Caring together
Creating a healthier future for children and young people

Sheffield Children's NHS
NHS Foundation Trust

Annual Report and Accounts 2022/23

Outstanding patient care • Brilliant place to work • Leader in children's health

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Section One: Performance Report

Introduction

The purpose of this overview section of our Annual Report is to provide a short summary of the Trust, our purpose, history, the key risks to the achievement of our objectives and to outline our performance during the year.

Each year, as we compile our Annual Report and I consider the achievements we have made as a Trust, I'm overawed by the progress we continue to make amidst a challenging context.

In the last 12 months, we have continued to keep children, young people and families at the heart of what we do. We have continued to provide the best possible care to our patients. And we have laid the foundations for future developments that will further enhance Sheffield Children's reputation as a centre of paediatric excellence.

Thankfully we have moved into the 'living with COVID' phase, reducing the disruption and uncertainty of the pandemic. Unfortunately, we mourned the sad loss of HM The Queen, not long after the Queen's Baton Relay to celebrate the Birmingham Commonwealth Games had visited our acute site.

Other factors have tested our ability to focus on delivery of our five-year Caring Together strategy.

The ongoing conflict in Ukraine, a cost-of-living crisis at home, and unprecedented industrial action have affected the NHS, the families we care for and our nearly 4,000 colleagues. Alongside this we've seen winter pressures climb to new levels, stretching our ability to deliver care even further.

But, we have remained true to our aims of Outstanding Patient Care, creating a Brilliant Place To Work and being a Leader in Children's Health, and to our We Care values – Compassion, Accountability, Respect and Excellence.

Outstanding Patient Care

Last October we were proud to launch our first Clinical Strategy, a five-year plan to help create a healthier future for children and young people.

The strategy combines a realistic look at the challenges facing the health of children and young people – such as the cost-of-living crisis and health inequality, as well as health service challenges like care backlogs, recruitment difficulties and a fatigued health sector workforce. But it also considers the unique opportunity Sheffield Children's has to make an impact as a specialist provider with integrated physical and mental health services, working in partnership locally and nationally.

Whilst the challenges are great, we also heard great passion, commitment and hope from more than 1,000 of our young people, families, colleagues, and partners who worked with us to create the strategy. They believe in our ability to make a real and lasting difference.

The Clinical Strategy has five main themes – integrated care, care where needed, centre of excellence, health inequalities and inclusion, and healthy lives.

Delivery of the strategy will build on work internally, and by partnering with other acute paediatric trusts under the umbrella of the Children's Hospital Alliance (CHA), as well as with Sheffield Place, our Mental Health, Learning Disabilities and Autism Collaborative and Children and Young People's Alliance. We have already made inroads to cut waiting lists for diagnosis and treatment and reducing the impact of health inequalities on patients and their families.

Across our outpatient clinics, we have used an Artificial Intelligence predictor tool to identify children at risk of missing their appointments. Our three-week pilot resulted in 65 additional appointment attendances, preventing around a half a day's worth of clinical time being wasted each week. As this is being scaled up, we anticipate 4000+ more patients per year to access the care they need, enabled by this intervention.

Four further Super Saturday events have taken health promotion and advice out into the community. We've spoken to 2,500+ families we may not have encountered otherwise, distributed 1,000+ oral health packs and prioritised communities where there is a higher risk of health inequality.

Continuous improvement is key to the way we deliver care and services at Sheffield Children's.

Construction of a dedicated helipad on the roof of our hospital is well under way – a practical development that will improve the care we can give to children who need the services of our Major Trauma Centre. It will give patients privacy and dignity as they arrive for emergency care without relying on the air ambulance being able to land in Weston Park and then being transferred across the busy A57. This project is supported by the generosity of donors to The Children's Hospital Charity who raised the £6 million needed through their Build it Better campaign.

Our school nursing team have developed sensory clinics in the community to support young people to get over a fear of needles and get important vaccinations. The sensory rooms create a safe and comfortable environment using different equipment, lights, music, and colours.

In July 2022 we launched our online Resource Library. Paper leaflets have been digitised and converted into webpages so patients and families can access hundreds of new accessible, shareable resources about health conditions, treatments and strategies to look after their physical and mental health.

As part of our response to the cost-of-living crisis we're helping families of inpatients to reduce the financial impact of having a child in hospital. Our Families Matter offer supports families with basics like toiletries and sanitary products, reduced price meals in our cafeteria and frozen meals available on our wards.

I am constantly surprised and humbled by the resilience of our patients and their carers. And I am filled with pride, on a daily basis, by the compassion and dedication of my Sheffield Children's colleagues.

It is always pleasing when their day-to-day efforts are more widely recognised, so I was delighted last autumn when four of our colleagues received silver CNO awards from Chief Nursing Officer Dame Ruth May for their outstanding contribution to patients and their professions, and Meeta Palawan, our Named Nurse and Community Safeguarding Service Lead, was awarded the prestigious title of Queen's Nurse.

Care Quality Commission (CQC) inspectors also recognised our colleagues in their latest inspection of our CAMHS (Child and Adolescent Mental Health Service) services for creating an environment where young people feel well cared for, for its patient and insightful staff and for its approachable leaders. We retained our Good rating overall for inpatient mental health wards and were upgraded in three domains within our community mental health services from Requires Improvement to Good.

Brilliant Place to Work

Our colleagues can only provide support for children and young people or do their job elsewhere in the Trust if we provide appropriate health and wellbeing support. Colleagues in leadership roles have continued to support opportunities for colleagues to be heard and give us their ideas – through monthly Let's Talk sessions, Pulse Surveys, Open Meetings, our equality network groups, Appraisal Season and the NHS Staff Survey.

We held another Thank You Week during which colleagues were encouraged to say thank you to others and treats were provided at all our sites. The Trust also recognised everyone's efforts with an extra paid CARE day off. This was just one example of lots of ways to say thank you.

When the results of the 2022 NHS Staff Survey were released it was gratifying to see that we had improved in many areas since 2021 and also compared favourably against other similar acute and community trusts. But we know there is still room for improvement which will be addressed through our Colleague Engagement Group.

Over the past year our Carer, Disability, LGBT+ and Race Equality Networks have increased their profile and memberships, and I'm sure the appointment of our first Head of Equality, Diversity and Inclusion will help them to go from strength to strength as we continue to listen to all voices, make sure people feel safe and work together to take action.

Our colleagues are what make Sheffield Children's truly great and it is only right that we supported them during the recent industrial action so that people could have their voices heard. Colleagues found themselves forced to make very difficult decisions about whether to strike or not and I know that some difficult conversations took place.

I appreciate the patience, kindness and respect for each other's decisions that has been very evident around the industrial action. A lot of hard work went into ensuring that our patients continued to receive high quality and safe care.

As always, there have been leavers and movers at the Trust. Our Executive Director of Nursing and Quality and Acting Deputy Chief Executive, Professor Sally Shearer OBE, retired at the end of August and was replaced as Chief Nurse by Yvonne Millard MBE, who was previously Deputy Chief Nurse at Birmingham Women's and Children's NHS Foundation Trust.

John Williams, our Chief Finance Officer, added the Deputy Chief Executive role to his portfolio and, most recently, Becky Joyce was appointed as our new Strategy and Partnerships Director.

Leader in Children's Health

We're really excited that the National Centre for Child Health Technology (NCCHT) has taken major steps towards becoming a reality over the past year. Planning permission was granted in November 2022 for this 42,000 sq ft global centre of excellence to improve child health. Construction at Sheffield Olympic Legacy Park is planned to start later this year.

We picture this flagship development as a nerve centre for unique opportunities brought on by the partnership of children and young people, industry, clinical and academic experts. In the centre we will see world-leading research, advancing the use of cutting-edge child health technologies in workshops and clinical spaces to address key national strategic priorities including health inequalities, obesity, mental health, long-term conditions, maternal and child health, disabilities and cancer.

Innovation and a commitment to making the most of technology runs through many aspects of our work.

Professor of Child Health at Sheffield Children's, Paul Dimitri, one of the driving forces behind the NCCHT, hosted the UK's Child Health Technology Conference in our city again. It brought together global healthcare professionals, industry, engineers, computer scientists, designers, academics and patient representatives – all with the aim of improving children's health through technology.

National and international experts in the field of child and adolescent orthopaedics also gathered in Sheffield for the second International Kids Knee Conference.

In partnership with the University of Sheffield we opened the Julia Garnham Centre, a new genomic pre-screening facility which helps NHS geneticists to diagnose blood cancers.

The propellants used in some inhalers are greenhouse gases that contribute to climate change, so we introduced inhaler recycling to prevent them going to landfill, a scheme which won the Public Engagement Award at the 2022 Sustainability Partnership Awards. We should also reference the work of Dr Liz Allison on reducing nitrous oxide in anaesthetic gases who is leading the way nationally in this space.

Sheffield Children's clinicians and IT specialists have worked together to implement new digital systems for clinical handovers, vital signs observations, discharge summaries, electronic prescribing and medicines management, and whiteboards on wards.

Moving many of these systems from paper-based processes is in line with our Green Plan, which aims for the Trust to be carbon net zero by 2045.

That's a challenge when you consider that in 2020/21 – even in the midst of the pandemic – visitors travelled a combined total of almost 5 million miles to our sites, with an enormous 72% of those miles in a car. Our Sustainable Travel Plan 2022-25, launched in May 2022 with input from our Youth Forum, presents alternative travel options to encourage visitors and colleagues to reduce emissions and lower air pollution, which has negative impacts on our health, especially impacting children and young people.

Collaboration and partnership working will continue to be a focus as we develop our role as a system leader at Sheffield, South Yorkshire and North East and Yorkshire regional level.

We were delighted that the South Yorkshire Integrated Care Partnership strategy, which launched in March 2023, put a child's first 1,001 days front and centre. The aim of giving our children and young people the best start in life is one that we wholeheartedly subscribe to.

Whether it's working with our charities, the CHA, the South Yorkshire Children and Young

People's Alliance or other partnerships we are committed to giving children and young people a voice in the system.

Looking to the future

In a challenging financial climate, heavily influenced by significant inflation, we have set an ambitious target of delivering another £11.6m of financial improvements, to help deliver our financial plan.

Reducing our waiting times will receive close attention. They will impact on the actions we intend to take to deliver our Clinical Strategy themes, which include steps to tackle issues like obesity and dental decay, making appointments easier for families by moving more support into the community, targeting investment to the communities with the greatest need, developing more services to be nationally and internationally recognised for their expertise, and building closer connections between physical and mental health care.

I have no doubt that our colleagues will, as they always do, rise to the challenge. They are incredible people, doing incredible work, for which I thank every one of them.

Ruth Brown
Chief Executive and Accounting Officer

29 June 2023

Our history and statutory background

Sheffield Children's Hospital was first established in 1876. Since 1948 it has provided services under the NHS and, in 1992, it was established as an NHS trust.

On 1 August 2006, it became Sheffield Children's NHS Foundation Trust under the Health and Social Care (Community Health and Standards) Act 2003. Sheffield Children's NHS Foundation Trust is authorised to operate as a public benefit corporation under the National Health Service Act 2006.

The overall responsibility for running the Trust rests with the Board of Directors and the Council of Governors as the collective body through which directors explain and justify their actions.

Purpose and principal activities of the Trust

We are the only specialist children's trust in the country that provides care for children and young people across community, acute specialist settings and mental health services from community to highly specialist inpatient care. The Trust offers a comprehensive approach to supporting children and families, with the aim to be at the forefront of best practice in delivering high quality and integrated care to children and young people.

Services are provided in a number of different locations. The majority of acute care is provided at the Sheffield Children's Hospital which is situated on Western Bank, a central location in the city. It is in close proximity to Sheffield's universities and many of the facilities offered by Sheffield Teaching Hospitals. Sheffield Children's community and mental health services are provided from a number of locations.

The Ryegate Children's Centre is situated a mile away from Sheffield Children's Hospital, in the south west of the city and provides a focus for the delivery of services to children with disabilities, including those with complex neuro-disability. Mental health and community services are provided from sites across the city of Sheffield, including Flockton House, Centenary House and the Becton Centre for Children and Young People.

Our services extend to care delivered directly in the home, with our Helena Nursing Team providing 24-hour respite care, advice, specialist nursing, and palliative care to children with complex neurological disabilities within their own homes.

We also host Embrace, an accredited critical care transport service based in Barnsley.

Overview of the Trust's Strategy

During 2022/23, we built on our organisational strategy, Caring Together, by developing our Clinical Strategy, which sets the direction for our services for the next five years. We engaged with over 1000 children, young people, families, colleagues, members of the public and partners.

Five themes frame our strategy: Integrated Care, Care Where Needed, Centre of Excellence, Health Inequalities and Inclusion and Healthy Lives. We also started the process of developing our Quality Strategy, our final 'guiding' strategy alongside the Clinical Strategy and People Plan. Through 2022/23 we have enabling strategies: Workforce Plan, Education and Learning, Digital, Estates and Research and Innovation.

