%	75.0%	50.0%	40.0%	57.0%	50.0%	49.6%
31 day cancer wait	>96%	100.0%	100.0%	100.0%	88.9%	90.9%	82.6%	78.0%	87.5%	89.0%	95.0%	100.0%	100.0%	92.7%
6 week wait for diagnostic	>99%	97.0%	95.0%	92.7%	97.2%	96.9%	98.3%	98.8%	99.2%	99.3%	98.2%	98.7%	98.4%	97.5%
Monitoring C.Diff (toxin positive)	Less than 10	0	0	0	0	1	2	0	2	2	0	0	0	7
Number of patients assessed for VTE on admission	>95%	83.6%	82.4%	83.2%	87.0%	79.3%	82.9%	85.1%	88.6%	84.8%	91.0%	91.7%	88.3%	88.3%

In 2022/23 these indicators have not been subject to independent assurance.
*The definition of this indicator can be found in Annex 4 to the Quality Report (to be published by 30 June 2023).

Equality of service delivery

For reasons both of fairness and of overall outcomes improvement, the NHS Long Term Plan takes a more concerted and systematic approach to reducing health inequalities and addressing unwarranted variation in care. As a receiving tertiary service, it is challenging to reconcile RPH data with that of referring services and to be assured that there is not any unintended bias at an early stage of referral pathways, preventing equal access to RPH services. The Board has discussed this and recognised that further work should be undertaken to look at how we interrogate current available data at a Trust and a system level; also, that the gap in the capture of ethnicity data of patients which has been identified needs to be investigated and understood in order to improve collection of this data.

This was an area that we identified in our Quality Priorities for 2022/23 and have agreed that this will be a continuing priority in 20203/24. In addition, the wider context of health inequalities will be a focus of our Quality Strategy that is due to be launched this in 2023/24.

Further information on our quality priorities is included in our Quality Report for 2022/23.

RTT and Waiting List Prioritisation

In England, under the NHS Constitution, patients 'have the right to access certain services commissioned by NHS bodies within maximum waiting times, or for the NHS to take all reasonable steps to offer a range of suitable alternative providers if this is not possible'. The NHS Constitution sets out that patients should wait no longer than 18 weeks from GP referral to treatment. The fundamental principle underpinning this is that all decisions about a patient's waiting time should be made with the patient's best clinical interests in mind and in accordance with national legally binding RTT Rules.

As a result of COVID-19 and the restrictions on capacity, there has been greater focus on the clinical prioritisation of patients waiting for treatment (be it planned follow-up care or otherwise). The Trust has put in place arrangements to clinically assess and prioritise patients on the RTT waiting list and provides regular monitoring or patients waiting for elective care and diagnostic investigations.

Standard operating procedures outline the process of continued validation and ensure the priority codes badged against each waiting list are accurate and up to date with clinical changes in condition. This includes defining triggers for review, escalation processes and definitions of priority codes to ensure consistency.

Restoration of elective activity is one of the highest priorities for NHS England and greater emphasis is being put on ensuring there is no unnecessary delay to non-RTT applicable pathways as well as RTT pathways.

The Trust assures the quality of its RTT waiting time data through the validation of the patient tracking list (PTL) which is available daily through Patient Pathway Plus (PP+), and is the validation and reporting system employed by the Trust. Patients are checked on both Lorenzo and other clinical systems to ensure that their waiting time is valid. Corrections to Lorenzo are made where required, which feed into the following day's PTL. A weekly meeting is held to discuss in detail the longer waiting patients on the PTL and this is further minuted in the Trust's weekly Access meetings.

Care Quality Commission (CQC)

The last CQC inspection was undertaken in June & July 2019. The rating of the trust improved and it received an overall rating of Outstanding. It was rated as outstanding because:

- Safe effective, caring, responsive and well-led were rated as outstanding at core service level.
- Medical care, surgery and diagnostic imaging were rated as outstanding overall.
- Critical care and outpatients were rated as good overall.
- The rating reflected the previous inspection for end-of-life care services which was rated as good overall.

The aggregated rating for well-led at core service level was outstanding and the CQC rated well-led at trust-wide level as outstanding. When aggregated with the core services, this gave a rating of outstanding for the overall trust.

This achievement is a reflection of the dedication of the staff at RPH to get it right first time and every time for the patients within their care. RPH has a commitment to work in an open and transparent way with staff and patients and takes engagement very seriously ensuring that we continuously learn and develop.

Following the 2019 inspection the Trust was given six recommendations for improvement. Progress against these was regularly monitored over the intervening time but interrupted by the pandemic when monitoring was paused. During 2022 improvement plans resulting from the recommendations continued to be monitored at a local level as business as usual.

The ratings for Royal Papworth Hospital against the five key questions used by the CQC in their inspections of services are shown in the following table:

Ratings	
Overall rating for this trust	Outstanding ☆
Are services safe?	Outstanding ☆
Are services effective?	Outstanding ☆
Are services caring?	Outstanding ☆
Are services responsive?	Outstanding ☆
Are services well-led?	Outstanding ☆

The full inspection report is available at https://www.cqc.org.uk/provider/RGM/reports

Ionising Radiation (Medical Exposure) Regulations 2017 ('IR(ME)R')

CQC is the enforcing authority for IR(ME)R in England. Its powers of enforcement for IR(ME)R derive from the Health and Safety at Work etc Act 1974 ('HSWA').

In November 2022, the Trust underwent an IR(ME)R inspection. The Trust was issued with an Improvement Notice against 3 of the regulations however it took swift measures to implement actions to address the issues identified. The Trust received notification of the closure of the notice in early March 2023 as the CQC were satisfied actions taken would address the recommendations made with a view to maintaining future compliance with IR(ME)R.

Heart Lung Research Institute (HLRI)

CQC registration of the HLRI was successfully achieved in September 2019.

All patients attending the unit will be taking part in clinical Trials that have full regulatory approvals and are consented and recruited to in accordance with the approved protocol.

Patient Safety Incident Trends and Actions

There were a total of 3012* patient incidents reported during the financial year compared to 2981 in the previous year. This was an increase of 31. In 2022/23 there were 2,859 actual incidents reported (2,676 in 21/22) and 153 near miss incidents (305 in 2021/22).

Patient safety incidents and near misses have consistently been reported during the financial year. There is a healthy safety culture within the Trust and an understanding of the importance of learning from incidents and the CQC requirements to report under the Key Lines of Enquiry (KLOE).

Those graded as near miss, no/low harm over the last 12 months (99%) demonstrates a continuous readiness to report and learn from all types of incidents. The Trust culture ensures staff report incidents in order to demonstrate an open and fair culture of learning. This process also captures the clinical consideration given to all types of incidents.

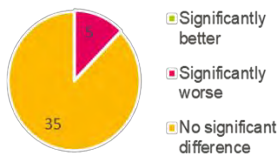
The level of investigation carried out after a patient safety incident is determined by the level of severity, with moderate harm incidents and above being reviewed at the Trust's Serious Incident Executive Review Panel (SIERP). All moderate harm incidents and above have investigations and associated action plans which are managed by the relevant divisions and monitored by the Quality & Risk Management Group (QRMG). All Serious Incidents (SIs) require a Root Cause Analysis (RCA) and are led by an appointed investigator and supported by the Clinical Governance and Risk Team.

The (*) signifies potential discrepancies in the total number of incidents awarded a severity grading and the total amount of patient incidents; not all incidents have been finally approved and grading confirmed as at 20/04/23. Lessons learnt are shared across the organisation and with associated stakeholders in addition to quarterly Lessons Learnt reports via the intranet, presentations and local dissemination via Divisions and specialist meetings.

2021 National Adult Inpatient Survey (Previously Reported)

Royal Papworth Hospital performed very well in the National Inpatient Survey with an overall response rate of 63% (against an average of a 39% for similar organisations). Our survey results were significantly better than the Picker average in 42 questions. In 11 questions results were better than the prior year and 16 were worse than prior year. 5 did not have any comparative data available. 94% of our patients rated their overall experience as 7/10 or more.

1250 Invited to complete the survey	1215 Eligible at the end of survey	**63%** Completed the survey (770)	39% Average response rate for similar organisations	68% Previous response rate

94% Q48. Rated overall experience as 7/10 or more 99% Q47. Treated with respect and dignity overall 99% Q17. Had confidence and trust in the doctors	Historical comparison* 	Comparison with average* 

The results of the 2022 National Adult Inpatient Survey are embargoed and are expected to be published by the CQC in August 2023. The embargoed results have been shared with the Trust and the findings from these are being used to inform our plans in 2022/23.

Oncology/62 day cancer waits

Like all other hospital trusts, Royal Papworth Hospital is expected to treat 85% of patients referred on a 'fast track' pathway with suspected lung cancer within 62 days of referral. As Royal Papworth only treats lung cancer and is never the first hospital on a patient's pathway the achievement of the 85% single cancer site-specific target continued to be challenging and in 2022/23 this standard was not achieved. In year the Trust performance has been hampered by a combination of late referrals, and patients needing more than one diagnostic and discussion in the MDT. The Trust has continued to work with partners to identify and address delays.

Financial Review 2022/23

This part of the Annual Report provides a review of the financial performance for the year ending 31 March 2023.

Summary of financial performance

As at 31 March 2023, the Trust had delivered the following performance:

	Plan	Year end
EBITDA *	£17.3m	£17.3m
Year-end surplus	(0.5m)	£0.5m

*Earnings Before Interest, Tax and Amortisation

The plan figures represent the Trust's full year plan following as part of the ICS planning submission in June 2022.

The year-end surplus of £0.5m is favourable to plan by £1.0m. The favourable position is predominantly driven by the reduced underlying costs of business-as-usual activity throughout the year offset by recognition of provisions, system support and grant payments.

Total capital programme spend in year was £2.6m. The majority of this was spent on medical equipment as part of the Trust's planned replacement programme and software licences.

The end of year cash balance was £67.3m. This is an increase of £7.3m from the prior year and is driven by payments received from commissioners under the national financial framework.

2022/23 Income by Commissioner and Service

The following table shows total income for the year broken down by Commissioner.

	£'000
NHS England	197,450
Cambridgeshire and Peterborough ICB**	26,136
Cambridgeshire and Peterborough CCG*	10,378
Norfolk & Waveney ICB**	3,552
Norfolk & Waveney CCG*	1,204
NHS Suffolk and North East Essex ICB**	4,721
West Suffolk CCG*	1,120
Ipswich & East Suffolk CCG*	369
North East Essex CCG*	113

NHS Bedfordshire, Luton and Milton Keynes ICB**	2094
Bedfordshire CCG*	714
NHS Lincolnshire ICB**	1,404
Lincolnshire CCG*	467
NHS Hertfordshire and West Essex ICB**	2,166
West Essex CCG*	363
East and North Hertfordshire CCG*	361
Other ICBs**	1,575
Other CCGs*	564
Other NHS	4,602
Other Non NHS	70
Private Patients	8,341
Total patient service income	**267,764**

2022/23 Income by Service

The measure of clinical income by segments (services) was not reported due to the financial framework in place 2022/23.

Environmental matters

See sustainability section of Annual Report.

Social, community and human rights matters

See Staff Report and Sustainability Report.

Policies to Counter Fraud and Corruption

In common with all NHS organisations, Royal Papworth Hospital takes a very robust approach to fraud and bribery. Trust policies provide details of the points of contact for any members of staff who suspect fraud and bribery is taking place. The Trust has a dedicated counter fraud officer who, amongst other areas of counter fraud work, works on behalf of the Board to inform and involve staff of the Trust's anti-fraud stance as well as seeking the prevention and detection of fraud. Any concerns reported are investigated at the earliest opportunity by the Local Counter Fraud Specialist (LCFS), in conjunction with the Trust Management. The LCFS provides reports to the Audit Committee on the concerns raised and the action taken.

Operations outside of the United Kingdom (UK)

Royal Papworth Hospital NHS Foundation Trust has no branches outside the UK.

Any important events since end of the financial year affecting Royal Papworth Hospital

There have been no important events since the end of the financial year affecting Royal Papworth Hospital.

Eilish Midlane
Chief Executive and Accounting Officer
23 June 2023

2. Accountability Report

2.1 Director's Report

Composition of the Board

The Board consists of seven Non-executive Directors (NEDs) one of whom is the Non-executive Chairman, and one non-voting Associate Non-executive Director and seven Executive Directors (EDs), one of whom is the Chief Executive and one of whom is non-voting. During the year due to changes seven individuals served as NEDs.

Non-executive Directors

The Council of Governors has responsibility for appointing the Chairman and NEDs. One of the NEDs is a clinical representative nominated by the University of Cambridge.

Register of Interests

At the time of their appointment, all Directors are asked to declare any interests on the Register of Directors' Interests. There is a standing item on all Board of Directors and Committee meetings to confirm/update declarations of interest. The register is held by the Trust Secretary and updated annually or as required during the year and interests are recorded in the minutes of the Board. The register is available to the public and published on the Trust website. Anyone who wishes to see the Register of Directors' Interests should make enquiries to the Trust Secretary at the following address: The Trust Secretary, Royal Papworth Hospital, Papworth Road, Cambridge Biomedical Campus Cambridge, CB2 0AY.

Political Donations

No political donations have been made by Royal Papworth Hospital NHS Foundation Trust in the 2022/23 financial year. No political donations were made in previous years.

Cost allocation and charging

During the year 2022/23, the Trust has complied with the cost allocation and charging guidance issued by HM Treasury.

Better Payment Practice Code

The Better Payment Practice Code requires the Trust to aim to pay all valid invoices by the due date or within thirty days of receipt of goods or a valid invoice, whichever is later. Furthermore, the Trust has made efforts to play its part in assisting small and medium sized enterprises in these more challenging financial times through aiming to make payment within ten days where possible.

The Trust endeavours to make payments within the timescales required by the Code and aims to pay 95% of invoices within 30 days or within agreed contract terms. Performance for 2022/23 and 2021/22 is summarised in the table below. The Trust paid £0 (2021/22 £0) of interest under the Late Payment of Commercial Debts (Interest) Act 1998 during 2022/23.

Better Payment Practice Code	2022/23		2021/22	
	Number	£	Number	£
Non-NHS				
Total invoices paid in year	**32,568**	**149,615**	36,447	131,729
Total invoices paid within 30 days or agreed contract terms	**30,835**	**146,606**	34,547	111,456
Percentage of invoices paid within target	**94.70%**	**98.00%**	94.80%	84.60%
NHS				
Total invoices paid in year	**1,029**	**7,073**	690	14,738
Total invoices paid within 30 days or agreed contract terms	**944**	**6,800**	593	11,792
Percentage of invoices paid within target	**91.70%**	**96.10%**	85.90%	80.00%

Income disclosure required by Section 43(2A) of the NHS Act

The income from the provision of goods and services for the purposes of the health service in England during 2022/23 was greater than the income from the provision of goods and services for any other purposes. Private patient income was £8.3m (£8.1m 2021/22) or 3.1% (3.2% 2021/22) of total patient income.

Quality and Risk

Quality Strategy

Our Quality Strategy was published in 2019 and set our quality ambitions and direction for the three years to 2022 this was extended to March 2023 with the agreement of the Quality and Risk Committee.

Our Quality Strategy is aligned to and takes into account the National Quality Improvement (QI) agenda, current QI research and National QI leadership programmes. The Strategy includes the Trust Board endorsement to implement the Culture and Leadership Programme co-designed by NHS Improvement and the King's Fund, which commenced during 2019 and continues to support the delivery of our Quality Strategy.

We want quality and quality improvement to be our core philosophy and to be at the heart of every decision that we make. Our expertise, reputation and network places us in a unique position to lead the way in delivering excellence in care through our cardiothoracic, respiratory and transplant services with outstanding:

- Patient experience and engagement; developing and improving our services for and with the patients who need them
- Patient safety; with a focus on eliminating avoidable harm to patients.
- Effectiveness of care; using clear, consistent processes and standards to deliver successful treatment assessed by clinical outcome measures and the patient's experience.

Our Quality Strategy 2019-2023 was underpinned by our three Quality Ambitions with work streams identified as enablers to achieve these. We have reviewed these work streams annually to demonstrate progress and allow flexibility to encompass local, regional, and national changes in the health economy. Other aspects of our Quality Strategy continue to be enacted through the Quality Account priorities and updates on these areas are included in our Quality Accounts.

Our ambitions in relation to quality will continue, and evolve further, as we move through to the next full review which will be undertaken in 2023.

For further information see the Quality Report 2022/23.

Quality Governance

The Trust has a Quality and Risk Management Group (QRMG) as part of its framework to ensure that it has in place a system to support the continuous improvement in the quality of care. The Group approves and monitors policies and procedures to safeguard patient care and promotes an organisational culture that encourages patients, visitors and staff to report any concerns they may have or make suggestions for improvement. The QRMG meets every month and is chaired by a Consultant Physician in Oncology (Clinical Governance Lead). A quarterly Quality and Risk report is published on the Trust's public website. The objective of this document is to ensure that the Trust can demonstrate a robust system for the analysis and communication of clinical governance activity across the whole organisation. This includes a systematic approach to the analysis of incidents, complaints, claims and resulting actions.

Approach to Quality Improvement

The Trust intends to build quality improvement capability from novice to expert. It is recognised that progress with quality improvement capability has been affected by the pandemic. Our Strategy is now to re-focus taking into account the National Quality Improvement (QI) agenda, current QI research and National QI leadership programmes. This includes the Trust Board endorsement to implement the Culture and Leadership Programme.

For further information see the Quality and Risk Quarterly and Annual Reports on our web site https://royalpapworth.nhs.uk/our-hospital/information-we-publish

Commissioning for Quality and Innovation (CQUIN) framework

A proportion of Royal Papworth Hospital NHS Foundation Trust's income is conditional upon achieving quality improvement and innovation goals agreed between Royal Papworth Hospital NHS Foundation Trust and NHS Commissioners, through the Commissioning for Quality and Innovation (CQUIN) payment framework.

Following the suspension of CQUIN during the pandemic, CQUIN schemes were re-established in 2022/23. As in previous years, the Trust has agreed to undertake national CQUIN schemes with both NHSE Specialised Commissioning, and Cambridge and Peterborough ICB (acting for and on behalf of associate ICB commissioners).

In 2022/23, CQUIN achievement was paid in advance through the application of 1.25% to the 2022/23 national tariff and this was reflected in the contract value. Discussion takes place quarterly between the Trust and commissioners on performance against CQUIN metrics and any non-achievement, could be reclaimed by commissioners in line with the national CQUIN guidance. It is not expected that there will be any adjustment to CQUIN payments related to performance in 2022/23.

A summary of the schemes for 2023/24 is provided below (subject to final contact approvals):

CQUIN Ref	CQUIN Name
CQUIN01	Flu Vaccinations for frontline healthcare workers
CQUIN02	Supporting patients to drink, eat and mobilise after surgery
CQUIN03	Prompt switching of intravenous (IV) antimicrobial treatment to the oral route of administration as soon as patients meet switch criteria
CQUIN10	Treatment of non-small-cell lung cancer (stage I or II) in line with the national optimal lung cancer pathway
CQUIN11	Improving the quality of shared decision-making (SDM) conversations

As in previous years, the Trust has established a CQUIN Review Group. This group ensures that CQUIN schemes are appropriately implemented and monitored.

The Trust reports CQUIN compliance / achievement in year via standard reporting as per the appropriate CQUIN timetable (noting that reporting milestones vary by scheme).

Royal Papworth Hospital's Quality Account Priorities 2022/23

The Trust's Quality Priorities for 2022/23 were agreed as:

- Patient Safety Incident Response Framework
- Health Inequalities – increased action on prevention of health inequalities
- Harm free care – VTE, PU and falls
- Bar code medicines administration
- Compassionate & Collective Leadership

Further information will be included in the Quality Report 2022/23.

Royal Papworth Hospital's Quality Account Priorities 2023/24

To determine priorities for 2023/24 the Trust reviewed clinical performance indicators for the year and the feedback from on-going consultation with service users on the range and quality of services provided. A wide range of methods are used to gather information, including national patient surveys, real-time patient feedback from the Trust-wide patient experience data collection tool, concerns, compliments and complaints. Having identified potential priorities, the Trust consulted with clinical teams, Quality and Risk Committee and the Patient & Public Involvement Committee, which includes Governor and patient representatives, to determine our priorities for 2023/24. The priorities for 2023/24 reflect the domains of quality improvement and patient safety; clinical effectiveness and responsiveness; patient experience, and well led. They are:

Priority 1	Implement the Patient Safety Incident Response Framework
Priority 2	Increase action on prevention of health inequalities
Priority 3	Harm free care: VTE, PU and falls
Priority 4	Reduce Surgical Site Infections
Priority 5	Improve Resourcing & Retention

Further information will be published in the Quality Report.

NHS England's well-led framework

The NHSE Well Led Framework focuses on strong integrated governance and leadership across quality, finance and operations. In 2022/23 national priorities focused on investing in our workforce, delivering more elective care, tackling backlogs and reducing waiting times to access services. In addition, we continued our focus on the health, wellbeing and safety of our staff. We recognise the need for more people, working differently in a compassionate and inclusive culture where leaders at all levels inspire, empower, and enable them to deliver high quality care in the most effective and efficient way. Our annual governance statement, corporate governance statement and Quality Report detail the Trusts approach to governance and leadership across quality, finance and operations. They detail the governance and performance framework against which the Board and leadership team assures itself that risks are appropriately identified, escalated and mitigated.

In 2019 the Trust had a CQC Well Led review and was rated as Outstanding following that review. However, we recognise that there were and are areas of improvement that we would want to focus on improving our staff engagement and Workforce Race Equality Standard measures.

In 2022 we commissioned an external review against the Well Led framework and recommendations from the review were presented to the Board in May 2022. This review identified areas of focus to help the Trust maintain its outstanding rating assessment and an action plan is in place with progress reported to the Board on a regular basis.

We have worked to embed our Values and Behaviours framework through workshops which all Board members, staff and Governors will attend and which will provide an opportunity explore the benefits of Royal Papworth Values and Behaviours for individuals, teams and the whole organisation. This will help us to understand how staff experiences impact patient experience, and how our Values and Behaviours can help to leverage strengths in our teams and paying attention to what we could be better and reflecting on what we want to do differently to make our working lives even more satisfying.

The performance review cycle for the Board ensures that all Executive and Non-Executive Directors have performance reviews completed by the end of the financial year and objectives

set for the coming year in line with the Corporate Objectives. These objectives are then cascaded to individual Executive Directors' teams. The performance review cycle includes gathering multisource feedback and in 2022/23 eleven of our directors received feedback from 113 participants providing valuable commentary and insight on their role from staff and partners across the local system.

Patient Experience

Patient Led Assessments of the Care Environment (PLACE) Programme

The PLACE programme is an assessment of how the environment supports patients' privacy and dignity, food, cleanliness, and general building maintenance. The latest published assessment was undertaken in November 2022 and is available at:

Patient-Led Assessments of the Care Environment (PLACE), 2022 - England - NDRS (digital.nhs.uk)

Programme visits were suspended during 2020/21 and 2021/22, PLACE Lite assessments were not mandated and were not carried out in 2021/22, and so the Trust undertook its first post-Covid assessment in late 2022.

Further information on the PLACE Programme is included in our Quality Report for in 2022/23.

Patient and Public Involvement

Royal Papworth Hospital has a Patient and Public Involvement Committee (PPI) of the Council of Governors which monitors patient experience and is involved in setting the priorities for the Quality Accounts for the year. The Trust also has a Patient and Carer Experience Group (PCEG) with membership including patient and support group representatives and representation from Healthwatch, and they are represented on the PPI Committee.

In response to the pandemic the PPI Committee and PCEG moved to hold virtual meetings to allow continued contribution and input from our patient and public representatives and they have continued to meet on that basis. Whilst many of our support group activities have been curtailed or moved to virtual events as a result of the pandemic the Trust continues to have strong relationships with patient support groups including:

- Norfolk Zipper Club
- Pulmonary Hypertension Support Group;
- Transplant Patient Support Group
- Transplant Sport UK

Further information on our patient support groups is available at:
https://royalpapworth.nhs.uk/patients-and-visitors/pals/patient-support-groups

Further information will be available in the Quality Report.

Listening to Patient Experience and Complaints

Listening to the patient experience and taking action following investigation of complaints is an important part of our Quality Improvement framework. In 2022/23 Royal Papworth Hospital received 58 formal complaints from patients and or their families. Of the 58 complaints reported (28 inpatient and 30 outpatient complaints) 58 were relating to NHS provided services with 2 complaints related to private patient services at Royal Papworth Hospital. The overall numbers of complaints received has increased against the previous year when 40 complaints were received (a 45% increase from 2021/22).

In line with the Trust's complaints policy, all concerns should be resolved at the earliest opportunity without necessarily escalating to the formal complaint process. In 2022/23 we recategorised enquiries to informal complaints to ensure concerns that have been resolved through local resolution are accurately recorded and reported. We have continued to embed this process in Q4 of 2022/23 and from 2023/24 we will be reporting on themes for both informal and formal complaints within our quality reporting to support our service improvement from our patient/carer feedback gained through the complaints process.

This has resulted in a significant increase in the number of informal complaints in comparison to the previous year (35 in 2021/22). The Trust received 74 informal complaints in 2022/23.

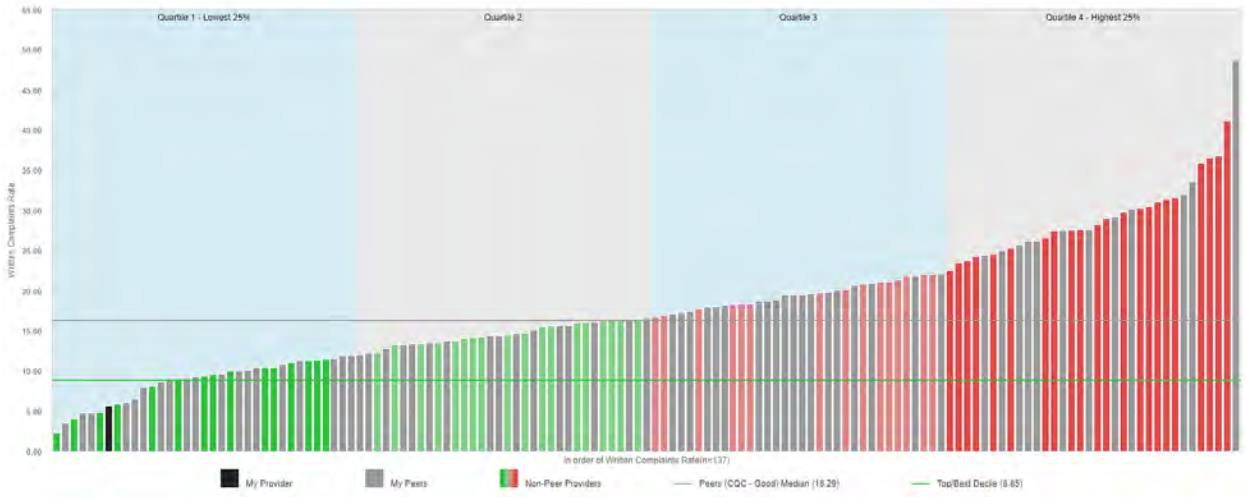
All concerns are fully investigated through a robust process intended to provide complainants with a quick, amicable, and satisfactory resolution to their concerns. The response is provided to the complainant either via email or telephone, this will also include providing details of any actions identified as a result of raising their concern. All informal complaints are now responded to within 15 working days.

National benchmarking

The Trust uses the Model Hospital Metric to bench mark the numbers of formal complaints. This is calculated by the number of written complaints made by or on behalf of patients about an organisation per 1000 staff (WTEs). This is reported monthly as part of the Papworth integrated Performance Report (PIPR) as a rolling 3-month average of the number of written complaints per 1000 WTE.

April 2022	May 2022	June 2022	July 2022	Aug 2022	Sept 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	March 2023
6.1	10.7	14.3	13.4	9.2	5.1	6.1	6.2	5.7	5.2	5.1	4.8

The overall Trust value remains well below the peer and national median and the latest data from Model Hospital demonstrates that we are in the lowest quartile from National comparison.



Further Information on listening to the patient experience and complaints will be available in our Quality Report 2022/23.

Disclosures to Auditors

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

The Directors' Report is presented in the name of the following directors who occupied Board positions during the year 2022/23:

Name	Title
John Wallwork	Chairman
Jag Ahluwalia	Non-Executive Director
Alex Baldwin	Interim Chief Operation Officer (from 12/09/22)
Michael Blastland	Non-Executive Director and Deputy Chair
Cynthia Conquest	Non-executive Director and Senior Independent Director
Amanda Fadero	Non-Executive Director
Gavin Robert	Non-Executive Director
Ian Wilkinson	Non-executive Director
Diane Leacock	Associate Non-Executive Director
Stephen Posey	Chief Executive (to 02/09/2022)
Tim Glenn	Chief Finance and Commercial Officer
Roger Hall	Medical Director (to 15/04/22)
Eilish Midlane	Chief Operating Officer (to 31/08/22) and Chief Executive (from 01/09/22)
Oonagh Monkhouse	Director of Workforce and Organisational Development
Andrew Raynes	Chief Information Officer
Maura Screaton	Chief Nurse
Ian Smith	Medical Director (from 18/04/22)

Eilish Midlane
Chief Executive and Accounting Officer
23 June 2023

2.2 Remuneration Report

During 2022/23 the Trust Chair had his term of office extended by twelve months to 31 January 2024. This followed extensions to provide continuity in NED appointments during the hospital move and through the establishment of the HLRI, as well as the operational response to the COVID19 pandemic. The extension in 2022 allowed for continuity in the leadership of the Trust Board during the establishment of the new ICS in July 2022.

There were no NED appointments in 2022/23. Reappointments of existing NEDS were subject to approval of the Appointments Committee of the Council of Governors.

In September 2022 our new Chief Executive took up post having previously held the position of Chief Operating Officer with the Trust since April 2017. The Trust recruited to the position of Interim Chief Operating Officer from September 2022 to March 2023 and subsequently made a substantive appointment to the role in April 2023. All appointments were subject to open advertisement and the Trust engaged external recruitment advisers (Alumni) to support the recruitment process for the Chief Executive.

The Trust has two Committees contributing to the process of remuneration of members of the Board of Directors:

- Executive Remuneration and Nominations Committee of the Board of Directors, comprising the Chairman and all the Non-Executive Directors (NEDs). This Committee is responsible for Executive Director performance and remuneration;
- Appointments (NED Nomination and Remuneration) Committee of the Council of Governors, comprising elected Governors. This Committee is responsible for NED, including the Chairman, performance and remuneration. It is also responsible for recommendation to the full Council of Governors on the appointment of the Chief Executive.

Annual Statement on Remuneration from the Chair of the Executive Remuneration Committee

Major decisions on senior managers' remuneration

Remuneration and performance appraisal for the Trust's most senior managers (Executive Directors who are members of the Board of Directors) is determined by the Board of Director's Executive Remuneration and Nominations Committee. The only non-cash element of senior managers' remuneration packages are pension related benefits accrued under the NHS Pensions Scheme. Contributions are made by both the employer and employee in accordance with the rules of the national scheme which applies to all NHS staff in the scheme. The Trust's strategy and business planning process sets key business objectives which in turn inform individual objectives for senior managers. Performance is closely monitored and discussed through both an annual and ongoing appraisal process.

The Remuneration Committee considered executive remuneration in the light of national benchmarking data and against the national uplift that had applied to other staff groups. It took a strategic view on the requirements for executive salary, being informed by the national benchmarking, maintaining an appropriate differential from the top of the AfC pay bands as well as considering the impact and likely views of any award on other staff groups.

Senior managers are employed on contracts of employment and are substantive employees of the Trust. Their contracts are open ended and can be terminated by either party with six months' notice. The Trust's normal disciplinary policies apply to senior managers, including the sanction of summary dismissal for gross misconduct. The Trust's redundancy policy is consistent with NHS redundancy terms for all staff and has no specific provision for any loss of office payments.

Senior Managers' remuneration policy (Executive Directors who are Board members)

Future Policy Table – Executive Directors: The table below summarises each of the components of the remuneration package for senior managers which comprise the senior managers' remuneration policy.

Remuneration component	Applicable to	Jurisdiction	Relevance to Trust's long and short term objectives	Amount payable
Basic salary	All senior managers	Remuneration Committee	Recommendations in respect of basic salary are made to the Remuneration Committee by the Chief Executive (for Executive Directors) and the Chairman (for the Chief Executive) on the basis of internal and external relativities, the scope of responsibilities, where appropriate performance and the annual cost of living assessment.	Any increases are agreed with reference to external benchmarks and advice as required. No Executive Director has been released for Board duties at another trust for which they have received an additional payment.[5]
Payments over £150,000	Two Senior Managers	Remuneration Committee. NHSI opinion sought and considered where above £150k.[1] National Terms and Conditions – Consultants (England) 2003	When determining salary levels, an individual's role, and experience together with independently sourced data are considered. For medical staff National terms and conditions for consultants apply.	See table 1- Remuneration to March 2023.
Pension	All senior managers	Terms of membership as specified by the NHS Pension Scheme administered by the NHS Pensions Agency	Not Applicable	Existing Executive Directors are covered by the provisions of the NHS Pension Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions.
Clinical Excellence Award Scheme	Medical Director	Determined by Local and National Awards Committees in accordance with medical employment contracts; these are not awarded by Remuneration Committee	Awards are determined by the Local and National Awards Committees in accordance with an agreed scheme that recognises clinical excellence. Analysis of the scheme demonstrates a linkage to the Trust's strategic objectives including the leadership and delivery of clinical services, teaching, training and research.	Level 9 award is the maximum that can be awarded locally.
Diversity and inclusion	All senior managers	Remuneration Committee	Delivery of the NHS Workforce Race Equality Standard aspirational goals	WRES aspirational goals in TOR and reflected in the recruitment process.

Accompanying notes:

(1) The Remuneration Committee considered and agreed not to apply the 10% clawback to the Chief Executive appointment going forward.
(2) There have been no other additions or changes to the components of the remuneration package paid during 2022/23.
(3) There are no significant differences in 2022/23 between the remuneration policy for senior managers and the general policy for employees' remuneration.
(4) The remuneration policy for 2022/23 does not include provision for performance-related bonuses or other such schemes.
(5) There is provision for the recovery of performance sums paid to directors.

Non-executive director remuneration policy

Element	Purpose and link to strategy	Overview
Fees	To provide an inclusive flat rate fee that is competitive with those paid by other NHS organisations of equivalent size and complexity	The remuneration and expenses for the Trust Chairman and Non-Executive Directors are determined by the Council of Governors. The procedure for determining the remuneration was revised to bring it in line with the national guidance issued by NHS England 'Structure to align remuneration for chairs and non-executive directors of NHS trusts and NHS foundation trusts' in November 2019.
Appointment		The Council of Governors appoints the Non-Executive Directors. This is usually for an initial term of office of 3 years, with the opportunity to be reappointed subject to satisfactory performance and the Council of Governors' approval.

Terms of Office of members of the Board of Directors during 2022/23

		First Appointed	Re-appointed From	Expiry/End of Term of Office
John Wallwork	Chairman	1 Feb 2014	1 Feb 2017 31 Jan 2020 31 Jan 2021 31 Jan 2022 31 Jan 2023	31 Jan 2024
Jag Ahluwalia	Non-executive Director	1 Nov 2019	1 Nov 2022	31 Oct 2025
Alex Baldwin	Chief Operating Officer	12 Sept 2022	31 Mar 2023	Secondment
Michael Blastland	Non-executive Director	22 Mar 2019	1 April 2022	31 Mar 2025
Cynthia Conquest	Non-executive Director	1 Jan 2019	1 March 2021	29 Feb 2024
Amanda Fadero	Non-executive Director	1 Dec 2020	-	30 Nov 2023
Gavin Robert	Non-executive Director	1 Nov 2019	1 Nov 2022	31 Oct 2025
Ian Wilkinson	Non-executive Director	1 Jan 2020	1 Jan 2023	31 Dec 2025
Diane Leacock	Associate Non-executive Director	1 Dec 2020	1 June 2022	31 May 2025
Stephen Posey	Chief Executive	14 Nov 2016	Not Applicable	2 Sept 2022
Tim Glenn	Chief Commercial and Finance Officer	14 April 2020	Not Applicable	6 month notice period
Roger Hall	Medical Director	22 May 2015	Not Applicable	15 April 2022
Eilish Midlane	Chief Operating Officer/ Chief Executive	24 Apr 2017 1 Sep 2022	Not Applicable	6 month notice period
Oonagh Monkhouse	Director of Workforce and OD	1 Oct 2017	Not Applicable	6 month notice period
Maura Screaton	Chief Nurse	1 Aug 2021	Not Applicable	6 month notice period
Ian Smith	Medical Director	18 Apr 2022	Not Applicable	6 month notice period
Andrew Raynes (Advisory Non-Voting Member)	Chief Information Officer	01 April 2018	Not Applicable	6 month notice period

Attendance of Non-executive Directors at Executive Remuneration Committee Meetings

Name		26/05/22	28/07/22	29/09/22	24/11/22
John Wallwork	Chairman	✓	✓	✓	✓
Jag Ahluwalia	Non-executive Director	✓	×	×	✓
Michael Blastland	Non-executive Director	×	✓	✓	✓
Cynthia Conquest	Non-executive Director	✓	✓	✓	✓
Amanda Fadero	Non-Executive Director	✓	✓	✓	✓
Diane Leacock	Non-Executive Director	✓	×	✓	✓
Gavin Robert	Non-executive Director	✓	✓	✓	✓
Ian Wilkinson	Non-Executive Director	✓	×	✓	×

✓ Attended meeting × Apologies received Not a member

The Committee was advised by the Director of Workforce and OD

Attendance of Governors at Appointments Committee Meetings

Governor Members	Category	07/06/22	01/08/22	20/02/23
Richard Hodder (Chair and Lead Governor)	Public	✓	✓	✓
Trevor Collins	Public	✓	✓	✓
Abi Halstead	Public	×	✓	✓
Marlene Hotchkiss	Public	✓	✓	✓
Aman Coonar	Staff	✓	✓	×
Caroline Gerrard	Staff	✓		
Chris McCorquodale	Staff	✓	✓	✓

✓ Attended meeting × Apologies received Not a member

The Chairman, Trust Secretary and Director of Workforce and OD were in attendance at these meetings

NEDs also receive work mileage expenses. For values see Remuneration table.

Disclosures required by the Health and Social Care Act 2012
5 Directors received expenses for 2022/23 of £7,058 (2021/22: 4: £1,283). Expenses to the value of £7,058 (2021/22: £1,283) are a reimbursement of amounts directly incurred in the performance of an individual Director's duties. In the Remuneration Report tables on remuneration for Directors, note 2 states that benefits in kind will include any taxable benefit on mileage.

Two directors received a taxable benefit in relation to a lease car, £3,083 (2021/22: £630).

The Board consists of 15 Directors (including two non-voting Directors), in year there were a total of 17 (2021/22: 17) serving Directors, one of which was on secondment from West Suffolk Hospital. 5 (2021/22: 4) Directors received expenses.

Governors received expenses of £0 for 2022/23 of (2021/22: nil). Expenses are a reimbursement of amounts directly incurred in the performance of an individual Governor's duties.

At 31 March 2023 the Council consisted of 26 (2022: 25) Governors and due to changes in the year there were a total of 32 (2021/22: 33) serving Governors. 0 Governors received expenses (2021/22: 0).

Remuneration Report (Audited Information)

Remuneration received

The remuneration of the Board of Directors appointed or leaving during the year is included in respect of their period of membership only. The report includes two non-voting Directors (*) who have served in year in an advisory capacity to the Board.

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

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

Remuneration Report (Audited Information)

Table 1: Year ended 31 March 2023 (audited information):

Name and Title	Salary and Fees1 (bands of £5,000)	Taxable Benefits2 (total to the nearest £100)	All Pension-related Benefits (bands of £2,500)	Total (bands of £5,000)
	£'000	£	£'000	£'000
Prof. J Wallwork: Chairman	40 - 45	-	-	40 - 45
Dr J Ahluwalia: Non-executive Director	10 - 15	-	-	10 - 15
Mr M Blastland: Non-executive Director	10 - 15	-	-	10 - 15
Mrs C Conquest: Non-executive Director	10 - 15	-	-	10 - 15
Ms A Fadero: Non-executive Director	10 - 15	-	-	10 - 15
*Ms D Leacock: Non-executive Director	10 - 15	-	-	10 - 15
Mr G Robert: Non-executive Director	10 - 15	-	-	10 - 15
Prof I Wilkinson: Non-executive Director	10 - 15	-	-	10 - 15
Mrs E Midlane: Chief Operating Officer (to 31/08/22) and Chief Executive (from 01/09/22)	155 - 160	-	155 – 157.5	315 - 320
Mr S Posey: Chief Executive (to 02/09/22)[9]	75 - 80	1,600	27.5 - 30	105 - 110
Mr T Glenn: Chief Finance Officer	125 - 130	1,500	32.5 – 35	160 – 165
Dr R Hall: Medical Director (to 15/04/22) [6,7]	15 - 20	-	-	15 - 20
Dr I Smith: Medical Director (from 18/04/22)[11]	250 - 255	-	37.5 – 40	290 - 295
Mrs O Monkhouse: Director of Workforce and OD	120 - 125	-	30 – 32.5	150 - 155
Mrs M Screaton: Chief Nurse	120 - 125	-	65 – 67.5	185 - 190
*Mr A Raynes: (Advisory non-voting member)	120 - 125	-	35 – 37.5	155 - 160
Mr A Baldwin: Interim Chief Operating Officer (from 12/09/22 to 30/03/23)[12]	75 - 80	-	30 – 32.5	105 - 110

Remuneration received

The remuneration of the Board of Directors appointed or leaving during the year is included in respect of their period of membership only. The report includes two non-voting Directors (*) who have served in year in an advisory capacity to the Board. The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights. This value derived does not represent an amount that will be received by the individual. It is a calculation that is intended to provide an estimation of the benefit being a member of the pension scheme could provide. The pension benefit table provides further information on the pension benefits accruing to the individual.

Notes to Tables 1

1. Salary and other remuneration excludes the employer's pension contribution and is gross of pay charges to other NHS Trusts.
2. Taxable Benefits relate to a taxable benefit on lease cars and any taxable benefit on mileage.
3. No payments were made in respect of 'golden hellos', compensation for loss of office or for an annual/long term performance related bonus.
4. No compensation payments were made to past Executive or Non-executive Directors.
5. No Executive Director served as a Non-executive Director elsewhere.
6. Salary and Fees includes £5,726 relating to clinical duties and £1,508 relating to a Clinical Excellence Award.
7. R Hall took retirement benefits on the 16 April 2022.
8. No performance related remuneration was paid in 2022/23.
9. Includes a 10% non-consolidated/non pensionable element at risk of claw-back.
10. The pension-related benefit has been calculated using the information provided by NHS Pensions and the Greenbury guidance.
11. Salary and Fees are representative of the period in post and include £121,055 relating to clinical duties and £45,366 relating to a Clinical Excellence Award.
12. A Baldwin was on secondment. The salary and fees are the cost of recharge from West Suffolk Hospital.

Remuneration Report (Audited Information)

Table 2: Year ended 31 March 2022 (audited information):

Name and Title	Salary and Fees1 (bands of £5,000)	Taxable Benefits2 (total to the nearest £100)	All Pension-related Benefits (bands of £2,500)	Total (bands of £5,000)
	£'000	£	£'000	£'000
Prof. J Wallwork – Chairman	40 - 45	-	-	40 - 45
Dr J Ahluwalia – Non-executive Director	10 - 15	-	-	10 - 15
Mr M Blastland – Non-executive Director	10 - 15	-	-	10 - 15
Mrs C Conquest – Non-executive Director	10 - 15	-	-	10 - 15
Ms A Fadero – Non-executive Director	10 - 15	-	-	10 - 15
*Ms D Leacock – Non-executive Director	10 - 15	-	-	10 - 15
Mr G Robert – Non-executive Director	10 - 15	-	-	10 - 15
Prof I Wilkinson – Non-executive Director	10 - 15	-	-	10 - 15
Mr S Posey – Chief Executive[8]	180 - 185	300	25 – 27.5	205 - 210
Mr T Glenn – Chief Finance Officer	120 - 125	400	32.5 – 35	155 – 160
Dr R Hall – Medical Director[6]	190 - 195	-	37.5 – 40	225 – 230
Dr I Smith – Acting Medical Director (19th Aug to 7th Nov 2021)[10]	55 - 60	-	10 – 12.5	65 - 70
Mrs E Midlane – Chief Operating Officer	115 - 120	-	57.5 – 60	175 – 180
Mrs O Monkhouse – Director of Workforce and OD	110 - 115	-	52.5 - 55	165 – 170
Mrs J Rudman – Chief Nurse (1st Apr 2021 to 30th July 2021)	40 - 45	-	27.5 – 30	70 – 75
Mrs M Screaton – Chief Nurse (from 2nd Aug 2021)	75 - 80	-	50 – 52.5	125 – 130
*Mr A Raynes (Advisory non-voting member)	115 - 120	-	27.5 – 30	140 - 145

Remuneration received

The remuneration of the Board of Directors appointed or leaving during the year is included in respect of their period of membership only. The report includes two non-voting Directors (*) who have served in year in an advisory capacity to the Board. The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights. This value derived does not represent an amount that will be received by the individual. It is a calculation that is intended to provide an estimation of the benefit being a member of the pension scheme could provide.

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

Notes to Tables 2

1. Salary and other remuneration excludes the employer's pension contribution and is gross of pay charges to other NHS Trusts.
2. Taxable Benefits relate to a taxable benefit on lease cars and any taxable benefit on mileage.
3. No payments were made in respect of 'golden hellos', compensation for loss of office or for an annual/long term performance related bonus.
4. No compensation payments were made to past Executive or Non-executive Directors.
5. No Executive Director served as a Non-executive Director elsewhere.
6. Salary and Fees includes £40,838 relating to clinical duties and £36,192 relating to a Clinical Excellence Award.
7. No performance related remuneration was paid in 2021/22.
8. Includes a 10% non-consolidated/non pensionable element at risk of claw-back.
9. The pension-related benefit has been calculated using the information provided by NHS Pensions and the Greenbury guidance.
10. Acted up in the absence of the Medical Director. Salary and Fees are representative of the period of acting up and include £17,499 relating to clinical duties and £10,559 relating to a Clinical Excellence Award.

Table 3: Pension Entitlements of Senior Managers 31 March 2023 (audited information):

Name and Title	Real Increase in Pension at pension age (bands of £2,500) £'000	Real Increase in Pension Lump Sum at pension age (bands of £2,500) £'000	Total Accrued Pension at pension age at 31 March 2023 (bands of £5,000) £'000	Lump Sum at pension age Related to Accrued Pension at 31 March 2023 (bands of £5,000) £'000	Cash Equivalent Transfer Value at 1 April 2022 £'000	Real increase in Cash Equivalent Transfer Value £'000	Cash Equivalent Transfer Value at 31 March 2023 £'000
Mr S Posey: Chief Executive[13]	0 – 2.5	0 – 2.5	50 - 55	105 - 110	762	26	856
Mr T Glenn: Chief Finance & Commercial Officer	2.5 - 5	-	25 - 30	-	250	12	287
Dr R Hall: Medical Director[11, 8]	-	2.5 - 5	35 - 40	240 - 245	-	-	-
Dr I Smith: Medical Director[12, 8]	2.5 - 5	0 – 2.5	75 - 80	220 - 225	-	-	-
Mrs E Midlane: Chief Operating Officer and Chief Executive[10]	7.5 - 10	7.5 - 10	55 - 60	120 - 125	988	150	1179
Mrs O Monkhouse: Director of Workforce and OD	0 – 2.5	-	45 - 50	85 - 90	855	37	926
Mr A Baldwin: Interim Chief Operating Officer[9]	0 – 2.5	0 – 2.5	25 - 30	35 - 40	282	18	337
Mrs M Screaton: Chief Nurse & IPC Director	2.5 - 5	7.5 - 10	40 - 45	125 - 130	864	81	980
Mr A Raynes: (Advisory non-voting member)	2.5 - 5	-	20 – 25	15 - 20	302	22	350

1 Non-executive Directors do not receive pensionable remuneration therefore there are no entries in respect of pensions for Non-executive Directors.
2 Information contained within this note is based on figures provided by the NHS Pension Agency. The Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accumulated by a member at a particular point in time.
3 The benefits valued are the members' accumulated benefits and any contingent spouse's pension payable from the scheme. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries;
4 The current inflation rate applied to pensions by the NHS Pension Agency is 3.1%.
5 In calculating the actuarial value of the CETV as at 31 March 2023 the NHS Pensions Agency has used factors which include the indexation of pension benefits in line with the Consumer Price Index (CPI) and not the Retail Price Index (RPI). This follows the Government announcement in July 2010 that pension benefits from 2011 will be indexed in line with CPI and not RPI. The change in inflation assumption led to a decrease in the CETV value as at 31 March 2011 compared with the CETV as at 31 March 2010. CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023 to 24 CETV figures.
6 The factors used to calculate a CETV increased on 29 October 2018. This has affected the calculation of the real increase in CETV. CETVs are calculated in accordance with SI 2008 No 1050 Occupational Pension Schemes (Transfer Values) Regulations 20083 Revised guidance was issued by HM Treasury on 26 October 2011 regarding the calculation of CETVs in public service pension schemes. Based on this guidance the NHS Pensions Agency, with effect from 8 December 2011, has used revised and updated actuarial factors produced by GAD when calculating CETVs within the NHS Pension Scheme.
7 There are no employers' contributions to stakeholder pensions.
8 The CETV for R Hall and I Smith is zero because members are over 60.
9 A Baldwin was in post as Interim COO from 12th September 2022 to 31st March 2023.
10 The start date for E Midlane as CEO was 1st September 2022.
11 The leaver date for R Hall was 15th April 2022.
12 The start date for Dr I Smith was 18th April 2022.
13 The leaver date for S Posey was 2nd September 2022.

Table 4: Pension Entitlements of Senior Managers 31 March 2022 (audited information):

Name and Title	Real Increase in Pension at pension age	Real Increase in Pension Lump Sum at pension age	Total Accrued Pension at pension age at 31 March 2022	Lump Sum at pension age Related to Accrued Pension at 31 March 2022	Cash Equivalent Transfer Value at 1 April 2021	Real increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2022
	(bands of £2,500)	(bands of £2,500)	(bands of £5,000)	(bands of £5,000)			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Mr S Posey: Chief Executive	0 – 2.5	0 – 2.5	45 - 50	95 - 100	716	25	762
Mr T Glenn: Chief Finance & Commercial Officer	2.5 - 5	-	20 - 25	-	220	12	250
Dr R Hall: Medical Director	2.5 - 5	7.5 - 10	45 - 50	135 - 140	-	-	-
Dr I Smith: Acting Medical Director	0 – 2.5	0 – 2.5	70 – 75	215 – 220	-	-	-
Mrs E Midlane: Chief Operating Officer	2.5 – 5	2.5 – 5	50 – 55	105 – 110	904	64	988
Mrs O Monkhouse: Director of Workforce and OD	2.5 – 5	2.5 - 5	40 – 45	85 – 90	779	57	855
Mrs J Rudman: Chief Nurse & IPC Director	0 – 2.5	2.5 - 5	50 – 55	115 – 120	863	20	967
Mrs M Screaton: Chief Nurse & IPC Director	0 – 2.5	5 – 7.5	35 – 40	115 – 120	759	58	864
Mr A Raynes: (Advisory non-voting member)	0 – 2.5	0 – 2.5	20 – 25	15 - 20	268	16	302

1 Non-executive Directors do not receive pensionable remuneration therefore there are no entries in respect of pensions for Non-executive Directors;
2 Information contained within this note is based on figures provided by the NHS Pension Agency. The Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accumulated by a member at a particular point in time;
3 The benefits valued are the members' accumulated benefits and any contingent spouse's pension payable from the scheme. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries;
4 The current inflation rate applied to pensions by the NHS Pension Agency is 0.5%;
5 In calculating the actuarial value of the CETV as at 31 March 2022 the NHS Pensions Agency has used factors which include the indexation of pension benefits in line with the Consumer Price Index (CPI) and not the Retail Price Index (RPI). This follows the Government announcement in July 2010 that pension benefits from 2011 will be indexed in line with CPI and not RPI. The change in inflation assumption led to a decrease in the CETV value as at 31 March 2011 compared with the CETV as at 31 March 2010.
6 The factors used to calculate a CETV increased on 29 October 2018. This has affected the calculation of the real increase in CETV. CETVs are calculated in accordance with SI 2008 No 1050 Occupational Pension Schemes (Transfer Values) Regulations 20083 Revised guidance was issued by HM Treasury on 26 October 2011 regarding the calculation of CETVs in public service pension schemes. Based on this guidance the NHS Pensions Agency, with effect from 8 December 2011, has used revised and updated actuarial factors produced by GAD when calculating CETVs within the NHS Pension Scheme.
7 There are no employers' contributions to stakeholder pensions.
8 The CETV for R Hall and I Smith is zero because members are over 60.
9 The start date for M Screaton was 2nd August 2021.
10 Dr I Smith was Acting Medical Director between 19th August 2021 to 7th November 2021.
11 The leave date for J Rudman was 30th July 2021

Fair Pay Multiple (audited information)

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

Pay ratio information table

2022-23	25th percentile	Median	75th percentile
All staff remuneration based on annualised, full-time equivalent remuneration of all staff (including temporary and agency staff)	28,660	39,378	50,846
Salary component of 'all staff' remuneration based on annualised, full-time equivalent remuneration of all staff (including temporary and agency staff)	28,623	39,313	50,846
All staff' remuneration based on annualised, full-time equivalent remuneration of all staff (including temporary and agency staff): Mid Point of band of highest paid director	9:1	7:1	5:1

2021-22	25th percentile	Median	75th percentile
All staff remuneration based on annualised, full-time equivalent remuneration of all staff (including temporary and agency staff)	23,560	32,960	45,839
Salary component of 'all staff' remuneration based on annualised, full-time equivalent remuneration of all staff (including temporary and agency staff)	23,543	32,932	45,839
All staff' remuneration based on annualised, full-time equivalent remuneration of all staff (including temporary and agency staff): Mid Point of band of highest paid director	11:1	8:1	5:1

Percentage change in remuneration of highest paid director

2022-23	% change from previous financial year in salary and allowances	% change from previous financial year in performance pay and bonuses
Highest paid director	2%	N/A*
All employees (excluding highest paid director)	12%	N/A*

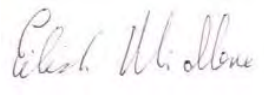
2021-22	% change from previous financial year in salary and allowances	% change from previous financial year in performance pay and bonuses
Highest paid director	32%	N/A*
All employees (excluding highest paid director)	13%	N/A*

The banded remuneration of the highest-paid director in the organisation in the financial year 2022/23 was £252,500 (2021/22, £247,500). This is a change between years of 2%. The highest-paid director salary relates the Medical Director who was appointed on the 18 April 2022. The incoming Medical Director established a more distributive model of working, with more extensive input from the Deputy and Associated Medical Directors planned to support this appointment, and so has retained a higher level of clinical programmed activities including a continued on-call commitment. He also has a continuing research contribution and a higher-level national award.

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

For employees of the NHS Foundation Trust as a whole, the range of remuneration in 2022/23 was from £12,035 to £289,428 (2021/22 £8,093 to £278,655). The percentage change in average employee remuneration (based on total for all employees on an annualised basis divided by full time equivalent number of employees) between years is 12% (2021/22 – 13%). 7 employees received remuneration in excess of the highest-paid director in 2022/23 (2021/22: 7).

Approved by the Board and signed by the Chief Executive



Eilish Midlane
Chief Executive
23 June 2023

2.3 Staff Report

Recruitment and Retention

One of the Trust's most significant challenges remains recruiting and retaining staff. There are local and national skills shortages, particularly in key groups such as registered nurses, operating department practitioners, echo physiologists and radiographers and the local recruitment market is extremely competitive. Sickness absence rates have not returned to normal levels post COVID -19. We have continued to experience staff absences due to Covid-19 and in addition the impact of the pandemic on staff wellbeing is still being experienced despite the support provided by the Trust. We continued to strengthen the wellbeing support for staff and introduced a number of financial support measures including subsidised car parking, bus travel and food in the restaurant.

The Trust's 2020 - 2025 Strategy sets out the following strategic workforce goal:

OFFER POSITIVE STAFF EXPERIENCE

We will seek to offer the best staff experience in the NHS, enabling staff to fulfil their potential by providing a working environment where they can feel valued for what they bring to the Trust, achieve a work life balance, and feel engaged in their work

Why is this goal relevant / important?

- Excellent and innovative patient care and outcomes can only be delivered by highly skilled, committed and caring staff
- Talent management, and developing and retaining our own talent, is essential to meet future skills requirements and providing rewarding careers for our staff
- We have an opportunity to be at the forefront of developing innovative roles and ways of working through co-operation with system and education providers, and with our partners on the campus
- Our position as a national and world centre for excellent and innovative cardiothoracic care can be a priceless asset in attracting the very best people; but it will only be effective if there is a foundation of good practice, strong culture and excellent support in place
- By sharing and collaborating with campus partners we can develop an increasingly attractive package for staff and enhance the experience of working here
- A strong, embedded culture of collective and compassionate leadership is the only way to develop and retain staff to deliver our world leading clinical services and outcomes
- A diverse and inclusive workforce means we better reflect our local and patient population and that we are accessing the widest pool of talent.

During 2022/23 we continued the implementation of our Compassionate and Collective Leadership Programme as we progress in our journey to building a high-quality care culture. Following the launch of our revised values and new behaviours framework in 2021 we developed a staff workshop which encourages individuals to reflect on how they role model and promote the values and behaviours and helps them develop practical skills in giving and receiving feedback. During 2022/23 all staff were expected to attend one of these workshops. We also revised the Corporate Induction Programme to incorporate the workshop into the programme. The

Compassionate and Collective Line Managers Development Programme was implemented with the goal of improving the skills and confidence of line managers to be compassionate and inclusive leaders. We also introduced a one-day line managers induction session for all staff moving into a line managers role. We continue to work with system partners, on a range of priorities for example, workforce planning, implementation of the Regional Anti-Racism Strategy and leadership development.

In January 2023, in recognition of the importance of the workforce agenda and to ensure there was sufficient committee time to consider the strategic interdependencies, we introduced a Workforce Committee. This sub-committee of the Trust Board will oversee the implementation of the Workforce Strategy.

Staff Engagement, Consultation and Involvement

Our Staff Networks continued to develop and we increased capacity in the EDI team to provide additional support for them in achieving the goals they set. They provide an important mechanism for hearing the experiences of staff and understanding how we can improve the working experience. The Health and Wellbeing Collaborative has been pivotal in bringing together staff from across the organisation that have an interest in this area to be involved and engaged with how we support staff. The weekly Staff Briefing and electronic updates continue to be an important vehicle for communicating with line managers and staff with consistently high number of managers and staff taking the time to join these or to listen to the recording at a later date. The Chief Nursing Officer “Message of the Week” is a vehicle for communicating key information to clinical staff, particularly ward based staff.

The Joint Staff Council (JSC) provides the formal management/staff interface for staff, via the recognised Trade Unions and Professional Organisations, enabling consultation on employment policies and procedures and discussion about the implications of organisational change. The JSC meetings include Staff Governors, and this provides a means to ensure that the voice of all staff is heard, not just those who are members of a Trade Union.

Our Freedom to Speak up Champions who work with the Trust Freedom to Speak up Guardian (FTSUG) provide an important route for staff to raise concerns and queries and we have further grown the numbers of staff undertaking this important role. There is a quarterly report from the FTSUG to the Trust Board and there is a staff story bimonthly at the private Board both of which ensure that the Board receive feedback and insights on the experience of staff.

Valuing Staff/Celebrating Success

Demonstrating that the contribution of staff is recognised and valued is an important element of staff engagement. In October 2022 we held our annual long service awards ceremony to recognise and thank staff with long service. In December 2022 we held our postponed Royal Papworth Staff Awards Scheme. This was a lovely event that focused on celebrating staff and teams who have been exemplars of the staff values and behaviours. Throughout the year, with the support of the Royal Papworth Charity, we held a number of events to say thank you to staff.

We use our weekly and monthly newsletters and our social media platforms to celebrate the achievement of individual staff and teams. The Trust Board and Committees receive information on the number of compliments received on a monthly basis.

The Trust's Laudit (formerly Laudix) system continued to grow in popularity as a way for staff and managers to say thank you to each other and to recognise good practice and staff going above and beyond. In 2022/23 we launched the Laudit App to improve its functionality and ease of use. This will also help us spread use of this system to other organisations across the NHS and beyond.

Staff Survey

Staff engagement continues to be an important issue for the Trust given the evidence based link with safe and high quality patient care. In addition to the annual national staff survey we undertake quarterly staff surveys. These surveys help the Trust measure staff engagement and develop plans to address key themes.

In October and November 2022 we carried out the annual staff survey which all NHS organisations are required to undertake. The response rate from the Trust staff was 61%, which whilst a reduction from 2021 was significantly above the average response rate of 52% for our peer group and national average response rate of 46%.

Our results are benchmarked against a peer group of 13 other acute specialist organisations. Data are weighted to allow for comparisons between organisations. The very different impact of COVID-19 on our hospital, as a consequence of the services we provide, continued to be seen in our staff results with the number of staff redeployed as a result of COVID-19 much higher for us than our peers. This inevitably has an impact on staff experience and sense of wellbeing. It is helpful therefore to also look at the overall national scores and trends.

The questions are themed to align them to the People Promise which is made up of seven elements:

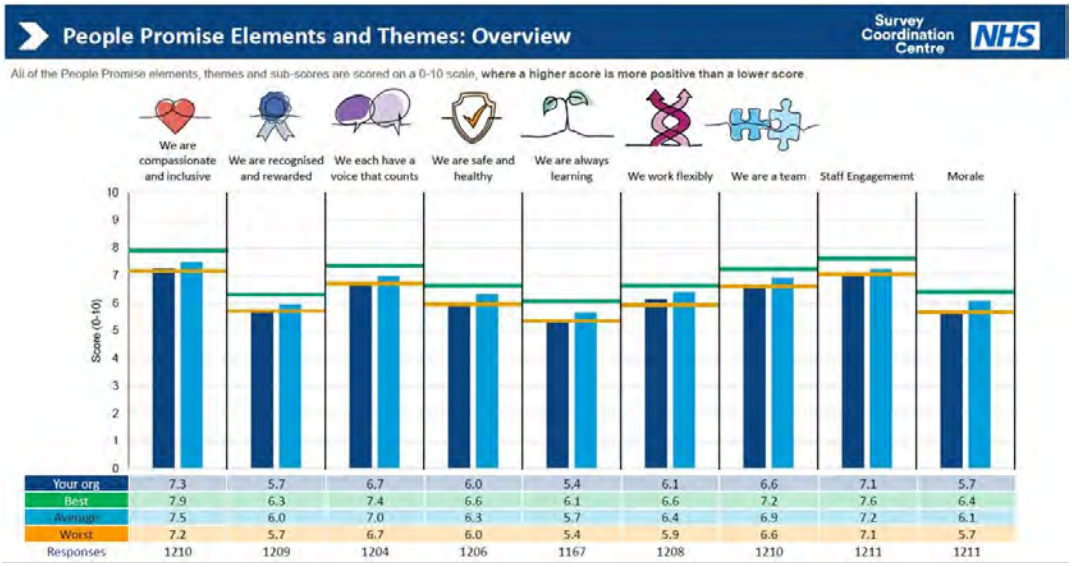
- We are compassionate and inclusive
- We are recognised and rewarded
- We each a voice that counts
- We are safe and healthy
- We are always learning
- We work flexibly
- We are a team

There are two further themes which have been reported in previous years:

- Staff Engagement
- Morale

All themes are scored on a scale that ranges from 0 (worst) to 10 (best).

The chart below provides and overview of our results benchmarked against our peer group:



Our recommender scores as a place to work and as a place to be treated reduced to 60.6% and 85.7% respectively. The average scores for these questions for our peer group was 68.6% and 86.5% respectively, and nationally 57.4% and 62.9% respectively.

Three key themes were identifiable in our survey results:

I. High levels of exhaustion and burnout. This is seen across the NHS, but particularly here at RPH compared to our specialist Trust peers, possibly because the pandemic (being a respiratory virus) continued to have a much greater impact on us in terms of staff redeployment.

II. Impact of staffing gaps. The high vacancy rates throughout 2022/23 had and continues to have a large impact on how people are experiencing work both in terms of feeling overworked but also that they are not able to provide the level of care/service they want to.

III. Bullying and discrimination. The continuing high levels of staff reporting bullying and discrimination, from colleagues and line managers was particularly concerning. The results indicate a decrease in kindness, understanding and politeness, which is disheartening to see.

We know that our inpatient positive experience is 99% and outpatients 97%, we receive a huge number of patient compliments and positive comments each week, but the experience of work that staff are feeding back in this survey is extremely concerning.

Future priorities and targets

We have shared the survey results with Divisions/Directorates and with staff through our normal communication channels. They are also shared and discussed with Staff Networks. They inform the work of the Compassionate and Collective Leadership Programme and the Resourcing and Retention Improvement Programme.

The results reinforce the importance of initiatives such as our Reciprocal Mentoring Programme, Cultural Ambassadors, the Compassionate and Collective Line Managers Programme and the Values and Behaviour Workshops all of which we progressed during 2022/23.

At the end of 2022/23 we finalised a revised Workforce Strategy which clarifies the following priorities for the next two years:

1. Compassionate and collective culture – creating a positive, engaging working environment, developing skilled and compassionate leaders and keeping colleagues safe, healthy and well
2. Belonging and inclusion for all - ensuring we are an organisation where everyone is welcome, everyone is respected, everyone can grow and everyone feels their voices are heard.
3. Developing the Workforce - helping people to realise their true potential for the benefits of our patients, protecting us from national skill shortages and helping us be more effective and efficient than ever before
4. Growing the Workforce - being a place where people want to work, where they can develop and expand their roles and careers, developing new innovative roles
5. Efficient and effective workforce processes – ensuring that guidance and support for colleagues and line managers is accessible and high quality, and that our policies, processes and practices align with our values and the principles of a just culture.
6. Working with partners – collaborating and learning from partner organisations both in our system but also regionally and nationally.

Disability Information

We are recognised by the Government's Department for Work and Pensions as a 'Disability Confident' employer. The 'Disability Confident' scheme aims to help employers make the most of the opportunities provided by employing disabled people.

For staff who become disabled whilst in work, either temporarily or permanently, we have proactive, supportive policies and procedures in place to enable their skills and experience to be retained within the Trust. These include the use of external organisations to undertake detailed workplace assessments and, where appropriate, to advise on specialist equipment to facilitate adjustments to working practices.

The number of staff who reported themselves as having a disability at the end of 2022/23 was 89, 4.2%of the workforce. Further information in connection with Equality and Diversity can be found in the Equality and Diversity section of the Annual Report.

The Disability and Difference Network support the Trust with developing and implementing the Workforce Disability Equality System (WDES) action plan.

Occupational Health Services

Royal Papworth Hospital's Occupational Health Service is delivered by Cambridge Health at Work (CHaW). CHaW are SEQOHS (Safe Effective Quality Occupational Health Service) accredited. They provide a full range of occupational health services to staff and are integral to the pro-active management of sickness absence and in the promotion of health and well-being initiatives.

The Trust provides a flu and Covid-19 vaccination programme for staff. In 2022/23 60% of front-line staff received flu vaccinations and 57% received a covid booster vaccination, which was a deterioration from the previous year. This reduction in uptake was experienced across the NHS and we remained one of the best

performing in the region. Vaccination remains an important patient and staff safety measure. It was supported with a proactive communication campaign with a particular focus on providing information and reassurance to staff who had concerns about vaccination

Employee Assistance Programme

Managers have an important role to play in ensuring our staff feel supported and valued in the workplace. By taking a proactive approach, managers help to ensure that staff have access to advice and support through occupational health at the earliest opportunity. The Trust's Management of Sickness Absence Procedure requires managers to refer all cases of anxiety, stress, and depression to Occupational Health to ensure early intervention: evidence suggests that early intervention is important for preventing acute situations becoming chronic.

We provide access for all staff to an Employee Assistance Programme provided by Health Assurance. This provides staff and their families with access to support and advice on a wide range of subjects such as mental health and finances. In addition, our staff continue to utilise the services of other support agencies which are freely available through signposting and recommendation from Occupational Health.

COVID-19 had a very significant impact on the health and wellbeing of staff and the impact of this continued to be felt in 2022/23. We continued to give staff access to a number of support services which are in addition to a wide range of services being provided at a national, regional and system level. Our Mental Health and Wellbeing Practitioner provides first line counselling for staff and co-ordinates a range of other services available to staff. We have a proactive network of staff trained as Mental Health First Aiders who support managers and staff in signposting staff to the most appropriate help for them.

Breakdown at the year end of the number of male and female Directors, other senior managers and employees

We remain committed to having a diverse Board in terms of gender as well as diversity of experience, skills, knowledge, and background. There were 15 members of the Trust Board at the end of March 2023, of whom nine were male and six were female.

	Female	Male	Total
Directors (includes Non-executive Directors)	6	9	15
Senior Managers (as per occupation codes)	16	6	22
Other Employees	1520	562	2082
Total	1542	577	2119

Notes:
1. National occupation code used to define senior managers (non-clinical).
2. Non-executive Directors are included in totals but are not defined as employees.
3. Executive Directors includes one non-voting Board member.
4. Non-Executive Directors includes one non-voting Board member.

Sickness absence rate of staff

It is a Treasury FReM requirement that all public bodies report their sickness absence rate. This must be reported for the calendar year to allow reconciliation with already published data.

Figures Converted by DH to Best Estimates of Required Data Items		**Statistics Produced by NHS Digital from ESR Data Warehouse**		
Average FTE 2022	**Adjusted FTE days lost to Cabinet Office definitions**	**FTE - Days Available**	**FTE - Days Lost to Sickness Absence**	**Average Sick Days per FTE**
1940	22,500	707960	36,500	11.6

Source: NHS Digital - Sickness Absence and Workforce Publications - based on data from the ESR Data Warehouse
Period covered: January to December 2022
FTE = Full Time Equivalent

2022/23 absence information can be found on line at: https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates

Maintaining low levels of absence and supporting the health of staff remains a key priority for the Trust. The Trust continues to work towards improving the health and wellbeing of our staff, reducing sickness absence levels and improving line manager capability, together with delivering improved patient care and outcomes

Staff Turnover

Information on staff turnover can be found at: https://digital.nhs.uk/data-and-information/publications/statistical/nhs-workforce-statistics

Expenditure on consultancy

The expenditure on consultancy in 2022/23 was £93k (£738k 2021/22). During 2022/23 the Trust engaged Consultants to undertake work on a number of projects

including: PFI matters including technical advice and independent reviews; team development programmes and the recruitment process for the CEO.

Staff Exit Packages (audited information)

Foundation trusts are required to disclose summary information of their use of exit packages agreed in the year, as required by the *FReM* (paragraph 5.3.27(h)). There were 2 (2021/22: 1) exit packages agreed in 2022/23.

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000			
£10,00 – £25,000	1		1
£25,001 – £50,000	1		1
£50,001 – £100,000			
£100,000 – £150,000			
£150,001 – £200,000			
>£200,001			
Total number of exit packages by type			
Total resource cost	2 (2021/22 0)	0 (2021/22 £80k)	£54k (2021/22 £80k)

Exit packages: non-compulsory departure payments

	Agreements Number	**Total Value of Agreements £000**
Voluntary redundancies including early retirement contractual costs		
Mutually agreed resignations (MARS) contractual costs		
Early retirements in the efficiency of the service contractual costs		
Contractual payments in lieu of notice		
Exit payments following Employment Tribunals or court orders		
Non-contractual payments requiring HMT approval		
Total		
Of which: non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months of their annual salary		

Reporting high paid off-payroll arrangements

Table 1: Highly-paid off-payroll worker engagements as at 31 March 2023 earning £245 per day or greater

No. of existing engagements as of 31 March 2022	0
Of which...	0
No. that have existed for less than one year at time of reporting.	0
No. that have existed for between one and two years at time of reporting.	0
No. that have existed for between two and three years at time of reporting.	0
No. that have existed for between three and four years at time of reporting.	0
No. that have existed for four or more years at time of reporting.	0

The Trust engaged with all off payroll contractors in light of the new IR35 arrangements to ensure an assessment of their role was undertaken and if necessary, arrangements for deducting tax and NI put in place from 6 April 2017.

Table 2: All highly-paid off-payroll workers engaged at any point during the year ended 31 March 2023 earning £245 per day or greater

Number of off-payroll workers engaged during the year ended 31 March 2023 Of which:	0
Not subject to off-payroll legislation *	0
Subject to off-payroll legislation and determined as in-scope of IR35 *	0
Subject to off-payroll legislation and determined as out-of-scope of IR35 *	0
Number of engagements reassessed for compliance or assurance purposes during the year	0
Of which: number of engagements that saw a change to IR35 status following review	0

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

Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0 (2021/22: 0)
Number of individuals that have been deemed "board members and/or senior officials with significant financial responsibility" during the financial year. This figure must include both off-payroll and on-payroll engagements.	15

Table 4: Staff costs

	Group			
			2022/23	2021/22
	Permanent	Other	Total	Total
	£000	£000	£000	£000
Salaries and wages	**96,511**	**3,345**	**99,856**	**92,677**
Social security costs	**10,605**	**0**	**10,605**	**9,798**
Employer's contributions to NHS pensions and other	**10,438**		**10,438**	**10,179**
Employer's contributions to NHS pensions paid by NHSE	**4,563**	**0**	**4,563**	**4,489**
Apprenticeship levy	**612**	**0**	**612**	**442**
Termination Benefit	**54**		**54**	**0**
Agency/contract staff	**0**	**2,303**	**2,303**	**1,850**
Total gross staff costs	**122,783**	**5,648**	**128,431**	**119,435**
Recoveries in respect of seconded staff	**0**	**0**	**0**	**0**
Total staff costs	**122,783**	**5,648**	**128,431**	**119,435**
Of which Costs capitalised as part of assets	**0**	**0**	**0**	**0**

Table 5: Average number of employees (WTE basis – audited information)

	Group					
	Permanent Number	**Other Number**	**2022/23 Total Number**	**Permanent Number**	**Other Number**	**2021/22 Total Number**
Medical and dental	250	14	**264**	244	15	**259**
Ambulance staff			**0**			**0**
Administration and estates	412	25	**437**	428	19	**447**
Healthcare assistants and other support staff	371	25	**396**	380	20	**400**
Nursing, midwifery and health visiting staff	654	23	**677**	702		**702**
Nursing, midwifery and health visiting learners					14	**14**
Scientific, therapeutic and technical staff	175	9	**184**	111	3	**114**
Healthcare science staff	75	6	**81**	76	2	**78**
Social care staff			**0**			**0**
Other	0		**0**	0		**0**
Total average numbers	**1,937**	**102**	**2,039**	**1,941**	**73**	**2,014**
Of which:						
Number of employees (WTE) engaged on capital projects			**0**			**0**

2.4 Disclosures required under the NHS Foundation Trust Code of Governance

NHS Foundation Trust Code of Governance
The NHS Foundation Trust Code of Governance (the Code of Governance) was first published in 2006 and was most recently updated in July 2014. The new Code of Governance for NHS provider trusts is applicable from 1 April 2023.

Directors
The Board of Directors is responsible for ensuring proper standards of corporate governance are maintained. The Board, since January 2008, is made up of the Chairman, six Executive Directors and six independent Non-executive Directors (NEDS) and is collectively responsible for the success of the Trust. The Board of Directors considers all of the current Non-executive Directors (NEDs), including the Chairman, to be independent. All appointments to the Board are the result of open competition.

Details of the composition of the Board and the experience of the Directors are contained within the Board of Directors section of the Annual Report which also includes information about the standing Committees of the Board, the membership of those Committees, and attendance.

The Board considers strategic issues. The Board meets regularly and has a formal schedule of matters specifically reserved for its decision. The Board delegates other matters to the Executive Directors and other senior management. The Board had eleven formal meetings in 2022/23. The Chairman of the Trust is Chairman of the Board of Directors and Council of Governors and leads both groups on strategy and monitoring. The Chief Executive has responsibility for the implementation of strategy and the day-to-day operations of the Trust.

The Directors are given accurate, timely and clear information so that they can maintain full and effective control over strategic, financial, operational, compliance and governance issues. The Directors have a range of skills and experience, and each brings independent judgement and knowledge to the Board's discussions and determinations.

The Trust has arranged appropriate insurance cover in respect of legal proceedings and other claims against its Directors. Independent professional advice is available as required to the Board or its standing committees.

Board Independence
The Board considers that the Chairman satisfied the independence criteria of the Code on his appointment. The Interview Panel and Appointments Committee of the Council of Governors had noted that whilst Professor Wallwork had continued to be associated with the hospital the conclusion was this enhanced the strategic vision of the hospital in terms of the relocation to the Cambridge Biomedical Campus and strengthened the alliance with the University of Cambridge to build a joint heart and lung research institute (HLRI) adjacent to the new Royal Papworth Hospital. Together with his other interests external to the Trust, the panel had concluded that he was sufficiently removed from the day-to-day operational activity of the hospital to enable him to remain independent.

All the Non-executive Directors who have served during the year are considered to be independent according to the principles of the Code. During 2009, the Trust became a partner in one of the first Academic Health Science Centres designated by the Department of Health. The Chairman and Chief Executive are members of the Board of this separate legal entity as part of their Royal Papworth roles. The Board of Directors does not consider this to affect the independence of these Directors.

Independence is kept under review and is based on whether each Director is independent in character, judgement and behaviour. Also considered are factors such as participation and performance on both the Board and Board Committees. Non-executive Directors (NEDs), including the Chairman, are not NHS employees and do not contribute to the NHS pension scheme in their NED role. Non-executive Directors have confirmed their willingness to provide the necessary time for their duties. The Chairman and NED terms of office are subject to approval by the Council of Governors. The Board is satisfied that no individual or group has unfettered powers or unequal access to information. The Board has received confirmation from all Directors that no conflicts of interest exist with their duties as Directors.

The Chairman holds meetings with the Non-executive Directors without the Executive Directors being present. The Senior Independent Director (SID) also holds meetings with the other Non-executive Directors without the Chairman being present.

Policy for Raising Matters of Concern
Arrangements have been put in place by which the Trust's employees may in confidence raise matters of concern. These arrangements are covered in the Trust's "Freedom To Speak Up: Raising Concerns policy" commonly known as a "Whistle-blowing Policy".

Governors
The general duties of the Council of Governors are:

- to hold the Non-executive Directors individually and collectively to account for the performance of the Board of Directors; and
- to represent the interests of the Trust's members as a whole and the interests of the public.

Since April 2013, the Council of Governors consists of 18 elected public members, seven elected staff members and four appointed stakeholder representatives. The Council of Governors meets formally four times a year and has a nominated Lead Governor. Details of the composition of the Council of Governors and attendance at meetings are contained within the Council of Governors section of the Annual Report.