They will all be published in 2023/24, having been developed through a collective process, producing an aligned portfolio of strategies that together deliver Caring Together.

refreshed our approaches to strategic implementation, for example:

- We involved emerging and established clinical and corporate leaders in our process of strategic development, to build strategic capability through the Trust.
- We launched our clinical strategy at our Caring Together 2023 event in October, a highly engaging day attended by more than 500 colleagues.
- We established our Strategy and Partnerships function to increase our capacity and leadership for this work in the changing strategic context.
- We are refreshing how we listen and involve children, young people, families, and communities, building on some excellent work with Roma and Somali communities through 2022/23, and working with Healthwatch and the voluntary sector.

From a partnership perspective the Trust has increased its profile, influence and impact at city, system, regional and national level:

- Our CEO leads the South Yorkshire ICB Children and Young People's Alliance and the Acute Federation and our Chair chairs the Mental Health, Learning Disabilities and Autism Collaborative.
- The Trust has played a key role in the growing impact, influence, and delivery of the Children's Hospital Alliance (CHA). The Trust hosts the CHA Director.
- The Trust has played an important role in securing additional strategic funding and opportunities for children and young people through our partnerships. This includes the collaboration with Barnado's on Health Equity, being an NHSE Innovator site focussed on Paediatrics and the Harvard Bloomsbury work on school readiness. All offer exciting opportunities for the delivery of improved partnership outcomes through 2023/24.

Strategic partnerships

The Health and Social Care Act 2022 has redrawn relationships between NHS organisations and their partners, at local, regional, and national level, making partnership working a legal duty. Sheffield Children's has played an important role in 2022/23 in this evolving partnership context in leading, advocating and influencing for children and young people at local, system, regional and national level.

Our 'Caring Together' strategy and the Clinical Strategy, which the Trust published in Autumn 2022, supports our approach to developing "purposeful partnership" as part of our approach to delivering our three organisational aims. In 2022/23 the Trust also formally established its Strategy and Partnerships function, strengthening its capacity and leadership for this growing agenda.

As an integrated provider of physical and mental health services, Sheffield Children's has a unique position to use our voice within these partnerships to lead, advocate and influence for children and young people. Our key partnerships are briefly described below:

At a local level, Sheffield Children's plays an active role in Sheffield partnership arrangements through the Sheffield Health Care Partnership and Sheffield Health and Wellbeing Board. Areas of focus in 2022/23 have included young person inclusion and neighbourhood development. Moving forward access to neurodiversity services will be a key priority.

Across the Integrated Care System, there is a focus on early years. Our Chief Executive currently acts as lead chief executive for the Acute Federation, which for 2022/23 has focused on six priorities. South Yorkshire has also been successfully appointed as one of nine Innovators nationally, focused on Acute Paediatric Innovation, which the Acute Federation will drive forward in 2023/24.

The Trust also plays an active role in the South Yorkshire Mental Health, Learning Disabilities and Autism Provider Collaborative, which our Chair Sarah Jones chairs, and we host the specialist Children's Mental Health Provider Collaborative and the Children and Young People's Alliance (our Chief Executive Ruth Brown is lead CEO for the work). The Alliance has recently been awarded funding by Barnardo's to become one of three systems nationally focused on integrating care for Children and Young People.

At a regional level, Sheffield Children's provides specialist services to patients across Yorkshire and the Humber and through 2022/23 has played in active role in developing region-wide care models including for the genomics laboratory configuration and the regional pathology model.

During 2022/23 we have continued to work with colleagues in DGHs and other specialist paediatric centres across the region, to provide support with acute, specialist and intensive care for children and young people in response to winter surge and COVID-19.

At a national level, the Trust is part of the Children's Hospital Alliance (CHA), which brings together 13 of the largest hospitals providing specialist children's care across England and Wales. The CHA aims to learn from partner organisations, lead on service transformation, elective recovery and tackling health inequalities, and to advocate for children and young people. In 2022/23 the CHA won the Health Service Journal Performance Recovery Award for its Paediatric Accelerator Recovery programme. It also successfully lobbied at national level for a stronger voice for children and young people in several national policy initiatives.

Charitable support

The Trust is supported by The Children's Hospital Charity, whose work has helped to raise significant funds for important capital projects despite the enormous financial challenges 2022/23 brought.

The Charity works with the Trust to identify and fund a range of initiatives, including the purchase of specialist medical equipment; funding research into the prevention and cure of childhood illnesses; supporting colleague welfare projects to help make Sheffield Children's a brilliant place to work; and funding new facilities to extend the range of treatment provided.

Artfelt (funded by The Children's Hospital Charity) continues to deliver projects, which support patients and colleagues through its arts engagement programme, and through its work to improve and enhance the environment across the Trust's sites.

Charity highlights of 2022/23

In early 2023, the Charity secured the final funding needed to reach the £6m target for the **helipad** project. This sum was achieved through the Charity's tireless work with the HELP Appeal, grant making bodies, patients, families, colleagues, corporate partners and fundraisers. The new helipad means critically ill or injured children and young people can access emergency care with dignity, as safely and as soon as possible.

The Build it Better appeal has already helped to fund the £2.7million transformation of the **Oncology and Haematology ward**, making time in hospital easier for patients with cancer, leukaemia and other blood disorders, and their families.

The Snowflakes campaign raised over £364,000 – the highest amount since the campaign began. Initially starting with just eight decorations in 2004 on the Western Bank site at Sheffield Children's, they now have over 460 snowflakes across eight different Trust and external sites, with plans to expand even further in 2023/24.

As well as the Snowflakes campaign, the charity's work with other corporate and special groups has raised a further £600k through various initiatives, including workplace fundraising, donations, and the management of support from patrons and ambassadors.

Fundraising events within the community and workplace faced significant challenges in 2022/23 as a direct result of the cost of living crisis, and a subsequent decrease in individuals' disposable income. Other external factors also had an impact, such as adverse weather conditions, which forced the cancellation of the well-loved Glow in the Park event in December 2022. Despite this, the Charity's work with community groups and associations generated over £820k thanks to its incredible supporters, with notable successes from abseil events, skydives and PJ Day.

Trust and Grants applications generated over £970k income to fund a wide range of projects, including Artfelt Anywhere packs, music workshops, capital refurbishments, family days, equipment, gardens and the helipad.

Over £265k was given by major donors including individual donations, attendance at bespoke events such as the Charity Clay Shoot, specialist equipment and capital schemes.

NHS Charities Together awarded a £30k grant, following a rigorous application process, to continue to redevelop the Charity's approach to legacy giving and understand how best to seek and support anyone interested in remembering the charity in their will.

Colleague wellbeing and development remains a priority for the Charity, with Artfelt PAUSE, the creative wellbeing programme for Trust staff, returning to in-person events. Over 315 participants attended different expert-led hands-on arts sessions, including wreath-making, lino cut printing, felt landscaping, planter design and photography**.** Feedback from participants has been overwhelmingly positive, providing a calm, creative and mindful environment to creatively relieve some of the daily stresses of work.

Artfelt's patient-facing participation programme also brought arts and engagement to the wards and outpatients departments. Over 1500 patients were engaged by artists including Rationale Arts (hip hop, dance) and Brightside Music (folk music), as well as participating in workshops including collage, graffiti, circus skills and textiles.

Significant investment has been made in The Becton Centre, with over £185k of improvements currently in development.

Thanks to a generous £107k donation, and additional funding of £60k from the Charity's Active Challenge fund, we are now able to completely redevelop the interior courtyard at The Becton Centre. The redevelopment will create a much-needed space that is desirable, flexible and actively used by staff and vulnerable patients to support and improve mental health and well-being.

Artfelt are leading the complex and challenging project with vital input from Becton School and the facilities team. The courtyard is being designed in consultation with Hortus Collective, a multidisciplinary landscape design practice whose work delivers innovative landscapes and gardens nationally.

In collaboration with the Community CAMHS team, £18k has also been donated from First Direct for the decoration and enhancement of three rooms at Becton Outpatients Department; with additional improvements made to treatment and dining rooms following bespoke, interactive workshops to design murals and select furniture, new lighting and painting.
Artfelt launched the vibrant Joy Garden gazebo in the Outpatients courtyard, bringing colour and a place for staff, patients and families to relax outside of the clinical environment. Designed by artist Morag Myerscough, it received positive press coverage from the international architecture and design magazine, Dezeen.

Improvements have been made to the Cystic Fibrosis unit after Artfelt developed and installed an innovative scheme to deliver integrated environmental graphics, encouraging movement and activity, alongside wayfinding and room personalisation.

Artfelt also improved the environments of Rose Cottage, Ward 4 and Ward 6 with painting and commissioned artwork.

Over £123k was provided by the Charity to support research roles and projects including 3D designed, custom-made headgear for children using non-invasive ventilation (NIV). NIV supports people whose natural breathing is ineffective, by providing support via the use of a facemask. A good fit between the mask and the patient's face is essential for effective NIV treatment.

Research and Innovation

The past year has been busy for Research and Innovation at the Trust. As of the end of March 2023, we had recruited 1544 patients, staff and healthy volunteers to our research.

Research is core business for the Trust and remains a strategic priority. We have been developing a new ambitious five-year strategy that will complement the Trust's Clinical Strategy and seek to see Sheffield Children's build its reputation as a centre of research excellence and a world leader in cutting-edge innovation. Increasing our commercial portfolio will be a core theme of the strategy. We plan to deliver more early-phase clinical trials, vaccine research and more studies examining the benefits of gene therapies in future. Furthermore, we aim to adopt more medical device trials for children to expand our offer of developing the world's best technology for child health. The new strategy will launch in Summer 2023.

Our clinical trial portfolio has grown rapidly in recent years. We have a sizable and varied portfolio of complex clinical trials for a specialist trust of our size. Through strategic partnerships with industry and excellence in the delivery of trials we are now considered a key centre for industry-sponsored clinical trials across a number of specialties and we are supporting commercial trials in the fields of neurology, metabolic bone, rheumatology, dermatology, diabetes and endocrinology, oncology and haematology, ophthalmology, allergy and nutrition. We also run a large portfolio of non-commercial research.

In 2022/23, 341 commercial and non-commercial studies have been active at the Trust and, of these, the Research Delivery Team and Clinical Research Facility (CRF) have supported 56 studies on our recently refurbished CRF. This year saw us support our first overnight stays on our CRF to support patients on an early phase clinical trial requiring close monitoring and longer study visits. This was a great success and we received excellent feedback from the family about their experience of research participation at Sheffield Children's and of their stay. We hope to support more of this work in the year ahead.

Many of the clinical trials delivered on our CRF have been complex clinical trials and early-phase/experimental research, ultimately improving the health and saving the lives of the children under our care.

Particular highlights in 2022/23 have included:

- Working with the team at Artfelt and with local designers to create a decorative theme for our newly refurbished Clinical Research Facility.
- A joint event with the Trust Board and The Children's Hospital Charity at the Advanced Wellbeing and Research Centre.
- Continuing to support our researchers with engaging patients and the public in shaping their research plans.
- Continued development of the *NIHR Children and Young People MedTech Co-operative*

The National Centre for Child Health Technology

On 2 February 2023 we announced that we had secured full funding to build the National Centre for Child Health Technology (NCCHT), following the commitment to £6m in funding from the South Yorkshire Mayoral Combined Authority, to add to the funding received from the Autumn Statement in 2021. The goal of the NCCHT is to improve the health outcomes and quality of life for children by developing and implementing innovative medical technologies. The centre's research has the potential to make a significant impact on the healthcare system by providing clinicians with new technologies to improve the care and outcomes for children with a range of medical conditions.

The NCCHT will bring together experts in health, academia and industry to stimulate and accelerate innovation, attract inward investment, support sustainable change and reduce costs to the NHS. The NCCHT will be an international centre of excellence positioning the UK as a global leader in the field of child health technology. It will develop technologies to address key national strategic priorities in child health including childhood obesity, child and adolescent mental health, long-term conditions and prevention.

Over the next year, we will begin construction of the NCCHT with the goal of opening its doors in 2025. Our primary focus during this period will be to strengthen our partnerships with industry and academic institutions. By collaborating with experts from various fields, we aim to ensure that the NCCHT develops cutting-edge medical technologies that can effectively support the health and healthcare needs of children and young people, both in the UK and around the world.

Key issues, opportunities and risks that could affect the Foundation Trust in delivering its objectives and/or its future success and sustainability

Operational constraints

Although the number of people waiting for inpatient care has decreased, significant challenges with surgical waiting lists remain across a number of specialties, most notably within paediatric urology, surgery and neurology. This is all the more challenging in the context of increasing industrial action and winter pressures.