Board Performance Evaluation
The process for Board members appraisal is that the appraisal of NEDs is carried out by the Trust Chairman for report to the Appointments (NED Nomination and Remuneration) Committee of the Council of Governors. The appraisal of the Chairman is co-ordinated by the Senior Independent Director following the Framework for conducting annual appraisals of NHS provider chairs and the Provider Chair Competency Framework. This uses input from the Lead Governor and the Chief Executive along with input through a multisource review process. The Lead Governor is also the Chair of the Appointments Committee of the Council of Governors. Board meetings are open to the public and Governor attendance is encouraged.

During 2021/22 the Trust undertook a developmental review to assess the leadership and governance of the Trust as described in the well-led framework published by NHS England. An action plan was developed to address the recommendations from the review, and this has been monitored by the Board during 2022/23. This review was undertaken by Arden & Gem CSU. Arden & Gem CSU have no other connection with the Trust.

Compliance Statement

Royal Papworth Hospital NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis. The NHS Foundation Trust Code of Governance, revised in July 2014, was based on the principles of the UK Corporate Governance Code issued in 2012.

The Board of Directors considers that it complies with the main and supporting principles of the Code of Governance. This includes the issue of whether or not all of the NEDs are independent in accordance with code provision B.1.1. In relation to the more detailed provisions of the Code of Governance, the Trust is compliant with the provisions, with the following exceptions:

D.2.2 The Chief Executive has determined that the definition of "senior management" for the purposes of the Remuneration Report should be limited to Board members only.

D.2.3 Recommendations made to the Council of Governors on remuneration levels of the Chairman and other Non-executive Directors. The remuneration and expenses for the Trust Chairman and Non-Executive Directors are determined by the Council of Governors. The procedure for determining the remuneration was revised to bring it in line with the national guidance issued by NHS England 'Structure to align remuneration for chairs and non-executive directors of NHS trusts and NHS foundation trusts' in November 2019.

The following provisions require a supporting explanation, even in the case that the NHS Foundation Trust is compliant with the provision. Where the information is already contained within the Annual Report, a reference to its location is provided to avoid unnecessary duplication.

Table of supporting explanation for required disclosures

Code of Governance **reference**	**Summary of requirement**	**Disclosure**
A.1.1	The schedule of matters reserved for the board of directors should include a clear statement detailing the roles and responsibilities of the council of governors. This statement should also describe how any disagreements between the council of governors and the board of directors will be resolved. The annual report should include this schedule of matters or a summary statement of how the board of directors and the council of governors operate, including a summary of the types of decisions to be taken by each of the boards and which are delegated to the executive management of the board of directors.	The schedule contains a statement on separate roles. The Council of Governors and Board of Directors have an agreed interaction process that describes how disagreements would be resolved.
A.1.2	The annual report should identify the chairperson, the deputy chairperson (where there is one), the chief executive, the senior independent director (see A.4.1) and the chairperson	See Directors' Report.

	and members of the nominations, audit and remuneration committees. It should also set out the number of meetings of the board and those committees and individual attendance by directors.	
A.5.3	The annual report should identify the members of the council of governors, including a description of the constituency or organisation that they represent, whether they were elected or appointed, and the duration of their appointments. The annual report should also identify the nominated lead governor.	See Council of Governors section.
Additional requirement of FT ARM	The annual report should include a statement about the number of meetings of the council of governors and individual attendance by governors and directors.	See Council of Governors section.
B.1.1	The board of directors should identify in the annual report each non-executive director it considers to be independent, with reasons where necessary.	See earlier in this section.
B.1.4	The board of directors should include in its annual report a description of each director's skills, expertise and experience. Alongside this, in the annual report, the board should make a clear statement about its own balance, completeness and appropriateness to the requirements of the NHS foundation trust.	See Board of Directors section.
Additional requirement of FT ARM	The annual report should include a brief description of the length of appointments of the non-executive directors, and how they may be terminated.	See Remuneration Report section.
B.2.10	A separate section of the annual report should describe the work of the nominations committee(s), including the process it has used in relation to board appointments.	See Remuneration Report section.
Additional requirement of FT ARM	The disclosure in the annual report on the work of the nominations committee should include an explanation if neither an external search consultancy nor open advertising has been used in the appointment of a chair or non-executive director.	Open advertisement for Chairman and Non-executive Directors. (UoC Appointment has an agreed process of nomination)
B.3.1	A chairperson's other significant commitments should be disclosed to the council of governors before appointment and included in the annual report. Changes to such commitments should be reported to the council of governors as they arise and included in the next annual report.	See earlier in this section.
B.5.6	Governors should canvass the opinion of the trust's members and the public, and for appointed governors the body they represent, on the NHS foundation trust's forward plan, including its objectives, priorities and strategy, and their views should be communicated to the board of directors.	See Governors and Foundation Trust sections and latest information on Royal Papworth Hospital on our website
Additional requirement of FT ARM	If, during the financial year, the Governors have exercised their power under paragraph 10C of schedule 7 of the NHS Act 2006, then information on this must be included in the annual report. * Power to require one or more of the directors to attend a governors' meeting for the purpose of obtaining information about the foundation trust's performance of its functions or the directors' performance of their duties (and deciding whether to propose a vote on the foundation trust's or directors' performance). ** As inserted by section 151 (6) of the Health and Social Care Act 2012) "	Governors have not exercised this power.
B.6.1	The board of directors should state in the annual report how performance evaluation of the board, its committees, and its directors, including the chairperson, has been conducted.	See Remuneration Report section.

B.6.2	Where there has been external evaluation of the board, the external facilitator should be identified in the annual report and a statement made as to whether they have any other connection to the trust.	External review 2021/22. See earlier in this section.
C.1.1	The directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they consider the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the NHS foundation trust's performance, business model and strategy. Directors should also explain their approach to quality governance in the Annual Governance Statement (within the annual report).	See Director's Report See Annual Governance Statement.
C.2.1	The annual report should contain a statement that the board has conducted a review of the effectiveness of its system of internal controls.	See Audit Committee section and Annual Governance Statement.
C.2.2	A trust should disclose in the annual report: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	See Audit Committee section.
C.3.5	If the council of governors does not accept the audit committee's recommendation on the appointment, reappointment or removal of an external auditor, the board of directors should include in the annual report a statement from the audit committee explaining the recommendation and should set out reasons why the council of governors has taken a different position.	The Council of Governors accepted a recommendation to appoint External Auditors for three years from 1 January 2022.
C.3.9	A separate section of the annual report should describe the work of the audit committee in discharging its responsibilities. The report should include: • the significant issues that the committee considered in relation to financial statements, operations and compliance, and how these issues were addressed; • an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or re-appointment of the external auditor, the value of external audit services and information on the length of tenure of the current audit firm and when a tender was last conducted; and • if the external auditor provides non-audit services, the value of the non-audit services provided and an explanation of how auditor objectivity and independence are safeguarded.	See Audit Committee section
D.1.3	Where an NHS foundation trust releases an executive director, for example to serve as a non-executive director elsewhere, the remuneration disclosures of the annual report should include a statement of whether or not the director will retain such earnings.	No Director was released in 2022/23.
E.1.5	The board of directors should state in the annual report the steps they have taken to ensure that the members of the board, and in particular the non-executive directors, develop an understanding of the views of governors and members about the NHS foundation trust, for example through attendance at meetings of the council of governors, direct face-to-face	See Council of Governor section.

	contact, surveys of members' opinions and consultations.	
E.1.4	Contact procedures for members who wish to communicate with governors and/or directors should be made clearly available to members on the NHS foundation trust's website and in the annual report.	See Board of Director section and Council of Governors section
E.1.6	The board of directors should monitor how representative the NHS foundation trust's membership is and the level and effectiveness of member engagement and report on this in the annual report.	See Foundation Trust Membership section.
Additional requirement of FT ARM	The annual report should include: • a brief description of the eligibility requirements for joining different membership constituencies, including the boundaries for public membership; • information on the number of members and the number of members in each constituency; and • a summary of the membership strategy, an assessment of the membership and a description of any steps taken during the year to ensure a representative membership [see also E.1.6 above], including progress towards any recruitment targets for members.	See Foundation Trust Membership section.
Additional requirement of FT ARM	The annual report should disclose details of company directorships or other material interests in companies held by governors and/or directors where those companies or related parties are likely to do business, or are possibly seeking to do business, with the NHS foundation trust. As each NHS foundation trust must have registers of governors' and directors' interests which are available to the public, an alternative disclosure is for the annual report to simply state how members of the public can gain access to the registers instead of listing all the interests in the annual report.'	There is a standing item on all agendas for the Board of Directors and Council of Governors and their Committees. The register is held by the Trust Secretary.

2.5 NHS Oversight Framework

NHS Oversight Framework

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

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

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

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

Segmentation

NHS England has allocated Royal Papworth Hospital NHS Foundation Trust to Segment 1: Consistently high performing across the five national oversight themes and playing an active leadership role in supporting and driving key local place based and overall ICB priorities. *No specific support needs identified.*

The Cambridgeshire & Peterborough ICB segmentation improved in this year moving from Segment 4 to Segment 3: Significant support needs against one or more of the six oversight themes. Significant gaps in the capability and capacity required to deliver on the statutory and wider responsibilities of an ICB.

This segmentation information is the trust's position as of 13 April 2023. Current segmentation information for NHS trusts and foundation trusts is published on the NHS England website: https://www.england.nhs.uk/publication/nhs-system-oversight-framework-segmentation

Information relating to the CQC Enforcement Action re: Ionising Radiation (Medical Exposure) Regulations 2017 ('IR(ME)R')is set out on p.23 of this Annual Report.

2.6 Board of Directors

The Board of Directors

The Board's responsibilities are as follows:

- setting the overall strategic direction of the Trust, within the context of NHS priorities and taking into account views of the Council of Governors and other key stakeholders;
- to set strategic objectives;
- to provide high quality, effective and patient focused healthcare services required under its contracts with commissioners and other organisations;
- to ensure appropriate governance and performance arrangements are in place to deliver the Trust's strategic objectives;
- to ensure the quality and safety of all healthcare services, research and development, education and training;
- promoting effective dialogue between the Trust and the communities it serves;
- ensuring high standards of corporate governance and personal conduct; and
- ensuring that the Trust complies with the terms of its licence from the Regulator, its constitution, relevant legislation, mandatory guidance and other relevant obligations.

The licence from NHS England and the constitution govern the operation of the Trust. The schedule of decisions reserved for the Board and scheme of delegation set out the types of decisions that must be taken by the Board of Directors and those which can be delegated to management. The constitution defines which decisions must be taken by the Council of Governors and the standing orders of the Board of Directors describe how disagreements between the Board and the Council should be resolved.

Further information on Royal Papworth Hospital services can be obtained from our website https://www.royalpapworth.nhs.uk/

Professor John Wallwork, Chairman

Professor John Wallwork CBE was appointed as Chairman of Royal Papworth Hospital in February 2014, returning after spending 30 years at the forefront of transplant surgery and research at the Trust.

During his career he has seen European and world firsts in the field of transplant that have made him a global name in the field –performing Europe's first successful heart-lung transplant in 1984, the world's first heart-lung and liver transplant with Professor Sir Roy Calne in 1986.

Professor Wallwork is Emeritus Professor of Cardiothoracic Surgery. Before being appointed as a consultant in 1981, he was Chief Resident at Stanford University Hospital in California for nearly two years, where he first became involved in heart and heart-lung transplantation. In the mid-1980s he established, with Dr David White, a research bio-tech company (Imutran) to develop transgenic animals for the use of xenotransplantation in an attempt to alleviate the persistent donor organ shortage, becoming a world-renowned expert on the topic; in 1996, he gave evidence on xenotransplantation both to the Kennedy Committee and to the United States Senate Subcommittee on Public Health and Safety. Alongside his colleague Professor Tim Higenbottam, Professor Wallwork was the first to introduce the use of long-term Prostacycline for Primary Pulmonary Hypertension, and he played a major role in the development of heart-lung transplantation at Papworth Hospital – now considered

one of the best cardiothoracic hospitals in the world and one of the highest rated hospitals in the country (by the Care Quality Commission).

He succeeded Sir Terence English as Director of the Transplant Service from 1989 to 2006, chaired the UK Transplant Cardiothoracic Advisory Group from 1994 to 2006 and was Medical Director of Papworth Hospital from 1997 to 2002. He was also Director of Research and Development at Papworth Hospital until his retirement, and in 2002, the University of Cambridge awarded him an honorary Chair in Cardiothoracic Surgery.

In January 2012 Professor Wallwork was recognised in Her Majesty Queen Elizabeth II's New Year's Honours list and was awarded a CBE for services to health.

Since taking up the position of Chairman, Professor Wallwork has seen Papworth Hospital granted Royal status (2017), led the Board through the construction and move to a purpose-built, state-of-the-art new hospital on the prestigious biomedical campus in Cambridge (2019), and played a fundamental role in the development of the Heart-Lung Research Institute (HLRI); opened in 2022, the HLRI is a joint venture with the University of Cambridge that draws together the highest concentration of heart and lung researchers from academia, healthcare and industry in Europe.

In 2019 Professor Wallwork received the Lifetime Achievement Award from the International Society of Heart and Lung Transplantation (ISHLT).

Professor Wallwork was invited to Cedars Sinai in Los Angeles as the Annual Advanced Heart Disease Visiting Professor for 2022 (The Thomas D. Gordon Visiting Professorship)

In 2023 Professor Wallwork received a Lifetime Achievement Award from the Society for Cardiothoracic Surgery, SCTS, at their AGM.

Professor Wallwork will be retiring after 10 years as Chairman at the end of January 2024.

Dr Jag Ahluwalia

Jag is Chief Clinical Officer at the Eastern Academic Health Science Network.

Jag received his undergraduate training in medicine at Cambridge and London. He was appointed as a consultant neonatologist at CUHFT in 1996 where he was director of the neonatal service for many years as well as a practising clinician. Jag's leadership and management experience includes nearly 10 years as the Executive Medical Director at Cambridge University Hospitals with a portfolio including included professional medical governance and leadership for over 1400 doctors, executive lead for Research and Development, executive lead for Postgraduate Medical Education, lead for patient safety and Director of Infection Prevention and Control. He was co-Chief Operating Officer for over three years. He was Director of Digital at CUHFT until 2019, overseeing extensive development of their IT programmes and then nominated to be chair of the Cambridgeshire and Peterborough STP digital group.

In addition to his acute hospitals' roles, Jag has had many years' experience leading, supporting and managing change and leadership and strategy challenges across the wider NHS. He is a highly experienced teacher and lecturer with a two-decade track record of delivering lectures and training across the fields of clinical practice,

developing future clinical leaders, managing large-scale change, and implementing clinical IT systems. He also consults independently in the field of clinical governance. He has published over 40 articles including original research.

Outside of the immediate NHS, Jag is a Trustee of Macmillan Cancer Support, an Honorary Fellow of the Cambridge Judge Business School, and an Associate at Deloitte and the Moller Centre, Cambridge.

Mr Michael Blastland Non-executive Director

Michael is a writer and broadcaster. For nearly twenty years, he was a BBC current-affairs presenter and producer, devising programmes including *More or Less* on Radio 4 – about numbers in public argument - of which he was also the first producer (with Andrew Dilnot the original presenter). He can still be heard as an occasional presenter on BBC Radio 4 and the BBC World Service. In 2022-23 he was the co-chair of a review into the impartiality of BBC coverage of fiscal policy.

He has written four books, including *The Tiger that Isn't,* a guide to numbers in the news and politics. His other books are about risk, about his son's autism, and, most recently, *The Hidden Half – How the World Conceals its Secrets*, about uncertainty.

He teaches, advises and presents widely, in schools, to business, government and academia. Current health-related roles include advisor to a large meta-analysis of the potential adverse effects of statins. He is also a board member of the Cambridge-based Winton Centre for Risk and Evidence Communication.

Mrs Cynthia Conquest Non-executive Director

Cynthia is an experienced ex-NHS Director of Finance with a wide portfolio of NHS experience covering 43 years. She has worked in all aspects of financial services and in all types of healthcare settings; large acute teaching hospitals, specialist hospitals, mental health and community services. She has a high level of experience in all financial and healthcare processes with a specialty in financial management and transformation.

Cynthia's diverse experience includes the education sector either through charity work or paid employment as an interim or consultant and the hospice sector through her voluntary work. Cynthia was the Chair of the Audit Committee for a GP Confederation in London until January 2020 and Deputy Director of Finance and Performance at the Norfolk Community Health & Care NHS Trust until January 2021. She has recently completed contract work with Great Ormond Street Hospital's International & Private Care Unit which has added to her experience and diverse portfolio.

She has a master's degree in Business Administration (MBA) from Warwick University and is a Fellow Member of the professional body, the Chartered Institute of Public Finance & Accountancy (CIPFA).

Mrs Amanda Fadero Non-executive Director

Amanda joined the Board on the 1 December 2020 having enjoyed an extensive, varied and rewarding career in the NHS for over 40 years. Her career started in London where she trained and worked as a Paediatric and general nurse, moving into senior nursing leadership and management roles before moving into general management in 1992. Amanda undertook an MBA and held a variety of senior management roles before moving into a strategic joint leadership role across the acute, community and primary care sector in 2005.

She has held a number of Executive roles including leading the commissioning system in Sussex as the Chief Executive of NHS Sussex. She has worked as part of the senior team in NHS England as the Area Director for Surrey and Sussex before returning to the provider sector in 2014 as the Deputy Chief Executive and Director of Strategy of a large University Hospitals Trust where she also acted as the Chief Executive.

Amanda possesses valuable experience in leading transformation, managing complexity, using problem solving and conflict resolution to progress and manage change. She values relationships and partnerships which she believes to be essential, supported by strong governance, rigorous assurance processes and using appreciative enquiry, to secure safe, effective and efficient services for the members of the public who require them.

Mr Gavin Robert, Non-executive Director

Gavin has many years' experience as a private practice lawyer specialising in competition law. He is currently a senior consultant with boutique competition law firm Euclid Law, and teaches competition law at Cambridge University as part of a Masters programme. Gavin was previously a Panel Member of the UK Competition & Markets Authority, where he decided complex merger, market and antitrust cases, for five years until March 2018. Before that, Gavin was a partner for 14 years with the international law firm Linklaters, advising senior executives and the boards of leading global companies and financial institutions on competition compliance and managing risk.

Gavin has an enduring interest in healthcare. He has advised global healthcare companies throughout his career, and his decisions at the UK Competition & Markets Authority included the merger of NHS Foundation Trusts.

Gavin is also Chair of REAch2, the largest primary-only multi-academy trust in the country, currently supporting around 60 primary academies across England and focusing on turning around failing schools in disadvantaged areas.

Professor Wilkinson Ian Wilkinson, Non-executive Director

Ian is a Clinical Pharmacologist and Professor of Therapeutics in the University of Cambridge. He directs the Cambridge Clinical Trials Unit, and office of Translational Research, and leads the division of Experimental Medicine and Immunotherapeutics at the University of Cambridge. His main research interests are clinical/experimental studies designed to understand the mechanisms causing hypertension and cardiovascular disease, and to develop new treatments.

He is lead investigator on the MRC/BHF-funded AIMHY-INFORM trial, which will determine the most effective antihypertensive treatment for different ethnic groups in the UK, and a number of early phase trials run in collaboration with Industry partners.

Ian leads the Cambridge Experimental Medicine Training Initiative which aims to create the next generation of clinical researchers to develop the medicines of the future.

Ms Diane Leacock, Associate Non-Executive Director

Diane is a qualified accountant with extensive business experience. She has held Finance Director roles at various commercial organisations including the information and publishing group Informa UK, insurance broker Willis Towers Watson and the regional law firm, Ellisons where she has streamlined, grown and transformed

various business units. Currently, Diane works as a portfolio Finance Director and an independent finance consultant, supporting and enabling businesses to grow.

Diane has a keen interest in healthcare and has served as a non-executive director within the NHS. She also sits on the Board of Trustees at the East of England's award-winning contemporary visual arts gallery, Firstsite.

An Economics graduate of the University of Waterloo (Canada), Diane holds a Master's in Business Administration from Henley Business School and is a Fellow of the Association of Chartered Certified Accountants.

Diane is a non-voting member of the Board.

Mr Stephen Posey, Chief Executive

Stephen left the Trust on 2 September 2022. Further details of his expertise and experience can be found in our annual report for 2021/22.

Mr Tim Glenn Chief Finance and Commercial Officer and Deputy Chief Executive

Tim joined Royal Papworth Hospital as Chief Finance Officer on 14 April 2020. He was previously with Cambridge University Hospitals NHS Foundation Trust where he was Director of Finance.

Tim is a chartered accountant with 15 years' of senior financial leadership experience working across community, acute and specialist NHS organisations as well as in the private sector.

Tim took on the role of Deputy Chief Executive in 2022/23.

Dr Roger Hall, Medical Director

Roger retired from the Trust on 15 April 2022. Further details of his expertise and experience can be found in our annual report for 2020/21.

Mrs Eilish Midlane, Chief Executive and Chief Operating Officer

Eilish was appointed as Chief Executive on the 1 September 2022 following a rigorous appointments process undertaken by the Board and approved by the Council of Governors.

Eilish is a strategic and system leader in the Cambridgeshire and Peterborough Integrated Care System and is a voting member of the Integrated Care Board representing NHS providers and Trusts. She is also Chair of the Cambridgeshire and Peterborough Diagnostic Board and leads the system transformation programme.

Eilish is a 'well led' Executive reviewer for NHS Trust's on behalf of the CQC and is a Director of Cambridge University Health Partners, an academic health science centre with the mission of improving patient care by bringing together the NHS, industry and academia.

Eilish has worked in the NHS for over 30 years and has considerable expertise in patient safety, clinical governance and service improvement planning. Eilish joined the Trust in April 22017 being appointed to the role of Chief Operating officer. She had previously worked as Divisional Director of Clinical Support Services at the East and North Hertfordshire NHS Trust.

Eilish is a biomedical scientist by background and holds a wealth of experience spanning strategy, operational leadership and delivery and hospital and clinical services reconfiguration.

Ms Oonagh Monkhouse, Director of Workforce and OD

Oonagh was appointed as Director of Workforce and Organisational Development in October 2017 having held the same role at Bedford Hospitals NHS Foundation Trust. Oonagh worked previously at Cambridge University Teaching Hospitals, where she undertook a number of senior human resources roles including Deputy Director of Workforce and interim Director of Workforce.

She is currently co-chair of the East of England Human Resources Director Network and in April 2023 became the Chair of the NHS Staff Council Employers side and Co-Chair of the Staff Council.

Oonagh is originally from Northern Ireland and worked in a number of NHS organisations in Belfast before moving to Cambridge in 1993.

Mrs Maura Screaton, Chief Nurse

Maura was appointed Chief Nurse at Royal Papworth Hospital NHS Foundation Trust in August 2021. Maura was previously Deputy Chief Nurse at Cambridge University Hospitals NHS Foundation Trust and has a long career in nursing having first joined Papworth in 1995 as a critical care nurse, before this she has worked in cardio thoracic nursing in London and Australia and brings a wealth of experience and leadership to her role.

Maura is the professional lead for nursing, Allied Health Professionals (AHPs) and Scientists, is the Director of Infection Prevention and Control and is the Caldicott Guardian for the Trust. She is also the executive lead for clinical quality including patient experience and patient safety, safeguarding vulnerable people including dementia services, clinical governance and risk management, and clinical education.

Dr Ian Smith, Medical Director

Ian was appointed as Medical Director in April 2022 following the retirement of Dr Hall. Ian was formerly one of our Deputy Medical Directors, leading the Research and Development Directorate.

Ian is a chest physician specialising in ventilatory failure and sleep medicine and Director of Royal Papworth Hospital's Respiratory Support and Sleep Centre (RSSC), the first accredited by the European and British Sleep Societies.

Ian was a founder the regional Motor Neurone Disease care network and was a co-author on the recent NICE guidelines for people with MND. He is Vice Chair of the UK Association of Respiratory Technicians and Physiologists sleep section, and he co-authored the British Thoracic Society position statement on driving and sleep apnoea. He is the current President of the East Anglian Thoracic Society.

Ian is an Affiliated Associate Professor to the University of Cambridge and has held a number of key educational posts including Programme Director for respiratory medicine in East Anglia, Attachment Director for respiratory and cardiology undergraduate training and Clinical Tutor for the Royal College of Physicians. As Clinical Director of Thoracic Services he oversaw expansion in each of the subspecialties, the establishment of the Interstitial Lung Disease Service and the National Adult Ataxia Telangiectasia Service.

Mr Andrew Raynes Chief Information Officer

Andrew joined Royal Papworth Hospital NHS Foundation Trust in 2017 following his former role as IT Programme Director at Barking, Havering and Redbridge University Hospitals NHS Trust. Andrew has over 20 years' experience working in the health and private sectors, including overseas; this includes leading a number of high-profile projects such as the implementation of IT in a GP-led practice at HMP Thameside on the Belmarsh Prison Estate and the implementation of Liquidlogic, a children and adult social care system while at Leicester City Council. Andrew is a graduate of the Oxford Said Executive Leadership programme and has a Master's degree in Healthcare Informatics specialising in education. He is a former Chair of the Cambridgeshire and Peterborough Integrated Care System (ICS) Digital Enabling Group. Andrew has several publications, is a member of the National GS1 UK Health Advisory Board and is a CHIME Certified Healthcare Chief Information Officer (CHCIO), a Fellow of the British Computer Society (BCS) and Leading Practitioner in the Federation of Informatics Professionals (FedIP).

In 2021 his Digital team won the 2021 HTN Now Award for 'Rapid response to Covid19' and in 2022 Andrew was awarded one of the CIO UK 100.

Andrew is a non-voting member of the Board.

Table of Attendance at Board and Committee Meetings

The following table shows the number of Board of Director and Committee meetings held during the year and the attendance of individual Non-executive Directors (NEDs) where they were members.

	Board [A]	Audit [B]	Performance [C]	Quality & Risk [D]	Strategic Projects [E]	Executive Remuneration [F]	Workforce
Number of meetings 2022/23	12	5	12	12	6	4	2
J Ahluwalia	11/12			12/12	6/6	2/4	2
A Baldwin[1]	4/6		4/6		0/3		2
M Blastland	12/12	4/5		11/12		3/4	
C Conquest	11/12	5/5	10/12	1		4/4	
A Fadero	12/12			12/12		4/4	2
T Glenn	12/12	5	12/12		6/6		2
R Hall[1]	1/1						
D Leacock	9/12	4/5	11/12		5/6	3/4	2
E Midlane	12/12	2	12/12	8/7[G]	6/6		
O Monkhouse	11/12	2	11/12	11/12	4/6	4	2
S Posey[1]	4/5		4/5	0/5	2/3	1	
A Raynes	10/12	1	10	9	4/6		
G Robert	10/12		12/12		6/6	4/4	
M Screaton	12/12	2	12	12/12	6/6		2
I Smith[1]	10/11	1	6	10/12	4/6		1
J Wallwork	11/12					4/4	
I Wilkinson	9/12			9/12	4/6	2/4	

Not members of the Committee, however Directors attend meetings of committees of which they are not members either as regular attendees or as required.	A All Directors are members.
1 Part year membership.	B 3 NEDs members. See Audit Committee section of Annual Report.
2 Eilish Midlane attended in COO role to August 2022 and as CEO from September 2022	C Membership 3 NEDs plus Chief Executive, Chief Finance Officer, Director of Workforce and OD and Chief Operating Officer.
	D Membership 3 NEDs plus Medical Director, Chief Nurse, Chief Executive Officer and Director of Workforce and OD.
	E Membership 3 NEDS, all Executive Directors.
	F Membership only Chairman and NEDs. See Remuneration section of Annual Report.
	G Attended 7 as CEO Member and 1 in COO role.

The dates of the Board of Directors' meetings in 2022/23 were:

7 April 2022	5 May 2022	9 June 2022	20 June 2022
7 July 2022	1 Sept 2022	6 October 2022	3 November 2022
1 December 22	2 February 2023	23 February 2023	02 March 2023

Contacting the Directors

Directors can be contacted through the Trust Secretary at the Chief Executive's Office.

Tel: 01223 638064

2.7 Audit Committee

Composition of the Audit Committee

As required under NHS England's Code of Governance the membership of this Committee is three independent Non-executive Directors. For the purposes of NHS England's Code Cynthia Conquest and Diane Leacock are considered by the Board of Directors to have recent and relevant financial experience as detailed in the biographies in the Board of Directors section of this report. The membership of the Committee during 2022/23 was:

Cynthia Conquest (Chair)
Michael Blastland
Diane Leacock

Meetings and Attendance of Members

Name	07.06.22	21.07.22	13.10.22	19.01.23	09.03.23
Cynthia Conquest	✓	✓	✓	✓	✓
Michael Blastland	✓	×	✓	✓	✓
Diane Leacock	×	✓	✓	✓	✓

✓ Attended meeting
× Apologies were received

To assist the Audit Committee in fulfilling its role the following are in attendance at all meetings: Chief Finance & Commercial Officer, Trust Secretary, representatives from the External Auditors, representatives from the Internal Auditors and the Local Counter Fraud Specialist. Two Governors also attend the Audit Committee and contribute to discussions. Executive Directors attend during the year as business requires. Members of the Audit Committee meet separately with the External and Internal Auditors.

Role of the Audit Committee

The Audit Committee's role is to review the adequacy of the Trust's risk and control environment, particularly in relation to:

- Internal Audit, including reports and audit plans;
- External Audit and annual financial statements; and
- Counter Fraud Services.

The Committee also receives/reviews assurance that the Trust's overall governance and assurance frameworks are robust and that there are appropriate structures, processes and responsibilities for identifying and managing key risks facing the organisation.

The Audit Committee undertook a self-assessment of its performance against its delegated responsibilities as set out in its terms of reference using the NAO's Audit and Risk Assurance Committee effectiveness tool (May 2022). The Committee, supported by the Board, has considered its role in relation to risk with that of the Quality and Risk Committee, the Performance Committee, the Workforce Committee and the Strategic Projects Committee.

The conclusions of finalised Internal Audit reports are reported to the Audit Committee. The Committee can, and does, challenge assurances provided, and requests additional information, clarification or follow-up work if considered

necessary. All Internal Audit reports are discussed individually with the Audit Committee. A system whereby Internal Audit recommendations are followed-up is in place. Progress towards the implementation of agreed recommendations is reported (including details of all outstanding recommendations).

The Audit Committee is responsible for considering the appointment of the Internal Audit service and Counter Fraud service and reviewing their audit fees. In 2020/21 the contract for Internal Audit and Counter Fraud services was awarded to BDO for a period of three years from 1 April 2021. This followed a formal tendering process under the NHS Shared Business Services framework agreement: SBS/20/MA/ZY/10024.

The Audit Committee also reviews the External Audit service and makes recommendations to the Council of Governors on the appointment and re-appointment of the External Auditor. To aid assurance two Governors are attendees at Audit Committee.

In 2021/22 the Council of Governors reappointed KPMG LLP as the Trust's external auditors for three years from the 1 January 2022. The 3-year value of the contract for the Trust Audit is £294,000.The contract covers services for the NHS Statutory Audit and Annual Report and the Charity Annual Report and Accounts. It followed a formal tendering process under the NHS Shared Business Services framework agreement: SBS/20/MA/ZY/10024. Two Governors were members of the interview panel for the appointment of the External Auditor.

Annual Governance Statement (AGS)

The AGS provides information on the Trust's system of internal control and the risk and control framework. The AGS can be found in the last section of the Annual Report. Both the Audit Committee and the Quality and Risk (Q&R) Committee considered the Trust's draft AGS for 2022/23. Audit Committee members, Q&R Committee members together with the Trust's External and Internal Auditors, had the opportunity to provide comments on the draft statement. The final AGS was approved by the Audit Committee on 15 June 2023 and Board of Directors on the 15 June 2023.

In the opinion of the Audit Committee the AGS is fair and provides assurance to the Accounting Officer that there were no unmanaged risks to the Trust during the year.

Specific Audit Committee Issues – 2022/23

During 2022/23, the Audit Committee received regular reports from Internal Auditors, External Auditors and Local Counter Fraud Specialist and reviewed their annual work plans and strategies as appropriate.

Principal matters considered were:

- The draft Annual Report and Accounts and the External Auditors' ISA 260 (including letter of representation and formal independence letter);
- The robustness of processes behind the Quality Accounts.
- The Annual Governance Statement (AGS);
- The Internal Audit Annual Report and Head of Internal Audit Opinion;
- The External Audit Plan for the Foundation Trust;
- External Audit Plan, engagement letter and ISA 260 for the Charity Annual Report and Accounts;

- Reports as required on losses and special payments, waived tender schedule and bad debts;
- The Internal Audit Plan and progress report, including log of audit actions;
- Counter Fraud Annual Report, progress report and benchmark report;
- Anti-Fraud & Bribery Policy update and policy;
- Board Assurance Framework;
- Waiver to Standing Financial Instructions report;
- Managing conflicts of interest policy and compliance report;
- Contract for Internal Audit and Counter Fraud Services;
- Annual review of Standing Financial Instructions, Standing Orders and Scheme of Delegation;
- Reports from Committee Chairs;
- Costing Transformation Programme (CTP) Post Submission Assurance Report;
- Annual review of the Audit Committee's terms of reference, Annual Self-Assessment and Committee forward Planner.
- Salary overpayments report
- Internal Audit Benchmarking reports
- Better Payment Practice Code reports
- Electronic Patient Records Data Quality
- Equality, Diversity and Inclusion Considerations

Information on internal audit reviews undertaken by the Internal Auditors for 2022/23 can be found in the Annual Governance Statement section of the Annual Report.

Action plans to address recommendations have been drawn up and will be subject to review as part of the Audit Committee standard review of the audit action log.

Whistle-blowing

The Trust has a Whistleblower's Procedure (Raising Issues of Concern) which explains how members of staff should raise any matters of concern which may impact adversely on the safety and/or well-being of our patients/our staff or the public at large or may be detrimental to the Trust as a whole. It is consistent with the 'Freedom to Speak Up' Report published by Sir Robert Francis QC. Any concern raised is treated seriously and investigated thoroughly. Every effort is made to ensure confidentiality and feedback is provided to the person who raised the issue. As part of the process, individuals have the right to contact our Freedom to Speak Up Guardian, senior officers of the Trust as listed in the procedure, an identified Executive, and Non-Executive Director lead who also has regular review meetings with the FTSU Guardian. In addition, our policy provides information on how staff can raise concerns with NHSI, CQC, NHSE and HEE. The Procedure is agreed with the Trust's recognised Trade Unions.

The Trust's Freedom to Speak up Guardian promotes the role across the Trust meeting new starters and undertaking regular walkabouts both in the Hospital site and at Royal Papworth House. They meet regularly with the Director of Workforce, the Chief Executive Officer, and the Senior Independent Director to discuss themes emerging from concerns raised. The Guardian is required to report all concerns raised to the National Guardian's Office on a quarterly basis. In 2022/23 the Guardian has reported 131 concerns (105 2021/22). The Trust also has Freedom To Speak Up Champions and this is now an established and effective provision. Our Champions have supported the FTSU Guardian role extending support across the organisation ensuring that staff are encouraged and know how to raise concerns. Champions are supported through a network approach maintaining regular contact

including bi-monthly meetings with case study discussions. Concerns raised are responded to on an individual basis working appropriately with the input of Workforce and Governance leads as needed. Feedback on the emerging themes is provided to managers and staff to ensure that we learn from the concerns raised. This is delivered in Trust wide briefings and communications. The FTSU Guardian also links into our staff networks and has had the opportunity to engage more regularly with operational leads within the triumvirates to ensure representation of the role as well as helping staff to speak up.

External Auditors

The External Auditors of Royal Papworth Hospital NHS Foundation Trust are: KPMG LLP, Botanic House, 100 Hills Road, Cambridge, CB2 1AR. They report to the Council of Governors through the Audit Committee. Non-audit work may be performed by the Trust's external auditors where the work is clearly audit-related and external auditors are best placed to do that work. For such assignments Audit Committee approval ensures that auditor objectivity and independence is safeguarded. The total cost of audit services for the year was £115,000 (2021/22: £102,000), excluding VAT. This is the fee for an audit in accordance with the National Audit Office Code of Audit Practice 2020.

External auditors will also receive remuneration of £14,000 (2021/22: £12,000), excluding VAT, for the statutory audit of the NHS Charity.

As part of reviewing the content of the proposed external audit plan for each year, the Audit Committee satisfies itself that the auditors' independence has not been compromised.

The Foundation Trust is responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with directions issued by the Independent Regulator of Foundation Trusts ("NHS England") under the National Health Service Act 2006.

The External Auditors' accompanying opinion on the financial statements is based on their audit conducted under the National Health Service Act 2006 and in accordance with NHS England's Audit Code for NHS Foundation Trusts and International Standards on Auditing (UK and Ireland) and sets out their reporting responsibilities.

2.8 Council of Governors

As an NHS foundation trust, Royal Papworth has a Council of Governors as required by legislation. The Council comprises 18 public and seven staff members, all elected from the membership, together with four representatives nominated from local organisations. The responsibility for the operational and financial management of the Trust on a day-to-day basis rests with the Board of Directors, and all the powers of the Trust are vested in them. In accordance with the National Health Service Acts the specific responsibilities of the Governors at a General Meeting are to:

- Appoint or remove the Chairman and the other Non-Executive Directors;
- Approve the appointment (by the Non-Executive Directors) of the Chief Executive;
- Decide the remuneration and the other terms and conditions of office of the Chairman and Non-Executive Directors; and
- Appoint or remove the External Auditor.

They must also be presented with:

- the annual financial accounts;
- any report of the auditor on them;
- the annual report; and
- the quality accounts.

Other statutory roles and responsibilities of the Council of Governors are to:

- Hold the non-executive directors, individually and collectively, to account for the performance of the board of directors;
- Represent the interests of the members of the Trust as a whole and the interests of the public;
- Approve “significant transactions”;
- Approve an application by the Trust to enter into a merger, acquisition, separation or dissolution;
- Decide whether the Trust’s non-NHS work would significantly interfere with its principal purpose, which is to provide goods and services for the health service in England, or performing its other functions, and
- Approve amendments to the Trust’s constitution in consultation with the Board of Directors.

As required under NHS England’s code there is an agreed interaction process for dealing with any conflict, should this arise, between the Board of Directors and the Council of Governors. This states that the normal channels of communication via the Chairman, Trust Secretary, Lead Governor or Senior Independent Director would be used in the first instance. There has never been any occasion for the process to be used.

The Council of Governors supports the work of the Trust outside of its formal meetings, advised by the Chairman and Executive Directors. Council of Governors’ Committees play an important role, with the skills and experience of individual Governors providing a valuable asset to the Trust. Through the Committees, Governors have the opportunity to concentrate on specific issues in greater detail than is possible at a full meeting of the Council of Governors.

The Council of Governors has the following Committees:

- Forward Planning, which reviews Trust forward plans (including operational and strategic plans submitted to NHS England) as well as partnership working; the STP and Integrated Care System and the Heart and Lung Research Institute project;
- Appointments [Non-executive Director Nomination and Remuneration], which leads on the appointment, re-appointment and remuneration of NEDs. The Committee is chaired by the Lead Governor;
- Patient and Public Involvement (PPI), which considers patient and public involvement matters and Staff Awards;
- Governors' Assurance, a 'task and finish' group;
- Access and Facilities Group; and
- Fundraising Group.

Members of the Council of Governors as at 31 March 2023:

Cambridgeshire

Stephen Brown
Following open heart surgery at Papworth Hospital in 2007, Stephen became a volunteer ward visitor. In a long career as a senior manager within the construction industry, he contributed to several NHS projects. He is a fellow of the Chartered Institute of Building (CIOB) and past chair of the Cambridge centre.

Steve was elected to the position of Deputy Lead Governor in April 2023.

Susan Bullivant
Following a research and academic career in applied/engineering mathematics, Susan established and ran an organisation and management development consultancy working with Government Departments and private sector companies. She supported women in STEM initiatives at national level. She was a Patient Governor of Addenbrooke's Hospital for 8 years and chaired the Director/Governor Forward Planning Group. Just elected she wants to find out more about RPH and where she can best contribute. She has lupus, a chronic illness.

Abigail Halstead
I have been under the care of the Royal Papworth Adult Cystic Fibrosis unit since 2011. During this time, I have received regular care from all areas of both the inpatient and outpatient departments. I feel well placed to empathise and help offer ideas for improvement based on my own positive and negative experiences of patient life and challenges. As my care at Royal Papworth will be lifelong, I will also be able to feedback on changes as they occur. I have experience working in branding and marketing and I want to use these skills to help improve patient experience, especially in the new world of virtual healthcare.

Abi was elected to the position of Lead Governor in April 2022. She will take up this role from September 2023.

Ian Harvey
Ian has taught biology at Hills Road SFC since 1975 and from 1980-2012 was a tutor for the Open University. His interest is in education, communication, and engagement. In 2012 he established Big Biology Day for professional biologists to engage with the public and share their enthusiasm and is Special Advisor for Education at the Cambridge Science Centre. He's had several links with Papworth

including one of his best friends with CF receiving a double lung transplant in 2019. In 2019 Ian helped to organize the shipment of unwanted equipment from “Old Papworth” to the only free hospital in Sierra Leone.

Dr Richard Hodder (Lead Governor)
Richard’s medical career included hospitals, the RAF, research, and general practice. After retiring he has maintained an active interest in health issues as well as voluntary work at Papworth and Addenbrooke’s. In late 2012 he underwent a successful pulmonary endarterectomy at Papworth. As a Governor his main interest is in the quality of care and patient safety/dignity.

Suffolk

Angela Atkinson
Angela has recently retired from a senior management role in the position of Head of Business Support, serving 27 years with Antec International Limited (currently owned by Lanxess Limited), a disinfectant manufacturer for both animal and human health products based in Suffolk. Previously serving 23 years with BASF as Human Resources Manager for the Agrochemical Division.

Throughout her career she has been very people orientated, engaging with them and most importantly listening with empathy and compassion. She welcomes this opportunity to support the Trust’s strong values of Compassion, Excellence and Collaboration.

Angela is married with one son, who is currently based in the USA, and has a keen interest in fitness and the world of equestrian. She has had an association with the NHS all her life undergoing major back surgery at The National Hospital for Neurology and Neurosurgery, London as well as other members of my family who have health issues. She is forever grateful for the treatment and support she has received over the years.

Yvonne Dunham
Yvonne has lived in Suffolk all of her life and now lives near the Suffolk/Norfolk border in the Waveney Valley. Her entire life has been within the NHS. She is a qualified mental health nurse (RMN) and is particularly drawn to helping/supporting others in emotional distress for whatever reason. Yvonne has completed a counselling certificate with the UEA which she has used within her twenty-five-year career as a practice nurse at her local medical centre.

Having deteriorating health due to an inherited heart disease she retired from nursing in 2014, however she still works there a few hours a week in admin. She also trained as an aromatherapist and is a Bach flower remedy registered practitioner.

In 2016 and with chronic heart failure Yvonne was referred to Royal Papworth for assessment for heart transplant and was duly listed. After two false alarms she received her donor organ in February 2018. Her life experience is quite varied and vast along with her insight into illness, having been an Inpatient and now an outpatient at Royal Papworth Hospital.

Trevor McLeese
Trevor retired as an equity partner due to ill health from an accountancy practice in 2014. He suffers from Beckers Muscular Dystrophy and Asthma and is a patient of Papworth Hospital. Trevor has been fitted with a defibrillator and has also experienced treatment in the Sleep Study Centre. He uses an electric wheelchair and understands the issues and needs of the less abled.

Trevor feels extremely privileged and honoured to undertake the role as a Governor for Suffolk. He has been reliant on the NHS since a child having spent 10 months in Great Ormond Street Hospital where his treatment gave him the gift of living and has had a close relationship with the NHS ever since. This has inspired him to succeed in life and share his experiences to inspire others. Trevor hopes to make a difference to the patients and the hospital by his input as a Governor and is committed to the role and regularly attends various meetings with a view to achieve Royal Papworth Hospital's vision and values.

Norfolk

Paul Berry

Paul has been a volunteer at Royal Papworth Hospital since 2017 following a successful pulmonary endarterectomy (PEA) at Papworth Everard. His duties include meeting, greeting, assisting and signposting patients and visitors in the atrium and outpatient areas; and offering phone support to PEA candidates, nationwide, referred by the PEA specialist nurse team.

He is a qualified teacher and worked as a local newspaper reporter and for Norfolk Social Services.

Prior to early retirement, he worked for an NHS substance misuse service where he helped design and deliver pioneering drug education programmes at schools and colleges in West Norfolk and North Cambridgeshire.

Born and nurtured in Norfolk, Paul lives near King's Lynn.

Doug Burns

Doug has 5 sons and 10 grandchildren. He is a consultant to a medium size family business in the software industry which he started 40 years ago, and he is the proud owner of a Morgan classic car. Whilst having worked and lived in the Home Counties, London and the North of England, Doug has resided in Norfolk for some 45 years.

His career started in the accountancy profession at 16 and having qualified, he moved into the commercial world of service, leisure, and construction industries before deciding to start his own business.

John Fitchew

John joined the Governors as a long standing and grateful patient, having had a mitral valve repaired in 2004, and a heart transplant in 2013. He was in the building trade all of his working life. John is married and between us we have 5 children and 12 grandchildren.

After receiving his new heart in 2013 he felt that he needed to give something back. He had a new zest for life. He joined The Norfolk Zipper Club (NZC) in July 2013, and was elected as Co Chairman in 2016. The Norfolk Zipper Club raises money that goes towards buying much needed medical equipment. It has been in existence for approximately 30 years and has raised more than £1.5 million.
Whilst being involved with NZC he has on occasions spoken one to one with patients who have been awaiting cardiac procedures to help with any worries that they may have. John hopes to continue with this work in the future.

Rest of England and Wales

Trevor Colins

Trevor was diagnosed with Dilated Cardio Myopathy in 2001. The condition was managed with medication and frequent monitoring with the care and attention of the NHS. He maintained an active life until it was necessary for him to have further treatment.

Trevor has been a service-user at the Royal Papworth Hospital since 2016, having had a Heart Transplant in 2017 at the old site. Previously he worked in local government in Social Services and retired in 2016.

As a Hospital Volunteer since 2019, Trevor has a keen interest in supporting the patients journey to their recovery. Trevor is on the NHS Blood & Transplant Patient & Public Advisory Group, offering advice and knowledge as to the perspective of a service user.

Trevor also won two medals when he represented Royal Papworth Hospital at the 2019 Transplant Games in Newport, Wales.

Marlene Hotchkiss

Marlene's background is in education. She has been a headteacher, consultant leader, Ofsted inspector and independent education consultant.

Marlene has been involved with Royal Papworth Hospital since 2015 when a close relative underwent extensive open-heart surgery. Since then, her involvement has continued on a regular basis and is predominantly with the respiratory departments.

Lesley Howe

Lesley has been in the NHS healthcare system since she was eight years old due to a chronic lung disease. As a patient at Royal Papworth Hospital, Lesley has personal experience and insight to the needs of patients as well as the medical teams who care for us all.

She is now retired but worked as a Practice Manager in a Private Medical Practice where communicating with patients and medical professionals was a top priority. Lesley held various Managerial Posts in various organisations involving liaising with clients and delivering time management training.

She is a fully qualified TEFL tutor teaching English to different nationalities which requires empathy and understanding of our diverse cultures across the world an important aspect in the NHS. She is a strong communicator and therefore, believes that she can make a valuable contribution with her experience and knowledge for the good of the hospital.

As a patient of the Trust Lesley is honoured to be a Governor and fully embraces the important role and will do her utmost to fulfil her duty with dignity, respect, and professionalism to all people.

As a patient and a Governor Lesley can be a voice for patients whether as an in-patient or as an out-patient to ensure care, understanding and empathy is delivered to all who maybe daunted at the prospect of a hospital stay, as well as acknowledging the challenges of the Medical Teams and other personnel at the hospital.

Harvey Perkins
Harvey is a retired business consultant and professional engineer and brings to the Council of Governors a wide range of general management, commercial, and financial skills. Harvey served as a Governor from 2004 to 2014, during which time he held several positions including Chair of the Forward Planning Committee, Chair of the Appointments Committee, Chair of the Governance Committee, and Lead Governor. He returned as a Governor in 2016.

Staff Governors

Michelle Barfoot, Nurses
I have been part of the Royal Papworth family since March 2002, and I am passionate about Royal Papworth Hospital and the patients that we care for. I will use my role as Governor to influence the Royal Papworth of the future for both staff and patients.

I am currently a Ward Sister in Respiratory Medicine and previously worked in Critical Care for 17 years. I joined Royal Papworth because I had a sense that it truly cared for both its patients and staff, and this has been true throughout my time here.

Sarah Brooks, Administrative, Clerical & Managers
Sarah is the Staff Governor representing Admin, Clerical and Managers at Royal Papworth Hospital. Sarah joined the NHS in 2005 and progressed through several roles before joining Royal Papworth in 2017 where she currently works as part of the operational team based in Cardiology.

Sarah has a keen interest in service development and as part of her role regularly collaborates with system partners to shape the services, we offer to our patients collectively. She has also been able to support other tertiary and regional centres in developing their services through shared experience. Sarah works hard to engage with our workforce and ensure that the patient voice is considered in everything we do to ensure we can continue to deliver safe and excellent care.

Sarah is currently studying towards an MBA at Henley Business School.

Aman Coonar, Doctors
Along with working as a full-time consultant surgeon I am the NHS National clinical lead for thoracic surgery, President-elect of the Society for Cardiothoracic Surgery & Affiliated Assistant Professor of the University of Cambridge.

As a RPH consultant since 2007, I set up the minimally invasive surgery programme and have undertaken various roles including service lead during which time we achieved the best thoracic surgery outcomes nationally.

I became a governor to “be the change I wanted to see”, and to help RPH in our mission: great care, excellent patient experience, innovation, and staff development.

Sound clinical input to governance is important. The value of this was shown during the COVID response: our policies informed by rapid clinically based decision making were well ahead of the curve, and RPH was strongly supportive to its staff.

As an established doctor I bring my professional and personal experiences to positively fulfil the governor role. I have also been a Papworth patient, so I have a perspective of "both sides".

Having lived with my family from the age of 2 in East Anglia and London - I learnt to swim at Cromer - this is also "my constituency". Born in North India I add to the diversity of local representation and views.

Andrew Hadley-Brown, Nurses
Andrew joined Critical Care 2014 as a newly qualified staff nurse. Since 2017 he has worked as an ECMO Retrieval Nurse, ECMO Specialist, and is currently a Deputy Charge Nurse.

The last few years Andrew has served to emphasize the skill and dynamism within workforce, and he firmly believes our staff are our greatest asset. He became a governor to advocate for staff across the Trust in pursuit of our common goal of delivering the highest quality care for our patients.

Rhys Hurst, Allied Health Professionals
Rhys is Staff Governor for Royal Papworth Hospital representing the Allied Health Professionals (AHP). He is a qualified and HCPC registered Physiotherapist and Clinical Physiotherapy Lead for the Cambridge Centre for Lung Infection and has worked at Royal Papworth in two stints first in 2007 and now since 2018. Rhys has over 20 years of experience in the NHS and has lived and worked in the East of England for the last 12 years in a variety of positions. Part of his role has been to shape the AHP strategy for Royal Papworth Hospital, enhancing his insight into the AHP services moving forwards and he is looking forward to representing this at Governor level. He is currently undertaking his MSc in Advanced Clinical Practice at Anglia Ruskin University.

Christopher McCorquodale, Scientific & Technical
Chris joined Royal Papworth Hospital in June 2012 as a Rotational Pharmacist and has undertaken a range of pharmacy roles over the last nine years. He has developed a clinical interest in transplant medicine and played a major role in the implementation of the Lorenzo electronic prescribing system across the Trust. As Deputy Chief Pharmacist, Chris now holds a leadership role within the pharmacy team, and also spends some time seconded to the Digital department, where he focuses on digital medicines and the clinical safety of IT systems.

Martin Ward, Estates
Having worked at RPH in a variety of roles since he left school in 1996 Martin is currently the Deputy Manager of Clinical Engineering where in addition to supporting the Head of Department in the day to day running of the department, he's the specialist engineer supporting the Anaesthesia and Ventilation equipment of The Trust. Martin's involvement with RPH goes back many more years than that to 1985 when his father received a heart transplant here. Martin believes in delivering the best care possible to our patients and making RPH a great place to work. Outside of work he's a keen motorcyclist and enjoys playing guitar in a rock band.

Appointed Governors

Lorraine Szeremeta, Chief Nurse, Cambridge University Hospitals.

Cllr Philippa Slatter, Cambridgeshire County Council

Caroline Edmonds, Secretary of the School of Clinical Medicine, University of Cambridge

Terms of Office of Governors as at 31 March 2023

Elected Public Constituency	Name	First Elected	Re-Elected	End of Current Term of office
Cambridgeshire	Richard Hodder	Sept 2014	Sept 2017 Sept 2020	Sept 2023
	Stephen Brown	Sept 2017	Sept 2020 Sept 2021	Sept 2024
	Susan Bullivant	Sept 2019	Sept 2022	Sept 2025
	Abigail Halstead	Sept 2020	-	Sept 2023
	Ian Harvey	Sept 2021	-	Sept 2024
Suffolk	Trevor McLeese	Sept 2017	Sept 2020 Sept 2021	Sept 2024
	Yvonne Dunham	Sept 2021	-	Sept 2024
	Angela Atkinson	Sept 2022	-	Sept 2025
	Vacancy	-	-	-
Rest of England and Wales	Harvey Perkins	Sept 2016	Sept 2019 Sept 2022	Sept 2025
	Trevor Colins	Sept 2020	-	Sept 2023
	Marlene Hotchkiss	Sept 2021	Sept 2022	Sept 2025
	Lesley Howe	Sept 2022	n/a	Sept 2025
	Vacancy	-	-	-
Norfolk	John Fitchew	Sept 2020	-	Sept 2023
	Doug John Burns	Sept 2020	Sept 2021	Sept 2024
	Paul Berry	Sept 2022	-	Sept 2025
	Vacancy	-	-	-
Elected Staff Constituency	**Name**	**First Elected**	**Re-Elected**	**End of Current Term of office**
Doctors	Aman Coonar	Sept 2020	-	Sept 2023
Nurses	Michelle Barfoot	Sept 2020	-	Sept 2023
	Andrew Hadley-Brown	Sept 2022	-	Sept 2025
Allied Health Professionals	Rhys Hurst	Sept 2020	-	Sept 2023
Scientific & Technical	Christopher McCorquodale	Sept 2020	-	Sept 2023
Administrative, Clerical & Management	Sarah Brooks	Sept 2022	-	Sept 2025
Ancillary, Estates and Others	Martin Ward	Sept 2019	Sept 2022	Sept 2025
Appointed Governor	**Name**	**Start of Term of Office**	**Re-appointed**	**End of Current Term of office**
University of Cambridge	Caroline Edmonds	Oct 2016	Sept 2019	As agreed between organisations
Cambridge University Hospitals NHS FT	Lorraine Szeremeta	Oct 2018	-	As agreed between organisations
Cambridgeshire County Council	Councillor Philippa Slatter	May 2021	-	As agreed between organisations
South Cambridgeshire District Council	Vacant	-	-	As agreed between organisations

Register of Interests

The Trust's Constitution requires the Trust to maintain a register of Governors 'interests. All Governors are asked to declare any interests at the time of their appointment and annually thereafter. There is a standing item on all Council of Governors and Committee meetings to confirm/update declarations of interest. The register is held by the Trust Secretary. The register is available to the public on request. Anyone who wishes to see the Register of Governors' Interests should make enquiries to the Trust Secretary at the following address: The Trust Secretary, Royal Papworth Hospital, Papworth Road, Cambridge Biomedical Campus Cambridge, CB2 0AY.

Contacting the Governors

Governors can be contacted via the Chairman's Office, by telephoning 01223 639833 or by writing to: The Chairman's Office, Royal Papworth Hospital, Papworth Road, Cambridge Biomedical Campus Cambridge, CB2 0AY.

Governor Election Results

CIVCA acted as the returning officer and independent scrutineer for the election process during 2022. There were vacancies for Governors in four of our public constituencies and four staff constituencies. The results of the elections are set out below:

Information on election results:

Constituency	Vacancies	Nominations	Election
Cambridgeshire	One	Six	Election held
Norfolk	Two	Two	Uncontested*
Suffolk	Two	One	Uncontested
Rest of England and Wales	Four	Three	Uncontested
Administrative, Clerical & Management:	One	Three	Election held
Allied Health Professional	No election in 2022/23		
Ancillary, Estates and Others	One	One	Uncontested
Doctors	No election in 2022/23		
Nurses	One	Two	Election held
Scientific and Technical	No election in 2022/23		

*Following the 2022 election one candidate did not return the necessary declarations or engage with the Council of Governors and so their appointment ceased in line with the requirements of the Trust's Constitution (Ref: 11.18.6).

Involving and understanding the views of the Governors and Members

The Board of Directors welcomes all opportunities to involve and listen to the views of Governors and Members. Listed below are some of the activities that demonstrate this commitment:

- Members voting (and standing for election) in elections for the Council of Governors;
- Presentations for Governors on subjects including: Shared Cre Record, patient stories from Respiratory Medicine and the Diabetes Specialist Nurses

- Six main Governor/Director Committees: Forward Planning, Appointments [Non-executive Director Nomination & Remuneration], Patient/Public Involvement (PPI), Governors' Assurance, Access and Facilities and Fundraising Group;
- Governor attendance at Audit Committee, Quality and Risk Committee, Performance Committee and open Board meetings;
- Governor attendance at Patient Safety Visibility Rounds and PLACE inspections
- Governor being 'Peer Reviewers' for Fundamentals of Care reviews
- Governors' attendance at events such as the Annual Members' Meeting and annual Staff Awards Ceremony;
- Norfolk Governors have leading roles in Norfolk Zipper Club, which supports patients and their families and actively fundraises for the Trust;
- Governor membership on the Patient and Carer Experience Group (PCEG), Reading Panel;
- Member engagement through PALS (Patient Liaison and Advice Service) and the RPH Charity which writes to members and seeks new members from patients who have recently been treated by the Trust.
- Active social media presence on our website and Facebook pages.
- Active Volunteer structure.

Table of Attendance of Directors at Council of Governors' Meetings

Council of Governors	15 Jun 22	14 Sept 2022 (Cancelled)	16 Nov 2022	15 Mar 2023
John Wallwork (Chairman)	✓		✓	✓
Jag Ahluwalia	×		×	×
Alex Baldwin			×	✓
Michael Blastland	✓		✓	✓
Cynthia Conquest	✓		✓	×
Amanda Fadero	×		×	×
Diane Leacock	×		✓	×
Gavin Robert	✓		×	✓
Ian Wilkinson	×		×	×
Stephen Posey[1]	✓			
Tim Glenn	✓		✓	✓
Eilish Midlane	✓		✓	✓
Oonagh Monkhouse	✓		✓	✓
Andy Raynes	✓		✓	✓
Maura Screaton	✓		✓	✓
Ian Smith	✓		✓	✓

✓ Indicates attendance at meeting. **× Indicates did not attend.** [1] **Part year membership**

Royal Papworth Hospital is a Trust with a small management team. Whilst Executive and Non-executive Directors are keen to understand the views of Governors, they rationalise attendance at all Trust meetings based on the content of the agenda. Council of Governor Meetings returned to face-to-face meetings in November 2022 which was welcomed by Governors and the Board. However, we have maintained online access to the meetings to ensure that all members of the Board and Council of Governors are able to take part. Governors also attend our public Board meetings as observers and are invited to attend other Governor briefings and Trust Committee meetings, where they contribute to discussions.

Table of Governor Attendance at Council of Governors' Meetings 2022/23

Council of Governors	15-Jun-22	14-Sep-22 Cancelled	16-Nov-22	15-Mar-23
Atkinson, Angela			✓	✓
Berry, Paul			✓	✓
Brown, Stephen	✓		✓	×
Bullivant Susan	✓		✓	✓
Burns, Doug	✓		✓	×
Collins Trevor	✓		✓	✓
Dunham, Yvonne	✓		✓	✓
Dunnicliffe Julia	×			
Fiddy John	×			
Fitchew John	✓		×	✓
Gerrard, Caroline	✓			
Halstead, Abi	✓		✓	✓
Harvey, Ian	✓		✓	×
Hodder Richard (Lead)	✓		✓	✓
Hotchkiss, Marlene	✓		✓	✓
Howe, Lesley			✓	✓
McLeese Trevor	✓		✓	✓
Perkins Harvey	×		✓	✓
Rodney Scott				
Spinks, Bob	×			
Barfoot, Michelle	✓		✓	✓
Barhoumi, Abby	×			
Brooks, Sarah			✓	x
Coonar, Aman	✓		✓	✓
Hadley-Brown, Andrew			✓	✓
Hurst, Rhys	✓		×	✓
McCorquodale Christopher	✓		✓	✓
Ward Martin	✓		✓	✓
Edmonds, Caroline	×		✓	×
Malyon, Alex	×			
Cllr Philippa Slatter	×		✓	✓
Szeremeta, Lorraine	×		×	×

Not a Governor* **✓ In attendance** **x Apologies received**

2.9 Foundation Trust Membership

Royal Papworth Hospital has always been a patient-centred organisation and as an NHS foundation trust strongly believes that greater public participation in the affairs of the hospital combined with the freedoms afforded to foundation trusts will help to deliver even better services to patients. In creating a membership the Trust was clear that it was more important to build an active and engaged membership rather than merely adding numbers.

Public and Staff constituencies

Following changes to its Constitution agreed by Members at our Annual Members' Meeting in September 2007, the Trust's public constituencies cover the whole of England and Wales allowing anyone over the age of 16 to join. Constituencies have been split to reflect Royal Papworth's regional and national catchment areas. No changes have been made to the constituencies for membership since 2007. The Trust has no patient constituency. Public Constituencies are: Cambridgeshire; Norfolk; Suffolk; and The Rest of England and Wales. Staff constituencies reflect professional groupings using the old Whitley Council classifications: Doctors, Nurses, Allied Health Professionals, Scientific and Technical, Administrative, Clerical and Managers, Ancillary, Estates and Others.

Membership by constituency as at 31 March 2023:

Membership by constituency as at 31 April 2023		
Public Membership Profile	Number of Members	
Cambridgeshire	1833	37.72%
Norfolk	747	15.37%
Suffolk	665	13.69%
Rest of England and Wales	1614	33.22%
Sub total:	4859	100.00%
Constituencies – Staff*	Number of Members	% of total
Nurses	1045	42.95%
Doctors	321	13.19%
Allied Health Professionals	142	5.84%
Scientific & Technical	268	11.02%
Ancillary, Estates & Others	95	3.90%
Administrative, Clerical & Management	562	23.10%
Sub-total	2,433	100.00%
Total Membership	7,292	

*Note: Numbers are individual members of staff, not whole time equivalent

Membership Plans

Our membership strategy was approved by the Council of Governors in September 2020 and sets out the strategic objectives for membership. A number of elements of this were put on hold during the COVID19 pandemic and it is due to be reviewed and relaunched in 2023. This will support governors in discharging their duty to represent the public, and to take account of the interests of the public at large. This includes the population of the local system of which the trust is part and the whole population of England as served by the wider NHS. The strategy includes plans for Governors and the Trust to provide regular and effective communication with members, to keep them informed about what is happening at the Trust and, crucially, improve engagement with stakeholders. As a result of COVID19 restrictions membership recruitment has continued principally through our website and social media presence.

Annual Members' Meeting

The Trust held its Annual Members' Meeting (AMM) on Monday 17 October 2022. This event was rescheduled from September because of the period of National Mourning following the death of Her Majesty Queen Elizabeth II.

Queen Elizabeth II dedicated her life to public service and showed unwavering support for the National Health Service (NHS) through her entire reign and at Royal Papworth we were privileged to witness her support in person and by being granted our Royal title; with visits from Queen Elizabeth II in 1962, and more recently in 2019 when we were honoured with her presence at the official opening our new hospital.

Our AMM was therefore held later in the year as a virtual event and our Foundation Trust Members heard updates on the highlights of the hospital's performance over the past year, our priorities and our work to recover from COVID19.

Presentations were received from our new Chief Executive, who spoke about the importance of our Trust Values and Behaviours, and the work of our Compassionate and Collective Leadership Programme. The Lead Governor speaking on the role of Governors, and the Chief Nurse and Chief Finance Officer on our Quality Priorities and the hospital's clinical and financial performance over the last 12 months.

Thanking our volunteers

Royal Papworth Hospital NHS Foundation Trust recognises the contribution of volunteers is invaluable. The Trust believes volunteering is integral to delivering and supporting a diverse range of services and activities that enrich the organisation.

Every day, our volunteers provide invaluable support to our staff and patients in a wide variety of roles. Since April 2022, our volunteers have contributed a total of 2,135 hours in supporting our staff make a real difference to our patients, their families, friends, and relatives.

Our volunteer policy demonstrates the Trust's commitment to the development of a volunteer service that improves patient experience by making a difference to service delivery or by being an advocate for positive change. That promotes and gives opportunities for people to volunteer and develops partnership and networking with national, charitable and third sector organisations including volunteer support groups.

In 2021/22 following a successful bid through the NHS England and Improvement Volunteering Services Fund we were able to employ a volunteer coordinator to support the Trusts volunteer recovery programme. In 2022/23 additional funding has been secured through Charity funding and with this additional role we have been able to support the Patient Advice and Liaison Service (PALS) Team in enabling the return of 14 volunteers, 8 existing and 6 new to the organisation from September 2022.

If you are interested in hearing more about the work of Royal Papworth's volunteers please contact the PALS team via the PALS Office, by emailing papworth.pals@nhs.net or by telephoning 01223 638896.

2.10 Sustainability Report

Climate change is a significant issue from a global perspective and has long-term impacts on health and wellbeing, as well as being one of the most serious global environmental threats.

A commitment to sustainability and carbon reduction targets is now included within the NHS Long Term Plan to highlight the impact that working towards sustainable targets contributes to a "service fit for the future". In 2020, the NHS became the world's first national health system to commit to become 'carbon net zero.

In September 2021 the Trust published its Sustainability Strategy 2021-2026, and this is available on our website at: RHP Sustainability Strategy 2021 – 2026.

Our Sustainability Strategy focuses on the following key areas:

- Maximising our assets
- Minimising use of resources
- Achieving net zero carbon emissions
- Caring sustainably
- Building responsibly
- Minimising journeys
- Developing green spaces
- Helping our community
- Adapting to climate change.

The Trust has also developed its Green Plan to ensure significant contribution to the wider Greener NHS initiative. The new suite of Green Plans is expected to match the increased net zero ambition and renewed delivery focus, with three clear outcomes:

1. ensure every NHS organisation is supporting the NHS-wide ambition to become the world's first healthcare system to reach net zero carbon emissions;
2. prioritise interventions which simultaneously improve patient care and community wellbeing while tackling climate change and broader sustainability issues; and
3. support organisations to plan and make prudent capital investments while increasing efficiencies.

In addition, the Climate Change Act sets target reductions of 30% by 2030 and net zero percent by 2050 against a 1990 baseline and the Trust is reviewing ways in which the organisation can further contribute towards the target reduction on a local, regional and international level.

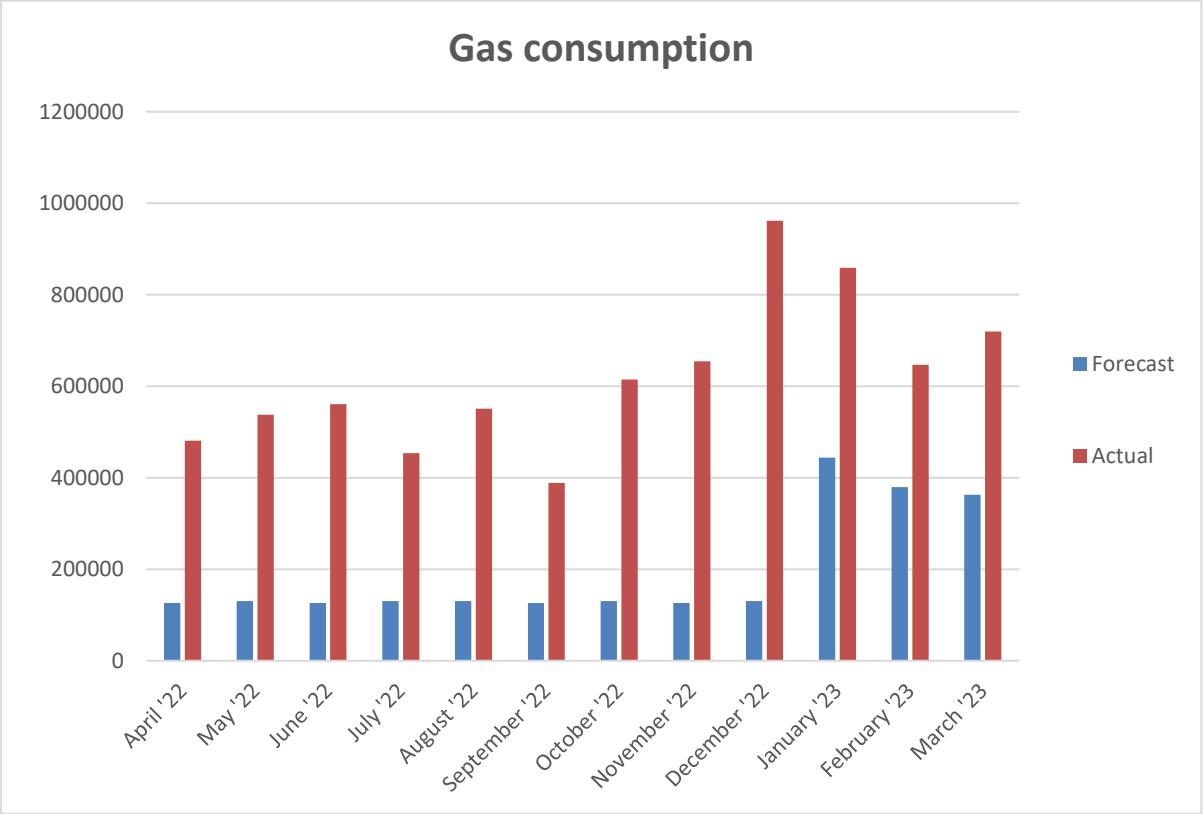
Planning activity for the Trust's move to the Cambridge Biomedical Campus in May 2019 included a review of how the organisation undertook daily activity, including planning travel to the campus, greener travel options, and the streamlining of Estate and Facilities services alongside neighbouring partners to investigate where there

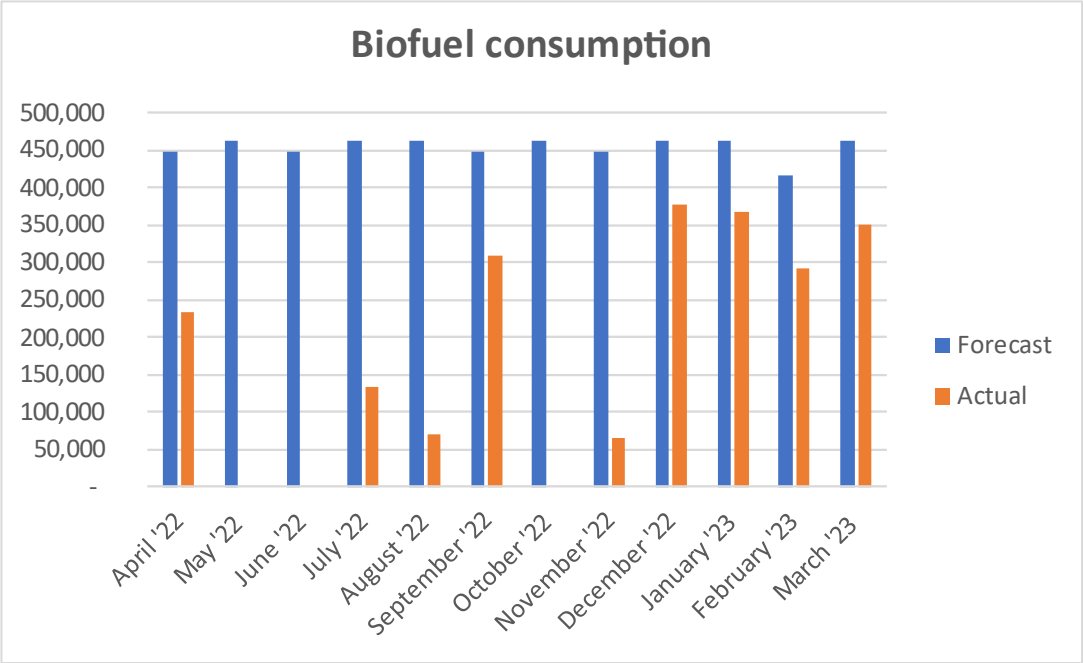
were shared interests, and to review energy efficient opportunities in line with the PFI provider for the site, Skanska.

Across the last year, the Trust, along with all NHS organisations and society as a whole, has continued to experience the challenges posed as part of the COVID19 pandemic. The changes to ways of working has been unprecedented in recent history, and presented the Trust with options to review ways in which work is undertaken both from a clinical and administrative perspective. The Trust has been supported by the Digital Team in continuing to provide access to alternative ways of working for staff and online appointments for patients which will contribute to the reduction of travel and transport emissions in relation to Trust activity.

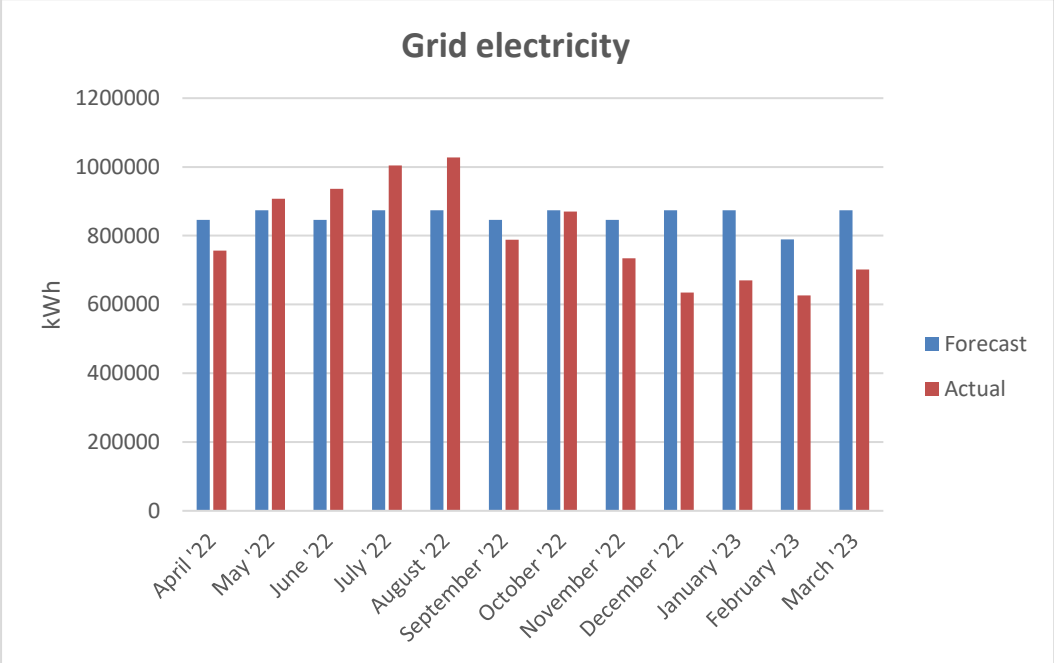
Our Sustainability Board gathers input into the development of sustainability plans from multiple departments from across the Trust. The board - meets regularly to discuss current and future plans for sustainability at Royal Papworth Hospital.

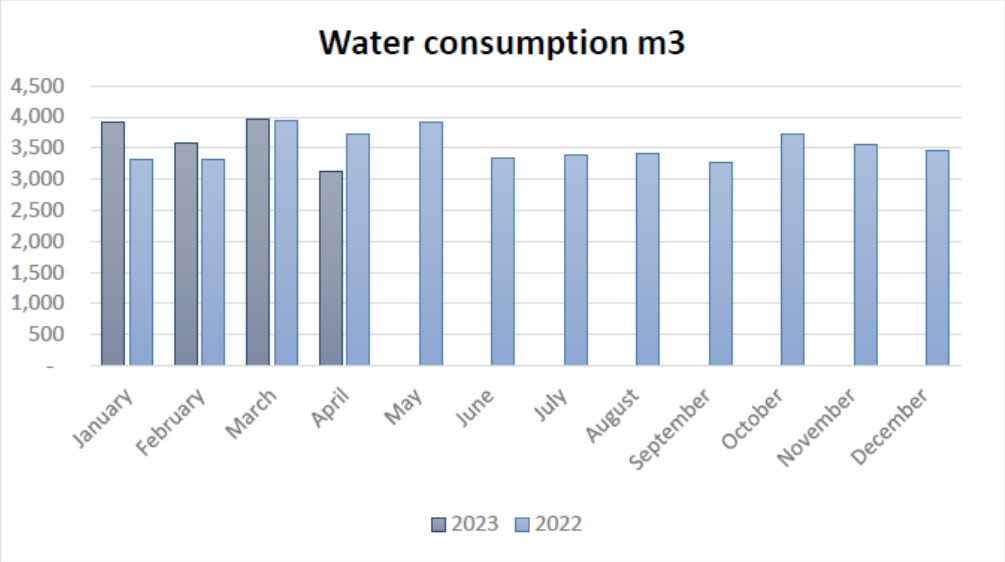
The Trust works alongside Project Co. and Skanska with regards to the monitoring of energy consumption, including water. Data is submitted to the Trust on a monthly basis with an emphasis on better understanding and smarter usage. Below are graphs for Gas, Electricity and Water usage as well as the CHP use.





Fuel consumption slightly down on forecast in line with the electricity generation shortfall against forecast, due to the CHP being offline for the cylinder head replacement.





The above chart shows monthly water use plotted against the design target on a linear scale. March consumption was 21% below the previous month. When comparing to the previous year consumption is 16% below 2022.

Water use in April was 10% above the monthly target and 10% below the annual cumulative target. Consumption is linked to actual patient numbers and flushing regimes whilst the target was set on expected use and occupancy.

Future Projects

Our five-year Green Plan for sustainability, encompasses a number of strands relating to energy consumption, water usage, waste, green travel options, health and wellbeing and workforce. Advice from the Greener NHS will be sought to support activity within these work streams, both on a regional and national level, and the Trust will encompass this activity within the development of the Green Plan to enable planning for future targets. The Trust is a member of the Sustainability National Performance Advisory Group to share ideas and discuss best practice with other key sustainability leads.

The Trust continue to attend meetings with members of the Cambridge Biomedical Campus (CBC) as part of a Travel and Transport, and Sustainability working group and plans are in development to work with CUH to investigate ways in which RPH and CUH can support each other as neighbouring organisations in relation to sustainability.

Travel and Transport opportunities will continue to be reviewed as part of ongoing changes to services as part of the response to the pandemic, this will be reviewed alongside partner organisations CUH and Saba for future options and planning.