The Trust also faces significant challenges with long waits in community facing services such as Speech and Language Therapy (SLT), Community Paediatrics and Neurodisability which encompasses Attention Deficit and Hyperactivity Disorder (ADHD) and Autism Spectrum Disorder (ASD). These services face challenges due to both large increases in demand as well as issues with capacity as specialists in these areas are often difficult to recruit. Long waits in all of these areas are replicated regionally and nationally with the national waits position in ASD and ADHD receiving broad national media attention. The Trust has well established partnership projects set up for SLT, ASD and ADHD with both Sheffield and Regional Partners.

The Trust has robust governance in place to manage the position including a Waiting List Board and monitoring through Performance Committee and Executive Team.

There is a national expectation that by March 2024 no patient for consultant-led physical health care waits longer than 65 weeks. There is a risk associated with delivery of this.

The Trust's operational planning submission details achievement of 103% of activity compared to 2019/20 will be delivered and internal plans to realise this have been worked up linked to where investment is prioritised.

Financial stability

In 2022/23, the Trust finished the year with a £967k surplus against a break-even plan, prior to impairments of £1.28m. This included achieving planned efficiency improvements of £11.4m, comprising of both recurrent and non recurrent schemes.

For 2023/24, the Trust has agreed a draft plan of £8.6m deficit with plans to deliver efficiencies of £11.6m over the whole of the year as well as a contribution to the wider health system.

This means that the scale of the financial challenge remains significant and financial improvement targets are embedded into our care group budgets, supported by trust wide improvement projects and our service improvement team.

The Trust recognises the need for financial stability as a key enabler for delivery of its key strategic aims.

Maintaining quality of care

Sheffield Children's has an aim of providing outstanding patient care.

Yet maintaining quality in the face of the recent global pandemic, increased financial challenge, pressures on our colleagues and increasing waiting lists will require focus on balancing risks to ensure that the quality of our patient care remains uncompromised.

Our quality governance and leadership structures support the Trust in ensuring that the quality of our care is being routinely monitored across all services. The quality governance arrangements to review and challenge performance and variation are described later in this report.

The Trust has maintained its CQC 'Good' rating throughout the year following the inspection of our mental health services in 2022. This is regularly monitored by the Executive Team and through Quality Committee.

A quality impact assessment process is in place, overseen by our Chief Nurse and Executive Medical Director and aligned to our improvement and recovery programme. This is to ensure that transformation plans do not carry any material risk to patient safety or quality of care.

Increasing mental health challenges

The COVID-19 pandemic continues to have significant and lasting consequences for children and young people's mental health.

In addition to these increasing day-to-day challenges, the Trust has played a key role in the future commissioning and provision of children and young people's mental health services by supporting a South Yorkshire and

Bassetlaw-wide Mental Health Provider Alliance and by leading an NHS England sponsored CAMHS (Child and Adolescent Mental Health Services) Provider Collaborative with partners from the independent sector.

This will continue to require significant and dedicated capacity of our Trust-wide leadership team, as well as investment in our mental health operations and infrastructure.

Clinical workforce shortages

A key challenge for the Trust is recruiting sufficient numbers of appropriately qualified clinical colleagues, particularly consultants and junior doctors, to be able to treat our growing number of patients.

The Trust, along with local, regional and national partners, is implementing a workforce strategy to help address recognised shortages in some areas of the workforce and develop innovative solutions to appropriately fill these gaps. Progress is monitored against an action plan.

In the last 12 months, the Trust has successfully recruited 65 nurses from overseas as part of its International Nurse Recruitment programme.

Other measures to make Sheffield Children's an attractive place to work include our People Plan, ensuring better and more focussed conversations between our managers and their teams during a new 'appraisal season' and a greater focus on colleague engagement, managerial development and workplace wellbeing.

This has already paid dividends with the Trust seeing some of its best NHS Staff Survey scores in 2022/23 but there is more to do.

Partnership working

Our external strategic landscape continues to be driven by government policy, focused on the importance of managing systems rather than organisations, recognising the need to integrate services around the needs of the patient and the importance of out-of-hospital care.

This year saw statutory implementation of integrated care systems and changes to specialised commissioning through the Health and Care Act 2022. Sheffield Children's is playing a key role at Sheffield place level and across the South Yorkshire system as well as within three of the emerging provider collaboratives including the Children and Young People's Alliance.

Also see earlier section on Strategic Partnerships.

Going concern

After making enquiries, the directors have a reasonable expectation that the services provided by Sheffield Children's 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.

Performance overview

The Trust uses a comprehensive performance reporting framework to monitor and maintain focus on a wide range of indicators relating to quality, safe staffing, workforce and operational and financial performance.

Comprising a suite of monthly reports presented to the Trust Board, its committees, and executive director-level groups, information is triangulated to ensure controls are put in place to manage risks to the delivery of high-quality care for patients. Within these reports, exceptions in performance against targets are highlighted and action for improvement identified with supporting narrative. Following a full review of the reports updated metrics focusing on the Trust's identified priorities were launched in 2022/23. Alongside this the Trust Board now also receive the quarterly Health Inequalities IPR which stratifies key metrics and waiting lists by Indices of Multiple Deprivation and Ethnicity to guide the waiting list recovery approach.

Routine Board and Executive review of delivery of agreed plans, together with the application of quality impact assessment tools, support focus on the balance between quality, safety and financial efficiency to ensure that patient care remains uncompromised.

Patient activity

The NHS care provided by Sheffield Children's NHS Foundation Trust across all settings in 2022/23 totalled almost 17,800 admissions and more than 65,000 emergency department (ED) attendances. The latter reflects higher attendance levels in the ED than were being seen pre-pandemic. The number of Outpatient attendances also increased year on year from around 211,000 appointments in 2021/22 to just under 216,000 in 2022/23. This is higher than seen during 2019/20 (212,000 attendances).

The method of delivery of a range of the Trust's outpatient activity has also changed with increased face-to-face appointments – with non-face-to-face reduced (20.3% in 2022/23) – as clinicians needed to see patients in person to assess their ongoing clinical condition.

Fig: Trust activity by activity type

Activity type	2020/21	2021/22	2022/23	% change in last year
Total Elective Spells	12,843	16,783	17,718	6%
Total Non-Elective Spells	5,052	6,129	6,196	1%
Total Outpatient Attendances	194,882	210,819	215,843	2%
Emergency Department Attendances	34,348	60,720	65,348	8%
Mental Health Community Contacts	26,337	26,255	26,103	-1%
Mental Health Inpatients (Bed Days)	5,884	7,642	6,204	-19%
Community Contacts	112,408	112,653	102,113	-9%

Performance against operational targets

At the start of 2022/23, the Trust recorded 60 patients waiting more than 78 weeks for first definitive treatment. By the end of that year this figure had reduced to 13 patients. This reduction is a result of the Trust amending its booking priorities to ensure patients with long waits are given more parity alongside those with shorter waits who are considered more clinically urgent. However during this same time period the number of patients waiting more than 52 weeks increased from 462 to 1073 patients. This growth is related largely to three non-admitted specialities (Neurodisability, Community Paediatrics and Dermatology). All patients on a waiting list are clinically reviewed on a regular basis to assess the likelihood of them coming to harm should they continue to wait.

Performance against the 18 weeks referral to treatment target has deteriorated from 68.08% in April 22 to 58.01% in March 23. It is noted that management against this treatment target nationally has been superseded by focus on reducing the number of patients with very long waits, i.e. over 104, 78 and 52 weeks.

The Trust did not achieve the four-hour Emergency Department target, seeing 89.35% of patients within four hours. However the Trust remains one of the top performing in England. Attendances have increased significantly above the levels seen during 2019/20 (by 11%), with December 2022 seeing a record number of attendances in one month (7,284) attending the department.

All cancer waiting targets applicable to the Trust have been met.

From a mental health perspective, the Trust continued to see an increase in referrals of around 18% (compared to 2019/20) into its community Child and Adolescent Mental Health Services compared to pre-pandemic. This increase in demand was predicted and is expected to continue into 2023/24. A similar increase has been replicated in the demand for inpatient mental health beds, both in Sheffield and in the wider region. This is mainly relating to patients with eating disorders.

Managing the increased waiting lists continues to be a major challenge for the whole NHS in 2023/24 and beyond; planning guidance and expectations for future years only emphasise this. The Trust will work with system partners to create capacity and deliver new and effective patient pathways to facilitate the waiting list recovery and to minimise harm to patients from the increased waiting times.

Fig: 2022/23 Operational performance

Performance Indicator	Target or Threshold	2020/21 Trust Performance	2021/22 Trust Performance	2022/23 Trust Performance
Maximum time of 18 weeks from point of referral to treatment for patients on an incomplete pathway	92%	65.25%	70.14%	58.01%
A and E: maximum waiting time of four hours from arrival to admission, transfer or discharge	≤ 95%	97.51%	94.55%	89.35%
Cancer: two-week maximum wait from referral to first seen - all urgent referrals (cancer suspected)	93%	99.49%	99.57%	98.88%
All cancers: 31-day wait from diagnosis to first treatment	96%	100%	98.25%	100%
All cancers: 31-day wait for second or subsequent treatment (surgery)	94%	100%	100%	100%
All cancers: 31-day wait for second or subsequent treatment (anti-cancer drug treatments)	98%	100%	100%	100%
C.difficile infection	7	0	0	1

Sustainability

During 2022/23 the Trust made significant progress across all areas set out within the Green Plan, however there are still some gaps in the quality of data required to accurately report on the rate of decarbonisation. This is imperative to be able to assess our contribution to the health crisis that is the climate crisis, and in assessing if we are meeting the Net Zero Targets set out by Greener NHS.

Our aim is to have a full range of sustainability targets published within a refreshed Green Plan by the end of 2023. Specific achievements in 2022/23 included:

- To date 45% of the actions in the five-year Green Plan approved and published in December 2020 have been completed with a further 24% in progress. We are on schedule to meet our aims.
- Throughout 2022/23 we have seen an unprecedented increase in energy costs for the Trust and for individuals. As a result of this, and to reduce the energy demand of the Trust, an Energy Saving campaign was launched in autumn of 2022.
- The Trust created a substantive energy manager post in 2022 to support the necessary focus and expertise required to manage our portfolio of buildings' energy usage.
- We launched our Sustainable Travel Plan and Travel Smart intranet pages in spring 2022 setting out our commitments to sustainable travel methods for all Trust-related travel.
- Through 2022/23 the Trust participated in a national 'climate change risk and adaptation' pilot to identify future risks and mitigations related to climate change, such as an increase in heatwave events, increase in vector-borne diseases and allergies. This pilot will help to inform the Trust's climate change adaptation plan which is planned for 2023/24.
- In 2022/23, 200 trees were planted at the Becton site. These were a mixture of beech, birch, rowan and cherry and were obtained free from NHS Forests. The trees were planted by the young people and staff at site.
- Throughout the summer GrowUK held gardening therapy workshops for the young people at Becton. These were held over eight weeks with positive feedback from the participants.
- The Trust was successful in a funding bid via the Healthier Futures Fund to deliver a project which aims to reduce the volume of nitrous dioxide (N20) used for anaesthetic procedures. This project, led by a Consultant Anaesthetist, will be finalised in 2023/24. The longer-term aim is to completely remove the use of N20 across the Trust, as we did with Desflurane some years ago.
- Led by the respiratory team the Trust implemented an inhaler return programme and a responsible asthma care project which looks at how we can reduce the impacts from inhaler use. The inhaler return scheme offers a solution to disposing of inhalers correctly and was the recipient of a Sustainability Award in 2022.
- We recruited a Sustainability Apprentice in September 2022 to help increase the capacity of the Sustainability Team and enhance the skills and knowledge pool within Sheffield. Over the summer the Trust provided a student internship within the Sustainability Team and aims to do the same in 2023.
- New waste contracts were awarded to Veolia Sheffield for the Trust's domestic and clinical wastes. This now means all suitable wastes will be sent to the Sheffield energy from waste plant - helping to provide power to the city and reducing our carbon impact from waste and the associated journeys.
- The restaurant at the hospital site has removed single use plastic items and replaced them with bamboo and plant-based alternatives.

Estates

During 2022/23 the Trust has developed a refreshed Estates Strategy, which will act as an enabling strategy, to the Trust Clinical Strategy. Thus, ensuring congruence with the wider Trust ambitions to deliver outstanding patient care and visitor experience. The Estates strategy focuses on four key areas; Developing our estate to improve colleague, patient and carer experience, facilitating transformation and innovation, commitment to our Green Plan and developing our Estates workforce for the future. The Estates Strategy was approved at our Trust Board in May 2023.

The Trust estate will continue to evolve in the coming years of the Strategy, most notably through developments including the Helipad, the National Centre for Child Health Technology and the Ryegate Centre.

The annual valuation undertaken by the Trust is based on a Depreciated Replacement Cost methodology. This approach assumes assets would be replaced with a modern equivalent and not a building of identical design, though with an equal existing service potential. A modern equivalent may be smaller in size to the existing asset, due to technological advances in plant and machinery for example. This valuation reflects economic conditions and location factor appropriate to the region at the valuation date. The 2022/23 estate valuation, based on indicative alternative use values, are can be found in notes 16 17 of the annual accounts.

Equality, Diversity and Human Rights

Equality, Diversity, and Inclusion (EDI) is a key theme of our People Plan. It is important that colleagues feel a sense of belonging and can bring their whole self to work.

The Board receives regular updates on our work in this area and is keen to support our continued progress. The Board has established an EDI champion who takes a particular interest in our EDI work and is a great connection between the Board and our equality networks. The Board also held a development session on white privilege and joint sessions with the diversity network chairs.

In 2022 we further developed and expanded our equality networks (race equality, disability, LGBT+) and added a carers' network too. Our network colleagues highlight issues for action, bring their voice to our collective decision making and give the Trust rich feedback on whether colleagues are feeling included and have a sense of belonging. Board members made anti-racism pledges in 2022 and work continues to be active in this area.

Our People Plan also reflects our desire to increase and expand our focus on inclusion to ensure that all colleagues feel valued and part of the team. Through 2022 our Race Equality Research project, funded by Charities Together and a piece of work that the Race Equality Network determined as a priority, continued to take feedback from our Black, Asian and Minoritised Ethnic colleagues and the final report gives positive feedback on the changes over the last 18 months for many colleagues. We also benefitted from the dissertation of a colleague who focused on recruitment experience through in-depth interviews with Black, Asian or Minoritised Ethnic colleagues. The recommendation from this work to develop more inclusive recruitment practices was fully accepted by the Trust in 2022 and this work is underway, including revised recruitment training, diverse representation on panels with equal voice, changes to how our adverts are worded and where we advertise.

We have introduced open days and taken these out to communities and the profile of our workforce is becoming more diverse in some areas as a result. There is lots of great work and the journey continues.

In January 2023 the Trust showed its commitment to EDI with permanent funding for a new Head of EDI. This role gives us expertise and capacity to introduce a three-year EDI roadmap and an annual delivery plan in 2023 that is based on data analytics, colleague feedback and Trust aims.

Following its start-up in 2021, the health inequality steering group continues to focus on service provision, and this has used data available to us to identify priorities and trends in health inequality that has helped influence our work to improve attendance for appointments and working directly with communities that are seldom heard, including our Roma community.

Slavery and Human Trafficking Statement

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business.

We expect all our supply chains to have suitable anti-slavery and human trafficking policies and processes.

Most of our purchases are against existing supply contracts or frameworks which have been negotiated under the NHS Standard Terms and Conditions of Contract which have the requirement for suppliers to have in place suitable anti-slavery and human trafficking policies and processes.

We expect each element in the supply chain to adopt at least 'one-up' due diligence on the next link in the chain as it is not always possible for us (and every other participant in the chain) to have a direct relationship with all links in the supply chain.

Our standard invitation to tender (ITT) documentation includes a standard question asking whether suppliers are compliant with section 54 (Transparency in supply chains etc.) of the Modern Slavery Act 2015. If they are, they are required to provide evidence. If they are not, they are required to provide an explanation as to why not. In addition, our standard contract contains the following provisions:

The Supplier warrants and undertakes that it will:

(i) comply with all relevant Law and Guidance and shall use Good Industry Practice to ensure that there is no slavery or human trafficking in its supply chains; and

(ii) Notify the Authority immediately if it becomes aware of any actual or suspected incidents of slavery or human trafficking in its supply chains;

(iii) At all times conduct its business in a manner that is consistent with any anti-slavery Policy of the Authority and shall provide to the Authority any reports or other information that the Authority may request as evidence of the Supplier's compliance with this Clause 10.1.29 and/or as may be requested or otherwise required by the Authority in accordance with its anti-slavery policy.

We expect all those in our supply chain and contractors to comply with our values. The Trust will not support or deal with any business knowingly involved in slavery or human trafficking.

Senior colleagues within our Procurement Team are duly qualified as Fellows of the Chartered Institute of Procurement and Supply and have passed the Ethical Procurement and Supply Final Test.

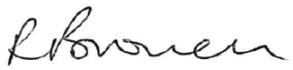
This statement is made pursuant to section 54 (1) of the Modern Slavery Act 2015 and constitutes the Trust's slavery and human trafficking statement for the current financial year.

Overseas operations

The Trust does not have any overseas operations.

Important events since the end of the financial year affecting the Foundation Trust

There were no significant events to report since the end of the financial year.



Ruth Brown
Chief Executive and Accounting Officer

29 June 2023

Section Two: Accountability Report

Directors' report

The Board of Directors is led by the Chair and comprises six other non-executive directors and six executive directors, including the Chief Executive.

The Directors' report is presented in the name of the members of the Board of Directors. The individuals occupying position on the Board during 2022/23, together with their attendance at Trust Board meetings is listed as:

Sarah Jones, Trust Chair

Sarah was appointed as Trust Chair in September 2016, after holding a non-executive director role on the Board from August 2008.

Sarah is a trustee of The Children's Hospital Charity. As Trust Chair, Sarah also chairs the Council of Governors, the Board Nominations and Remuneration Committee, and the Organ Donations Committee, as well as holding the post of Health and Wellbeing Guardian for the Trust. Sarah's current term of office expires on 31 December 2023.

Outside the Trust, Sarah is Chair of Realise, an independent learning provider which delivers apprenticeships and adult education programmes. Previously Sarah was CEO and then Deputy Chair of Learndirect, the UK's largest provider of skills, training and employment services. She is an MBA graduate and joined Learndirect with experience from BAE Systems.

Board Attendances in 2022/23: 11/11

Shaeen Azam, Non-executive Director

Shaeen is currently Associate Executive Director at a housing company based in Bradford and a non-executive director on Connect Housing Association Board based in Leeds. She is a member of the National Housing Federation Finance Policy Advisory Group.

Shaeen is a Chartered Certified Accountant and corporate treasurer and holds an MBA from the University of Birmingham. She took up her role as Associate Non-executive Director on 1 October 2021 and was appointed as a Non-executive Director on 1 October 2022.

Board Attendances in 2022/3: 6/6 (Appointed 1 October 2022)

Richard Chillery, Non-executive Director

Richard is a trained therapist in a number of different modalities with a background in child and adolescent mental health, voluntary sector and Local Authority therapeutic services. Richard has worked clinically with children, young people and families/carers with high and complex needs, often known to the Local Authority, and was previously a CAMHS team co-ordinator and clinical lead in New Zealand for two years.

He is currently Deputy Chief Operating Officer at (The Bay) Lancashire and South Cumbria NHS Foundation Trust, a large Mental Health Trust, and prior to that was the Operational Director for Children's and Countywide Community Services at Harrogate and District NHS Foundation Trust. He was accountable for the UK's largest provider of the Healthy Child Programme and has been a Technical Advisor for Public Health England.

He is a graduate of a number of leadership programmes including the Nye Bevan with the NHS Leadership Academy. Richard chairs the Trust's Quality Committee and is a member of the Risk and Audit Committee as well as serving on panels convened under the Mental Health Act.

Board Attendances in 2022/23: 8/11

Jon Eggleton, Non-executive Director

Jon is currently a Board advisor to a number of business start-ups. Up until November 2017 he was the UK Managing Director of United Biscuits, having previously been Marketing Director.

Prior to that he held a number of senior marketing roles at Diageo, in both the UK and Singapore, and at HP Bulmer where he was a PLC Board member.

Jon is married with two children and is a University of Sheffield graduate.

Jon chairs the Trust's Performance Committee, and is a member of the People and Engagement Committee and the Board Nominations and Remuneration Committee

Board Attendances in 2022/23: 10/11

Fatima Khan-Shah, Non-executive Director

Initially from Sheffield and now based in West Yorkshire, Fatima is known regionally and nationally for actively championing Patient Involvement, the recognition of carer support, Leadership and Diversity and Inclusion. She was named in the 2021 HSJ top 50 most influential health leaders from an ethnic minority.

Fatima is currently leading several agendas in the West Yorkshire Health and Care Partnership which have been award winning and recognised nationally, leading to changes in legislation and government policy. These include Diversity, Long-Term Conditions, Personalisation and Carer Support.

Fatima is also a regular writer of blogs for the Department of Health and Social Care as well as a regular podcaster. She also has a number of roles nationally, as a member on the NHS Assembly and the King's Fund General Council. She has previously held roles with NHS England, Kirklees CCGs, Kirklees Council, Health Education England and Healthwatch.

Fatima chairs the Trust's People and Engagement Committee and is a member of the Quality Committee and Board Nominations and Remuneration Committee.

Board Attendances in 2022/23: 10/11

Peter Lauener, Non-executive Director and Deputy Chair

Peter's full-time executive career was largely in the Civil Service, latterly in the Department for Education where he was Chief Executive of the Education and Skills Funding Agency which funds schools, colleges and private training providers for children and young people, mainly up to age 18. In this role he was also a Board member of the main Department.

Peter now has a number of non-executive roles. In addition to his role at Sheffield Children's, he chairs the Student Loans Company, the Construction Industry Training Board, the Newcastle College Group, and Orchard Hill College, an independent college for young people with special needs. He is also a trustee of Educators International, an overseas development charity.

At Sheffield Children's, Peter is Deputy Chair of the Board and Chair of the Risk and Audit Committee as well as a member of the Performance Committee and the Board Nominations and Remuneration Committee.

Board Attendances in 2022/23: 10/11

Ros Moore, Non-executive Director

Ros joined the Trust as a non-executive director on 1 October 2022 having served nearly eight years as a NED of Barnsley Hospital NHS Foundation Trust. She is an Associate Lecturer and Practice Tutor to the Open University and was previously the Chief Nursing Officer for Scotland and Director in Scottish Government until 2015.

Other roles she has held include CEO of a National Nursing Charity, trustee of the Association for Perioperative Practice, Professional Nursing Officer at the Department of Health and National Director for Quality and Learning and Deputy Clinical Director for NHS Direct. She has also held roles in acute hospital including Assistant Director of Nursing, Professional Development Lead Sister/Tutor, and Staff Nurse in Elderly Medicine, Paediatrics and Surgery at Pontefract and Pinderfields Hospitals.

Her interests are in people and patient experience, quality and safety, quality improvement and the digital agenda. She is a member of the Quality Committee, People and Engagement Committee and Nominations and Remuneration Committee as well as non-executive director with responsibility for speaking up.

Board Attendances in 2022/23: 6/6 (Appointed 1 October 2022)

Ruth Brown, Chief Executive

Ruth is Chief Executive of Sheffield Children's NHS Foundation Trust and was appointed in December 2021 having been Executive Director of Strategy and Operations since 2017 and then Deputy CEO. She is also a trustee of Voluntary Action Sheffield and The Children's Hospital Charity.

Ruth has 34 years of NHS experience and strives to be a leader who creates a compassionate and inclusive NHS for all. She has worked in regional and local systems in both provider and commissioning roles and has a wealth of experience leading complex change, promoting improved patient and colleague experience, creating strategy and leading collaborations within and across organisations. She led Sheffield Children's response to the COVID-19 pandemic.

Ruth is currently the lead CEO for the South Yorkshire Acute Federation and South Yorkshire Children and Young People's Alliance. She is Co-Chair of the National Children's Hospital Alliance and also a member of many partnerships including the South Yorkshire Mental Health, Learning Disability and Autism Provider Collaborative and Sheffield Health and Care Partnership.

Board Attendances in 2022/23: 11/11

Yvonne Millard, Chief Nurse

Yvonne Millard MBE joined Sheffield Children's in September 2022 as Chief Nurse. She is responsible for nursing, AHP and quality, patient engagement and involvement, legal and governance, security and hotel services and risk management.

Prior to joining us, Yvonne spent over 10 years at Birmingham Women's and Children's NHS Foundation Trust in a variety of roles and most recently as Deputy Chief Nurse. She was instrumental in leading Birmingham Children's Hospital to become the first children's hospital in the country to be rated Outstanding by the CQC and maintained this rating in 2019.

Yvonne qualified as a registered general nurse in 1989 and as a paediatric nurse in 1995, going on to attain a Masters Degree in advanced practice and the Nye Bevan Award in Executive Healthcare Management.

She was awarded the MBE for services to paediatric nursing in 2019 and the Charities Patrons Award in 2022 for her role as a charity ambassador.

Board Attendances in 2022/23: 7/7 (Appointed 19 September 2022)

Nick Parker, Chief People Officer

Nick joined Sheffield Children's on 1 July 2019 as Director of People and Organisational Development.

He had previously been the Director of People and OD (formerly known as Director of HR and Workforce) at Airedale NHS FT, having joined the Trust in May 2010.

Nick's career prior to joining the NHS was in the public sector where he worked in a number of Government Departments in senior HR roles having progressed from his early career as a Jobcentre manager.

Nick is a Chartered Fellow of CIPD (The Chartered Institute of Personnel and Development) and has been a CIPD member for over 20 years. He has a Masters of Education (MEd) in Training and Development.