2.11 Equality and Diversity Report

The business and moral case for having a culture that has equality, diversity and inclusion (EDI) at its centre is comprehensive and clearly aligned to our corporate strategic objectives as a Trust. Our Trust is known for its medical excellence; it is important that the Trust also focuses on going above and beyond the minimal requirements set out by law or our regulators and achieving excellence in our leadership. The Trust's EDI work seeks to create a culture of continuous improvement with regards reducing health inequalities and tackling discrimination.

The Trust is committed to tackling inequality of opportunity and eliminating discrimination - both within the workforce and in the provision of services. The Trust has a legal responsibility under the Equality Act 2010 to:

- Eliminate discrimination, harassment and victimisation
- Advance equality of opportunity
- Foster good relations between persons who share a relevant characteristic and those who do not.

The nine protected characteristics are:

- Age
- Disability
- Ethnicity
- Gender
- gender reassignment
- marriage & civil partnership
- pregnancy & maternity
- religion or belief
- sexual orientation

We publish information to demonstrate compliance with the general duty at least annually and prepare and publish equality objectives every 4 years. The Trust takes due regard for equality by undertaking equality impact assessments for equality analysis when reviewing policies or when planning changes to services as part of organisational change processes to ensure our functions and services are not discriminatory.

The Trust recognises that a richly diverse workforce, representative of the population we serve, will better identify the needs both of our staff and patients and that staff perform best at work when they can be themselves. This report sets out the profile of our workforce and the actions we take to promote workforce and service equality and diversity across the Trust.

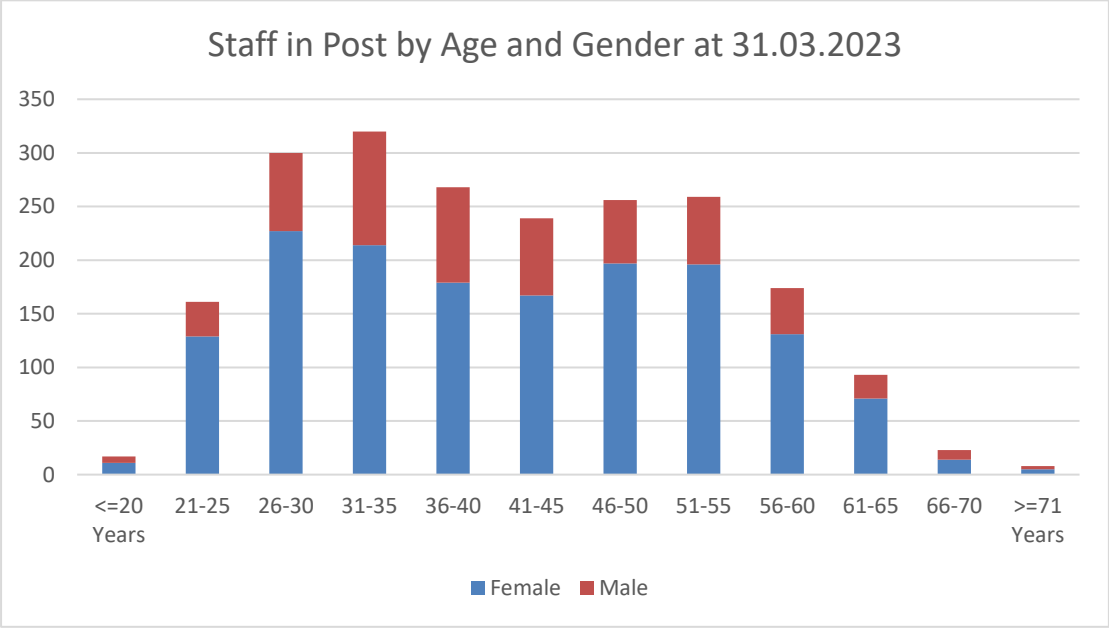
Workforce Profile – 31st March 2023

The following overview of the profile of our workforce is taken from data held on the Electronic Staff Record and is self-declared by the member of staff.

The hospital had 2118 employees , as at 31st March 2023 excluding hosted services, of which, 1573 were full time employees and 545 were part time.

Gender

GENDER	Full Time		Part Time		Grand Total	
	Headcount	% of FT	Headcount	% of PT	Headcount	% of Workforce
Female	1064	67.6%	477	87.5%	1541	72.8%
Male	509	32.4%	68	12.5%	577	27.2%
Grand Total	**1573**	**100.0%**	**545**	**100.0%**	**2118**	**100.0%**
% of Total Workforce who are Full Time and Part Time:		**74.3%**		**25.7%**		



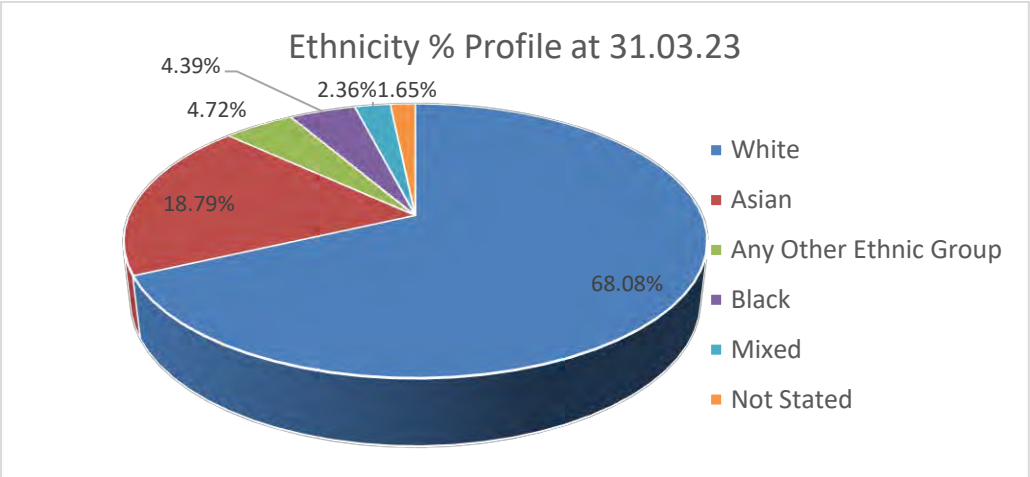
AGE RANGE	Female		Male		Grand Total	
	Headcount	% of Female	Headcount	% of Male	Headcount	% of Workforce
<=20 Years	11	0.71%	6	1.04%	17	0.80%
21-25	129	8.37%	32	5.55%	161	7.60%
26-30	227	14.73%	73	12.65%	300	14.16%
31-35	214	13.89%	106	18.37%	320	15.11%
36-40	179	11.62%	89	15.42%	268	12.65%
41-45	167	10.84%	72	12.48%	239	11.28%
46-50	197	12.78%	59	10.23%	256	12.09%
51-55	196	12.72%	63	10.92%	259	12.23%
56-60	131	8.50%	43	7.45%	174	8.22%
61-65	71	4.61%	22	3.81%	93	4.39%
66-70	14	0.91%	9	1.56%	23	1.09%
>=71 Years	5	0.32%	3	0.52%	8	0.38%
Grand Total	**1541**	**100.00%**	**577**	**100.00%**	**2118**	**100.00%**
% of Total Workforce who are Female and Male:		**72.8%**		**27.2%**		

Gender Pay Gap

The Trust has complied with the reporting requirements in relation to the gender pay and have developed an action plan to ensure that we better understand historical reasons for the gender balance in particular areas, that we share data with our staff, and that we put in place measures, including training and support, that will allow us to address issues that are identified.

Royal Papworth Hospital NHS FT	ORDINARY PAY										BONUS PAY			
	Mean pay gap %	Median Pay gap %	Quartile 4 (Top quartile)		Quartile 3 (Upper Middle Quartile)		Quartile 2 (lower middle quartile)		Quartile 1 (Lower quartile)		Mean Bonus pay gap %	Median Bonus Pay gap %	Proportion of males and females receiving a bonus	
			Men	Women	Men	Women	Men	Women	Men	Women			Men	Women
	25.21%	17.22%	43.05%	56.95%	21.05%	78.95%	20.64%	79.36%	23.00%	77.00%	61.58%	80.00%	6.31%	0.64%

Ethnicity



Disabilty

DISABILITY	Female		Male		Grand Total	
	Headcount	% of Female	Headcount	% of Male	Headcount	% of Workforce
No	1191	77.29%	438	75.91%	1629	76.91%
Not Declared	277	17.98%	115	19.93%	392	18.51%
Yes	66	4.28%	23	3.99%	89	4.20%
Prefer Not To Answer	7	0.45%	1	0.17%	8	0.38%
Grand Total	**1541**	**100.00%**	**577**	**100.00%**	**2118**	**100.00%**

Sexual Orientation

SEXUAL ORIENTATION	Headcount	% of Workforce
Heterosexual or Straight	1665	78.61%
Not stated (person asked but declined to provide a response)	380	17.94%
Bisexual	35	1.65%
Gay or Lesbian	25	1.18%
Other sexual orientation not listed	7	0.33%
Undecided	6	0.28%
Grand Total	**2118**	**100.00%**

Religious Belief

RELIGIOUS BELIEF	Headcount	% of Workforce
Christianity	1013	47.83%
I do not wish to disclose my religion/belief	512	24.17%
Atheism	335	15.82%
Other	124	5.85%
Hinduism	51	2.41%
Islam	50	2.36%
Buddhism	23	1.09%
Judaism	5	0.24%
Unspecified	3	0.14%
Sikhism	2	0.09%
Grand Total	**2118**	**100.00%**

NHS equality delivery system (EDS2)

The EDS is an improvement tool for patients, staff, and leaders of the NHS. It supports NHS organisations in England - in active conversations with patients, public, staff, staff networks, community groups and trade unions - to review and develop their approach in addressing health inequalities through three domains: Services, Workforce and Leadership. It is driven by data, evidence, engagement, and insight.

RPH is required to carry out EDS reviews, creating improvement plans and act on completed EDS reviews and their action plans in conjunction with our WRES WDES and GPG action plans. EDS reviews should be carried out annually with the result of the review published on organisation websites by 28th February. The improvement

tool focuses on three domains, the first domain looks at how we provide services to our patients, i.e., looking at access, if their needs are met, experience etc. Domain two looks at the health and wellbeing of RPH's workforce, and domain three requires the Trust to look at its Inclusive leadership in partnership with another organisation.

As the guidance for this report was issued late in 2022, and with the pressures around Covid 19 pandemic and recovery of this, we sought advice from NHSE on what flexibilities with regards the timescales for completing the 2022/23 EDS2. They have advised that we have the option to not undertake a review in 2022/23, if we are compliant with the PSED requirements. It was proposed and approved at the March 2023 EDI Steering Committee that given the time and capacity required to undertake an EDS review well, we defer the review and undertake this in 2023/24.

Indicator	2021	2022	2022 National Average
Board Representation by Ethnicity	White staff: 84.60% BAME staff: 15.40%	White Staff: 84.60% BAME staff: 15.40%	White staff: 82.40% BAME staff: 12.60%
Relative likelihood of white staff accessing non-mandatory training and CPD compared to BAME staff	0.82	0.99	1.14
Relatively likelihood of white staff being appointed from shortlisting across all posts compared to BAME staff	1.08	1.1	1.61
Relative likelihood of white staff entering the formal disciplinary process compared to BAME staff	1.94	0.49	1.14
Percentage of staff experiencing harassment, bullying or abuse from patients, relatives or the public in last 12 months	White Staff: 17.70%	White Staff: 19.70%	White staff: 26.80%
	BAME staff: 26.80%	BAME staff: 29%	BAME staff: 30.40%
Percentage of staff experiencing harassment, bullying or abuse from staff in last 12 months	White staff: 25.60%	White Staff: 27.10%	White staff: 22%
	BAME staff: 31.30%	BAME Staff: 36.50%	BAME staff: 27.70%
Percentage of staff believing that the organisation provides equal opportunities for career progression or promotion	White staff: 61.90% BAME staff: 40.30%	White Staff: 56.10% BAME Staff: 35.60%	White staff: 59.10% BAME staff: 46.40%
Percentage of staff experienced discrimination at work from manager / team leader or other colleagues in last 12 months	White staff: 10% BAME staff: 24.70%	White Staff: 11.20% BAME Staff: 26.50%	White staff: 6.70% BAME staff: 16.60%

Annual reporting
The Workforce Race Equality Standard (WRES) and Workforce Disability Equality Standard (WDES) are audits completed every May using data as at 31 March each year and from the annual staff survey and NHS Jobs. From the reporting the Trust compiles action plans that focus on issues identified. These action plans, once approved by the Board, are published externally on our Trust website.

Workforce Race Equality Standard (WRES)
Our WRES indicators clearly indicate that the priority areas of focus for the Trust are the experiences of BAME staff members of discrimination and bullying from their colleagues and line managers and that our BAME colleagues are less likely to believe we provide equal opportunity for career progression compared to their white colleagues. Only 35.6% of staff from a BAME background believe that there is equality of opportunity. Our overall BAME workforce is broadly representative (30%) of our communities, however, this representation is not present in our senior posts nor at a board level

The WRES action plan sets out how we will be addressing these specific areas and this plan is regularly reviewed and updated by the BAME Network which meets bi-monthly. The Equality and Diversity Steering Group oversees the delivery of the WRES action plan and there is a quarterly report to the Quality and Risk Committee.

Workforce Disability Equality Standard

Indicator	2021	2022	2022 National average
Percentage of staff experiencing harassment, bullying or abuse from patients, relatives or the public in last 12 months	Staff with LSE/Illness: 24.1%	Staff with LSE/Illness: 22.2%	Staff with LSE/Illness: 33.1%
	Staff without LSE/Illness: 18.5%	Staff without LSE/Illness: 21.3%	Staff without LSE/Illness: 25.9%
Percentage of staff experiencing harassment, bullying or abuse from manager in last 12 months	Staff with LSE/Illness: 20.3%	Staff with LSE/Illness: 15.7%	Staff with LSE/Illness: 16.4%
	Staff without LSE/Illness: 11.6%	Staff without LSE/Illness: 14.7%	Staff without LSE/Illness: 9.4%
Percentage of staff experiencing harassment, bullying or abuse from other colleagues in last 12 months	Staff with LSE/Illness: 29%	Staff with LSE/Illness: 25.6%	Staff with LSE/Illness: 25%
	Staff without LSE/Illness: 19.4%	Staff without LSE/Illness: 24.1%	Staff without LSE/Illness: 16.6%

Percentage of staff saying that the last time they experienced harassment, bullying or abuse at work, they or a colleague reported it	Staff with LSE/Illness: 54%	Staff with LSE/Illness: 54.2%	Staff with LSE/Illness: 51%
	Staff without LSE/Illness: 46.9%	Staff without LSE/Illness: 43.8%	Staff without LSE/Illness: 49.1%
Percentage of staff who believe that their organisation provides equal opportunities for career progression or promotion	Staff with LSE/Illness: 53.3%	Staff with LSE/Illness: 50.8%	Staff with LSE/Illness: 51.7%
	Staff without LSE/Illness: 58.5%	Staff without LSE/Illness: 52.2%	Staff without LSE/Illness: 57.5%
Percentage of staff who have felt pressure from their manager to come to work, despite not feeling well enough to perform their duties	Staff with LSE/Illness: 34.1%	Staff with LSE/Illness: 28.9%	Staff with LSE/Illness: 28%
	Staff without LSE/Illness: 24.3%	Staff without LSE/Illness: 25.1%	Staff without LSE/Illness: 20.1%
Percentage of staff satisfied with the extent to which their organisation values their work	Staff with LSE/Illness: 45.4%	Staff with LSE/Illness: 43.5%	Staff with LSE/Illness: 34.7%
	Staff without LSE/Illness: 50.5%	Staff without LSE/Illness: 43.1%	Staff without LSE/Illness: 44.6%
Percentage of staff with a long lasting health condition or illness saying their employer has made adequate adjustment(s) to enable them to carry out their work	Staff without LSE/Illness: 80.9%	Staff without LSE/Illness: 81.2%	Staff without LSE/Illness: 73%
Staff engagement score (0-10)	Staff with LSE/Illness: 6.9	Staff with LSE/Illness: 7.0	Staff with LSE/Illness: 6.40
	Staff without LSE/Illness: 7.3	Staff without LSE/Illness: 7.0	Staff without LSE/Illness: 6.92

The WDES action plan is published on our Trust website. This plan is developed, and progress reviewed by the Disability and Difference and Working Carers Network. Delivery is overseen by the EDI Steering Group which reports to the Workforce Committee. The focus of our plan is to improve self-declaration of disability status in order to improve our knowledge of our workforce and where we need to focus our attention. The plan also seeks to address bullying and harassment, line manager development to support staff with health conditions and career development. These have been done through a variety of routes such as comms declaration campaigns,

Line managers development Programmes (Inclusion In Action), Civility and microaggressions workshops etc.

Disability Information
We are recognised by the Government's Department for Work and Pensions as a 'Disability Confident' employer. The 'Disability Confident' scheme aims to help employers make the most of the opportunities provided by employing disabled people.

As a Disability Confident Level 1 Committed Employer, we have committed to:

- ensure our recruitment process is inclusive and accessible.
- communicating and promoting vacancies
- offering an interview to disabled people who meet the minimum criteria for the job.
- anticipating and providing reasonable adjustments as required
- supporting any existing employee who acquires a disability or long-term health condition, enabling them to stay in work.
- at least one activity that will make a difference for disabled people.

For staff who become disabled whilst in work, either temporarily or permanently, we have proactive, supportive policies and procedures in place to enable their skills and experience to be retained within the Trust. These include the use of external organisations to undertake detailed workplace assessments and, where appropriate, to advise on specialist equipment to facilitate adjustments to working practices.

The number of staff who reported themselves as having a disability at the end of 2022/23 was 89, 4.2%of the workforce. Further information in connection with Equality and Diversity can be found in the Equality and Diversity section of the Annual Report.

The Disability and Difference Network support the Trust with developing and implementing the Workforce Disability Equality System (WDES) action plan.

Staff Networks
The Trust has four staff networks:

- BAME Network (to be known in future as the Race Equality Network)
- LGBT+ Network
- Disability and Difference and Working Carers Network
- Women's Network

These Networks are an essential part of the Trust's EDI infrastructure and are instrumental in driving the equality agenda. During 2022/23 the Networks have held a number of Trustwide learning/training events and have driving initiatives such as improved support for overseas staff pay and settling in the UK,

The Network Chairs and Deputies meet regularly with the Head of EDI and the Network and compliance Officer.

The Networks all have Executive sponsors who attend the meetings and contribute in raising the Networks profile at Board.

Equality, Diversity and Inclusion Steering Group.
The Equality, Diversity and Inclusivity Steering Group meets bi-monthly and reports to Workforce Committee. It is chaired by the Chief Operating Officer and Director of Workforce and Organisational Development, and all staff networks report into this committee.
Engagement and Involvement

Throughout 2022/23 there has been numerous engagement and inclusion sessions,

- EDI Network Picnics
- National Inclusion Week
- Black History Month Inclusion Event
- Re-Launch of Disability and Difference Network to add Working Carers
- Trans Awareness Training
- LGBT+ History Month
- Civility and Microaggression workshops
- International Women's Day Event
- Board Stories
- Launch of 18-month Transformational Reciprocal Mentoring Programme
- Line Managers Development Programme (Inclusion In Action)
- Staff Induction

Equality monitoring
As required by the public sector equality duty, the Trust's workforce equality monitoring information is published on the Royal Papworth public website.
This includes:

- the profile of our staff by age band, disability, race, religion, sex, sexual orientation and marital status
- ethnic profile of our staff compared to the local population
- recruitment data by age band, disability, race, religion, sex, sexual orientation and marital status (those applying, shortlisted and appointed)
- staff in post by pay band by age, disability, race, sex and sexual orientation
- the number attending training courses by age band, disability, race and sex
- the number of leavers by age band, disability, race and sex
- employee relations cases (disciplinary, capability, performance and sickness bullying and harassment) cases by age band, disability, race and sex

We also use this section of our website to publish our WRES and WDES action plans: https://royalpapworth.nhs.uk/our-hospital/information-we-publish/equality-diversity-and-inclusion.

Trade Union Facility Time Publication Requirements
The Trust complied with submission of Disclosure of Trade Union Facility Time set out in Schedule 2 to The Trade Union (Facility Time Publication Requirements) Regulations 2017 in 2022/23.

The Trade Union Facility Time data is set out below:

The Trade Union Facility Time data is set out below:
8 employees were Relevant Union Officials during the relevant period (2021/22) and this equated to 7.3 FTE employees.

The percentage of time spent on facility time was:-

	%	WTE
a	0%	0
b	1%-50%	7.3
c	51%-99%	0
d	100%	0

The percentage of pay bill spent on facility time during the reference period:		
a	Total cost of pay bill on facility time	£20,005.68
b	Total pay bill	£119,000,000
c	Total pay bill spent on facility time	2.82%
d	Time spent on paid trade union activities as a percentage of total paid facility time hours	4.29%

2.12 Statement of Accounting Officer's responsibilities

STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTING OFFICER OF ROYAL PAPWORTH HOSPITAL NHS FOUNDATION TRUST

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

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

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

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

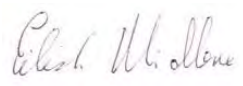
The accounting officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS foundation trust and to enable them to ensure that the accounts comply with requirements outlined in the above-mentioned Act. The Accounting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

taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Signed:



Eilish Midlane
Chief Executive
Date: 23 June 2023

2.13 Annual Governance Statement

Executive summary

My annual governance review of 2022/23 confirms that Royal Papworth Hospital NHS Foundation Trust has a generally sound system of internal control that supports the achievement of its organisation's objectives. The Trust has a programme that regularly monitors and tests various aspects of its governance and risk management structures to ensure they remain fit for purpose. Overall, no significant internal control issues have been identified that would impact on the delivery of the Trust's strategic and annual objectives. The Trust recognises that the internal control environment can always be strengthened, and this work will continue in 2023/24. The document below summarises the key areas that informed this opinion.

Scope of responsibility

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

In undertaking this role I, and my team, have developed and maintained strong links with NHS England, clinical commissioning groups, and partner organisations both in the local health economy and nationwide.

The purpose of the system of internal control

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

Capacity to handle risk

The Board of Directors leads the management of risk within the Trust. The Trust has in place a Risk Management Strategy which sets out the accountability and reporting arrangements to the Board of Directors for risk management within the Trust. Operational responsibility for the implementation of risk management has been delegated to Executive Directors. The Operational Plan sets out the Trust's principal aims for the year ahead. Executive Directors have the responsibility for identifying any risks that could compromise the Trust from achieving these aims.

All new staff joining the Trust are required to attend corporate induction which covers clinical governance and risk management, including use of the Datix Incident Reporting System. The Trust learns from good practice through a range of mechanisms including root cause analysis of identified incidents, clinical supervision and reflective practice, individual and peer reviews, performance management, continuing professional

development, clinical audit and application of evidenced based practice. All relevant policies are available on the Trust intranet.

The risk and control framework

Quality governance and risk management is central to the effective running of the organisation. The Risk Management Strategy and supporting procedure sets out the key responsibilities for managing risk within the organisation, including ways in which risk is identified, evaluated and controlled. The overall aim of the Risk Management Strategy is to achieve a Trust wide corporate approach to risk management supported by effective and efficient systems and processes which ensure the organisation is one which:

- Recognises that risk is present in all activities both clinical and non-clinical and is fully aware of its risks – where risk management is embedded within our culture and integrated into the working practices of all grades and disciplines of staff;
- Encourages the open reporting of accidents, concerns, incidents and near miss events by fostering a fair and just culture that learns from such events, puts actions into place to prevent recurrence, recognises the effects of Human Factors, provides feedback to staff and offers sensitive and fair investigation of the organisation and individuals' contribution to the event;
- Accepts that risk management is everyone's responsibility;
- Achieves organisation wide understanding of the challenges arising from the implementation of Clinical and Quality Governance;
- Facilitates change through multidisciplinary ownership of identified plans and work streams;
- Ensures the Trust achieves set targets relating to clinical quality and safety;
- Adopts a pro-active approach to risk management and endeavours to identify opportunities and risks for all projects and tasks;
- Ensures by pro-active management that effective action plans are in place to mitigate risks which will minimise any actual harm or loss;
- Advocates honesty and transparency in its communications with patients, staff, contractors and visitors and acknowledges our liability for harm or loss in any instance where we have been negligent in our duties.

The Board of Directors is responsible for identifying and assessing the Trust's principal risks (i.e. those that threaten the achievement of the Trust's corporate objectives). A risk management matrix is used to support a consistent approach to assessing and responding to clinical and non-clinical risks and incidents.

Risk assessment information is held in an organisation wide risk register (Datix Risk Management system). There are regular Corporate and Board Assurance Framework (BAF) risk reports to the Executive Directors; which includes a BAF tracker dashboard. All Serious Incidents (SIs) are reviewed by the Serious Incident Executive Review Panel and are reported to the Board via the Chief Nurse, Medical Director or Chief Operating Officer. All staff are responsible for responding to incidents, risks, complaints and near misses in accordance with the appropriate policies. Incident reporting is co-ordinated by the Department of Clinical Governance and Risk Management. Staff are encouraged to report incidents and there continues to be a healthy incident reporting culture which is demonstrated by the percentage of near miss reports against actual incidents with the majority of incidents graded as low or no harm and these are reviewed to identify common themes and consider whether there is further learning that could be shared. Information on patient safety incident trends and actions are discussed in the monthly Quality and Risk

Management Group (QRMG) which is chaired by the Clinical Governance Lead – a Consultant Physician, who is a member of the Board's Quality and Risk (Q&R) Committee. Information on staff, visitor and organisational incidents and risks are shared at the Health and Safety Committee and disseminated across the Committee structure. Information on patient safety incident trends and actions are also placed on the Trust's external website in the quarterly Quality and Risk Report. The QRMG reports to the Q&R Committee.

Board of Director Committees consisted in the year of:

- Audit Committee
- Quality and Risk (Q&R) Committee
- Performance Committee
- Strategic Projects Committee
- Workforce Committee (from January 2023)
- Executive Remuneration Committee
- Charitable Funds Committee (Trustee Board)

Membership of the Q&R Committee, Performance Committee, Workforce Committee and Strategic Projects Committee consists of Non-executive Directors (NEDs) and Executive Directors, the Chairs are NEDs. Other Executive Directors attend as business requires. Two Governors are also in attendance at the Q&R Committee, the Audit Committee, the Performance Committee and the Workforce Committee. During the year the Workforce Committee met twice, the Strategic Projects Committee met six times and the Quality and Risk Committee and Performance Committee each met twelve times. All Committees report to the Board through minutes and written Chair's reports.

In 2022/23 the Q&R Committee was delegated with providing assurance to the Board that there is an effective structure, process and system of control for:

- Clinical Governance (including Board compliance statements on Care Quality Commission, Quality Strategy and Quality Governance)
- Research and Education Governance
- Information Governance
- Non-Financial Resource Governance
- Clinical and Non-clinical Risk Management
- Quality Reporting to support assurance for the annual Quality Report
- Data Quality
- Health & Safety
- Board Assurance Framework (BAF) to support the clinical/quality statements in the Annual Governance Statement (with the overarching responsibility for the BAF in the remit of the Audit Committee as Committee BAF Risks are managed across all Board Sub Committees)

In year we reviewed the management of workforce matters across Board and Committees and following review it was agreed a Workforce Committee would be established and it has been delegated with providing assurance to the Board that there is an effective structure, process and system of control for:

- Education and training
- Equality, diversity, and inclusion (EDI)

- Leadership development
- Resourcing & retention
- Staff health and well-being
- Workforce health & safety
- Workforce planning

The Workforce Committee was established in January 2023. Previously these matters were regularly reported and reviewed through the Quality & Risk and Performance Committees.

The role of the Performance Committee is to provide assurance, overview and monitoring for the Board on financial governance and reporting, including the cost improvement programme/service improvement programme (CIP/SIP). The Performance Committee provides in year scrutiny for matters affecting the overall business, performance and reputation of the Trust, including:

- Productivity
- Financial sustainability
- Cost Improvement Programme (CIP);
- Workforce matters in as far as these effect the delivery of the duties of the Committee;
- In-year patient activity (actual v plan);
- Business cases of over £500k.

The Investment Group, chaired by the Chief Finance & Commercial Officer, supports the Performance Committee and has the remit of ensuring that all major investment, disinvestment and development decisions (both revenue and capital) receive appropriate overview and scrutiny. The key aims of the group are to establish the overall methodology and controls which govern the Trust's investment and development decisions; ensure that robust processes are followed (e.g., evaluation of fit with the Trust strategy); and evaluate, recommend/approve, scrutinise and monitor investments and developments.

The Strategic Projects Committee provides assurance on the Trust's strategic projects/transformation plans in respect of the following programmes:

- PFI Building issues and Estates Action Plan escalations
- Sustainability/Green Plan
- Papworth Project Forum – as necessary
- Working with our Partners – as necessary
- Integrated Care System Development
- Heart and Lung Research Institute
- Strategic Digital Projects

For information on the Audit Committee see the Audit Committee section of this Annual Report. For information on the Executive Remuneration Committee see the Remuneration section of this Annual Report. For information on the Charitable Funds Committee see the Charity Annual Report and Accounts, published separately. Please see the Charity Commission website at RPH Charity Annual Report and Accounts.

The Trust is a patient centered organisation and places a high priority on the quality of its clinical outcomes, patient safety and patient experience and abides by the principles outlined in NHS England's quality governance framework and/or Well-led, as follows:

- Quality Strategy: Every patient has the right to feel safe and cared for whilst accessing services at Royal Papworth Hospital NHS Foundation Trust. Our Quality Strategy was published in 2019 and set our quality ambitions and direction for the three years to 2022 this was extended to March 2023 with the agreement of the Quality and Risk Committee. Our Quality Strategy is aligned to and takes into account the National Quality Improvement (QI) agenda, current QI research and National QI leadership programmes. The Strategy includes the Trust Board endorsement to implement the Culture and Leadership Programme, which commenced during 2019 and continues to support the delivery of our Quality Strategy.

  Our Quality Strategy 2019-2023 was underpinned by our three Quality Ambitions with work streams identified as enablers to achieve these. We have reviewed these work streams annually to demonstrate progress and allow flexibility to encompass local, regional, and national changes in the health economy.

  Quality Strategy Ambitions:

  1. Safe – Provide a safe system of care and thereby reduce avoidable harm
  2. Effective and Responsive Care – Achieve excellent patient outcomes and enable a culture of continuous improvement
  3. Patient Experience and Engagement - We will further build on our reputation for putting patient care at the heart of everything we do

  Since the first wave of the COVID 19 Pandemic we have been challenged and tested as we responded to the huge demands on our specialist services and the subsequent need to recover service delivery. We have demonstrated organisational resilience through our continued ability to provide the specialist care and treatment our patients need. We have maintained a high quality and safe service throughout this difficult time through our ongoing governance and performance monitoring structures and the fantastic commitment and hard work of our staff at all levels of the organisation. We remain vigilant and agile to ensure continuous delivery of safe and effective care for our patients in these challenging times.

  A final desktop review was undertaken in April 2023 and has been reported to the Board and we have assessed that we have been able to deliver against 80% of the ambitions that we set.

- Risks to quality are listed in the Board Assurance Framework (BAF) and in the risk register. The Medical Director and Chief Nurse review the Quality Impact Assessments for all new Service Improvement (CIP/SIP) projects;

- Capabilities and culture: The Trust has achieved Non-executive Director (NED) engagement in quality through the Quality and Risk Committee (Q&R) and Governor engagement through the Patient and Public Involvement (PPI) Committee and Q&R Committee. The Board of Directors and Council of Governors receive and review the PIPR, including patient safety and patient experience at

every meeting. The Trust had an external Well Led Review in 2022 had has a Board level action plan to address the key findings.

- Structures and processes: Quality, in the form of patient quality and safety, and patient experience are standing items for all meetings of the Board of Directors and Council of Governors. The Q&R Committee reviews actions to address quality performance issues. The Trust has engaged with its key external stakeholders on quality through the quality reporting process and has requested input from system partners including our NHS Commissioners, Cambridgeshire County Council Adults and Health Committee and Healthwatch Cambridgeshire and Peterborough.

- There is a Guardian of Safe Working Hours and has a Freedom to Speak Up Guardian who reporting directly to the Board and who is supported by a team of FTSU Champions.

- We have established networks for our staff with lived experience including Black and Minority Ethnic staff, Disability and Difference, LGBTQ+ and our Women's network.

- We have and established Lead Healthcare Scientist and Chief Allied Health Professional roles.

- Measurement: The Board reviews its performance metrics through the PIPR and these are linked to the Trust's strategic objectives, national priority indicators, NHS England (NHSE) governance ratings, Commissioning for Quality and Innovation (CQUIN) and local priorities. The PIPR is used to report on quality to the Board on a monthly basis alongside operational and finance performance. The quality elements are informed from the directorate quality reports and the Matrons monthly ward and departmental score card. The Trust has worked with Commissioners on quality matters and meets with the Commissioner's quality team to review the Commissioning Quality dashboard. There have been no quality derogations recorded. The Trust has submitted and will continue to submit evidence for the NHS Quality Surveillance Program and the Specialised services quality dashboard (SSQD). The Trust has a SSQD gatekeeper (Quality Compliance Officer) and Executive lead (Chief Nurse) sign off for the QST portal.

Risk

The risk management function is managed by the department of Clinical Governance and Risk Management, which reports to the Chief Nurse. The Chief Nurse is the Caldicott Guardian. The department of Clinical Governance and Risk Management is supported by a number of Committees which report through the Quality and Risk Management Group (QRMG) to the Quality & Risk (Q&R) Committee of the Board. The Audit Committee reviews the establishment and maintenance of the system of integrated governance, risk management and internal control, across the whole of the Royal Papworth Hospital's activities and gains Assurance from the Quality & Risk Committee for the Risk Assurance Framework. There are a range of policies in place to describe the roles and responsibilities of staff in identifying and managing risk and these policies set out clear lines of responsibility and accountability. All relevant policies are available for viewing on the intranet and are regularly updated and this has been an area of focus in 2022/23. The

Trust has successfully embraced and continues to improve electronic reporting of all risks and has developed new divisional dashboards to support local review and reporting. We have also developed and delivered training on Risk Management and Governance and Board Assurance as a part of our line managers leadership development programme.

All new risks are identified in-year and escalated to the risk register and reported via the Board Assurance Framework (BAF) where the residual risk rating is extreme, and the risk cannot be controlled to an acceptable level. Once identified, all risks are assessed with a consistent approach utilising the Trust 5x5 severity and likelihood matrix. During the review process, all risks (financial, safety, clinical, project, business management, health safety and environmental) are afforded the correct level of priority dependent on the Residual Risk Rating (RRR) following any recognised control measures which have been identified. Risks confirmed with a RRR of between 1 and 12 are managed by the responsible Directorate. Risks with a rating of 12 and above are included in the Corporate Risk Register. Corporate risks are managed at a Division and Department level with oversight through the Quality & Risk Management structure supported by quarterly review through the Performance Committee. Risks, resulting in a RRR of 15 or more are reviewed by the Lead Executive to provide assurance that the control measures put in place, are effective and that actions are developed to reduce the risk. Where the risk remains high, it is considered for escalation to the BAF for review by the appropriate Board Committee and the Audit Committee has requested detailed scrutiny by the Committee for all risks with a residual rating of 20 or above. All risks are also reviewed by the respective divisional and directorate management groups, with the Quality and Risk Management Group continuing to monitor the process via the dashboard on a quarterly basis.

The Risk Strategy describes the reporting and role responsibilities from department to the Board. Open risks are discussed at business unit and divisional meetings, the corporate risk register and the BAF are considered by the Executive Team and Board Committees, with a report going to Audit Committee at each meeting.

The Trust's principal risks (in-year and future) are summarised below together with mitigations.

PR1 Workforce: Failure to maintain an engaged and skilled workforce in adequate numbers to support delivery of high-quality care and drive innovation, through staff that are well supported and aligned to our shared values, behaviours and purpose.

Mitigation

Our Compassionate and Collective Leadership Programme (CCL) aims to reduce turnover by improving staff engagement and building a positive and compassionate culture. It focuses on leadership, Equality Diversity and Inclusion, health and wellbeing and staff development. The programme is now progressing following a pause due to the COVD19 pandemic.

We launched our revised Values and Behaviour Framework in July 2021. This framework is designed to improve the working experience for all staff, increasing staff engagement and reducing turnover. It supports staff and leaders with role modelling the behaviour that engenders a compassionate and collective workplace culture that we all want to share.

We have support mechanisms in place to enable staff to work safely and to receive support for their health and wellbeing. There is a monthly all staff briefing and weekly managers briefings to keep staff informed and provide the opportunity to recognise and appreciate the contribution of staff and teams. We maintain regular communications with staff and have a weekly digital newsletter and team briefing to ensure that everyone is kept aware of key issues.

We have four staff networks in place: BAME, LGBT+, Women's, and Disability and Difference. These networks provide the forum for proactively working with staff to improve engagement and inclusivity. We also work closely with staff side partners who help us to understand the concerns and priorities of our staff.

We have commissioned a Reciprocal Mentoring Programme which will identify opportunities to address inequality and discrimination. The first cohort of the RM programme completes in July 2023, and we are in the process of recruiting to the second cohort.

Good line management is an important aspect of building high staff engagement, and our Compassionate and Collective Line Manager Development Programme which commenced in April 2022 is now in its second year with all cohorts fully recruited to.

In recognition and appreciation of the efforts of staff over the last 12 months put in place a staff support scheme in 2022/23 which provided support in areas such as staff travel and food costs in addition to a range of financial wellbeing initiatives. Approval has been given for this to continue into 2023/24.

There is good joint working between the Communications team and the Recruitment team to ensure that all possible opportunities to promote career opportunities within the Trust are maximised and that bespoke campaigns are designed for specific areas as necessary. Our values are reflected in our adverts and recruitment process.

The Trust is an active participant in the ICS supply group.

We have established a Resourcing and Retention improvement programme to co-ordinate joint working across the Trust to reduce turnover and vacancy rates. This reports into the newly established Workforce Committee which provides appropriate time for this strategic agenda at Board sub-committee level.

PR2 Productivity: Failure to achieve sufficient patient throughput to support timely and equitable access to care, and achieve financial stability, through optimising the productivity of our people and facilities.

Mitigation

The NHS is operating in an unprecedented and challenging period, and this is likely to continue into 2023/24. The context for planning for 2023/24 includes:

- Heightened and changing demand for services, including new service lines in the aftermath of COVID-19 and broadening health inequalities.
- The continued expectation of delivery against the ambitions set out in the NHS Long Term plan.
- National expectations to deliver activity in excess of pre-pandemic levels.
- Further integration of Specialised Commissioning functions with ICS, including likely changes in allocation methodologies.
- Tightening labour market conditions for lower bands of staff and vacancies in some areas of national shortage where we are competing in limited fields.
- The longer-term impact of the COVID19 pandemic on our staff.
- Industrial relations resolution of national pay disputes
- Staff health and wellbeing and changes in satisfaction ratings in our staff surveys and continued heightened burn out scores.

The assumption that the Trust will meet its activity targets of meeting 104% of its 2019/20 baseline based on value, will require a significant improvement against current performance. Delivery of the activity plan is reliant on the Trust reflecting pathway changes in the 2019/20 baseline to ensure that the 104% activity target is achievable. The Trust is yet to conclude discussions on these changes and so this remains a risk.