In 2019 Nick won the Health Education Heat Award – Champion of Diversity, Inclusion and Widening Participation for his work on EDI initiatives in West Yorkshire.

Nick is currently the Management Side Chair of the Yorkshire and Humber Social Partnership Forum, and Vice Chair of the Yorkshire and Humberside HR Directors' Network.

Board Attendances in 2022/23: 9/11

Jeff Perring, Executive Medical Director

Jeff joined the Trust in 2002 as a consultant intensivist in the PCCU (Paediatric Critical Care Unit). Alongside his clinical work Jeff led the PCCU through a number of major changes including the development of a High Dependency Unit, the introduction of Advanced Nurse Practitioners, the Trust's designation as a Paediatric Major Trauma Centre and the establishment of Embrace, the Yorkshire and Humber Infant and Children's Transport Service.

Jeff was appointed as a Deputy Medical Director in 2016. Outside the Trust he has been joint lead for the Yorkshire and Humber Paediatric Critical Care Network (2013-18) and Council member (Vice chair) of the Yorkshire and Humber Clinical Senate (2014-19).

Jeff was appointed into the role of Medical Director and Responsible Officer for the Trust in July 2018. He is responsible for medical activity within the Trust and in particular the appraisal and revalidation of medical colleagues. Jeff

works closely with the Chief Nurse on quality and patient safety and is the lead executive for Mental Health.

Board Attendances in 2022/23: 11/11

Craig Radford, Chief Operating Officer

Craig was appointed as Chief Operating Officer on 1 April 2022 having previously held the posts of Deputy Director of Strategy and Operations, Operations Director, and Acting Executive Director of Operations since joining the Trust as Associate Director for Medicine in 2015.

Craig has 19 years NHS experience, holding a range of senior operational and strategic management posts in primary care and acute hospitals. Craig is a graduate of the NHS National Graduate Training Scheme and holds an MSc in Healthcare Leadership and Management.

Craig has worked in women's and children's services since 2010 and in this time has led on substantial service developments, which most recently has involved leading the Trust's emergency response to the COVID-19 pandemic.

Board Attendances in 2022/23: 11/11

John Williams, Chief Finance Officer and Deputy Chief Executive

John joined Sheffield Children's as the Executive Director of Finance in July 2019, becoming Deputy Chief Executive in August 2022.

John previously worked as Deputy Director of Finance at Chesterfield Royal Hospital NHS Foundation Trust, leading its Finance and Contracting Services and also served periods as Acting Director of Finance. He has also had senior roles at Derby Hospitals NHS Foundation Trust.

John is a graduate of Sheffield Hallam University, the NHS National Graduate Training Scheme and an Associate of the Chartered Institute of Management Accountants.

Along with Trust finances John is also responsible for Digital, Estates and Procurement Services and leads the delivery of the Trust Green Plan. As Deputy Chief Executive John also leads our Strategy and Partnerships function.

He represents the Trust as a director of Legacy Park Limited, a company committed to the regeneration of the Olympic Legacy Park in Attercliffe, Sheffield and is chair of the Healthcare Financial Management Association (HFMA) Environmental Sustainability Special Interest Group.

Board Attendances in 2022/23: 11/11

Directors who served during the year, but who had left office before year-end

Professor Sally Shearer OBE, Executive Director of Nursing and Quality (and Acting Deputy Chief Executive from 16 April 2021)

Sally is a registered children's nurse and has worked in the NHS for 42 years. She joined the Trust in October 2015, having previously managed children's acute and community services in London and Nottingham.

Sally has a MA from the University of Nottingham and has previously worked with the Nursing and Midwifery Council. She has a background in the education of the children and young people's workforce.

While at the Trust, Sally was Executive lead for patient experience, children's safeguarding, infection control, clinical governance and regulatory compliance. Sally was also the professional lead for the nurses, health visitors and allied health professionals that work within our hospital, transport and community services.

Sally was Chair of the Association of Children's Chief Nurses. In 2020 she received an OBE for services to Nursing and an honorary professorship from Sheffield Hallam University. She became Acting Deputy Chief Executive in April 2021.

Sally retired from the Trust in August 2022.

Board Attendances in 2022/23: 3/4

Claire Harness, Deputy Chief Nurse

Claire is a qualified paediatric nurse who stepped up as Interim Chief Nurse between 1 and 19 September 2022 to cover between the departure of Professor Sally Shearer OBE and Yvonne Millard MBE starting.

Board Attendances in 2022/23: 0/0

Patricia Mitchell, Non-executive Director

Patricia left her legal practice as a commercial litigator and partner in private practice in 2005 after 25 years working in London and Bristol.

After completing a sponsored MBA, Patricia joined the charity sector as a result of her role as the carer for a family member with Alzheimer's.

Patricia worked for four years as the income generation manager for Alzheimer's Support before coming back to her roots in 2010 as Chief Executive Officer of Sheffield-based charity Neurocare, a role she undertook until June 2015. Both these roles involved her working closely with many different health providers in the public sector. She also served as a trustee for Age UK. Patricia joined the Board of the Asda Foundation as a trustee in June 2020.

During 2022/23 Patricia was Chair of the People and Engagement Committee, and a member Quality Committee (having previously been chair of the committee) and Board Nominations and Remuneration Committee. She was also the NED lead for Pathway to Excellence, the Transforming Pharmacy programme and Learning from Deaths. Patricia's term ended in September 2022.

Board Attendances in 2022/23: 5/5

John Cowling, Non-executive Director (and Senior Independent Director)

John is a qualified chartered accountant. He was for many years a senior regional partner in the northern offices of PricewaterhouseCoopers and most recently, the partner in charge of the Sheffield office, until his retirement in June 2012.

John was until recently the Chair of Museums Sheffield and a non-executive director of The Sheffield Theatres Trust. He is currently a Governor of Sheffield Hallam University.

John was appointed to the Board of Directors on 1 October 2014 and he was the Senior Independent Director. John was the Chair of the Performance Committee and a member of the Risk and Audit Committee and the Board Nominations and Remuneration Committee.

John's second term of office was approved by the Council of Governors in 2017 and ran to the end of September 2020. It was subsequently extended on an annual basis and ended in September 2022.

Board Attendances in 2022/23: 5/5

Statement on the balance, completeness and appropriateness of the membership of the Board

An in-year assessment of the composition of the Board, in the context of current and anticipated issues and challenges impacting the Trust and the skills and qualities needed on the Board, has been made by the Board Nominations and Remuneration Committee. This was undertaken routinely as part of the process of considering appointments and reappointments to the Board.

In 2022/23 the balance and completeness of the Board was considered on recruitment to executive and non-executive director vacancies.

The executive directors and non-executive directors of the Board provide a balance and breadth of knowledge.

The Board comprises individuals with senior level experience in the public and private sectors, across a range of disciplines including clinical and patient care, finance, strategic and operational planning, marketing and communications, commercial development, corporate and clinical governance, risk management, system working, equality, diversity and inclusion, human resources and change management.

The Board is satisfied that its current membership enables it to function effectively.

Board members Register of Interests and Gifts and Hospitality

Company directorships and other declarations of interest or gifts and hospitality were declared by all Board members. The full register of interests is available on our website at https://www.sheffieldchildrens.nhs.uk/about-us/publications/#272-1453-mandatory-publications

Taking into account the NHS Code of Governance, the Board considers the current Chair and all the non-executive directors to be 'independent'.

The Trust Chair, Ms Sarah Jones, is also a trustee of The Children's Hospital Charity and the Chair of Realise, an apprenticeship provider based in Sheffield.

The Chair is considered able to devote the appropriate time commitment to her role as Chair of the Trust.

Meetings of the Board of Directors and its committees

The Board of Directors is the decision-making body for the Trust's strategy and overall allocation of resources. The Board takes decisions in line with the approved strategy.

The Board set the Trust's strategic objectives for the year 2022/23, agreed the annual operating plan and provided leadership for the Trust, ensuring that the Trust exercises its functions effectively and delivers agreed goals and targets. It also acts as the body through which assurance is provided.

It delegates decision-making for the operational running of the Trust to the Executive Team in accordance with the scheme of delegation. The Trust's scheme of delegation sets out matters which are reserved for the Board of Directors to decide.

In addition to holding 12 formal Board meetings during 2022/23, the Board held a joint meeting with the Council of Governors and development sessions on issues such as health and safety and risk appetite/board assurance. The Board has also instituted time for regular strategic discussions known as 'Part 3' discussions on a variety of topics.

The Board holds a mix of virtual and face-to-face meetings.

Above: The Trust's Board of Directors at the end of 2022/23 (from top L-R): Sarah Jones, Ruth Brown, Craig Radford, Jeff Perring, Fatima Khan-Shah, John Williams, Jon Eggleton, Nick Parker, Ros Moore, Shaeen Azam, Peter Lauener, Yvonne Millard MBE and Richard Chillery.

Development of the Board takes place in response to ongoing review of the effectiveness of its meetings, to outcomes from assessment of performance (both collectively and individually) as part of an annual appraisal system and through the formal review and agreement of a Board annual work programme. The Board also carries out regular board development sessions.

Each of the standing assurance committees of the Board is chaired by a non-executive director to enhance independent scrutiny and challenge and each committee chair reports formally to the Board to confirm delivery of assurance or escalate matters as necessary.

The Board committee structure includes the statutory committees of Risk and Audit and Nominations and Remuneration, and also comprises Quality, People and Engagement, Performance and Committees in Common.

These committees use mechanisms to report and refer matters. This integrated governance approach is also supported by arrangements for cross non-executive membership ensuring that an individual non-executive member is able to act as a conduit of information and assurance across two committees.

The Board keeps the performance of its committees under regular review and requires each committee to consider its performance and effectiveness during the year and sets development objectives for the year ahead.

During 2022/23 the Board commissioned the Advanced Quality Alliance (AQuA) to carry out a review of the Trust's governance arrangements in line with the Well-led Governance Framework.

The summary findings from the review were that there had been a significant change in the culture of the Trust demonstrated through transparent and authentic leadership. It also found a clear vision and credible values-based strategy, with clear strategic ambition and commitment to lead for the benefit of the wider system. The Trust needed to continue to improve its operational and governance foundations.

During 2022/23 the Board undertook a comprehensive review of its effectiveness and that of its committees. This resulted in a change to the cycle of Board and committee meetings, the creation of a new People and Engagement Committee, the standing down of the Charities Committee and changes to the remit of the Performance Committee.

This development reflects the Board's response to governance best practice and continued regard to the Well-led Governance Framework.

In its role of overseeing the system of internal control and overall assurance process associated with managing risk, the Risk and Audit Committee annually reviews the terms of reference of aligned Board committees.

Risk and Audit Committee

The Risk and Audit Committee comprises at least three independent non-executive directors and is chaired by Peter Lauener. The requirement for at least one of its members to have recent and relevant financial experience was met in 2022/23 by John Cowling and Shaeen Azam, both qualified accountants. It met five times during 2022/23. All of its meetings were held virtually.

Fig: Member attendance at meetings of the Risk and Audit Committee 2022/23

NED membership	Attendances
Peter Lauener, Chair	5/5
Richard Chillery	5/5
John Cowling (departed 30 September 2022)	2/2
Shaeen Azam (joined 1 October, 2022, previous Associate NED)	3/3

The Committee provides the Board of Directors with an independent and objective review of the effectiveness of internal control and the underlying assurance processes associated with managing risk.

The Committee is responsible for commissioning and reviewing work from independent external and internal audit services, counter fraud services and other bodies as required.

The Trust's internal audit service is provided by 360 Assurance. Through detailed examination, evaluation and testing of Trust systems, this service plays a key role in the Trust's assurance processes.

Local counter fraud provision is also commissioned from 360 Assurance. The local counter fraud service supports the Trust to create an anti-fraud culture: deterring, preventing and detecting fraud, investigating suspicions that arise.

The Committee is responsible for making a recommendation to the Council of Governors on the appointment and removal of the external auditors.

In November 2021, following a formal selection process overseen by a joint working group drawn from governors and members of the Risk and Audit Committee, KPMG were appointed by the Council of Governors as the Trust's external auditor for a three-year period commencing with the 2021/22 audit cycle (subject to annual satisfactory evaluation) with an option for two further one-year extensions.

The Committee routinely receives progress reports from KPMG, including updates on key emerging national issues / developments. The statutory audit fee for the 2023/23 audit was £98,800 plus VAT. External assurance on a Quality Report was not undertaken in 2022/23.

KPMG provides its services within the code of audit practice issued by the National Audit Office. The Risk and Audit Committee has delegated authority to commission additional investigative and advisory services. No non-audit work has been carried out by the Trust's external auditors in 2022/23.

Meetings of the Risk and Audit Committee are attended by internal and external auditors, local counter fraud, the Chief Executive, the Chief Finance Officer and Deputy Chief Executive, Chief Nurse, Legal Services Director and the Associate Director of Corporate Affairs.

Other directors and senior managers attend when invited by the Committee. The Trust Chair is invited to attend the meeting at which the annual accounts are presented. The Associate Director of Corporate Affairs is the Committee Secretary.

Both the internal and external auditors have the opportunity to meet with Risk and Audit Committee members in private (without executives present) to discuss any concerns relating to the performance of management.

Copies of the terms of reference of the Risk and Audit Committee can be obtained from the Corporate Affairs Office and are published on the Trust's website.

The following outlines the principal areas of review and significant issues considered by the Committee during 2022/23, reflecting the key objectives set out in its terms of reference.

Internal audit

- Agreeing at the start of the financial year the internal audit work plan for 2022/23 focused on providing assurance against identified risks which could impact on the achievement of the Trust's strategic objectives.
- Reviewing the findings of internal audit's work against this work plan which encompassed reviews across a range of areas.
- Oversight of implementation of follow-up recommendations to drive improvements in completion rates.

Local counter fraud

- Overseeing the annual counter fraud work plan and progress against identified areas for improvement through consideration of both routine progress reports and an annual report.

External audit

- Agreeing the external audit plan for 2022/23. This included an analysis of the External Auditor's assessment of significant audit risks, the proposed elements of the financial statements audit and its reporting timetable and other matters.
- Considering the key risks highlighted within the ISA (International Standard on Auditing) 260, around valuations of buildings, revenue recognition, management override of control and expenditure recognition.

The Chief Executive, as the Accounting Officer, is responsible for the preparation of the financial statements prior to them being audited by the External Auditors. These responsibilities are detailed within the Statement of Accounting Officer's responsibilities and in the Independent Auditor's report.

The Risk and Audit Committee gives full consideration to any significant risks and areas of audit focus raised in the external audit plan.

Quality Committee

The Quality Committee of the Board has been established to enable the Board of Directors to obtain assurance that high standards of care are provided by the Trust and it obtains assurance, in particular, that:

- adequate and appropriate clinical governance structures, processes and controls are in place throughout the Trust to promote safety and excellence in patient care; and
- there is effective and efficient use of resources through evidence-based clinical practice.

The Committee is chaired by Richard Chillery. It met eight times during the year.

The Committee has also been meeting separately to ensure that policies relating to quality, care and safety are approved effectively and efficiently. All of the Committee's meetings are held virtually.

Its core membership includes two further non-executive directors, the Chief Nurse and the Executive Medical Director. There is a governor observer, John Adler.

The Committee's work plan ensures routine attendance by sub-committee representatives including infection control, clinical governance and safeguarding. This supports a planned programme of quarterly deep-dive reviews, which provide greater focus and assurance on quality and safety within clinical divisions.

Performance Committee

The Performance Committee was established to provide the Board of Directors with in-year assurance concerning the development and delivery of the Trust's annual business plan.

The Committee undertakes a strategic advisory role in ensuring that the Trust develops effective long-term strategies in relation to information management and technology and capital. It ensures that financial plans address all identified business risks and opportunities and support the provision of care and services whilst getting the best value for money and use of resources. The Committee provides oversight of the Trust's value improvement programme.

The Committee met eight times during 2022/23 and is chaired by Jon Eggleton, a non-executive director. All of its meetings are held virtually.

Membership includes two additional non-executive directors, the Chief Operating Officer, Chief People Officer and Chief Finance Officer and Deputy Chief Executive. There is a governor observer, Steven Huggins.

This year the Committee helped to drive delivery of the Trust's Financial Recovery Plan, whilst continuing to monitor the Trust's performance and, in particular, the challenging waiting list position.

Each month the agenda alternates between finance and operational performance, ensuring the Committee provides a rounded focus in respect of its wide-ranging portfolio.

People and Engagement Committee

The People and Engagement Committee is established to provide the Board of Directors with in-year assurance concerning the development and delivery of the Trust's People Plan and its engagement with patients, families, carers, colleagues and partners.

The Committee met four times during 2022/23 and is chaired by Fatima Khan-Shah, a non-executive director. Membership includes two additional non-executive directors, the Chief People Officer and the Chief Nurse (previously the Chief Operating Officer was a member). There is a governor observer, Pauline Williams.

All of its meetings were held virtually.

Board Nominations and Remuneration Committee

The Board of Directors' Nominations and Remuneration Committee met eight times during 2022/23. All of its meetings were held virtually.

It comprises the Chair and non-executive members of the Board. The Chief Executive is also a member when the Committee considers non-pay related issues. The Chief People Officer attends in an advisory capacity and the Associate Director of Corporate Affairs is the Committee Secretary.

The Committee is responsible for setting the remuneration and conditions of service for the Chief Executive and other executive directors (and, where applicable, senior managers on locally determined pay). In this respect its key objective is to ensure that the remuneration

packages are sufficient to recruit and retain executive directors of the quality required for the successful operation of the Trust, while avoiding paying excessively for this purpose.

This Committee also leads the process for executive Board appointments, non-executive and executive succession planning and evaluating whether the Board has the right skills and experience to effectively lead the organisation.

Across the reporting year the Committee met to lead the recruitment process for the Chief Nurse and Strategy and Partnerships Director.

Committee in Common

Sheffield Children's NHS Foundation Trust Committee in Common is a formal committee of the Board. Its terms of reference were agreed by the Board in September 2017 although it did not meet in 2022/23. A newly-established non-statutory Acute Federation Board now does most of the work associated with the Acute Federation.

Non-executive membership of other Trust working groups and committees

Peter Lauener, non-executive director, sits on a senior management working group looking at recovery of the Trust's waiting list position. The group reports into the Executive Team with assurance being provided to the Performance Committee. Sarah Jones, Trust Chair, sits on the Organ Donations Committee. Non-executive directors also attend the Trust's equalities forums on invitation from the Chief People Officer.

Arrangements in place to ensure that the Trust's services are well led

The Trust commissioned an external review of its governance arrangements in 2022/23 under the Well-Led Governance Framework[1]. The review was undertaken by the Advanced Quality Alliance (AQuA), which did not have a prior relationship with the Trust.

The Board has previously undertaken routine self-assessments using Well-led guidance and has used this to inform the continued development of its governance arrangements.

It has been one of the key instruments in informing reviews of the Board committee structure and supporting the development of quality governance arrangements to provide increased focus on quality.

It has helped to strengthen the underpinning quality assurance / reporting infrastructure at operational and executive levels through which the Trust is embedding ward-to-Board arrangements in the quality agenda.

A CQC assessment of Well-led was undertaken in April 2019 when the Trust was rated 'Good'.

Material inconsistencies

There are no material inconsistencies to report between the annual governance statement, declarations to NHS England, this annual report and reports by the CQC.

[1] Developmental reviews of leadership and governance using the well-led framework: guidance for NHS trusts and NHS foundation trusts, NHSI (June 2017)

Governors' report

As an NHS foundation trust, the Council of Governors has responsibility to represent the views and interests of the membership and partnership organisations, to hold the non-executive directors to account for the performance of the Board of Directors and to ensure that it is Well-led.

The Council of Governors consists of elected and nominated governors who provide an important link between the Trust, the population it draws its patients from and key stakeholder organisations, by sharing information and views that can be used to develop and improve Trust services.

The Council of Governors works with the Board of Directors to shape the future strategy of the organisation and is responsible for providing feedback from the membership and stakeholders on strategic developments at the Trust. It also should keep members and stakeholders informed about any developments at the Trust. At each council meeting governors receive a summary of key Trust communication messages for use in any dialogue they have with members of their constituencies.

The Trust keeps the Council of Governors fully informed on all aspects of the Trust's performance and seeks their advice on key service developments. This is done through formal council meetings, where a summary of the Board's business agenda remains a standing item on the agenda, and through working groups set up by the Council of Governors. Governors are also invited to sit on a number of Trust working groups.

The Council of Governors comprises elected and nominated Governors as shown below and has decision-making powers defined by statute. These powers are described in the Trust's Constitution and principally refer to:

- the appointment, removal and remuneration of the Trust Chair and non-executive directors on the Board;
- the appointment and removal of the Trust's external auditors;
- the approval of the appointment of the Chief Executive;
- receiving the foundation trust's annual accounts, any report of the auditor on the accounts, and the Annual Report.

While the Council of Governors is responsible for holding the Board and, in particular, the non-executive directors, to account and ensuring that it is acting in a way that means that the Trust will meet its obligations, it continues to remain the Board's responsibility to oversee the running of the Trust.

The Council of Governors met formally six times during 2022/23, in addition the Annual Members' Meeting. All meetings were held virtually. A record is kept of the number of meetings attended by individual governors.

Governors are required to declare any interests which are relevant and material to the business of the Trust. These are then entered onto the publicly available register of interests which can be accessed from the Trust's website.

Composition of the Council of Governors 2022/23

There are 32 seats on the Council of Governors: 18 to represent public members, seven to represent colleague members and seven appointed by partner organisations.

The table below sets out attendance by governors at Council of Governors meetings in 2022/23.

Fig: Public Governors (elected)

Name	Constituency	Term	Elected from	Attendance	Notes
Nicole Adams	Sheffield	1st	Sept 2021	3/5	
John Adler	Sheffield	1st	Sept 2020	4/5	
Joanne Arch	Sheffield	2nd	Sept 2022	4/5	
Nikki Bates	Sheffield	1st	Sept 2021	4/5	
Lyndsay Bunting	North Derbyshire	1st	Sept 2022	5/5	
John Conlon	Sheffield	1st	Sept 2022	0/2	
Bo Escritt	*Sheffield*	*1st*	*Sept 2021*	*4/4*	*Resigned Jan 2023*
Gemma Russon	Sheffield	2nd	Sept 2022	3/5	
Jenny Hamilton	Rest of England and Wales	1st	Sept 2020	3/5	
Steven Huggins	Rest of South Yorkshire	2nd	Sept 2022	5/5	
Steve Kelly	*Sheffield*	*1st*	*Sept 2019*	*1/2*	*Did not stand for re-election*
Rebecca Kent	Rest of South Yorkshire	3rd	Sept 2021	4/5	
Jessica Lipski	Rest of South Yorkshire	1st	Sept 2020	4/5	
Sarah Makepeace	Sheffield	2nd	Sept 2022	5/5	
George Marriott	*North Derbyshire*	*1st*	*Nov 2020*	*0/2*	*Did not stand for re-election*
Ash Marshall	Sheffield	1st	Sept 2020	5/5	
Nathaniel Mills	Sheffield	1st	Sept 2021	3/5	
Colin Muncie	*Sheffield*	*1st*	*Jan 2022*	*1/1*	*Partial-term*
Robert Peace	Rest of England and Wales	2nd	Sept 2020	3/5	Lead Governor
Mark Rooker	Sheffield	2nd	Sept 2022	4/5	

Fig: Staff Governors (elected)

Name	Constituency	Term	Elected from	Attendance	Notes
Sarah Baker	Non-clinical	1st	Sept 2021	4/5	
Samantha Burns	*Nursing/midwifery*	*1st*	*April 2021*	*2/2*	*Resigned Nov 2022*
Olayinka Fadahunsi	Medical/dental	1st	Sept 2020	5/5	
Sharon Fernandes-Kore	Non-clinical	1st	Sept 2022	2/3	
Dr Lindsey Jacobs	Other Clinical Healthcare	1st	Sept 2022	3/3	
Jacqueline Griffin	*Non-clinical*	*3rd*	*Sept 2019*	*2/2*	*Completed maximum number of terms*
Anne Cecile-Hogg	*Other clinical*	*1st*	*Sept 2019*	*1/2*	*Did not stand for re-election*
Kathryn Holden	Other clinical	3rd	Sept 2020	4/5	
Pauline Williams	Nursing/midwifery	1st	Sept 2021	5/5	

Fig: Partner Governors (appointed)

Name	Partner Organisation	Appointed from	Attendance	Notes
Ruth Barley	Sheffield Hallam University	Sept 2015	0/0	*Maternity* leave
Cheryl Davidson	The Children's Hospital Charity	March 2023	0/0	
Charlotte Elder	University of Sheffield	July 2018	2/5	
Christos Louca	Sheffield Futures	Feb 2022	1/1	
Viky Mercer	*Sheffield Futures*	*March 2021*	*0/1*	*Resigned May 2022*
Bethan Plant	Sheffield City Council	Sept 2017	5/5	
Dan White	*Sheffield City Council*	*Feb 2019*	*3/4*	*Resigned Jan 2023*
Julie Wilson	*Yorkshire Ambulance*	*Oct 2021*	*1/5*	*Resigned March 2023*

Elections within the reporting period

Council of Governors' elections took place during summer 2022. Twenty nominations were received from people who wished to stand for election and all seats were contested.

The new governors began their terms of office immediately after the annual members' meeting on 27 September 2022.

The overall turnout rate across all contested seats was 9%.

Full details of the composition of the Council of Governors and of previous election results are posted on our website at:

www.sheffieldchildrens.nhs.uk/about-us/council-of-governors/.