Impact of emergency pathway changes on the ability to deliver our emergency activity. Complexity of IHU and non-elective pathways

To mitigate some of these risks the Trust has enacted several workstreams, examples of which include:

- Non recurrent transformation spending of over £0.6m to support efficiency and productivity through theatres (ongoing), critical care (ongoing programme) and Cath labs to maximise throughput within current resources and support consistent opening of 36 beds in critical care, Level 5 Surgical ward staffing and impact on throughput.
- Outpatient transformation programme designed to increase capacity and reduce DNA's within the existing footprint/establishment.
- The implementation of our Compassionate and Collective Leadership programme to support and retain our excellent staff.
- Recruitment and retention programme: HR partner working in STA to support the division.
- Robust wating list management with weekly reviews using priority treatment lists and priority scoring assessed in conjunction with consultant staff.
- Retention of use of virtual clinics where safe and appropriate to do so.
- Increased use of digital support and remote monitoring for our patients maintaining access and contributing to sustainable service delivery.

PR3 Finances: Failure to deliver our financial plan on a sustainable basis and deliver our contribution to the wider system through rigorous financial management and an effective response to uncertainties in the future mechanisms for commissioning and innovation in specialised services.

Mitigation

2022/23 saw the introduction of new financial framework since the emergency framework put in place at the start of the pandemic and the establishment of Integrated Care Boards through the Health and Care Act 2022. 2023/24 will see a further iteration of the financial framework to embed recovery initiatives for core services and restore productivity.

The framework is expected to have a direct impact on the delivery of a sustainable financial plan for the Trust and the ICS, as well as the sector as a whole. The key challenges faced by the Trust are:

- The ability to mitigate the costs of inflation if prices rise above planned levels;
- Uncertainty over potential future COVID-19 activity and the ability to restore pre-pandemic operating models. These factors could impact on the delivery of elective activity plans and associated funding streams;
- Funding flow changes resulting from potential strategic shifts or change in patient flows;
- The ability to deliver the required levels of CIP in the plan;
- Working with ICB colleagues and NHS England to understand the potential impact of delegated Specialised Commissioning functions from 2024/25.

The Trust's annual plan is a breakeven position. This reflects national inflation assumptions where relevant, alongside specific inflation assumptions on items that fall outside of this scope; an ambition on elective recovery and therefore the associated funding; and CIP at 2.2% of operating cost base.

Our plans to mitigate the risks outlined above include:

- Sound financial management and forecasting systems with reporting of cash, I&E and activity position through Performance Committee and Trust Board. This includes comprehensive processes and controls for reviewing changes in cost base and progress on the delivery of key productivity workstreams.
- Engaging with the ICS and region on the risk of external factors affecting inflation over funded levels.
- Supporting the progression of the Theatres Transformation Workstream to unlock additional surgical capacity in support of elective recovery targets. This may unlock additional funding above planned levels where targets are exceeded.
- Close working with specialised service commissioners and our roles in the Regional Provider Collaborative and the Federation of Specialist Hospitals. Through these avenues we work with national and regional peers and colleagues to influence strategic direction for specialised services.
- Active engagement in local system leadership. Local system risks are mitigated by the leadership roles that are being undertaken in the local ICS and our role in the ICS Cardiovascular Strategy. We have also taken lead roles for the System Delivery and Transformation and Digital workstreams, supporting the delivery of diagnostic hubs and the system shared care record.

PR4 Cyber security and data loss: Failure to prioritise cyber resilience through the implementation of up-to-date cyber security controls, training, surveillance, risk management, business continuity and recovery planning increases the risk of a major cyber event causing data loss, key system failure, and prolonged disruption to services.

Mitigation

The Trust continues to see a growth in digital technology to support new ways of working with many staff now working remotely and a significant increase in clinical and support services that are delivered through virtual platforms. These services have been established with appropriate safeguards in place to ensure that our teams and staff have access to the right technologies to support our patients working with them safely and securely.

We minimise the risk to our systems by:

- Ensuring that our Board and staff are trained and alert to the risk of Cyber-attack.
- Having a Cyber Security communications plan to ensure current themes are regularly and consistently shared across the organisation through our leadership teams such as the weekly brief, NewsBites and business partners attending directorate meetings with key messages.
- User friendly reporting to highlight awareness, show progress and improve grip including the IT Health dashboard, and the quarterly Cyber security report to the Information Governance Steering Group and Digital Strategy Board meetings.
- Improved surveillance measures with a full time dedicated Cyber Security specialist role.
- Acting on Cyber security notifications from CareCert and NHSD ATP. All notifications are reviewed and completed, and actions are reported back.
- Implementation of a new cloud-based backup solution for our system and on-going migration off legacy servers.
- Prioritised investment to ensure that wherever possible all application versions are fully supported to reduce our vulnerability to cyber-attack and are appropriately patched as per supplier guidance and industry best practice. Where this is not possible all vulnerable systems will be air-gaped from the rest of the network.
- Ensuring all new systems added to the network meet DTAC standards as set out by NHS England

In the last year we have also:

- Met our obligations under the national Data Security and Protection Toolkit.
- Increased the capacity of our AI based cyber security screening tool to screen 100% of network traffic.
- Undertaken a security survey across all directories and increased our password rules structure to increase security.
- Undertaken a Proof-of-concept Penetration Test to review potential vulnerabilities within our cyber security provision. The actions from this form part of our on-going cyber action plan.
- Commissioned a Cyber Essentials gap analysis which has produced an action plan to deliver compliance.
- Continued to assess systems for vulnerabilities and Patch.

We are working on a plan to roll out multi-factor authentication on all privileged accounts and for key systems over the year ahead. Digital will ensure that services are as resilient as possible to cyber-attacks and that residual risks are mitigated appropriately through regular review, whilst working with operational and clinical colleagues to ensure robust business continuity plans in the event of a successful attack.

M.Abscessus

In August 2019, after our move to our new hospital on the Cambridge Biomedical Campus, it was confirmed that two of our post-lung transplant patients had tested positive in our routine testing for mycobacterium abscessus. The Trust had not seen this before in our post-lung transplant patients, and so we launched an investigation to find out more and ensure the safety of our patients.

These investigations were, and remain extensive, and found higher than expected numbers of these bacteria in our water supply. We took immediate measures to act, including putting in enhanced 'point of use' filters, providing bottled water to our most susceptible patients, doing extra tests and taking more water samples, installing a dosing plant (called a hydrogen peroxide dosing plant) and an ultra-violet treatment unit on site, and putting in specialist shower heads and hoses in patient areas, among other interventions.

Through our regular testing, we know that these measures have greatly reduced the counts of mycobacteria at the Trust.

We are working alongside water specialist advisors in our ongoing management of the investigation, as well as other health agencies to analyse all potential modes of transmission. Clinicians at Royal Papworth Hospital are at the forefront of research into the disease and have worked with colleagues including the UKHSA, NHSE/I and the CQC to share our findings and learning.

We have kept our regulators fully informed throughout the investigation process and have involved water safety and public health experts from the beginning.

We have established an Executive Oversight Committee with external stakeholder input that reports to the Board through the Quality & Risk Committee.

Following the inquest hearing into the two deaths held in November 2022, the Coroner concluded that both patients had died in part because of the acquisition of Mycobacterium abscessus or its treatment with antibiotics. However, the Coroner did not make any safety recommendations to the Trust in response to the clinical care provided. The Coroner issued a Prevention of Future Deaths (PFD) report to the Department of Health and Social Care (DHSC) about his concerns over a lack of guidance from Government to hospitals, around identifying and controlling the Mycobacterium abscessus and therefore a continuing risk of death.

We continue to communicate with all effected patient groups and have published regular progress updates on our website at:

https://royalpapworth.nhs.uk/our-hospital/mycobacterium-abscessus-investigation

Safe staffing and skill mix

Trust Boards have a duty to ensure safe staffing levels are in place and patients have a right to be cared for by appropriately qualified and experienced staff in a safe environment. These rights are set out within the National Health Service (NHS) Constitution, and the Health and Social Care Act (2012) which make explicit the Trust Board corporate accountability for quality and safety.

Developing workforce safeguards (NHS England, 2019) state that effective workforce planning is vital to ensure appropriate levels and skills of staff are available to deliver safe, high-quality care to patients and service users.

At RPH the setting of establishments should triangulate from different sources using evidence-based tools where possible. Establishment setting must be done annually, with a mid-year review, and should take account of:

- Patient needs based information using an acuity and dependency scoring evidence-based tool such as Safer Nursing Care tool (SNCT, 2016).
- Professional judgement
- Activity levels including seasonal variation in service demand
- Service developments and any changes to delivery
- Contract commissioning
- Staff supply and experience issues
- Where Temporary Staff has been required above the set planned establishment
- Patient and staff outcome measures
- Benchmarking with other 'like' organisations

An annual nursing inpatient establishment review for 2023/2024 was undertaken (February 2023) in line with national policy and regulation, with due process followed as detailed in the Trust's Nursing Establishment Setting Policy (2022).

This annual staffing establishment review has considered and analysed the data relating to staffing metrics in line with safer staffing guidance. Triangulation of data was undertaken with acuity and dependency scoring using the Safer Nursing Care Tool and Professional Judgement.

The following conclusions were agreed:

- There are no changes to WTEs in nursing establishments, however there are some changes to skill mix but not overall numbers.
- Registered nurses and unregistered nurses are maintained in terms of balance for mix and number of posts.

Surgical Site Infection (SSI) rates 2022-2023

Since moving to the Cambridge Biomedical Campus in May 2019, RPH has seen a significant rise in SSI rates. Surveillance was paused during Covid, however once recommenced in 2021, rates have continued to increase. This is being reflected in the number of patients requiring specialist management of deep and organ space wounds by the Wound Care Tissue Viability and Surgical teams.

An SSI stakeholder group was established in 2019 following the increase in SSI's rates following the move to new Royal Papworth Hospital. The stakeholder group has representation from the multi-disciplinary team involved in the patient's surgical pathway. Following year end 2021/2022 the Trust reported a serious incident in respect to surgical site infections due to the continued increased incidence especially in deep wound infections. This was to ensure transparency to internal and external stakeholders and allow further scrutiny and learning to improve performance.

Stakeholder meetings have continued to be frequent throughout the year to address actions and review learning. No one cause has been identified for the increase in infection rates however we continue to closely monitor and assess any potential contributing factors. We are engaging with our regulators e.g., CCG, UKHSA and the CQC keeping them informed of actions taken.

Reducing the incidence of SSI's is a priority for the clinical decision cell and the group are supporting implementation of appropriate recommendations including inviting external stakeholders to perform a peer review.

Compliance Statements

The foundation Trust is fully compliant with the registration requirements of the Care Quality Commission. The last CQC announced inspection was in June and July 2019 and this assessed the overall rating as 'Outstanding', with the five overall assessments rated as 'Outstanding'.

The Trust last undertook a CQC mock inspection for the whole organisation in February 2020 which assessed against the CQC key lines of enquiry (KLOE). The Trust had planned to undertake a further mock inspection in October 2020, however due to the Coronavirus pandemic, it was necessary to reduce the size of the inspection. Acknowledging that the 2019 CQC inspection did not independently rate End of Life Care, the trust therefore decided to focus the October 2020 mock inspection on End of Life Care and revisited this inspection in July 2021.

The Trust has continued to develop and implement its schedule of routine self-assessments against the CQC Fundamental Standards in 2022/23. The fundamental standards are the standards below which our care must never fall so these are an integral part of our internal monitoring process. Each review is undertaken by 3-4 multidisciplinary team members, and in 2022/23 we have included volunteers in our review teams for the first time.

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

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

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

The foundation trust has undertaken risk assessments and has plans in place which take account of the 'Delivering a Net Zero Health Service' report under the Greener NHS programme. 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

2022/23 saw the introduction of a new financial framework and saw the establishment of Integrated Care Boards in the Health and Care Act 2022. 2023/24 will see a further iteration of the financial framework to embed recovery initiatives for core services and restore productivity.

The Trust undertook a planning exercise for 2022/23 covering activity, finance, quality and workforce domains. These plans were approved by the Board of Directors and submitted as part of the wide Integrated Care System Plan to NHS England & Improvement (NHSE&I) and reflected finance, workforce and activity requirements. Progress against delivery of

these variables has been monitored throughout the year and updates are presented to the Performance Committee and Board of Directors via reports covering activity, capacity, people management and culture, patient safety, patient experience, clinical effectiveness, finance and risk.

The Trust has continued to report and monitor its performance against these domains throughout the year and has a framework for decision making throughout the organisation that ensures sufficient consideration of value for money through committee oversight on strategic initiatives and material investments. These processes and frameworks ensure that resources are used economically, efficiently, and effectively across the Trust. This includes directorate and divisional reviews with deep dives into particular services where required, the regular monitoring of clinical indicators covering quality and safety and triangulation of metrics across multiple domains to drive the best possible value from the Trust's resources.

The Trust achieved its financial plan at the end of the year and supported colleagues across the Integrated Care System to achieve the same result.

The Trust has and continues to review its position with regard to Getting it Right First Time (GIRFT), Agency, Procurement and efficiencies highlighted by the Lord Carter review, as well as working closely with local and regional partners to deliver transformational changes that support the delivery of a value for money efficient service as part of the local health economy.

As part of their annual audit, our external auditors are required to satisfy themselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception if in their opinion the Trust has not. Please see the Independent Auditor's Report included within the Annual Accounts for their opinion on the use of resources and a description of the work performed. The objectives set out in the Trust's Internal Audit Plan include ensuring the economical, effective and efficient use of resources and this consideration is applied across all audits. The findings of internal audit reports are reported to the Audit Committee (see later in this Annual Governance Statement).

The Trust has and will continue to review its position with regard to Getting it Right First Time (GIRFT), Agency, Procurement and efficiencies highlighted by the Lord Carter review, as well as working closely with local and regional partners to deliver transformational changes that support the delivery of a value for money efficient service as part of the local health economy.

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Information Governance

The Trust has a suite of Information Governance policies in place including a Data Protection Policy and a Digital Acceptable Use Policy. These set out the Trust's commitment to ensuring that information is efficiently and effectively handled, managed and safeguarded. The policies establish an information governance framework which includes

up to date policies, procedures and accountabilities. Managers within the Trust are responsible for ensuring that the policies and supporting standards and guidelines are built into Directorate processes and that there is on-going compliance.

The Trust annually assesses compliance with the requirements of the NHS Digital Data Security and Protection Toolkit for the management and control of risks to information. The Trust's Director of Digital is the Senior Information Risk Owner (SIRO) and the Chief Nurse is the Caldicott Guardian, both reporting to the Board.

Senior managers across the Trust are information asset owners accountable for a particular group of information assets as part of the Information Governance Management Framework. A regular update on information governance is received by the Quality and Risk (Q&R) Committee of the Board of Directors, which is tasked with providing assurance to the Board. There is an Information Governance Steering Group (IGSG) chaired by the SIRO which reviews/approves policies and procedures/action plans relevant to information governance. The SIRO reports any issues to the Q&R Committee and the Board. The Trust submitted its last Data Security and Protection (DS&P) Toolkit in June 2022, which included requirements relating to the Statement of Compliance and all assurances were declared as met.

In February 2022 BDO (Internal Audit) undertook a review of assertions against the ten National Data Guardian (NDG) Standards. Overall, using the NDG Standard Classification this provided a high level of confidence level in the DSP Toolkit submission for eight of the standards and a moderate assessment in two. The review assessed thirteen of 38 assertions across the standards, and moderately graded recommendations for improvement were made in respect of three assertions covering: the ratification process for the Trust's Information Security Policy; to ensure the user log retention policy to requires that logs be retained for a sufficient period of time (six months); and that the Trust should review, update and consolidate existing lists and records of medical devices so that these are amalgamated to a single register. Plans are in place to address these recommendations. The 2022/23 DSP submission will be made by the deadline of 30 June 2023.

In 2022/23 there were no serious incidents relating to information governance, including data loss or confidentiality breach that were classified as Level 2 in the Information Governance Incident Reporting Tool.

Data Quality and governance

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare quality accounts for each financial year. These are to be published by the 30 June 2023.

The assessment of quality indicators is integrated into the Trust's performance management system, and hence they are subject to review by operational and managerial staff on a monthly basis in a structured framework of performance review. The Trust uses the same systems and process to collect, validate, analyse and report on data in the Quality Report as it does for other reporting requirements. Specified indicators are subject to external audit. Reporting in year has also been supported by the PIPR.

The Trust has a 'live' (updated every 24 hours) Access and Data Quality Dashboard which reflects the data held in Lorenzo. Access to this system is available for all members of staff and trend information is shared with business units weekly, showing error rates for a number of key issues.

The Trust assures the quality of its RTT waiting time data through the validation of the patient tracking list (PTL) which is available daily through Patient Pathway Plus (PP+), and is the validation and reporting system employed by the Trust. Patients are checked on both Lorenzo and other clinical systems to ensure that their waiting time is valid. Corrections to Lorenzo are made where required, which feed into the following day's PTL. A weekly meeting is held to discuss in detail the longer waiting patients on the PTL and this is further minuted in the Trust's weekly Access meetings.

The number of RTT data quality errors remains an issue at the Trust, due to the lack of formalised RTT training and limited resources available for RTT training. For these reasons a bespoke 18 week learning package was purchased, and the following RTT training was approved for use by the Executive team:

1. RTT to be discussed at local induction
2. Basic RTT e-learning training provided by NHSI to be completed by new staff members within the first week of joining the trust if applicable to their role.
3. Bespoke RTT eLearning package with compulsory modules needing to be completed by new staff members within 1-3 months of joining the trust. All existing staff members will also be required to complete the training where it forms part of their job role

The central RTT and Data Quality team continue to support the operational teams in providing RTT error data and identifying areas for improvement. Departmental errors are discussed in monthly business meetings with team leaders, to work collaboratively on strategies for improvement. A summary of this data is circulated to operational teams monthly and issues discussed at the weekly Trust Access meeting. The team also provide group and 1:1 training when required.

Information to support the quality metrics used in the Quality Report is held in a number of trust systems, including Lorenzo and Datix (electronic risk management system).

Annual Quality Report

The Chief Nurse is the nominated Trust Executive for the Quality Report. The Board of Directors has agreed that the Quality Report will be considered and recommended by the Quality and Risk (Q&R) Committee of the Board. The Q&R Committee was also responsible for deliberating on priorities for inclusion in the Quality Report which are set out in this Annual Report. The quality priorities were developed in consultation with a range of stakeholders including the Patient and Public Involvement (PPI) Committee of the Council of Governors and clinical colleagues.

There were 5 patient safety incidents reported as serious incidents in 2022/23.

There were 0 never events reported in 2022/23 (2021/22: 1).

The Trust's Quality Report is to be published by the 30 June 2023 and will contain further information on performance against the 2022/23 priorities and our 2023/24 priorities.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the internal auditors, clinical audit, and the executive managers and clinical leads within the NHS foundation trust that have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the draft Quality Report 2022/23; PIPR, 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 results of my review of the effectiveness of the system of internal control by the Board, the Audit Committee, the Quality and Risk Committee, the Performance Committee and Strategic Projects Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Work has been commissioned from the Internal Audit service to review the adequacy and effectiveness of the controls and to develop improvements within the governance process. The work included identifying and evaluating controls and testing their effectiveness, in accordance with NHS Internal Audit Standards. The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework on the controls reviewed as part of the internal audit work programme.

The Head of Internal Audit (HOIA) overall opinion for 2022/23 is that there is**:**
"overall moderate assurance (our second highest level of assurance) that there is a sound system of internal control, designed to meet the Trust's objectives and that controls are being applied consistently".

During the year, eight internal audits were conducted: all reported audits received either substantial or moderate assurance opinions which provided assurance over the effectiveness of controls in place for those areas. One audit was an advisory review with no formal opinion provided and one final report is awaited. Full findings of all internal audit reviews undertaken for 2022/23 are given below.

Substantial Assurance:
Integrated Care Systems

Substantial/Moderate assurance:
Divisional Governance (Design: substantial/Effectiveness: Moderate)

Moderate assurance:
Mycobacterium Abscessus
Infection Control - compliance with hygiene code
Procurement and Contract Management
Data Security and Protection Toolkit

Partial Assurance (negative) opinions: None

No formal opinion provided:
HFMA Financial Sustainability Review.

Final reports awaited:
Waiting List Management

Factors and findings which informed the HOIA opinion were:

- Since the end of the global Covid-19 pandemic, the Trust has managed to maintain a focus on its key objectives for the year with the continuation of strong governance arrangements and management of key risks, as shown through the results of our reviews of HFMA Financial Sustainability, Divisional Governance and management of Mycobacterium Abscessus.

- Financially, the Trust appears on track to end the year positively with a reported £0.5m surplus at year end, against a control total of £1.2million.

- The results of our work were generally positive. The Integrated Care Systems audit provided substantial assurance for both the design of controls and for operational effectiveness, one audit provided substantial assurance for the design and moderate assurance for the operational effectiveness. Three assurance audits provided moderate assurance in both the design of the controls and operational effectiveness. The Data Security and Protection Toolkit audit also provides moderate assurance.

- For the advisory HFMA Financial Sustainability review, the Trust scored very favourably overall compared to other Trusts within the benchmarking sample, averaging a score of 4.7 (out of 5) across the eight categories. The Trust also scored higher than average in every one of the eight categories. Business and financial planning is a strength of the Trust, as it demonstrated a comprehensive planning process with clear timetables, instructions and assumptions, sufficient scrutiny, and reviews throughout the year. We found that the Trust has comprehensive budget setting processes including scenario planning, a clear approval process for revenue budgets and a comprehensive review and virement process through the year. Furthermore, the Trust demonstrates comprehensive processes relating to the identification and management of CIPs, with both bottom up and top down processes for identification of CIPs embedded into the Trusts processes.

- The Trust has successfully been able to close the prior year recommendations raised by the previous internal audit providers and overall has responded well and have made good progress on the implementation of audit recommendations throughout the year.

My review of effectiveness is also informed in a number of ways, including;

- Head of Internal Audit Opinion – see above;

- Dialogue with Executive Managers within the organisation who have responsibility for the development and maintenance of the system of internal control, the risk management system and the assurance framework;

- The last Care Quality Commission (CQC) Inspection Report dated 16 October 2019 which rated the Trust as “Outstanding”;

- Clinical governance reports, including the quarterly and annual Quality and Risk Report (see public website);

- Clinical audit programme (see Quality Report);

- Consultation with Patient and Public Involvement groups, e.g. Patient Carer Experience Group and Patient & Public Involvement Committee of the Council of Governors;

- The results of patient surveys (see Quality Report);

- The results of staff surveys (See Staff Report);

- External Audit management letter and other reports;
- Continued monitoring and reporting on financial performance, including CIP;
- Maintaining cash flow and liquidity;
- Information governance assurance framework including the NHS Digital Data Security and Protection Toolkit;
- Investigation reports and action plans following serious incidents.

Conclusion

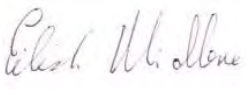
The overall opinion is that no significant control issues (i.e. issues where the risk could not be effectively controlled) have been identified that would impact on the delivery of the Trust's strategic and annual objectives.

My review confirms that Royal Papworth Hospital NHS Foundation Trust has a generally sound system of internal control that supports the achievement of its organisational objectives. The Trust recognises that the internal control environment can always be strengthened, and this work will continue in 2022/23.

The Audit Committee has reviewed the overall framework for internal control and has recommended this statement to the Board of Directors.

Approved by the Board and signed by the Chief Executive

Signed:



Eilish Midlane
Chief Executive
23 June 2023

Royal Papworth Hospital
NHS Foundation Trust

Group accounts for the year ended 31 March 2023

Presented to Parliament pursuant to
Schedule 7, paragraphs 24 and 25 of the
National Health Service Act 2006

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS OF ROYAL PAPWORTH HOSPITAL NHS FOUNDATION TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

- we consider that the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified and concur with the Accounting Officer's assessment that there is not a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's and 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 Group and 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 as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Audit Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Reading the Group's accounting policies.

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

As required by auditing standards, 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 Group 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 the cut off-of non-pay, non-depreciation expenditure in response to incentives to manipulate the results of the Trust and System to meet the expectations or performance targets set by the government or external regulators and the opportunity to manipulate the non-pay non-depreciation expenditure around the year end, particularly in relation to accruals.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included Journals with unexpected combinations to cash throughout the year, Journals with unexpected combinations to expenditure and payables in P12-P13, Journals with unexpected combinations to other income in P12-P13, material post close entries and Journals containing key words.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.
- Inspection of a sample of invoices to expenditure in the period around 31 March 2023, to determine whether expenditure has been recognised in the correct accounting period.
- Selection of a sample of year end accruals and inspection of evidence in regard to the actual amount paid after year end in order to assess whether the accrual exists and has been accurately recorded.

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

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

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group 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.

Secondly, the Group 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 identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, recognising the regulated nature of the Group's and Trust's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Accounting Officer and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

Other information in the Annual Report

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

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

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

Annual Governance Statement

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

Remuneration and Staff Reports

In our opinion the parts of the Remuneration and Staff Reports subject to audit have been properly prepared in all material respects, in accordance with the NHS Foundation Trust Annual Reporting Manual 2022/23.

Accounting Officer's responsibilities

As explained more fully in the statement set out on page 102 of the Annual Report, the Accounting Officer is responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 Group and Trust or dissolve the Group and Trust without the transfer of their services to another public sector entity.

Auditor's responsibilities

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

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

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

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

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

We have nothing to report in this respect.

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

As explained more fully in the statement set out on page 102 of the Annual Report, the Accounting Officer is responsible for ensuring that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Under Section 62(1) and paragraph 1(d) of Schedule 10 of the National Health Service Act 2006 we have a duty to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

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

Statutory reporting matters

We are required by Schedule 2 to the Code of Audit Practice to report to you if any reports to the Regulator have been made under paragraph 6 of Schedule 10 of the National Health Service Act 2006. We have nothing to report in this respect.

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

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors of the Trust, as a body, for our audit work, for this report, or for the opinions we have formed.

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of Royal Papworth Hospital NHS Foundation Trust for the year ended 31 March 2023 in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice.

Emma Larcombe

for and on behalf of KPMG LLP

Chartered Accountants

Dragonfly House

2 Gilders Way

Norwich

NR3 1UB

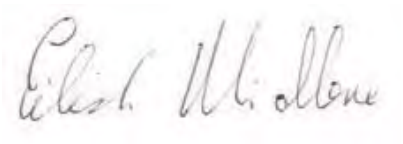
27 June 2023

FOREWORD TO THE ACCOUNTS

ROYAL PAPWORTH HOSPITAL NHS FOUNDATION TRUST

These accounts for the year ended 31 March 2023 have been prepared by the Royal Papworth Hospital NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 within the National Health Service Act 2006.

Signed:



Eilish Midlane
Chief Executive
Date: 23 June 2023

CONSOLIDATED AND TRUST STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	Group 2022/23 £000	Trust 2022/23 £000	Group 2021/22 £000	Trust 2021/22 £000
OPERATING INCOME					
Operating income from patient care activities	2	**267,764**	**267,764**	251,792	251,792
Other operating income	3	**19,530**	**18,549**	17,451	17,025
TOTAL OPERATING INCOME FROM CONTINUING OPERATIONS		**287,294**	**286,313**	269,243	268,817
Operating expenses	4-5	**(280,176)**	**(279,983)**	(260,894)	(259,037)
OPERATING SURPLUS FROM CONTINUING OPERATIONS		**7,118**	**6,330**	8,349	9,780
Finance income	6	**1,819**	**1,577**	288	60
Finance expenses	7	**(5,460)**	**(5,460)**	(5,020)	(5,020)
Public Dividend Capital dividends payable	25	**(1,947)**	**(1,947)**	(1,651)	(1,651)
NET FINANCE COSTS		**(5,588)**	**(5,830)**	(6,383)	(6,611)
Gains on disposal of non-current assets	8	**(2)**	**(2)**	(1)	2
Movement in fair value of investments	12	**(373)**	**-**	311	-
SURPLUS FOR THE YEAR		**1,155**	**498**	2,276	3,171
OTHER COMPREHENSIVE INCOME					
Gain on revaluations	10	**14,413**	**14,413**	6,946	6,946
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		**15,568**	**14,911**	9,222	10,117

The notes on pages 11 to 61 form part of these accounts.

CONSOLIDATED AND TRUST STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	NOTE	Group 31 March 2023 £000	Trust 31 March 2023 £000	Group 31 March 2022 £000	Trust 31 March 2022 £000
NON-CURRENT ASSETS					
Intangible assets	9	**1,222**	**1,222**	2,033	2,033
Property, plant and equipment	10	**185,736**	**185,736**	178,199	178,199
Right of use assets	11	**19,895**	**19,895**	-	-
Investments	12	**5,618**	**-**	5,991	-
Trade and other receivables	14	**2,453**	**2,453**	2,087	2,087
Total non-current assets		**214,924**	**209,306**	188,310	182,319
CURRENT ASSETS					
Inventories	13	**7,936**	**7,903**	7,269	7,228
Trade and other receivables	14	**17,894**	**17,351**	13,384	12,956
Non-current assets for sale	15	**104**	**104**	104	104
Cash and cash equivalents	16	**69,231**	**67,310**	60,964	59,965
Total current assets		**95,165**	**92,668**	81,721	80,253
TOTAL ASSETS		**310,089**	**301,974**	270,031	262,572
CURRENT LIABILITIES					
Trade and other payables	17	**(49,136)**	**(49,115)**	(42,422)	(42,400)
Other liabilities	18	**(2,898)**	**(2,898)**	(2,853)	(2,853)
Borrowings	19	**(5,419)**	**(5,419)**	(2,597)	(2,597)
Provisions	20	**(5,182)**	**(5,182)**	(3,808)	(3,808)
Total current liabilities		**(62,635)**	**(62,614)**	(51,680)	(51,658)
TOTAL ASSETS LESS CURRENT LIABILITIES		**247,454**	**239,360**	218,351	210,914
NON-CURRENT LIABILITIES					
Other liabilities	18	**(2,945)**	**(2,945)**	(2,969)	(2,969)
Borrowings	19	**(101,588)**	**(101,588)**	(87,793)	(87,793)
Provisions	20	**(1,086)**	**(1,086)**	(1,499)	(1,499)
Total non-current liabilities		**(105,619)**	**(105,619)**	(92,261)	(92,261)
TOTAL ASSETS EMPLOYED		**141,835**	**133,741**	126,090	118,653
FINANCED BY:					
TAXPAYERS' EQUITY					
Public dividend capital	25	**125,265**	**125,265**	125,088	125,088
Revaluation reserve		**45,616**	**45,616**	31,203	31,203
Income and expenditure reserve		**(37,140)**	**(37,140)**	(37,638)	(37,638)
OTHERS' EQUITY					
Charitable fund reserves	33	**8,094**	**-**	7,437	-
TOTAL TAX PAYERS' AND OTHER'S EQUITY		**141,835**	**133,741**	126,090	118,653

The financial accounts on pages 6 to 61 were approved by the Board on the 15 June 2023 and signed on its behalf by:

Eilish Midlane, Chief Executive

23 June 2023

CONSOLIDATED AND TRUST STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Trust				Charitable Fund	Group
	Public Dividend Capital	Income and Expenditure Reserve	Revaluation Reserve	Total Reserves	Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2021	125,017	(40,809)	24,257	108,465	8,332	**116,797**
Changes in taxpayers' equity for 2021/22						
Total Comprehensive expense/(income) for the year	-	3,171	-	3,171	(895)	**2,276**
Revaluations - Property, Plant and Equipment	-	-	6,946	6,946	-	**6,946**
Public dividend capital received	71	-	-	71	-	**71**
Taxpayers' and others' equity at 31 March 2022	125,088	(37,638)	31,203	118,653	7,437	**126,090**
Taxpayers' and others' equity at 1 April 2022	**125,088**	**(37,638)**	**31,203**	**118,653**	**7,437**	**126,090**
Changes in taxpayers' equity for 2022/23						
Total Comprehensive expense for the year	**-**	**498**	**-**	**498**	**657**	**1,155**
Revaluations - Property, Plant and Equipment	**-**	**-**	**13,703**	**13,703**	**-**	**13,703**
Revaluations - right of use assets	**-**	**-**	**710**	**710**	**-**	**710**
Public dividend capital received	**177**	**-**	**-**	**177**	**-**	**177**
Taxpayers' and others' equity at 31 March 2023	**125,265**	**(37,140)**	**45,616**	**133,741**	**8,094**	**141,835**

The notes on pages 11 to 61 form part of these accounts.

CONSOLIDATED AND TRUST STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	**Group 2022/23**	Group 2021/22	**Trust 2022/23**	Trust 2021/22
		£000	£000	**£000**	£000
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating surplus		**7,118**	8,349	**6,330**	9,780
NON CASH INCOME AND EXPENSE:					
Depreciation and amortisation	9/10	**10,838**	9,605	**10,838**	9,605
Impairments and reversals	11	**151**	-	**151**	-
Income recognised in respect of capital donations		**(30)**	-	**(50)**	(37)
(Increase) in inventories		**(675)**	(1,745)	**(675)**	(1,745)
(increase) in receivables and other assets		**(3,977)**	(5,046)	**(4,262)**	(4,997)
Increase/(decrease) in trade and other payables		**5,622**	(4,422)	**5,622**	(4,422)
Increase other liabilities		**21**	4,292	**21**	4,292
Increase in provisions		**961**	3,039	**961**	3,039
NHS Charitable fund – net movements in working capital, non-cash transactions, non operating cash flows		**(393)**	(306)	**-**	-
Net cash generated from operating activities		**19,636**	13,766	**18,936**	15,515
Cash flows from investing activities					
Interest received		**1,353**	60	**1,353**	60
Payments for land, property, plant and equipment		**(2,428)**	(1,789)	**(2,428)**	(1,789)
Proceeds from disposal of property, plant and equipment		**13**	2	**13**	2
Receipt of cash donations to purchase capital assets		**-**	-	**20**	37
Initial direct costs or up front payments in respect of new right of use assets		**(479)**	-	**(479)**	-
Payments for intangible assets		**(27)**	(320)	**(27)**	(320)
NHS Charitable fund – net cash flows from investing activities		**242**	224	**-**	-
Net cash (used)/from investing activities		**(1,326)**	(1,823)	**(1,548)**	(2,010)
Net cash inflow before financing		**18,310**	11,943	**17,388**	13,505
Cash flows from financing activities					
Public dividend capital received		**177**	71	**177**	71
Other loans paid		**(424)**	(424)	**(424)**	(424)
Capital element of lease liability repayments		**(720)**	-	**(720)**	-
Capital element of PFI payments		**(2,154)**	(2,030)	**(2,154)**	(2,030)
Interest paid		**(57)**	(59)	**(57)**	(59)
Interest paid on lease liability repayments		**(166)**	-	**(166)**	-
Interest paid on PFI obligations		**(5,236)**	(4,961)	**(5,236)**	(4,961)
PDC dividends paid		**(1,463)**	(2,223)	**(1,463)**	(2,223)
Net cash used in financing activities		**(10,043)**	(9,626)	**(10,043)**	(9,626)
Increase in cash and cash equivalents		**8,267**	2,317	**7,345**	3,879
Cash and cash equivalents at 1 April		**60,964**	58,647	**59,965**	56,086
Cash and cash equivalents at 31 March	16	**69,231**	60,964	**67,310**	59,965

The notes on page 11 to 61 form part of these accounts.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Basis of preparation

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

Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

Going concern

These accounts have been prepared on a going concern basis. The financial reporting framework applicable to NHS bodies, derived from HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the entity's services in the public sector is normally sufficient evidence of going concern. The directors have a reasonable expectation that this will continue to be the case.

International Accounting Standard (IAS) 1 requires management to assess, as part of the accounts preparation process, the NHS Foundation Trust's ability to continue as a going concern. The financial statements should be prepared on a going concern basis unless management intends, or has no alternative but, to apply to the Secretary of State for the NHS Foundation Trust's dissolution without the transfer of its services to another entity.

Key matters relating to the Trust's financial position are:

- The Trust reported a financial surplus of £1.2m after removing impairment, donated assets and donated consumables, with a bottom line surplus of £0.5m for the 2022/23 financial year;
- The Trust reported a closing cash position for the 2022/23 financial year of £67.31m.

Royal Papworth Hospital NHS Foundation Trust's Board of Directors has carefully considered the principle of 'Going Concern' and after making enquiries, the Directors have a reasonable expectation that the Trust will have access to adequate resources to continue in operational existence for the going concern period. For this reason, they continue to adopt the going concern basis in preparing the accounts.

1.1 Consolidation of Subsidiary

The NHS Foundation Trust is the Corporate Trustee of the Royal Papworth Hospital Charitable Fund, a registered charity. The NHS Foundation Trust has assessed its relationship to the Charitable Fund and determined it to be a subsidiary because the NHS Foundation Trust is

exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the Charitable Fund and has the ability to affect those returns and other benefits through its power over the fund.

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

- recognise and measure them in accordance with the NHS Foundation Trust's accounting policies; and
- eliminate intra-group transactions, balances, gains and losses.

The Charitable Fund includes all incoming resources in full in the Statement of Financial Activities as soon as the following three factors are met: entitlement, probable receipt and measurement.

Legacy income is accounted for as incoming resources once the receipt of the legacy becomes probable. Receipt is normally probable when:

- there has been a grant of probate;
- the executors have established that there are sufficient assets in the estate, after settling any liabilities, to pay the legacy; and
- any conditions attached to the legacy are either within the control of the charity or have been met.

The Charitable Fund financial statements are prepared in accordance with the accruals concept. A liability (and consequently, expenditure) is recognised in the financial statements when there is a legal or constructive obligation, capable of reliable measurement, arising from a past event.

Investment comprises of shares traded on a daily basis where the valuation is based on the market value at the date of the Statement of Financial Position and also cash held with the investment managers for future investment in equity.

All gains and losses on investment are taken to the Statement of Comprehensive Income as they arise. Realised gains and losses on investments are calculated as the difference between sale proceeds and opening market value (or date of purchase if later).

1.2 Associate entities

Associate entities are those over which the NHS Foundation Trust has the power to exercise a significant influence. Associate entities are recognised in the NHS Foundation Trust's financial statement using the equity method. The investment is initially recognised at cost. It is increased or decreased subsequently to reflect the NHS Foundation Trust's share of the entity's profit or loss or other gains and losses (e.g. revaluation gains on the entity's property, plant and equipment) following acquisition. It is also reduced when any distribution e.g. share dividends are received by the NHS Foundation Trust from the associate. However, where the NHS Foundation Trust's proportion of an associate's cumulative profits or losses at year end are less than £50,000; no adjustment is made to the cost of the investment on the basis of immateriality. The NHS Foundation Trust does not have any material associates.

1.3 Revenue recognition

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The DHSC 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 services provided is recognised when performance obligations are satisfied by transferring promised services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end the NHS Foundation Trust accrues income relating to performance obligations satisfied in that year. Where the NHS Foundation Trust's entitlement to consideration for those services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than a 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 main source of income for the NHS Foundation Trust is under contracts from NHS commissioners in respect of healthcare services. Funding envelopes are set at an Integrated Care System (ICS). The majority of the Trust's income is earned from NHS Commissioners in the form of fixed payments to fund an agreed level of activity.

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

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

Revenue from research contracts

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. For some contracts, it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract. In these cases it is assessed that the NHS Foundation Trust's interim performance does not create an asset with alternative use for the NHS Foundation Trust, and the NHS Foundation 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 NHS Foundation 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.

Revenue from the sale of non-current assets

Income from the sale of non-current assets is recognised only when all of the following conditions of the sale have been met, and is measured as the sums due under the sale contract:

- the entity has transferred to the buyer the significant risks and rewards of ownership of the asset;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the assets sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Grants and donations

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grant is used to fund capital expenditure, it is credited to the Consolidated Statement of Comprehensive Income once conditions 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 as 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.

1.4 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.

1.5 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 schemes are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. These schemes are not designed 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 Foundation Trust is taken as equal to the employer's pension contributions payable to that scheme for the accounting period.

Employer's pension cost contributions are charged to the 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 NHS Foundation Trust commits itself to the retirement, regardless of the method of payment.

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.

1.7 Property, Plant and Equipment

Capitalisation Recognition

Property, plant and equipment assets are capitalised if they are capable of being used for a period which exceeds one year and:

- 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 NHS Foundation Trust;
- the cost of the item can be measured reliably;
- individually have a cost of at least £5,000; or
- form a group of assets which individually have a cost of more than £250, collectively have a cost of at least £5,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control;
- form part of the initial setting-up cost of a new building or refurbishment of a ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different lives e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own economic 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 replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Measurement

Valuation

All property, plant and equipment assets are initially measured at cost (for leased assets, fair value) including any costs directly attributable to acquiring or constructing the asset and bringing them to a location and condition necessary for them to be capable of operating in the manner intended by the NHS Foundation Trust.

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

Property

All land and buildings used for the NHS Foundation Trust's services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Valuations are carried out by professionally qualified valuers in accordance with the Valuation Standards published by the Royal Institution of Chartered Surveyors

(previously the RICS Appraisal and Valuations Standards). Revaluations are performed on 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. The timing of these valuations will be adjusted, to become more frequent or less frequent, depending on the situation in the market. Current value in existing use is determined as follows:

- Land - market value for existing use value
- Non-specialised buildings – market value for existing use value (see below)
- Specialised buildings - depreciated replacement cost based on a modern equivalent 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 the alternative site basis where this would meet the location requirements.

Non-specialist operational assets fair value is based on an assumption of a continuation of the existing use, derived from relevant market evidence. For the main part, these comprise the NHS Foundation Trust's operational land.

For non-operational properties including surplus land, the valuations are carried out at fair value based on alternative use.

A full valuation of the Royal Papworth Hospital site on the Cambridge Biomedical Campus was carried out in 2022/23 by the NHS Foundation Trust's externally appointed independent valuer, Gerald Eve LLP, Chartered Surveyors. The effective date of valuation was the 31 March 2023 and is accounted for in the 2022/23 accounts. See Note 10.

Valuation guidance issued by the Royal Institution of Chartered Surveyors states that valuations are performed net of VAT where the VAT is recoverable by the entity. This basis has been applied to the NHS Foundation Trust's Private Finance Initiative (PFI) scheme where the construction was completed by a special purpose vehicle and the costs have recoverable VAT for the NHS Foundation Trust.

Assets in the Course of Construction

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

Equipment

IT equipment, transport equipment, furniture and fittings, and plant and equipment held for operation use are values at depreciated historical cost where these assets have short useful lives or low value or both, as this is considered to be a satisfactory proxy for current value. For non-IT operational equipment depreciated historical cost is considered to be a satisfactory proxy for current value but this will be kept under review and advice on fair value sought from external sources if considered appropriate. Equipment surplus to requirements is valued at net recoverable amount.

Depreciation

Items of property, plant and equipment assets are depreciated on a straight line basis over their remaining useful economic lives in a manner consistent with the consumption of economic

or service delivery benefits. Freehold land is considered to have infinite life and is not depreciated.

The estimated useful life of an asset is the period over which the NHS Foundation Trust expects to obtain economic benefits or service potential from it.

Property, plant and equipment assets which have been reclassified as 'Held for sale' cease to be depreciated upon 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 NHS Foundation 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 income. A revaluation gain due to an increase in general market price does not represent a reversal of a previous economic benefit/service potential impairment and is therefore accounted for as a revaluation gain rather than a reversal of a past economic benefit impairment.

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 DHSC 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 income 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.

The carrying values of property, plant and equipment assets are reviewed for impairments in periods if events or changes in circumstances indicate carrying values may not be recoverable.

De-recognition

Assets intended for disposal are reclassified as 'Held for Sale' once the criteria in IFRS 5 below are met:

i. The asset is available for immediate sale in its present condition subject only to the terms which are usual and customary for such sales;

ii. The sale must be highly probable i.e.:
- management are committed to a plan to sell the asset;
- an active programme has begun to find a buyer and complete the sale;
- the asset is being actively marketed at a reasonable price;
- the sale is expected to be completed within 12 months of the date of classification as 'Held for Sale'; and
- the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

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 amounts. Assets are de-recognised when all material sale contract conditions have been met.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount less cost of sale and is recognised in operating income or operating expenses respectively. On disposal, the balance for the asset in the revaluation reserve is transferred to the income and expenditure reserve.

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 economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Donated, government grant and other 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 economic benefits embodied in the donation/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 purchased items of property, plant and equipment.

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

Private Finance Initiative (PFI) transactions

PFI transactions which meet the IFRIC12 definition of service concession, as interpreted in HM Treasury's FREM, are accounted for as 'on Statement Financial Position' by the NHS Foundation Trust. In accordance with HM Treasury's FReM, the underlying assets are recognised as property, plant and equipment when they are brought into use, together with an equivalent liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate and measured at current value in existing use.

The annual contract payments are apportioned between the repayment of the liability, a finance cost, the charges for services and lifecycle replacement of components of the asset. The element of the annual unitary payment increase due to cumulative indexation is treated as contingent rent and is expensed as a finance cost as incurred.

The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Statement of Comprehensive Income.

Useful economic life

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as advised by the NHS Foundation Trust's professional valuers.

The current ranges of estimated lives being used are:

	Min Life Years	Max Life Years
Buildings	25	85

Leaseholds are depreciated over primary lease term.

Finance-leased assets (including land) are depreciated over the shorter of the useful economic life or the lease term, unless the NHS Foundation Trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

Equipment is depreciated on current cost evenly over the estimated life of the asset using the following lives:

	Min Life Months	Max Life Months
Medical Equipment and Engineering Plant and Equipment	36	180
Furniture	54	180
Soft Furnishings	54	84
Office and Information Technology Equipment	42	60
Set-up Costs in New Buildings	60	60
Vehicles	60	60

1.8 Intangible assets

Recognition

Intangible assets are non-monetary assets without a physical substance which are capable of being sold separately from the rest of the NHS Foundation Trust's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential is provided to the NHS Foundation Trust for more than one year; their cost can be reliably measured; and they have a cost of at least £5,000. Where internally generated assets are held for service potential, this involves a direct contribution to the delivery of services to the public.

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 when it meets the requirements set out in IAS 38.

Software

Purchased computer software, where expenditure of at least £5,000 is incurred, which is integral to the operation of hardware e.g. an operating system is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware e.g. application software, is capitalised as an intangible asset.

Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by the NHS Foundation Trust.

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 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 economic lives on a straight line basis or in the case of software the shorter of the term of the licence or the expected useful economic life using the following lives:

	Min Life Months	Max Life Months
Software	36	60

1.9 Revenue government and other grants

Government grants are grants from government bodies other than income from commissioners or NHS Trusts for the provision of services. Grants from the Department of Health and Social Care are accounted for as government grants, as are grants from the Big Lottery Fund.

Government grants for capital purposes are credited directly to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

Where the government grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

1.10 Grant expenditure

When entering into grant agreements to support the NHS Foundation Trust's strategic objectives of "working with partners" and supporting "research and innovation", the NHS Foundation Trust applies IAS 37 Provisions, Contingent Liabilities and Contingent Assets as the relevant applicable standard. IAS 37 does not provide specific guidance regarding grants however this is considered to be the applicable standard as the economic substance of the grant agreements is the creation of a liability and outflow of resources.

1.11 Inventories

Inventories are valued at the lower of cost and net realisable value using the *first-in-first-out* cost (FIFO) method. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

The NHS Foundation Trust received inventories including personal protective equipment from the Department of Health and Social Care at nil cost. In line with the DHSC GAM and applying the principles of the IFRS Conceptual Framework, the NHS Foundation Trust has accounted

for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department.

1.12 Financial Instruments and financial liabilities

Recognition

Financial assets and financial liabilities arise where the NHS Foundation 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 DHSC GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other aspects 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 NHS Foundation Trust's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs i.e. when receipt or delivery of the goods or service is made.

Financial assets and financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with accounting policy for leases described below at note 1.14.

All other financial assets and financial liabilities are recognised when the NHS Foundation Trust becomes a party to the contractual provisions of the instrument.

De-recognition

All financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the NHS Foundation Trust has transferred substantially all of the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

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 process or valuation techniques.

Financial assets are classified as subsequently measured at amortised cost. Financial liabilities are classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost

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

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

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

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets the NHS Foundation Trust recognises an allowance for expected credit losses.

The NHS Foundation 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).

Expected credit losses for private patient activity are determined through a review of existing outstanding debt. For all other categories of debt the expected credit losses are determined using historic debt write off data.

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. The NHS Foundation Trust does not recognise loss allowances for stage 1 or stage 2 impairments against other government bodies.

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.

A receivable will be written off when either all avenues of collection have been exhausted or it is no longer economically viable to pursue the outstanding amount.

1.13 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 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 NHS Foundation Trust's cash management. Cash, bank and overdraft balances are recorded at current values.

These balances exclude monies held in the NHS Foundation Trust's bank account belonging to patients (see note 30). Account balances are only off set where a formal agreement has been made with the bank to do so.

1.14 Leases

A lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration. An adaptation of the relevant accounting standard by HM Treasury for the public sector means that for NHS bodies, this includes lease-like arrangements with other public sector entities that do not take the legal form of a contract. It also includes peppercorn leases where consideration paid is nil or nominal (significantly below

market value) but in all other respects meet the definition of a lease. The NHS Foundation Trust does not apply lease accounting to new contracts for the use of intangible assets.

The NHS Foundation 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 NHS Foundation Trust is reasonably certain to exercise.

The NHS Foundation 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. 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 NHS Foundation 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 NHS Foundation 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.

A revaluation of the non-residential property right of use assets was carried out in 2022/23 by the NHS Foundation Trust's externally appointed independent valuer, Gerald Eve LLP, Chartered Surveyors. The effective date of valuation was the 31 March 2023 and is accounted for in the 2022/23 accounts. See Note 11.

Initial application of IFRS16

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 a 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.

2021/22 comparatives

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

1.15 Provisions

The NHS Foundation Trust recognises a provision where it has a present legal or constructive obligation that is of uncertain timing or amount for which it is probable that there will be a future outflow of cash or other resource and that a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resource required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective for 31 March 2023:

		Nominal rate	Prior year rate
Short-term	Up to 5 years	3.27%	0.47%
Medium-term	After 5 years up to 10 years	3.20%	0.70%
Long-term	After 10 years up to 40 years	3.51%	0.95%
	Exceeding 40 years	3.00%	0.66%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective 31 March 2023:

	Inflation rate	Prior year rate
Year 1	7.40%	4.00%
Year 2	0.60%	2.60%
Into perpetuity	2.00%	2.00%

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

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the NHS Foundation Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. The contribution is charged to expenditure. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS Foundation Trust. The total value of clinical negligence provisions carried by the NHS Resolution on behalf of the NHS Foundation Trust is disclosed at note 20 but is not recognised in the NHS Foundation Trust's accounts.

Non-clinical risk pooling

The NHS Foundation Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the NHS Foundation Trust pays an annual contribution to NHS Resolution and in return receives assistance with the costs of claims arising. The NHS Foundation Trust does not include any amounts in its financial statements relating to these cases. The annual membership contributions, and any 'excesses' payable in respect of particular claims are charged to operating expenses when the liability arises.

1.16 Contingent assets and liabilities

Contingent assets (that is, assets arising from past events and whose existence will only be confirmed by one or more future events not wholly within NHS Foundation Trust's control) are not recognised as assets but disclosed in note 21 to the financial statements where an inflow of economic benefits is probable.

Contingent liabilities are not recognised but are disclosed in note 21 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 sufficiently reliability.

1.17 Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS Trust. 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 NHS Foundation Trust. PDC is recorded at the value received.

A charge, reflecting the cost of capital utilised by the NHS Foundation 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 NHS Foundation 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 in the PDC dividend policy issued by the Department of Health and Social Care. This policy is available at https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts.

In accordance with the requirements laid down by the Department of Health 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 thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

The actual dividend figure is included in the Statement of Comprehensive Income and the receivable/payable arising is included in the Statement of Financial Position.

1.18 Value added tax (VAT)

Most of the activities of the NHS Foundation Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.19 Corporation tax

An NHS Foundation Trust is a Health Service Body within the meaning of s519A of the Income and Corporation Tax Act 1988 and accordingly is exempt from taxation in respect of income and capital gains within categories covered by this. There is a power for HM Treasury to dis-apply the exemption in relation to specified activities of a Foundation Trust (s519A (3) to (8) of the Income and Corporation Taxes Act 1988). Accordingly, a Foundation Trust is potentially within the scope of corporation tax in respect of activities which are not related to, or ancillary to, the provision of healthcare, and where the profits from these activities exceed £50k per annum. There are no such profits and therefore no liability for corporation tax in relation to the year ended 31 March 2023 or prior periods.

1.20 Climate change levy

Expenditure on the climate change levy is recognised in the Statement of Comprehensive Income as incurred, based on the prevailing chargeable rates for energy consumption.

1.21 Foreign exchange

The functional and presentational currency of the NHS Foundation 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 NHS Foundation Trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- monetary items (other than financial instruments measured at "fair value through income and expenditure") are translated at the spot exchange rate at 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.

1.22 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 since the NHS Foundation Trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts in accordance with the requirement of the HM Treasury Financial reporting Manual (FReM). See note 30.

1.23 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS foundation trusts not been bearing their own risks (with insurance premiums then being incurred as normal revenue expenditure). See note 31.

1.24 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.

1.25 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors, who are responsible for making strategic decisions.

1.26 Carbon reduction commitment

The NHS Foundation Trust has a strategy in place outlining the aims and objectives for sustainable development and has in place the Green Plan for delivering the strategy across financial years 2022/23 to 2024/25.

The plan will enable the NHS Foundation Trust to contribute to the national target of a ‘net zero’ NHS.

1.27 Early adoption of standards, amendments and interpretations

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

1.28 Accounting standards that have been issued but have not yet been adopted

The following accounting standards or interpretations have been issued by the International Accounting Standards Board but have not yet been implemented. The NHS Foundation Trust cannot adopt new standards unless they have been adopted in the DHSC GAM issued by Department of Health and Social Care, which in turn only adopts them once adopted in HM Treasury FReM. The HMT FReM generally does not adopt an international standard until it has been endorsed by the European Union for use by listed companies. In some cases, the standards may be interpreted in the HMT FReM and therefore may not be adopted in their original form.

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

From 1 April 2024, the measurement principles of IFRS 16 will also be applied to the Trust's PFI liabilities where future payments are linked to a price index representing the rate of inflation. The PFI liability will be remeasured when a change in the index causes a change in future repayments and that change has taken effect in the cash flow. Such remeasurements will be recognised as a financing cost. Under existing accounting practices, amounts relating to changes in the price index are expensed as incurred.

Initial application of these principles will be on 1 April 2024 using a modified retrospective approach with the cumulative impact taken to reserves. This is expected to result in an increased PFI liability on the statement of financial position. The effect of this has not yet been quantified.

The standards listed below are not expected to have an impact on the NHS Foundation Trust's accounts except where indicated.

Other standards, amendments and interpretations

IFRS 14

IFRS 14 Regulatory Deferral Accounts is not yet EU endorsed. It applies to first time adopters of IFRS after 1 January 2016 therefore it is not applicable to DHSC group bodies.

IFRS 17

The application of IFRS 17 Insurance Contracts is required for accounting periods beginning on or after 1st January 2021 but is not yet adopted by the FReM. The early adoption of this standard is not therefore permitted.

1.29 Critical judgements and key sources of estimation uncertainty

In the application of the NHS Foundation 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 that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Property valuation

The NHS Foundation Trust's estate has been valued as explained at note 1.7.

It is impracticable to disclose the extent of the possible effects of an assumption or another source of estimation uncertainty at the end of the reported period. On the basis of existing knowledge, outcomes within the next financial year that are different from the assumption around the valuation of our land, property, plant and equipment could require a material adjustment to the carrying amount of the asset or liability recorded in note 10.1.

Intangible assets

The intangible assets balance is composed entirely of software under development and software licences. These are stated at historic depreciated cost on the basis that this is not materially different from their fair value.

Allowances for impaired receivables

Allowances are made for impaired receivables for estimated losses arising from the subsequent inability or refusal of patients or commissioners to make the required payment. Further detail is given at notes 14.2 and 14.3.

Private Finance Initiative

An assessment of the NHS Foundation Trust’s Private Finance Initiative (PFI) scheme has been made, and it has been determined that the PFI scheme in respect of the new hospital building should be accounted for as an on-Statement of Financial Position asset under IFRIC 12. This requires a judgement to be made around how to model the scheme in order to determine the required accounting entries. The key judgements were to initially value the hospital at the cost of construction, to attribute asset lives up to 80 years on certain components and to identify the components of the hospital subject to lifecycle maintenance, which should be accounted for separately.

An estimate has also been used to determine total future obligations under PFI contracts as disclosed in note 22, in relation to future rates of inflation. The estimate does not affect the carrying value of liabilities in the Statement of Financial Position at 31 March 2023, or the amounts charged through the Statement of Comprehensive Income.

2. OPERATING INCOME FROM PATIENT CARE ACTIVITIES

2.1 Income from patient care activities (by nature)

2.1 Income from patient care activities (by nature)

	2022/23	2021/22
	£000	£000
Aligned payment & incentive (API) contract income/system block income	**179,103**	174,842
Homecare drugs income*	**47,361**	43,275
Other high cost drugs and pass through devices income from commissioners **	**15,042**	11,941
Other NHS clinical income***	**4,606**	4,215
Private patient income	**8,341**	8,061
Elective Recovery Fund****	**5,048**	4,791
Agenda for change pay offer central funding*****	**3,631**	-
Additional pension contribution central funding******	**4,563**	4,489
Other clinical income*******	**69**	178
Total income from patient care activities	**267,764**	**251,792**

* Income received from NHS England homecare drugs.

** Additional income received for cost and volume drugs and visible cost model (VCM) devices.

*** Income received from NHS Blood & Transplant, Welsh, Scottish and Northern Ireland Health Boards.

**** Income received for supporting activity above the level funded within system funding envelopes.

***** In March 2023 the government announced an additional pay offer for 2022/23, in addition to the pay award earlier in the year. Additional funding was made available by NHS England for implementing this pay offer for 2022/23 and the income and expenditure has been included in these accounts

****** The additional pension contribution central funding relates to the additional 6.3% pension contributions paid by NHS England on behalf of the NHS Foundation Trust. The related expenditure is included in note 4.1 Operating expenses under staff costs.

******* Non-NHS overseas patients including non reciprocal agreements.

2.2 Patient income by source

	2022/23	2021/22
	£000	£000
NHS England*	**197,450**	167,958
Clinical Commissioning Groups**	**15,651**	71,385
Integrated Care Boards**	**41,647**	-
NHS Trusts	**-**	8
NHS Other	**4,606**	4,207
Non NHS:		
- Private patients	**8,341**	8,061
- Overseas chargeable patients	**69**	173
Total revenue from patient care activities	**267,764**	251,792

* Includes central funding for AFC pay offer

** Initial Contract was greed Initial contract values for 2022/23 were agreed with Clinical Commissioning Groups (CCGs). In July 2022, Integrated Care Boards (ICBs) legally became the commissioning bodies (replacing CCGs).

NHS England income includes reimbursement for homecare drugs which has been reported on a gross basis as a result of the change in the national financial framework for 2020/21. This was in response to the Coronavirus pandemic which moved reimbursement of homecare drugs to a mixed model of block and cost and volume. The central funding for the Agenda for Change pay offer is also included in this figure.

There has been no change to the NHS financial framework in 2022/23 which has meant that the NHS Foundation Trust has received fixed payments for patient related activity with limited additional variability for the number of patients treated. Under this framework the NHS Foundation Trust has not included partially completed patient treatment in its patient activity income in 2022/23 and 2021/22.

2.3 Operating segments

IFRS 8 requires income and expenditure to be broken down into the operating segments reported to the chief operating decision maker. The NHS Foundation Trust considers the Board to be the chief operating decision maker because it is responsible for approving its budgets and hence responsible for allocating resources to operating segments and assessing their performance.

For 2022/23 the NHS Foundation Trust considers that it only has one operating segment, healthcare. The Board of Directors receives financial reports that analyse financial performance across the Trust as one operating segment and this has been reinforced by the revised financial framework that came into place at the start of 2022/23.

All income for each patient service above is received from external commissioners as follows:

	2022/23	2021/22
	£000	£000
NHS England	**197,450**	167,958
Cambridgeshire and Peterborough ICB**	**26,136**	-
Cambridgeshire and Peterborough CCG*	**10,378**	54,641
Norfolk & Waveney ICB**	**3,552**	-
Norfolk & Waveney CCG*	**1,204**	4,485
NHS Suffolk and North East Essex ICB**	**4,721**	-
West Suffolk CCG*	**1,120**	4,169
Ipswich & East Suffolk CCG*	**369**	1,375
North East Essex CCG*	**113**	-
NHS Bedfordshire, Luton and Milton Keynes ICB**	**2,094**	-
Bedfordshire CCG*	**714**	2,279
NHS Lincolnshire ICB**	**1,404**	-
Lincolnshire CCG*	**467**	1,739
NHS Hertfordshire and West Essex ICB**	**2,166**	-
West Essex CCG*	**363**	1,353
East and North Hertfordshire CCG*	**361**	1,339
Other ICBs**	**1,575**	-
Other CCGs*	**564**	5
Other NHS	**3,492**	3,132
Subtotal	**258,243**	242,475
Welsh Health Boards	**950**	893
Scottish Health Board	**112**	132
Northern Ireland Health Boards	**48**	58
Private patients	**8,341**	8,061
Other non-NHS	**70**	173
Total revenue from patient care activities per note 2.1	**267,764**	251,792

* Clinical Commisioning Groups (CCGs) were dissolved in July 2022.

** Intergrated Care Boards (ICBs) were formed in July 2022 replacing Clinical Commissioning Groups.

Under the terms of its license, the NHS Foundation Trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the trust license and are services that commissioners believe would need to be protected in the event of trust failure. This information is provided in the table below:

	2022/23	2021/22
	£000	£000
Income from services designated (or grandfathered) as commissioner requested services	**267,764**	251,792

2.4 Overseas visitors (relating to patients charged directly by the NHS Foundation Trust)

	2022/23	2021/22
	£000	£000
Income recognised this year	**69**	173
Cash payments received in-year	**35**	35
Amounts added to provision for impairment of receivables	**4**	51
Amounts written off in-year	**39**	-

2.5 Private patient income

As a result of the Health and Social Care Act 2012 changes to the way the cap on private patient income of NHS Foundation Trusts is enforced came into effect during 2012/13.

As from 1 October 2012 Foundation Trusts are obliged to make sure that the income they receive from providing goods and services for the NHS (their principal purpose) is greater than their income from other sources (e.g. private patient work).

This effectively means that the former private patient cap has been removed.

3. OTHER OPERATING INCOME

	Group		**Trust**	
	2022/23	2021/22	**2022/23**	2021/22
	£000	£000	**£000**	£000
Research and development NHS Levy	**2,806**	2,165	**2,806**	2,165
Education and training *	**6,326**	5,626	**6,326**	5,626
Charitable and other contributions to expenditure	**30**	-	**1,319**	847
Merit award funding	**1,191**	1,239	**1,191**	1,239
Staff lodging	**956**	798	**956**	798
Staff recharges **	**1,542**	1,513	**1,542**	1,513
Research and development gross up ***	**2,520**	2,574	**2,520**	2,574
NHS Charitable income:				
Incoming resource excluding investment income	**2,270**	1,273	**-**	-
Covid Response funding:				
Reimbursement	**36**	133	**36**	133
Contributions to expenditure from DHSC group bodies	**340**	647	**340**	647
Other income	**1,513**	1,483	**1,513**	1,483
	19,530	17,451	**18,549**	17,025

* Includes notional income from apprenticeship fund £411k (2021/22 - £393k).

** Staff recharges have been shown gross in income and expenditure.

*** Funding received to cover costs of research and development incurred in the year.

4. OPERATING EXPENSES

4.1 Operating expenses comprise:

	Group		Trust	
	2022/23	2021/22	**2022/23**	2021/22
	£000	£000	**£000**	£000
Executive Directors' costs	**1,306**	1,507	**1,306**	1,507
Non-Executive Directors' costs	**147**	143	**147**	143
Staff costs	**127,125**	117,928	**127,125**	117,928
Drug costs	**51,356**	47,941	**51,356**	47,941
Supplies and services - clinical	**52,328**	49,374	**52,328**	49,374
Supplies and services - clinical: utilisation of consumables donated from DHSC group bodies for COVID response	**394**	1,005	**394**	1,005
Supplies and services - general	**2,822**	1,937	**2,822**	1,937
Inventories written down (consumables donated from DHSC bodies for COVID response)	**5**	26	**5**	26
Establishment	**2,672**	1,997	**2,672**	1,997
Research & Development	**2,253**	2,439	**2,253**	2,439
Transport	**737**	1,112	**737**	1,112
Premises	**11,736**	10,890	**11,736**	11,887
Increase/(decrease) in provisions for impairments of receivables	**5**	86	**5**	86
Depreciation of property, plant and equipment	**10,047**	8,853	**10,047**	8,853
Amortisation of intangible assets	**791**	752	**791**	752
Impairments of property, plant and equipment	**151**	-	**151**	-
Audit services - statutory audit	**115**	102	**115**	102
NHS Charitable Funds - statutory audit services	**14**	12	**-**	-
Consultancy	**93**	1,015	**93**	1,015
Internal audit and counter fraud services	**101**	149	**101**	149
Clinical negligence	**1,878**	1,865	**1,878**	1,865
Charges to operating expenditure for on-SoFP IFRIC 12 PFI schemes on IFRS basis	**7,652**	7,751	**7,652**	6,754
Research Grants *	**2,500**	-	**2,500**	-
Other	**3,769**	2,165	**3,769**	2,165
NHS Charitable Funds - other resources expended	**179**	1,845	**-**	-
	280,176	260,894	**279,983**	259,037

*In 2022/23 the Trust made a grant to the University of Cambridge to leverage the research expertise in the University and apply this to patient care. The proposed grant agreement covers health inequalities and tackling major cardiovascular disease burdens through the application and translation of research activity into trials.

4.2 Audit services

The Council of Governors has appointed KPMG LLP (KPMG) as external auditors of the NHS Foundation Trust from 1 April 2015. The audit fee for the statutory audit is £115,000 (2021/22: £102,000), excluding VAT. This is the fee for an audit in accordance with the Audit Code issued by Monitor in March 2011.

The engagement letter signed on 12 May 2021 states that the liability of KPMG, its members, partners and staff (whether in contract, negligence or otherwise) in respect of services provided in connection with or arising out of the audit shall in no circumstances exceed £1 million (2021/22: £1 million) in the aggregate in respect of all such services.

External auditors will also receive remuneration of £14,000 (2021/22: £12,000), excluding VAT, for the statutory audit of the NHS Charity.

4.3 Operating leases

4.3.1 As lessee

The NHS Foundation Trust has applied IFRS16 to account for lease arrangements from 1 April 2022, without restatement of comparatives. Comparative disclosures in this note are presented on an IAS 17 basis.

Payments recognised as an expense

	2022/23	2021/22
	£000	£000
Minimum lease payments	**215**	957

Following the implementation of IFRS 16 the lease for offices in Huntingdon (Justinian House) was assessed as being a short term lease due to its expiry date being less than 12 months. The costs for this lease continued to be charged to the income and expenditure account.

The lease for residential accommodation in Waterbeach was determined to be a right of use asset under IFRS16.

5 EMPLOYEE COSTS AND NUMBERS

5.1 Employee costs

		Group		**Trust**	
		2022/23	2021/22	**2022/23**	2021/22
		£000	£000	**£000**	£000
Salaries and wages		**93,242**	90,969	**93,242**	90,969
2022/23 non consolidated pay award accrual ***		**3,269**	-	**3,269**	-
Social security costs		**10,605**	9,798	**10,605**	9,798
Apprenticeship levy		**612**	442	**612**	442
Employer contributions to NHS Pensions Agency		**10,424**	10,164	**10,424**	10,164
Pension cost - employer contribution paid by NHSE on provider's behalf (6.3%)	**	**4,563**	4,489	**4,563**	4,489
Pension cost - other		**14**	15	**14**	15
Termination benefits		**54**	-	**54**	-
Temporary staff (including agency/bank)		**5,648**	3,558	**5,648**	3,558
Employee benefit expenses	*	**128,431**	119,435	**128,431**	119,435

* Excludes Non-Executive Directors' salary costs. These salary costs are included in note 4.1. The total value of annual leave accrual for the year is £433k (2021/22: £1,074k).

** The additional pension contribution central funding relates to the additional 6.3% pension contributions paid by NHS England on behalf of the NHS Foundation Trust. The related income is included in note 2 Operating Income.

*** In 2022/23, the government put forward an offer for Agenda for Change staff to receive a non-consolidated award of 2% of an individual's salary for 2022 to 2023. NHS England provided additional funding directly to providers and to ICBs to cover the anticipated cost of the pay award. The additional costs were matched with an equal level of income from NHSE. The Trust impact of the accrual for the pay award net of national funding is a net impact (£0.3m). Employer NI and apprentice levy payable has been reported on the relevant line in the table.

All employee benefit expenses have been charged to revenue. The total employer pension contributions paid for the year is £10,424k (2021/22: £10,164k).

Pension Costs

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2023, is based on valuation data as 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 to 20.6% of pensionable pay.

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

c) Scheme provisions

The NHS Pension Scheme provided defined benefits, which are summarised below. The list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

Annual Pensions

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years' pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as 'pension commutation'.

Pensions Indexation

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971 and are based on changes in Retail Prices in the 12 months ending 30th September in the previous calendar year. From 2011/12, the Consumer Price Index (CPI) has been used to replace the Retail Prices Index (RPI).

Ill-health Retirement

Early payment of a pension, with enhancement, is available to members of the Scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity.

Death Benefits

A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

Early Retirement

For early retirements other than those due to ill-health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

Additional Voluntary Contributions (AVC's)

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC's run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

NEST is a Workplace Pension Scheme operated by the Government; it is an alternative pension scheme (to the Superannuation Scheme) which is not NHS specific. It is a defined contribution, off statement of financial position scheme (as it is not exclusively NHS). The number of employees opting in and the value of contributions have been negligible. The cost in 2022/23 was £14k (2021/22 £15k).

5.2 Staff Exit Packages

	2022/23 Number of compulsory redundancies	Cost of compulsory redundancies £k	Number of other departures agreed	Cost of other departures agreed £k	Total number of exit packages by cost band	Total cost of exit packages by cost band £k
£10,000-£25,000	**1**	**24**	**-**	**-**	**1**	**24**
£25,001-£50,000	**1**	**30**	-	-	**1**	**30**
Total number of exit packages by type	**2**				**2**	
Total resource cost						**£000 54**

	2021/22 Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages by cost band
£50,001-£100,000	-	-	1	80	1	80
Total number of exit packages by type	-	-	1	80	1	
Total resource cost						£000 80

Exit packages are agreed with due regards to national terms and conditions, adherence to local policies and procedures and a risk assessment.

5.3 Average number of persons employed

	Group		Trust	
	2022/23 Total Number	2021/22 Total Number	**2022/23 Total Number**	2021/22 Total Number
Permanently Employed				
Medical and dental	**250**	244	**250**	244
Administration and estates	**412**	428	**412**	428
Healthcare assistants and other support staff	**371**	380	**371**	380
Nursing, midwifery and health visiting staff	**654**	702	**654**	702
Scientific, therapeutic and technical staff	**175**	175	**175**	175
Health care science staff	**75**	76	**75**	76
Other				
Bank staff	**60**	60	**60**	60
Agency/contract staff	**28**	26	**28**	26
Other	**14**	7	**14**	7
Total	**2,039**	2,098	**2,039**	2,098

5.4 Retirements due to ill-health

In the year to 31 March 2023, there was 1 early retirement agreed on the grounds of ill-health (31 March 2022: 2). The estimated additional pension liability in respect of early retirements agreed on the grounds of ill-health is £60k (31 March 2022: £127k); the cost of which is borne by the NHS Business Services Authority – Pensions Division. This information has been supplied by NHS Pensions.

5.5 Directors' remuneration

The aggregate amounts payable to directors were:

	Group		Trust	
	2022/23 Total	2021/22 Total	**2022/23 Total**	2021/22 Total
	£000	£000	**£000**	£000
Salary	**1,135**	1,345	**1,135**	1,345
Taxable benefits	**3**	2	**3**	2
Employer's pension contributions	**95**	139	**95**	139
	1,233	1,486	**1,233**	1,486
Secondment Post *	**77**	**-**	**77**	**-**
Total	**1,310**	**1,486**	**1,310**	**1,486**

*The post of Chief Operating Officer was covered on an interim basis during part of 2022/23 by a secondment from West Suffolk Hospital NHS Foundation Trust.

Further details of directors' remuneration can be found in the remuneration report.

6 FINANCE INCOME

	Group		Trust	
	2022/23	2021/22	**2022/23**	2021/22
	£000	£000	**£000**	£000
Interest revenue:				
Investments in listed equities	**242**	**228**	**-**	-
Bank accounts	**1,577**	**60**	**1,577**	60
	1,819	288	**1,577**	60

7 FINANCE EXPENSES

	Group		Trust	
	2022/23	2021/22	**2022/23**	2021/22
	£000	£000	**£000**	£000
Loans from the Department of Health and Social Care	**57**	59	**57**	59
Interest on lease obligations	**166**	-	**166**	-
Main finance costs on PFI scheme obligations	**4,460**	4,573	**4,460**	4,573
Contingent finance costs on PFI scheme obligations	**777**	388	**777**	388
	5,460	5,020	**5,460**	5,020

8 GAINS/(LOSSES) ON NON-CURRENT ASSETS DISPOSAL

	Group		Trust	
	2022/23	2021/22	**2022/23**	2021/22
	£000	£000	**£000**	£000
Gain on disposal of property, plant and equipment	**12**	2	**12**	2
Loss on disposal of property pland and equipment	**(14)**	-	**(14)**	-
(Loss)/gain on disposal of charitable funds PPE	**-**	(3)	**-**	-
	(2)	(1)	**(2)**	2

9 INTANGIBLE ASSETS

2022/23	**Computer Software Purchased £000**	**Total Intangible Assets £000**
Gross cost at 1 April 2022	6,435	**6,435**
Additions purchased - Trust	(20)	**(20)**
Gross cost at 31 March 2023	**6,415**	**6,415**
Accumulated amortisation at 1 April 2022	4,402	**4,402**
Provided during the year	791	**791**
Accumulated amortisation at 31 March 2023	**5,193**	**5,193**
Net book value		
- Purchased at 31 March 2023	1,212	**1,212**
- Donated at 31 March 2023	10	**10**
Total at 31 March 2023	**1,222**	**1,222**

2021/22	Computer Software Purchased £000	Total Intangible Assets £000
Gross cost at 1 April 2021	6,172	**6,172**
Additions purchased - Trust	263	**263**
Gross cost at 31 March 2022	**6,435**	**6,435**
Accumulated amortisation at 1 April 2021	3,650	**3,650**
Provided during the year	752	**752**
Accumulated amortisation at 31 March 2022	**4,402**	**4,402**
Net book value		
- Purchased at 31 March 2022	2,014	**2,014**
- Donated at 31 March 2022	19	**19**
Total at 31 March 2022	**2,033**	**2,033**

10 PROPERTY, PLANT AND EQUIPMENT

10.1 Property, plant and equipment at the financial year end comprise the following elements:

2022/23	Land	Buildings excluding dwellings	Assets under construction and payments on account	Plant and machinery	Transport Equipment	Information Technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost/valuation at 1 April 2022	15,960	139,250	68	35,978	27	5,548	3,679	200,510
Additions purchased - Trust	-	151	-	1,862	-	776	-	2,789
Additions - donations of physical assets	-	-	-	30	-	-	-	30
Additions purchased - cash donations	-	-	-	15	-	-	5	20
Revaluations*	-	10,528	-	-	-	-	-	10,528
Reclassifications	-	65	(68)	3	-	-	-	-
Disposals	-	-	-	(331)	-	-	-	(331)
At 31 March 2023	**15,960**	**149,994**	**0**	**37,557**	**27**	**6,324**	**3,684**	**213,546**
Accumulated depreciation at 1 April 2022	-	-	-	17,135	16	3,618	1,542	22,311
Provided during the year	-	3,175	-	4,508	3	794	510	8,990
Revaluations *	-	(3,175)	-	-	-	-	-	(3,175)
Disposals	-	-	-	(316)	-	-	-	(316)
Accumulated depreciation at 31 March 2023	**-**	**-**	**-**	**21,327**	**19**	**4,412**	**2,052**	**27,810**
Net book value								
- Purchased at 31 March 2023 - Trust	15,960	204	0	14,079	8	1,862	1,565	33,678
- On-SoFP PFI contract at 31 March 2023	-	149,790	-	-	-	-	-	149,790
- Donated at 31 March 2023	-	-	-	1,702	-	50	67	1,819
- Donated from DHSC for COVID response at 31 March 2023	-	-	-	449	-	-	-	449
Total at 31 March 2023	**15,960**	**149,994**	**0**	**16,230**	**8**	**1,912**	**1,632**	**185,736**

* The revaluation gain relates to the revalutaion of the PFI asset. The gain of £13,703k is made up of an increase in the cost value of £10,528k and the reversal of the cumultaive depreciation of £3,175k.
Donated assets from DHSC for COVID response have been included within donated assets at 31 March 2023, £449k.

10.2 Property, plant and equipment at the financial year end comprise the following elements:

2021/22	Land £000	Buildings excluding dwellings £000	Assets under construction and payments on account £000	Plant and machinery £000	Transport Equipment £000	Information Technology £000	Furniture & fittings £000	Total £000
Cost/valuation at 1 April 2021	15,960	135,193	3	35,423	14	5,458	3,679	195,730
Additions purchased - Trust	-	124	65	748	13	90	-	1,040
Additions purchased - cash donations	-	-	-	37	-	-	-	37
Revaluations*	-	3,933	-	-	-	-	-	3,933
Disposals	-	-	-	(230)	-	-	-	(230)
At 31 March 2022	**15,960**	**139,250**	**68**	**35,978**	**27**	**5,548**	**3,679**	**200,510**
Accumulated depreciation at 1 April 2021	-	0	-	12,905	12	2,771	1,013	16,701
Provided during the year	-	3,013	-	4,460	4	847	529	8,853
Revaluations *	-	(3,013)	-	-	-	-	-	(3,013)
Disposals	-	-	-	(230)	-	-	-	(230)
Accumulated depreciation at 31 March 2022	**-**	**-**	**-**	**17,135**	**16**	**3,618**	**1,542**	**22,311**
Net book value								
- Purchased at 31 March 2022 - Trust	15,960	211	68	16,173	9	1,840	2,070	36,331
- On-SoFP PFI contract at 31 March 2022	-	139,039	-	-	-	-	-	139,039
- Donated at 31 March 2022	-	-	-	2,152	2	90	67	2,311
- Donated from DHSC for COVID response at 31 March 2021	-	-	-	518	-	-	-	518
Total at 31 March 2022	**15,960**	**139,250**	**68**	**18,843**	**11**	**1,930**	**2,137**	**178,199**

* The revaluation gain relates to the revalutaion of the PFI asset. The gain of £6,946k is made up of an increase in the cost value of £3,933k and the reversal of the cumultaive depreciation of £3,013k.
Donated assets from DHSC for COVID response have been included within donated assets at 31 March 2022, £518k.