In the event of an elected governor's seat falling vacant for any reason before the end of a term of office, it is filled by the second-placed candidate in the last election held for that seat provided that the candidate achieved at least five per cent of the vote.

Lead Governor

The Council of Governors elects one of the governors to be 'Lead Governor'. The Lead Governor acts as the point of contact for NHSI/E should the regulator wish to contact the Council on an issue for which the normal channels of communication are not appropriate.

The current Lead Governor is Robert Peace.

The Lead Governor receives from governors any comments, observations and concerns expressed by governors regarding the performance of the Trust or its business, other than those expressed directly by governors at meetings of the Council of Governors. The Lead Governor regularly meets with the Chair.

In addition, the Lead Governor communicates with other governors by way of regular electronic correspondence and also meets on an ad-hoc basis with small groups of governors to discuss relevant matters.

Strengthening links between the Board and Governors and members

The Board of Directors continues to demonstrate a strong commitment to working in partnership with the Council of Governors, acknowledging the role of governors in encouraging openness and accountability between the Trust, patients, carers and the public.

Executive and non-executive directors are not members of the Council of Governors but have a standing invitation to attend all Council meetings to listen to the views of governors. The Chair of the Trust Board also chairs the Council of Governors and provides a link between the two, supported by the Trust Secretary. The Chair also meets informally with governors after each Board meeting.

Non-executive directors lead on the presentation and facilitation of relevant agenda items, providing the opportunity for governors to question the non-executive directors on the performance of the Board.

Fig: Attendance by directors at Council of Governors meetings in 2022/23

Name		Attendance
Shaeen Azam	Non-executive Director (from 1st October 2022, previous Associate Non-executive Director)	4/5
Ruth Brown	Chief Executive	4/5
Richard Chillery	Non-executive Director	5/5
John Cowling	Non-executive Director (departed 31 August 2022)	3/3
Jon Eggleton	Non-executive Director	5/5
Sarah Jones	Chair	5/5
Fatima Khan-Shah	Non-executive Director	3/5
Peter Lauener	Non-executive Director and Deputy Chair	3/5
Patricia Mitchell	Non-executive Director (departed 31 September 2022)	1/3
Yvonne Millard MBE	Chief Nurse (joined 19 September 2022)	2/3
Ros Moore	Non-executive Director (joined 1 October 2022)	1/2
Jeff Perring	Executive Medical Director	3/5
Nick Parker	Chief People Officer	4/5
Craig Radford	Chief Operating Officer	5/5
Sally Shearer	Executive Director of Nursing and Quality, and Acting Deputy Chief Executive (departed 31 August 2022)	2/2
John Williams	Executive Director of Finance	5/5

Board Directors attend the Annual Members' Meeting to liaise with members. This was held virtually on 27 September 2022. The Board and Governors also meet jointly at least annually, most recently in May 2023, as part of enabling governors to input into discussions relating to the Trust's future direction.

Trust Board meetings are held in public and there is an open invitation for governor observers to attend Board committees to widen opportunities for governors to observe Trust Board business, supporting them in fulfilling their statutory duty of holding the Board of Directors to account and to inform their assessment of the performance of non-executive directors.

The current governor observers are:

- Quality Committee – John Adler
- People and Engagement Committee – Pauline Williams
- Performance Committee – Steven Huggins
- Risk and Audit Committee – Jo Arch

Governors are invited to take part in the Board's Back to the Floor programme by accompanying directors on visits to areas of the Trust.

Feedback from these activities are shared at Council of Governors meetings and focus has been placed on more formally capturing learning points to feed into patient experience work streams.

There has also been continued focus on involving the Council of Governors in key developments and issues impacting the Trust. A summary of the involvement of governors in the activities of the Trust during 2022/23 includes:

- Involvement in the development of the clinical strategy and quality, safety and patient experience strategies.
- Involvement in the '15 Steps' Challenge.
- Participation in a session with the Board of Directors to discuss forward plans and the Trust's external strategic environment.
- Attendance at Board debriefs with the Chair and sessions with the Chief Executive, Chief Nurse and Executive Medical Director.
- Appointment process for a new Chief Nurse and non-executive director.
- Attendance at the Trust Board's committees.

- Involvement in the promotion of governor elections.
- Participation in the virtual Staff Awards.
- Holding a virtual Annual Members' meeting to formally receive the Trust's Annual Report and report of the auditor.
- Attending virtual Back to the Floor visits.
- Participation in a mock security exercise to test the Trust's security controls.
- Involvement in the Trust's Green Group and Daisy® accreditation programme.
- Invitation to formally input into the appraisal of the performance of the Trust Chair and the non-executive directors.

Membership report

The Trust is accountable to the population it serves and members of the public can be members of the Trust. Members share their views and influence the way in which the Trust runs and develops its services. The Trust considers its membership to be a valuable asset, which helps guide its work and the decisions it makes, whilst also holding the organisation to account and ensuring we adhere to NHS values. It is one of the ways the Trust communicates with the public and colleagues.

The Trust has two membership categories:

- **Public**: residents over 14 years of age and living in the areas the Trust has specified as a public constituency (Sheffield, Rest of South Yorkshire, Rest of England and Wales and North Derbyshire). This is notwithstanding those that are individual members of one of the classes of the staff constituency.

- **Staff**: employees whose contract means that they can work for the Trust for longer than 12 months. Colleagues that are employed by other organisations and exercising functions on behalf of the Trust are also eligible to become members, such as university colleagues employed on an honorary contract.

Members are able to vote and stand for election to the Council of Governors and receive other incentives including invitation to the Annual Members' Meeting and other events and regular communication from the Trust on its activities.

Membership strategy

The Trust's membership numbers have decreased this year by 274. In order to ensure that our membership is current, a routine data cleansing exercise of our membership database was conducted in each quarter during 2022/23 by our membership database provider, MES.

Our membership strategy centres on delivering a membership that is fully representative of the diverse communities the Trust provides services to, regardless of gender, race, disability, ethnicity, religion or any other groups covered under the Equality Act 2012. Our current membership broadly reflects the local and regional populations we serve. We continue to note the effectiveness of social media as a recruitment strategy and will continue to capitalise on this as a means to increase the coverage of our engagement activities in as cost effective a manner as possible.

Our Board and Council of Governors will work together to ensure we can support ways to ensure the views of members and the public are taken into account in the reshaping of services to ensure that patients and local communities have access to appropriate, safe and high quality care. As in previous years, all members are invited to our Annual Members' Meeting (AMM).

Fig: Membership breakdown at 31 March 2023

constituency	sub-constituency		number of members	increase/ decrease from 2021/22
public membership	*in Sheffield*			
	Sheffield		5,218	-63
	out of Sheffield			
	Rest of South Yorkshire		1,274	-47
	North Derbyshire		394	-15
	Rest of England and Wales		598	-3
		sub-total	**7,484**	**-128**
staff membership	medical and dental		545	-7
	other clinical		1,250	-64
	nursing		1,059	-44
	non clinical		1,187	-31
		sub-total	**4,043**	**-146**
		grand total	**11,527**	**-274**

Financial and other public interest disclosures

Cost allocation and charging requirements

The Trust has complied with the cost allocation and charging guidance issued by HM Treasury. There is no additional charge for materials made available to meet the needs of particular groups of people, e.g. in braille or other languages. The Trust does not charge a standard fee to comply with subject access requests, however where a request is manifestly unfounded or excessive, a reasonable fee to cover administrative costs is considered as per guidance set by the Information Commissioner's Office. The Trust does not impose any fees for responding to requests unless the amount of information exceeds appropriate limits.

Political donations

There are no political donations to disclose for the financial year 2022/23.

Employee benefits

Accounting policies for pensions and other retirement benefits are set out in note 1.9 of the accounts. Details of senior employees' remuneration can be found in the remuneration report section of this report.

Payment of creditors

Performance for the financial year is set out in the table below.

Fig: Better payment practice code table

	Expected Sign	Actual 31/03/23 YTD Number	Actual 31/03/23 YTD £'000
Non NHS			
Total bills paid in year	+	45,846	144,920
Total bills paid within target	+	43,068	131,604
Percentage of bills paid within target	%	**93.9%**	**90.8%**
NHS			
Total bills paid in year	+	2,628	25,413
Total bills paid within target	+	1,933	19,083
Percentage of bills paid within target	%	73.6%	75.1%
Total		-	-
Total bills paid in year	+	**48,474**	**170,333**
Total bills paid within target	+	**45,001**	**150,687**
Percentage of bills paid within target	%	**92.8%**	**88.5%**

Non-NHS income

Law requires that Trust income from the provision of goods and services for the purpose of the health service in England must be greater than its income from the provision of goods and services for any other purposes. In 2021/22, the Trust met this requirement, with 96 per cent (£240,957k) of the Trust's income generated by activities for the purpose of the health service in England.

Serious incidents involving data loss or confidentiality breach

The Trust takes its responsibility to keep personal data safe very seriously. Annual information governance training is mandated for all colleagues, in addition to role-specific training mandated for colleagues responsible for key data processing functions. The Trust is also required to annually certify the Trust's compliance with NHS information governance standards, a process which also includes mandated Internal Audit review.

Directors' consideration of this report

The Directors consider that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy.

Directors' Disclosure to Auditors

The Directors confirm that, as far as they are aware, there is no relevant audit information of which the Trust's auditors are unaware. The Directors have taken all steps they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

Remuneration report

The Remuneration Report outlines appointments and payments made to Trust Executive and Non-executive Directors in-year.

The Board of Directors delegates responsibility to a Board Nominations and Remuneration Committee to make decisions regarding the nomination, appointment, remuneration and conditions of service for executive directors including the Chief Executive.

This Committee only determines the reward package of executive directors and senior managers on locally-determined pay.

The vast majority of colleague remuneration, including the first layer of management below Board level, is determined in accordance with the national NHS pay framework, Agenda for Change. It is not currently anticipated that this will change.

Medical and dental colleagues are covered by separate national terms and conditions of service set by the Doctors and Dentists Review Body.

The setting of non-executive directors' remuneration is the responsibility of the Council of Governors' own Remuneration and Recruitment Committee.

The membership of the Board Nominations and Remuneration Committee comprises the Chair and all the non-executive directors. The Chief Executive is also a member when the Committee are considering non-pay matters.

During 2022/23, the Committee met eight times and attendance at the meetings is set out in the figure below.

Fig: Board Nominations and Remuneration Committee membership attendance
Key: P = present; A = apologies; N/A = not required to attend.

Name	27/5	14/6	5/7	22/7	26/9	25/10	30/11	21/2
Sarah Jones, Chair	P	P	P	P	P	A	P	P
Shaeen Azam, Non-executive Director (joined 1 October 2022, previously Associate Non-executive Director)	A	A	P	P	P	P	A	P
Richard Chillery, Non-executive Director	P	A	P	P	P	P	A	P
John Cowling, Non-executive Director (departed 31 September 2022)	P	A	P	P	P			
Jon Eggleton, Non-executive Director	P	A	P	A	A	P	P	P
Fatima Khan-Shah, Non-executive Director	A	P	P	P	P	A	P	A
Peter Lauener, Non-executive Director	P	P	P	P	P	P	A	P
Patricia Mitchell, Non-executive Director (departed 31 September 2022)	P	P	P	A	P			
Ros Moore, Non-executive Director (joined 1 October 2022)						P	A	A
Ruth Brown, Chief Executive	P	P	P	P	P	P	P	P

Annual statement from the Chair of the Board Nominations and Remuneration Committee

The Board's Nominations and Remuneration Committee considered a revised executive pay framework and executive director remuneration on 5 July 2022.

The new framework is based on the following:

- The Nominations and Remuneration Committee should decide if a proportion of executive directors' remuneration should be structured so as to link reward to corporate and individual performance. The Nominations and Remuneration Committee should judge where to position its NHS Foundation Trust relative to other NHS Foundation Trusts and comparable organisations. Such comparisons should be used with caution to avoid any risk of an increase in remuneration levels with no corresponding improvement in performance.

- Any performance-related elements of executive directors' remuneration should be stretching and designed to promote the long-term sustainability of the NHS Foundation Trust. They should also take as a baseline for performance any competencies required and specified within the job description for the post.

- When determining executive pay, the Nominations and Remuneration Committee should have regard to the following factors:

    - the relevant skills and experience of the director
    - market conditions
    - the relevant regulatory pay framework and annual benchmarking data from NHS Providers
    - collective as well as individual performance and objectives
    - the demands of the role,

- The Nominations and Remuneration Committee should also be sensitive to pay and employment conditions elsewhere in the NHS Foundation Trust, especially when determining annual salary increases, as well as across the NHS and in the wider public sector.

The revised framework has been used to make in-year adjustments to individual executive director remuneration. Under the new framework, the 3% executive on-call payments have been consolidated into base pay and overall pay was baselined against the medium trust range of the NHSE pay framework. Decisions were also made in relation to new executive director and VSM appointments – Chief Nurse, Deputy Chief Executive and Strategy and Partnerships Director.