Royal Papworth Hospital site on the Cambridge Biomedical Campus

In May 2019 the NHS Foundation Trust relocated to its new site on the Cambridge Biomedical Campus.

In line with the NHS Foundation Trusts accounting policies (see note 1.7) a valuation of the new Royal Papworth Hospital site was carried out during the financial year ended 31 March 2023. The valuation was carried out by the NHS Foundation Trust's externally appointed valuers Gerald Eve LLP, Chartered Surveyors in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The effective date of valuation was the 31 March 2023.

The desktop valuation has resulted in an increase in the Hospital site buildings of £13.7m with no impact on the value of the Hospital land. The increase in the site valuation reflects general market changes and as such is accounted for as a revaluation gain.

The valuer has stated in the valuation report that the 'valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS valuation – Global Standard'.

11 RIGHT OF USE ASSETS

11.1 Property, plant and equipment at the financial year end comprise the following elements:

2022/23	Property (land and buildings excl dwellings)	Property (land and dwellings)	Plant and machinery	Information technology	Total	Of which: Leases within the DHSC Group
	£000	£000	£000	£000	£000	£000
Cost/valuation at 1 April 2022	-	-	-	-	-	-
IFRS16 implementation - adjustments for existing operating leases to right of use assets on 1 April 2022	1,900	16,892	394	-	19,186	-
Additions - lease liability	318	-	-	121	439	318
Additions - up front lease payments (before or on commencement)	-	-	-	479	479	-
Remeasurement of lease liability ***	-	289	-	-	289	-
Revaluations **	627	-	-	-	627	-
Impairments charged to operating expenses ***	(166)	-	-	-	(166)	(166)
At 31 March 2023	**2,679**	**17,181**	**394**	**600**	**20,854**	**152**
Accumulated depreciation at 1 April 2022	-	-	-	-	-	-
Provided during the year - right of use asset	99	805	63	90	1,057	15
Revaluations **	(83)	-	-	-	(83)	-
Impairments charged to operating expenses ***	(15)	-	-	-	(15)	(15)
Accumulated depreciation at 31 March 2023	**1**	**805**	**63**	**90**	**959**	**0**
Net book value						
Total at 31 March 2023	**2,678**	**16,376**	**331**	**510**	**19,895**	**152**

Carrying value of right of use assets split by counterparty	**31 March £000**	31 March £000
Leased from NHS Providers	**152**	-

Included in the balances above are right of use assets for staff accommodation, off site office space, PACS IT system and pathology managed services

* The remeasurement relates to staff accommodation at Waterbeach and is in line with the contract.

** The revaluation gain relates to the revaluation of the HLRI. The gain of £710k is made up of an increase in the cost value of £627k and the reversal of the cumulative depreciation of £83k.

*** The impairments charged to operating expenses relate to the revaluation of Kingfisher House. The impairment of £151k is made up of a decrease in the value of £166k and the reversal of cumulative depreciation of £15k.

11.2 Revaluation of right of use assets

In line with the NHS Foundation Trusts accounting policies (see note 1.14) a valuation of the right of use assets for property was carried out during the financial year ended 31 March 2023. The valuation was carried out by the NHS Foundation Trust's externally appointed valuers Gerald Eve LLP, Chartered Surveyors in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The effective date of valuation was the 31 March 2023.

The valuation has resulted in an increase in the value of the HLRI right of use asset of £544k and a decrease in value of the off site offices at Kingfisher House of £151k.

11.3 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 1.14.

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

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

	1 April 2022 £000
Operating lease commitments under IAS 17 at 31 March 2022	18,734
Impact of discounting at the incremental borrowing rate	**18,734**
IAS 17 operating lease commitment discounted at incremental borrowing rate	16,886
Less:	
Commitments for short term leases	(104)
Services included in IAS 17 commitment not included in the IFRS 16 liability	(679)
Other adjustments:	
	789
Rent increases/(decreases) reflected in the lease liability, not previously reflected in the IAS 17 commitment	
Adjustments for contract reassessed for being or containing a lease on transition to IFRS 16	2,294
Total lease liabilities under IFRS 16 as at 1 April 2022	**19,186**

11.4 Maturity of lease liabilities

	Group 31 March 2023 £000	Trust 31 March 2023 £000	Of which: Leases within the DHSC Group 31 March 2023 £000	Group 31 March 2022 £000	Trust 31 March 2022 £000	Of which: Leases within the DHSC Group 31 March 2022 £000
Undiscounted future lease payments payable in:						
- not later than one year;	2,858	2,858	69	-	-	-
- later than one year and not later than five years;	3,905	3,905	259	-	-	-
- later than five years.	14,185	14,185	-	-	-	-
Total gross future lease payments	**20,948**	**20,948**	**328**			
Finance charges allocated to future periods	(1,754)	(1,754)	(25)			
Net lease liabilities	**19,194**	**19,194**	**303**	-	-	-
Included in:						
Current lease liabilities	2,691	2,691	60	-	-	-
Non-current lease liabilities	16,503	16,503	243	-	-	-
	19,194	**19,194**	**303**	-	-	-

Lease liabilities split by counterparty	**31 March 2023 £000**	31 March 2022 £000
Leased from NHS Providers	**303**	-

12 INVESTMENTS

The investments relate to the NHS Charity and comprise of shares, and also cash held with the investment managers for future investment in equity.

	31 March 2023 £000	31 March 2022 £000
Investment Managers		
Market value at 1 April	**5,991**	**5,679**
Add: Additions of shares	**-**	**1**
Net gain/(loss) on revaluation	**(373)**	**311**
Market value at 31 March (shares only)	**5,618**	5,991
Cash held with Investment Managers at 31 March	**-**	**-**
Total value of investments	**5,618**	5,991
Historic cost at 31 March (shares only)	**5,196**	**5,196**

The valuation of the investments is at 31 March 2022 and may not be realised at the date the investments are disposed of.

At 31 March 2023 10,525,130 shares (31 March 2022 – 10,525,130 shares) were held in SUTL Cazenove Charity Responsible, Multi-Asset Fund, Units -S- GBP Distribution, BF78454 with a market value of £5,618,314 (31 March 2022 - £5,990,904).

The historic cost represents the value of shares after purchases and sales at 31 March 2023 before the shares were revalued.

The NHS Foundation Trust's investment managers are holding £nil (31 March 2022 - £nil) of cash within the investment portfolio.

13 INVENTORIES

	Group		Trust	
	31 March 2023 £000	31 March 2022 £000	**31 March 2023 £000**	31 March 2022 £000
Drugs	**598**	618	**598**	618
Consumables	**7,305**	6,610	**7,305**	6,610
NHS Charity - merchandise	**33**	41	-	-
TOTAL	**7,936**	7,269	**7,903**	7,228

The increase in the value of consumables held in stock is due to the timing of deliveries.

The cost of inventories recognised as an expense and included in 'operating expenses' amounted to £80,887k (2021/22: £78,316k).
The value of inventories recognised as a write-down expense during the year was £421k (2021/22: £28k). This included the write off of 4 VAD devices, £360k, that went past their use by date.

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to the NHS providers free of charge. During 2022/23 the NHS Foundation Trust received £340k of items purchased by the DHSC (2021/22 - £647k).

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.

14 TRADE AND OTHER RECEIVABLES

Current	Group		Trust	
	31 March 2023 £000	31 March 2022 £000	**31 March 2023 £000**	31 March 2022 £000
Contract receivables: invoiced NHS	**1,354**	5,055	**1,354**	5,055
Contract receivables: invoiced other	**2,764**	2,387	**3,146**	1,959
VAT receivables	**835**	896	**835**	896
Contract receivables: not yet invoiced*	**10,331**	2,440	**9,406**	2,440
Allowance for the impaired contract receivables	**(272)**	(322)	**(272)**	(322)
Interest receivable	**253**	29	**253**	29
PDC dividend receivable	**-**	353	**-**	353
Prepayments other	**2,616**	2,539	**2,616**	2,539
Clinician pension tax provisions reimbursement funding from NHSE	**6**	3	**6**	3
Other receivables	**7**	4	**7**	4
TOTAL	**17,894**	13,384	**17,351**	12,956

* Largely includes Pay award income, R&D income, bank interest, HLRI recharge and Homecare drugs

Non-current

Clinician pension tax provisions reimbursement funding from NHSE	**703**	965	**703**	965
PFI lifecycle prepayments	**1,750**	1,122	**1,750**	1,122
TOTAL	**2,453**	**2,087**	**2,453**	**2,087**

14.1 Allowances for credit losses

	Total trade receivables £000	Other trade receivables £000
At 1 April 2022	**322**	**322**
New allowance arising	**174**	**174**
Changes in the calculation of existing allowances	**(9)**	**(9)**
Receivables written off during the year as uncollectable	**(55)**	**(55)**
Reversals of allowances	**(160)**	**(160)**
At 31 March 2023	**272**	**272**

	Total trade receivables £000	Other trade receivables £000
At 1 April 2021	236	236
New allowance arising	244	244
Changes in the calculation of existing allowances	0	0
Receivables written off during the year as uncollectable	0	0
Reversals of allowances	(158)	(158)
At 31 March 2022	322	322

14.2 Analysis of impaired receivables

	31 March 2023 £000	31 March 2022 £000
Ageing of impaired receivables		
Current	**70**	110
0 - 30 days	**11**	21
30 - 60 days	**2**	14
60 - 90 days	**1**	9
90 - 180 days	**4**	6
Over 180 days	**184**	162
TOTAL	**272**	322

14.3 Analysis of non-impaired receivables

	31 March 2023 £000	31 March 2022 £000
Ageing of non-impaired receivables		
Current	**2,467**	5,156
0 - 30 days	**500**	218
30 - 60 days	**(18)**	88
60 - 90 days	**299**	792
90 - 180 days	**137**	147
Over 180 days	**405**	320
TOTAL	**3,790**	6,721

15 NON-CURRENT ASSETS FOR SALE

	Group		Trust	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
NBV of non-current assets held for sale at 1 April	**104**	104	**104**	104
NBV of non-current assets held for sale at 31 March	**104**	104	**104**	104

With the exception of one residential property, all property and land at the Papworth Everard site was sold during 2020/21. The NHS Foundation Trust's intention is to sell the remaining residential property.

16 CASH AND CASH EQUIVALENTS

	Group		Trust	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
At 1 April	**60,964**	58,647	**59,965**	56,086
Net change in year	**8,267**	2,317	**7,345**	3,879
Balance at 31 March	**69,231**	60,964	**67,310**	59,965
Made up of:				
Government Banking Services	**67,000**	58,753	**67,000**	58,753
Cash at commercial banks and in hand	**2,231**	2,211	**310**	1,212
Cash and cash equivalents as in statement of cash flows	**69,231**	60,964	**67,310**	59,965

The change to the calculation of net cash balances used when calculating the PDC dividend restricts the NHS Foundation Trust's investment options. The NHS Foundation Trust's surplus cash is invested in short term deposits with the National Loans Fund where applicable. The reduction in interest earned by keeping cash surplus in government banking is less than the impact of not including them in the PDC dividend calculation.

Interest earned on these deposits is accrued in the financial statements and is disclosed on the face of the Statement of Comprehensive Income.

Surplus cash balances held by the NHS Charity are either invested in a notice account or invested in short term deposits with a small range of approved commercial banks.

As at 31 March 2023 £nil was held on short term deposit (31 March 2022: £nil) by the NHS Foundation Trust and £nil (31 March 2022: £nil) was held on short term deposit by the NHS Charity.

17 TRADE AND OTHER PAYABLES

Current	**Group**		**Trust**	
	31 March 2023 £000	31 March 2022 £000	**31 March 2023 £000**	31 March 2022 £000
NHS Payables - revenue*	**6,440**	5,361	**6,440**	5,361
Other trade payables - revenue	**3,669**	6,606	**3,669**	6,606
Other trade payables - capital	**1,694**	732	**1,694**	732
Receipts in advance	**3,859**	3,956	**3,859**	3,956
Other taxes payable	**2,633**	2,600	**2,633**	2,600
Pension contributions payable	**1,510**	1,503	**1,510**	1,503
Accruals**	**29,077**	21,600	**29,056**	21,578
PDC dividend payable	**131**	-	**131**	-
Other payables	**123**	64	**123**	64
TOTAL	**49,136**	42,422	**49,115**	42,400

*Includes invoices for the recharge of services provided by other NHS providers and contribution to system partners.

**Includes accruals for homecare drugs (see note 4), an accrual for the calculation of holiday pay for staff who received regular pay supplements and services received but not yet invoiced.

Non-current

The Group has no non-current trade and other payables.

18 OTHER LIABILITIES

Current	**31 March 2023 £000**	31 March 2022 £000
Deferred Income	**2,898**	2,853

Includes funding received as part of the visible cost procurement model, to be matched to medical consumables as they are used and charged to expenditure, funding received to cover the cost of staff posts in 2023/24, and the current element of deferred income from the PFI contractor following a Deed of Amendment.

Non-current	31 March 2023 £000	31 March 2022 £000
Deferred Income	**2,945**	2,969

Includes funding to cover costs of implementing the new electronic patient system and the non-current element of the deferral of income received from the PFI contractor following a Deed of Amendment which has been allocated over the remaining term of the contract.

19 BORROWINGS

	Current		Non-current	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
Loans from Department of Health	443	443	9,328	9,752
Obligations under PFI contract	2,285	2,154	75,757	78,041
Lease liabilities	2,691	-	16,503	-
	5,419	2,597	**101,588**	87,793

19.1 Reconciliation of liabilities arising from financing activities

	Loans from DHSC £000	PFI and LIFT schemes £000	Lease Liabilities £000	Total £000
Carrying value at 1 April 2022	10,195	80,195	-	**90,390**
Cash movements:				
Financing cash flows - payments and receipts of principal	(424)	(2,154)	(720)	**(3,298)**
Financing cash flows - payments of interest	(57)	(4,459)	(166)	**(4,682)**
Non-cash movements:				
Impact of implementing IFRS 16 on a April 2022	-	-	19,186	**19,186**
Additions	-	-	439	**439**
Lease liability remeasurements	-	-	289	**289**
Application of effective interest rate	57	4,460	166	**4,683**
Carrying value at 31 March 2023	**9,771**	**78,042**	**19,194**	**107,007**

	Loans from DHSC £000	PFI and LIFT schemes £000	Lease Liabilities £000	Total £000
Carrying value at 1 April 2021	10,619	82,225	-	**92,844**
Cash movements:				
Financing cash flows - payments and receipts of principal	(424)	(2,030)	-	**(2,454)**
Financing cash flows - payments of interest	(59)	(4,573)	-	**(4,632)**
Non-cash movements:				
Application of effective interest rate	59	4,573	-	**4,632**
Carrying value at 31 March 2022	**10,195**	**80,195**	**-**	**90,390**

The loan from Department of Health and Social Care represents a bridging loan from the Secretary of State for Health against the sale of land at the existing Royal Papworth hospital site at Papworth Everard to support working capital. During 2021/22 NHS Foundation Trust negotiated revised repayment terms for the loan which permitted the NHS Foundation Trust to make a pre-payment against the loan from the disposal proceeds of the Papworth Everard site, £4,400k and repay the remaining outstanding loan balance, £10,600k over a 25 year period commencing after the sale completion date. The final payment is due on 27 November 2045. Interest on the loan is charged at 0.57%.

The lease liabilities relate to right of use assets, identified following the application of IFRS 16 at 1 April 2022 and include leases for the residential accommodation at Waterbeach, PACS IT system, office accommodation at King fisher House Huntingdon and equipment within pathology managed service contracts. 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%.

20 PROVISIONS

	Pensions relating to other staff £000	Clinician pension tax reimbursement £000	Land and buildings £000	Other £000	Total £000
At 1 April 2022	**576**	**968**	**134**	**3,629**	**5,307**
Change in the discount rate	(116)	(623)	-	-	**(739)**
Arising during the year	-	350	-	4,018	**4,368**
Utilised during the year	(34)	-	-	(2,288)	**(2,322)**
Reversed unused	-	-	-	(360)	**(360)**
Unwinding of discount	-	14	-	-	**14**
At 31 March 2023	**426**	**709**	**134**	**4,999**	**6,268**
Expected timing of cash flows:					
- not later than one year;	43	6	134	4,999	**5,182**
- later than one year and not later than five years;	130	4	-	-	**134**
- later than five years.	253	699	-	-	**952**
Total	**426**	**709**	**134**	**4,999**	**6,268**

	Pensions relating to other staff £000	Clinician pension tax reimbursement £000	Land and buildings £000	Other £000	Total £000
					31 March 2022
At 1 April 2021	570	440	644	614	2,268
Change in the discount rate	40	-	-	-	40
Arising during the year	-	528	100	4,168	4,796
Utilised during the year	(34)	-	(576)	(805)	(1,415)
Reversed unused	-	-	(34)	(348)	(382)
At 31 March 2022	576	968	134	3,629	5,307
Expected timing of cash flows:					
- not later than one year;	42	3	134	3,629	3,808
- later than one year and not later than five years;	141	8	-	-	149
- later than five years.	393	957	-	-	1,350
Total	576	968	134	3,629	5,307

The balance on provisions relates to staff pension costs for staff who took early retirement, before 6 March 1995 and staff entitled to injury benefit. This is settled by a quarterly charge from the NHS Pensions Agency.

The clinician pension tax reimbursement provision relates to a future contractually binding commitment that the NHS Foundation Trust has to compensate clinicians for an additional tax charge that they will incur on their retirement due to the 2019/20 Scheme Pay deduction.

The amount included in the provision of NHS Resolution at 31 March 2023 in respect of clinical negligence liabilities of the NHS Foundation Trust is £18,243k (31 March 2022: £25,041k).

21 CONTINGENT ASSETS AND LIABILITIES

The value of contingent liabilities in respect of NHS Resolution legal claims at 31 March 2023 is £11k (31 March 2022: £5k).

There are no contingent assets.

22 CAPITAL AND CONTRACTUAL COMMITMENTS

There are no commitments under capital expenditure contracts at the end of the financial year (31 March 2022: £0.35m). There were no commitments under finance leases at the end of the financial year (31 March 2022: £nil).

Details of commitments in respect of operating leases can be found at note 4.3.1.

23 ON SOFP PFI ARRANGEMENTS

On 12 March 2015 the NHS Foundation Trust concluded contracts under the Private Finance Initiative (PFI) with NPH Healthcare Ltd for the construction of a new 310 bed hospital and the provision of hospital related services.

The PFI scheme was approved by the NHS Executive and HM Treasury as being better value for money than the public sector comparator. Under IFRIC 12, the PFI scheme is deemed to be on-Statement of Financial Position, meaning that the hospital is treated as an asset of the NHS Foundation Trust, being acquired through a finance lease. The payments to NPH Healthcare Ltd in respect of the facility (New Royal Papworth Hospital) have therefore been analysed into finance lease charges and service charges. The accounting treatment of the PFI scheme is detailed in the accounting policies note.

In 2022/23 the Trust undertook a benchmarking exercise for its soft facilities management services. This was a joint review undertaken with Project Co, the Trust and OCS, with the support of an

independent industry expert, Opex Consultancy Limited. The benchmarking exercise was undertaken in accordance with a scope agreed with the Trust and will result in an uplift in the price paid for soft facilities management services from 2023/24 onwards

The service element of the contract was £7.65m (2021/22 £7.75m). The hospital was handed over to the NHS Foundation Trust in February 2018 and became fully operational in May 2019. Payments under the scheme commenced in February 2018. The agreement is due to end in March 2048.

The value of the scheme at inception was £163.6m. The site has subsequently been re-valued using the depreciated replacement cost on a modern equivalent asset basis. A valuation carried out during 2022/23 has re-valued the site to £166m at 31 March 2023.

Finance charges include both interest payable and contingent rent payable. Contingent rent is variable dependent of the future rate of inflation using the Retail Price Index (RPI).

23.1 PFI finance lease obligations

	Group		Trust	
	31 March 2023 £000	31 March 2022 £000	**31 March 2023 £000**	31 March 2022 £000
Gross PFI finance lease liabilities	**78,042**	80,195	**78,042**	80,195
Of which liabilities are due				
- not later than one year;	**2,285**	2,154	**2,285**	2,154
- later than one year and not later than five years;	**9,592**	9,593	**9,592**	9,593
- later than five years.	**66,165**	68,448	**66,165**	68,448
Net PFI liabilities	**78,042**	80,195	**78,042**	80,195
- not later than one year;	**2,285**	2,154	**2,285**	2,154
- later than one year and not later than five years;	**9,592**	9,593	**9,592**	9,593
- later than five years.	**66,165**	68,488	**66,165**	68,488

23.2 PFI total unitary payments obligations

	Group		Trust	
	31 March 2023 £000	31 March 2022 £000	**31 March 2023 £000**	31 March 2022 £000
Total future payments committed in respect of the PFI arrangement	**541,127**	516,466	**541,127**	516,466
Of which liabilities are due				
- not later than one year;	**17,398**	15,938	**17,398**	15,938
- later than one year and not later than five years;	**72,674**	66,452	**72,674**	66,452
- later than five years.	**451,055**	434,076	**451,055**	434,076

23.3 Analysis of amounts payable to service concession operator

	Group		Trust	
	31 March 2023 £000	31 March 2022 £000	**31 March 2023 £000**	31 March 2022 £000
Unitary payment payable to service concession operator	**15,672**	15,351	**15,672**	15,351
Consisting of:				
- Interest charge	**4,460**	4,573	**4,460**	4,573
- Repayment of finance lease liability	**2,154**	2,030	**2,154**	2,030
- Service element and other charges to operating expenditure	**7,652**	7,751	**7,652**	7,751
- Contingent rent	**777**	388	**777**	388
- Addition to lifecycle prepayment	**629**	609	**629**	609
	15,672	15,351	**15,672**	15,351

24 EVENTS AFTER THE REPORTING YEAR

There are no events after the reporting year.

25 PUBLIC DIVIDEND CAPITAL

The dividend payable on public dividend capital (PDC) is based on the pre-audit actual (rather than forecast) average relevant net assets at an annual rate of 3.5% (see note 1.17). The total dividend payable for 2022/23 was £1,947k (2021/22 - £1,651k). The net dividend paid as at 31 March 2023 (net of the 2021/22 receivable of £353k) was £1,463k (2021/22 £1,785k). The outstanding dividend payable at 31 March 2023 was £131k (2021/22 – receivable £353k).

In 2022/23 the NHS Foundation Trust received £177k of PDC funding (2021/22 - £71k) relating to an EBUS Scope.

26 RELATED PARTY TRANSACTIONS

Royal Papworth Hospital NHS Foundation Trust is a body corporate established by order of the Secretary of State for Health.

The key management personnel of the NHS Foundation Trust are the Executive and Non-Executive Directors of the NHS Foundation Trust. The total number of Directors to whom benefits are accruing under a defined benefit scheme is 8 (2021/22: 9). Included in the numbers for both years are staff members who held the post of Executive Director on an interim basis.

	2022/23 £000	2021/22 £000
Remuneration payment	**1,135**	1,345
Employer contribution to the NHS Pension Scheme	**95**	139
Secondment post *	**77**	-
	1,307	1,484

*The post of Chief Operating Officer was covered on an interim basis during part of 2022/23 by a secondment from West Suffolk Hospital NHS Foundation Trust. Benefits for this individual are accruing under a defined benefit scheme.

The remuneration payment relating to the highest paid director is £252k (2021/22: £250k). Further information is available in the Remuneration Report, which is included within the NHS Foundation Trust's Annual Report.

During the year none of the senior managers of the NHS Foundation Trust or parties related to them has undertaken any material transactions with the NHS Foundation Trust.

Dr J Ahluwalia joined the Board on the 1 October 2019 as a Non-Executive Director and holds an Honorary Appointment at the Judge Business School. He is also a Director and shareholder in Ahluwalia Education and Consulting Limited. The NHS Foundation Trust has not made any payments to Ahluwalia Education and Consulting Limited during the year. (2021/22: £nil) and had nothing (2021/22: £nil) owing to Ahluwalia Education and Consulting Limited at 31 March 2023.

Professor I Wilkinson joined the Board on the 1 January 2020 and is Clinical Pharmacologist and Professor of Therapeutics and is an employee of the University of Cambridge.

In partnership with the University of Cambridge, Cambridge University Hospitals NHS Foundation Trust and Cambridgeshire and Peterborough NHS Foundation Trust, the NHS Foundation Trust set up an Academic Health Science Centre. Anglia Ruskin University joined this the partnership during 2022/23. The partnership vehicle, called Cambridge University Health Partners (CUHP) is a company limited by guarantee. The objects of CUHP are to improve patient care, patient outcomes and population health through innovation and the integration of service delivery, health research and clinical education.

The CUHP is regarded as a related party of the NHS Foundation Trust. During the year the NHS Foundation Trust made a payment of £nil (2021/22: £108k) to the CUHP for its share of the CUHP running costs. At 31 March 2023 there was £916k owing by the NHS Foundation Trust to CUHP (31 March 2022: £10k). There were no amounts written off during the year and there are no provisions for doubtful debts at 31 March 2023 in respect of CUHP (31 March 2022: £nil). The Chief Executive and Chairman are 2 out of 12 Directors of the CUHP.

In year the partners of CUHP established Cambridge Biomedical Campus Limited (CBC Ltd). It is a company limited by guarantee. Its principal activity is to promote the role of the Trust and to influence to the strategic development of the biomedical campus and promote the life sciences agenda. The Trust is a voting member of the company. Mr T Glenn, the Chief Finance Officer was appointed a Director of CBC Ltd on 22 June 2021, 1 out of 7 Directors.

The University of Cambridge (UoC) is regarded as a related party. The NHS Foundation Trust has in partnership with the UoC established the Heart and Lung Research Institute. During the year the NHS Foundation Trust made payments to the UoC of £4,503k (2021/22 - £2,179k) and had £5k (2021/22 - £nil) owing to the UoC.

Dr J Ahluwalia ceased his employment at Cambridge University Hospital NHS FT (CUH) on 15 February 2022. From 16 February 2022, he became an employee of the Eastern Academic Health Science Network (EAHSN), undertaking the same role that he was seconded to from CUH. The NHS Foundation Trust is a member of the Eastern Academic Health Science Network (EAHSN) which is involved with the local Health Education and Innovation Cluster (HIEC) and hosts the national Small Business Research Initiative (SBRI) Healthcare.

Dr J Ahluwalia is a Director for the East of England Chief Resident Training programme which is run through Cambridge University Hospital NHS Foundation Trust (CUH). During the year the NHS Foundation Trust made payments to CUH of £3,544k (2021/22: £5,981k) and had £149k (2021/22: £859k) owing to CUH at 31 March 2022. Dr J Ahluwalia is also an Associate at the Moller Centre. During the year the NHS Foundation Trust made payments to the Moller Centre of £nil (2021/22: £4k) and had £nil (2021/22: £nil) owing to the Moller Centre at 31 March 2023.

Professor I Wilkinson, a Non-Executive Director, was a Director of Cambridge Clinical Trials Unit (hosted at the Cambridge University Hospitals NHS Foundation Trust) until 1 March 2022. The CCTU is part of the NIHR UKCRC Registered CTU Network and receives National Institute for Health Research CTU Support Funding.

Ms C Conquest joined the Board on the 1 January 2019 as a Non-Executive Director and held the post of Interim Deputy Director for Commercial Services and Business Intelligence until August 2019 from when she held the post of Deputy Director of Finance and Performance at the Norfolk Community Health & Care NHS Trust until 8 January 2021.

Ms C Conquest began contract work with Great Ormond Street Hospital Private Patient Units from 5 January 2022, providing advice on process, procedures and policies.

Mrs A Fadero joined the Board on 1 December 2020 as a Non-Executive Director and holds the post of Associate Non-Executive Director at East Sussex Healthcare NHS Trust. The NHS Foundation Trust has made no payments to East Sussex Healthcare NHS Trust during the year.

Ms D Leacock joined the Board on 1 December 2020 as a Non-Executive Director. A relative of Ms Leacock began employment with KPMG London on 4 October 2021 as a trainee chartered accountant.

Mr G Robert joined the Board on 1 September 2019 as a Non-Executive Director. He is an affiliated lecturer, Faculty of Law, at the University of Cambridge.

Mrs E Midlane is a voting member, representing NHS Providers and Trusts on NHS Cambridge and Peterborough ICB Board. She is also Chair of the ICB Diagnostic Board.

Mr M Blastland joined the Board as a Non-Executive Director on 22nd May 2019. In 2022 he co-chaired a review of the impartiality of BBC coverage of taxation and public spending.

Mrs M Screaton is a Director of Cambridge Clinical Imaging Ltd., which provides professional imaging services. The NHS Foundation Trust has made payments to Cambridge Clinical Imaging Ltd. of £nil and had £nil owing to Cambridge Clinical Imaging Ltd. at 31 March 2023.

The Department of Health and Social Care is regarded as a related party. During the year Royal Papworth Hospital NHS Foundation 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. These entities are listed below:

	Income		Current Receivables	
			At 31 March	At 31 March
	2022/23	2021/22	2023	2022
	£000	£000	£000	£000
NHS England	**194,958**	165,152	**6,740**	2,992
NHS Cambridgeshire and Peterborough ICB	**26,136**	-	**498**	-
NHS Cambridgeshire and Peterborough CCG *	**10,378**	54,911	**-**	356
Health Education England	**5,838**	5,152	**61**	1,091
NHS Suffolk and North East Essex ICB	**4,721**	-	**-**	-
NHS Blood and Transplant	**3,672**	3,212	**1,220**	595
NHS Norfolk and Waveney ICB	**3,552**	-	**-**	-
NHS Hertfordshire and West Essex ICB	**2,166**	-	**-**	-
NHS Bedfordshire, Luton and Milton Keynes ICB	**2,094**	-	**1**	-
Department of Health and Social Care	**1,678**	1,179	**768**	92
NHS Lincolnshire ICB	**1,404**	-	**-**	-
NHS Norfolk and Waveney CCG *	**1,204**	4,484	**-**	1
NHS West Suffolk CCG *	**1,120**	4,169	**-**	-
NHS Bedfordshire, Luton and Milton Keynes CCG	**-**	2,282	**-**	-
NHS Lincolnshire CCG *	**-**	1,741	**-**	-
NHS Ipswich and East Suffolk CCG *	**-**	1,375	**-**	-
NHS West Essex CCG *	**-**	1,353	**-**	-
NHS East and North Hertfordshire CCG *	**-**	1,339	**-**	-

* dissolved 1st July 2022

The figures above differ from those in note 2.2 due to the inclusion of other operating income.

The related party organisations listed above are those where income for the year to 31 March 2023 is greater than £1,000k.

Under the new reforms, the NHS Foundation Trust's lead commissioner from 2013/14 is NHS England – Specialised Commissioning Midlands and East (East of England).

Patient activity related income for 2022/23 is based on the financial framework as defined by NHS England/Improvement.

	Expenditure		Current Payables	
			At 31 March	At 31 March
	2022/23	2021/22	2023	2022
	£000	£000	£000	£000
NHS England	**3**	6	**11,495**	5,311
NHS Cambridgeshire and Peterborough CCG *	**-**	-	**-**	6,338
NHS Pension Scheme	**15,069**	14,653	**1,510**	1,567
HM Revenue & Customs - NI Contributions	**10,539**	10,240	**2,663**	2,600
Cambridge University Hospitals NHS Foundation Trust - medical, staffing, pathology and other services	**7,331**	5,981	**4,097**	869
NHS Resolution	**1,878**	1,865	**-**	-

* dissolved 1st July 2022

The related party organisations listed above are those where expenditure for the year to 31 March 2023 is greater than £500k.

The NHS Foundation Trust is the Corporate Trustee of the Royal Papworth Hospital Charitable Fund, a registered Charity. The NHS Foundation Trust has assessed its relationship to the Charitable Fund and determined it to be a key related party of the NHS Foundation Trust. The NHS Foundation Trust has consolidated the NHS Charity into the NHS Foundation Trust's accounts (see note 1.1).

27 FINANCIAL RISK MANAGEMENT

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the year in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the NHS Foundation Trust has with NHS commissioning bodies and the way those NHS commissioning bodies are financed, the NHS Foundation Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NHS Foundation Trust in undertaking its activities.

Market risk

Market risk is the possibility that financial loss might arise as a result of changes in such measures as interest rates and stock market movements. A significant proportion of the NHS Foundation Trust's transactions are undertaken in sterling and so its exposure to foreign exchange risk is minimal. It holds no significant investments other than short-term bank interest and the NHS Foundation Trust's income and operating cash flows are subsequently independent of changes in market interest rates. The Royal Papworth Charity holds equity investments which are managed by an Investment Management company. The equity investments are held in a responsible multi-asset fund, designed specifically for charities which targets a stable and sustainable total return distribution of 4% per annum. With the COVID 19 pandemic there is a potential for higher exposure to market risk. This is mitigated by the fact that the fund is monitored by an Independent Advisory Committee.

Credit risk

Credit risk is the possibility that other parties might fail to pay amounts due to the NHS Foundation Trust. Credit risk arises from deposits with banks and financial institutions as well as credit exposures to the NHS Foundation Trust's commissioners and other receivables. Surplus operating cash is only invested with banks and financial institutions that are rated independently with a minimum score of A1 (Standard and Poor's), P-1 (Moody's) or F1 (Fitch). The NHS Foundation Trust's net operating costs are incurred largely under annual service agreements with NHS commissioning bodies, which are financed from resources voted annually by Parliament. As NHS commissioning bodies are funded by government to buy NHS patient care services, no credit scoring of these is considered necessary.

An analysis of the ageing of receivables and provision for impairments can be found at note 14 'Trade and other receivables'.

Liquidity risk

Liquidity risk is the possibility that the NHS Foundation Trust might not have funds available to meet its commitments to make payments. Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities. NHS Foundation Trusts are required to assess liquidity as one of the two measures in the Continuity of Services Risk rating set out in Monitor's Risk Assessment Framework.

28 FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

Financial assets

	Group		Trust	
	Total	Financial assets at amortised cost	**Total**	Financial assets at amortised cost
	£000	£000	**£000**	£000
Receivables with DHSC group bodies	**1,354**	1,354	**1,354**	1,354
Receivables not yet invoiced	**10,368**	10,368	**10,368**	10,368
Other receivables (net provision for impaired debts)	**2,499**	2,499	**2,499**	2,499
Other investments	**5,618**	5,618	**-**	-
Cash at bank and in hand	**69,231**	69,231	**67,310**	67,310
Total at 31 March 2023	**89,070**	89,070	**81,531**	81,531
Receivables with DHSC group bodies	**5,055**	5,055	**5,055**	5,055
Receivables not yet invoiced	**3,408**	3,408	**3,408**	3,408
Other receivables (net provision for impaired debts)	**1,573**	1,573	**1,573**	1,573
Other investments	**5,991**	5,991	**-**	-
Cash at bank and in hand	**60,964**	60,964	**59,965**	59,965
Total at 31 March 2022	**76,991**	76,991	**70,001**	70,001

Financial liabilities

	Group		Trust	
	Total	Other financial liabilities	**Total**	Other financial liabilities
	£000	£000	**£000**	£000
Payables with DHSC group bodies	**6,440**	6,440	**6,440**	6,440
Other payables	**5,302**	5,302	**5,302**	5,302
Accruals	**30,750**	30,750	**30,750**	30,750
Provisions under contract	**5,839**	5,839	**5,839**	5,839
DHSC loans	**9,771**	9,771	**9,771**	9,771
Obligations under leases	**19,194**	19,194	**19,194**	19,194
Finance leases and PFI liabilities	**78,042**	78,042	**78,042**	78,042
Total at 31 March 2023	**155,338**	155,338	**155,338**	155,338

	Group		Trust	
	Total	Other financial liabilities	**Total**	Other financial liabilities
	£000	£000	**£000**	£000
Payables with DHSC group bodies	**5,361**	5,361	**5,361**	5,361
Other payables	**8,289**	8,289	**8,289**	8,289
Accruals	**22,194**	22,194	**22,194**	22,194
Provisions under contract	**4,731**	4,731	**4,731**	4,731
DHSC Loans	**10,195**	10,195	**10,195**	10,195
Finance leases and PFI liabilities	**80,195**	80,195	**80,195**	80,195
Total at 31 March 2022	**130,965**	130,965	**130,965**	130,965

Notes:
In accordance with IFRS 9, the fair value of the financial assets and liabilities (held at amortised cost) is not considered significantly different to book value.

29 MATURITY OF FINANCIAL LIABILITIES

	Group		Trust	
	At 31 March 2023	At 31 March 2022	**At 31 March 2023**	At 31 March 2022
	£000	£000	**£000**	£000
Less than one year	**53,305**	42,242	**53,305**	42,242
In more than one year but not more than five years	**15,393**	11,503	**15,393**	11,503
Greater than five years	**89,083**	77,909	**89,083**	77,909
	157,781	131,654	**157,781**	131,654

30 THIRD PARTY ASSETS

The NHS Foundation Trust held £1,017k cash at bank at 31 March 2023 (31 March 2022: £1,179k) relating to Health Enterprise East, a research and development company limited by guarantee for which the NHS Foundation Trust is the host organisation. This amount is held to offset any possible liabilities that might fall to be settled on behalf of Health Enterprise East. These balances are excluded from the cash and cash equivalents figure reported in the NHS Foundation Trust's Statement of Financial Position. £nil cash at bank and in hand at 31 March 2023 (31 March 2022: £nil) was held by the NHS Foundation Trust on behalf of patients.

31 LOSSES AND SPECIAL PAYMENTS

	2022/23		2021/22	
	No. of cases	**Value of cases £000**	No. of cases	Value of cases £000
Losses:				
Private patients	**23**	**8**	-	-
Overseas visitors	**4**	**101**	-	-
Stores losses *	**1**	**360**	-	-
Other	**16**	**9**	-	-
Total losses	**44**	**478**	-	-
Special payments:				
Loss of personal effects	**8**	**3**	6	-
Special severance payments	**-**	**-**	1	80
Total special payments	**8**	**3**	7	80
Total losses and special payments	**52**	**481**	7	80

* Relates to the write off of 4 VAD devices due to the expiry of their use by date.

These payments are calculated on an accruals basis but exclude provisions for future losses.

There were no individual cases in 2022/23 (2021/22: nil) where a debt write off exceeded £100k.

32 FOREIGN CURRENCY

During the year income with a value of £51k was received in foreign currency (2021/22: £1k) and expenditure with a value of £17k was paid to suppliers in foreign currency (2021/22: £45k).

33 CHARITABLE FUND RESERVE

	Balance 1 April 2022 £000	**Incoming Resources £000**	**Resources Expenses £000**	**Balance 31 March 2023 £000**
Restricted Fund Balance	1,391	217	(299)	**1,309**
Unrestricted Fund Balance	6,046	2,295	(1,556)	**6,785**
Total	**7,437**	**2,512**	**(1,855)**	**8,094**

The main purpose of the charitable funds held on trust is to apply income for any charitable purpose relating to the National Health Service wholly or mainly for the services provided by the Royal Papworth Hospital NHS Foundation Trust.

Where there is a legal restriction on the purpose to which a fund may be used the fund is classified as a restricted fund. The major funds in this category are for the purpose of research, the transplant service and the treatment of heart patients.

Other funds are classified as unrestricted, which are not legally restricted but which the Trustees of the Charity have chosen to earmark for set purposes. These funds are classified as 'designated' within unrestricted funds and are earmarked for the payment of medical equipment leases contracted for by the NHS Foundation Trust and future payments for the direct benefit of the staff and patients within the NHS Foundation Trust.

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