Monitoring and measurement of performance against objectives is undertaken through the annual performance review process undertaken by the Chair (where the objectives relate to the Chief Executive) or the Chief Executive (where the objectives relate to an executive director). The outcomes of this process are reported back to the Nominations and Remuneration Committee.

Fig: Senior manager's remuneration policy

Element	Policy
Base pay	Base pay is determined by using annual benchmarked data in order to attract and reward the right calibre of leaders to deliver the Trust's aims and priorities
Pension	Executive directors are able to join the standard pension scheme that is available to all colleagues
Remuneration related to performance	Specific objectives aligned to Trust aims and priorities are set where appropriate, linked to executive remuneration for monitoring and measurement of performance against these objectives.
Benefits	The Trust operates a number of salary sacrifice schemes including childcare vouchers and a car lease scheme. These are open to all colleagues.
Travel expenses	Appropriate travel expenses are paid for business mileage
Declaration of gifts	As with all employees, executive and non-executive directors must declare any gifts or hospitality according to Trust policy

The Trust has paid certain senior managers more than £150,000 and believes that this is appropriate given the market conditions both at the time of appointment and at present.

Executive director appointments

The Trust's new Chief Operating Officer, Craig Radford, was appointed 1 April 2022 following a competitive process.

John Williams, Chief Finance Officer, was also appointed Deputy Chief Executive with effect from 1 August 2022 following a request for expressions of interest.

After seven years with the Trust, and an NHS career spanning over 40 years, Professor Sally Shearer OBE retired on 31 August 2022. The new Chief Nurse, Yvonne Millard MBE, took up her role on 19 September 2022. In the interim period, Claire Harness acted as Interim Chief Nurse.

The Council of Governors' Remuneration and Recruitment Committee

The Council of Governors has previously taken the decision to combine two committees to form a single Remuneration and Recruitment Committee.

Membership of the Committee during 2022/23 comprised of the Trust Chair and seven governors. The Chief People Officer and the Associate Director – Corporate Affairs are invited to attend to provide advice to the Committee.

It meets annually, or as required, to recommend to the Council of Governors the nomination of appropriate candidates for the posts of non-executive director, including the Chair. The Committee also has responsibility for making recommendations to the Council of Governors with regard to the remuneration, and other terms and conditions of office, for the Chair and non-executive directors. The Committee is also responsible for overseeing Chair and non-executive appraisals.

The Committee's work plan for 2022/23 focused on the appointment of a two new non-executive directors, Shaeen Azam (who was previously an associate non-executive director of the Trust) and Ros Moore.

Additionally, the Council of Governors approved extensions for Sarah Jones until 31 December 2023 and Peter Lauener until 31 August 2023.

Remuneration of non-executive directors

The only remuneration decision pertaining to non-executive directors related to the remuneration of the Chair role which increased from £48k to £50k following a review and taking account of national guidance.

Approach to diversity and inclusion

Following the appointment of a new Head of Equality and Diversity in January 2023, the Trust is now developing its equality and diversity strategy and roadmap which will form part of the people programme.

Once agreed it will be used by the Trust's Nominations and Remuneration Committee and tied to the Trust's strategic aims.

Consultancy

The Trust expenditure on consultancy services in 2022/23 was £243k. This was for a range of

activities including recruitment searches, advice and benchmarking.

Remuneration of non-executive directors

The Council of Governors did not change the amount of remuneration paid to non-executive directors during 2022/23 but did increase the amount paid to the Chair from £48k to £50k in line with national benchmarking and postholder experience.

The Committee uses externally sourced data to satisfy the Code of Governance requirement to undertake an independent market review exercise of non-executive director remuneration. The context for determining whether there was a need to make an annual uplift to non-executive director remuneration levels also includes consideration of pay awards given to other groups of NHS colleagues.

Off payroll engagements

The Trust has no off-payroll engagements in relation to colleagues as a result of IR35 regulations which came into effect on 6 April 2017. The Trust has done a review of all such arrangements and is satisfied that it will remain in this position.

Policy for loss of earnings

Senior managers terms and conditions are covered within their employment contracts and where appropriate through reference to Agenda for Change terms and conditions or appropriate Trust Policies.

Payment for loss of office is determined by reference to the appropriate Trust policy, for example conduct, capability or sickness absence. Normally, senior managers would be expected to work their notice period or if the contract enables, be paid notice, with the exception of redundancy payments which are governed by the Agenda for Change Terms and Conditions and any further conditions applied by NHSE; and gross misconduct where senior managers can be dismissed without notice.

Any exceptions to this would be handled in line with Trust SFIs and through appropriate approval routes internally via Nominations and Remuneration Committee or if appropriate via NHS England or Treasury.

Exit packages

Nine colleague exit packages (totalling £240k) were paid out during the year 2022/23.

Remuneration of non-executive directors

The Council of Governors did not change the amount of remuneration paid to non-executive directors during 2022/23.

The Committee uses externally sourced data to satisfy the Code of Governance requirement to undertake an independent market review exercise of non-executive director remuneration. The context for determining whether there was a need to make an annual uplift to non-executive director remuneration levels also includes consideration of pay awards given to other groups of NHS staff.

Annual Report on Remuneration

Current Remuneration and Pensions		Financial Year 1 April 22 - 31 March 23			
		Salary and Fees inc on-call	Taxable Benefits	Pension Related Benefits	Total
		Bands of £5,000	Total to the Nearest £100	Bands of £2,500	Bands of £5,000
Name	**Title**	**£'000**	**£'000**	**£'000**	**£'000**
John Somers (1)	Chief Executive (outgoing)	50 - 55	-	-	50 - 55
Ruth Brown	Chief Executive	190 - 195	0.2 – 0.3	112.5 – 115	305 – 310
Jeff Perring	Executive Medical Director	160 - 165	0.0 – 0.1	82.5 – 85	245 – 250
Nick Parker	Chief People Officer	115 – 120	0.1 – 0.2	40 – 42.5	155 – 160
Sally Shearer (2)	Director of Nursing and Quality (outgoing)	50 - 55	0.1 – 0.2	-	50 - 55
John Williams	Chief Finance Officer and Deputy Chief Executive	125 - 130	0.1 – 0.2	35 – 37.5	160 – 165
Craig Radford	Chief Operating Officer	120 - 125	0.2 – 0.3	92.5 – 95	215 – 220
Yvonne Millard (3)	Chief Nurse	60 - 65	-	87.5 - 90	145 - 150
Sarah Jones	Chair	45 – 50	-	-	45 – 50
John Cowling (4)	Non-executive Director	5 – 10	-	-	5 – 10
Peter Lauener	Non-executive Director	10 – 15	-	-	10 – 15
Richard Chillery	Non-executive Director	10 – 15	-	-	10 – 15
Patricia Mitchell (5)	Non-executive Director	5 – 10	-	-	5 – 10
Jon Eggleton	Non-executive Director	10 - 15	-	-	10 - 15
Fatima Khan-Shah	Non-executive Director	10 - 15	-	-	10 - 15
S Azam (6)	Non-executive Director	5 - 10	-	-	5 - 10
RE Moore (7)	Non-executive Director	5 - 10	-	-	5 - 10

No directors received benefits in kind and the Foundation Trust made no contributions to stakeholder pensions

(1) J Somers left the Trust on 11th May 2022

(2) S Shearer stepped down from her position as Director of Nursing and Quality on 31st August 2022

(3) Y Millard started in post 19th September 2022

(4) J Cowling stepped down from his post on 30th September 2022

(5) P Mitchell stepped down from her post on 30th September 2022

(6) S Azam started in post 1st October 2022

(7) RE Moore started in post 1st October 2022

(8) Four Executive Directors were reimbursed a total of £527 for out-of-pocket expenses during the year

(9) Five Executive Directors received total taxable benefits of £429 during the year

2022/23		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 2023	Lump sum at pension age related to accrued pension at 31 March 2023	Cash Equivalent Transfer Value at 1 April 2022 (or start date if later)	Real increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2023
Name	Title	Bands of £2,500		Bands of £5,000		Nearest £000		
John Somers	Chief Executive (outgoing)	-	-	30 – 35	-	709	-	709
Ruth Brown	Chief Executive	5 – 7.5	7.5 – 10	40 – 45	65 - 70	579	92	715
Jeff Perring	Executive Medical Director	5 – 7.5	5 – 7.5	75 - 80	185 - 190	1,583	107	1763
Nick Parker	Chief People Officer	2.5 - 5	-	25 - 30	-	347	36	409
Sally Shearer	Director of Nursing and Quality (outgoing)	-	-	-	-	1.488	-	1,488
John Williams	Chief Finance Officer and Deputy Chief Executive	2.5 – 5	0 – 2.5	32.5 - 35	50 – 52.5	376	16	422
Craig Radford	Chief Operating Officer	5 – 7.5	7.5 - 10	30 - 35	50 – 52.5	339	59	426
Yvonne Millard	Chief Nurse	2.5 - 5	7.5 - 10	35 - 40	95 - 100	576	83	768

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

Note: NHS Pensions are using pension and lump sum data from their systems without any adjustment for a potential future legal remedy required as a result of the McCloud judgement. (This is a legal case concerning age discrimination over the manner in which UK public service pension schemes introduced a CARE benefit design in 2015 for all but the oldest members who retained a Final Salary design.). We believe this approach is appropriate given that there is still considerable uncertainty on how the affected benefits within the new NHS 2015 Scheme would be adjusted in future once legal proceedings are completed.

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.

Remuneration Ratio

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.

The banded remuneration of the highest-paid director in the organisation in the financial year 2022-23 was £190-195k (2021-22: £170-175k). This is a change between years of 12% using the mid-point of the banded remuneration.

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 Trust as a whole, the range of remuneration in 2022-23 was from £20k to £233k (2021-22 £19k to £247k). The average employee remuneration (based on total for all employees on an annualised basis divided by full time equivalent number of employees) is £33,240 with a percentage change between years of 8% (2021-22: £30,770). 6 employees received remuneration in excess of the highest-paid director in 2022-23.

There were no performance pay and bonuses in 2022/23 (2021/22: £nil).

There are no service contract obligations for the Trust with regards to senior managers.

The remuneration of the employee at the 25th percentile, median and 75th percentile is set out below. The pay ratio shows the relationship between the total pay and benefits of the highest paid director (excluding pension benefits) and each point in the remuneration range for the organisation's workforce. Prior year comparatives for 25th and 75th percentiles are included per requirements for 2022/23 reporting.

Pay ratio				
2022/23	25th percentile	Median percentile	75th percentile	Calculation
	Nearest £000			
Mid-point of banded remuneration of highest paid director (excluding pension benefits)	192.5	192.5	192.5	A
Salary component of pay	25.50	35.04	49.21	-
Total pay and benefits excluding pension benefits	25.67	35.26	49.51	B
Pay and benefits excluding pension: pay ratio for highest paid director	7.5:1	5.46:1	3.89:1	(A / B):1

The movement between the median percentile for 2022/23 (5.46:1) and same ratio in 2021/22 (5.22:1) can be attributed to an increase in the banded remuneration of the highest paid director.

2021/22 Comparatives

Current Remuneration and Pensions		Financial Year 1 April 21 - 31 March 22			
		Salary and Fees inc on-call	Taxable Benefits	Pension Related Benefits	Total
		Bands of £5,000	Total to the Nearest £100	Bands of £2,500	Bands of £5,000
Name	**Title**	**£'000**	**£'000**	**£'000**	**£'000**
John Somers (1)	Chief Executive	100 - 105	-	45 – 47.5	145 - 150
Ruth Brown (2)	Acting Chief Executive / Chief Executive	170 - 175	0.1 – 0.2	110 – 112.5	285 – 290
Jeff Perring	Medical Director	155 - 160	0.5 – 0.6	27.5 – 30	185 – 190
Nick Parker	Director of People and Organisational Development	105 – 110	0.5 – 0.6	25 – 27.5	135 – 140
Sally Shearer	Director of Nursing and Quality	120 - 125	2.7 – 2.8	82.5 - 85	210 - 215
John Williams	Executive Director of Finance	125 - 130	0.5 – 0.6	42.5 – 45	170 – 175
Craig Radford (3)	Acting Executive Director of Operations	100 - 105	-	55 – 57.5	155 - 160
Sarah Jones	Chair	45 – 50	-	-	45 – 50
John Cowling	Non-executive Director	10 – 15	-	-	10 – 15
Peter Lauener	Non-executive Director	10 – 15	-	-	10 – 15
Richard Chillery	Non-executive Director	10 – 15	-	-	10 – 15
Patricia Mitchell	Non-executive Director	10 – 15	-	-	10 – 15
Jon Eggleton	Non-executive Director	10 - 15	-	-	10 - 15
Fatima Khan-Shah	Non-executive Director	10 - 15	-	-	10 - 15
S Azam (4)	Associate Non-executive Director	0 - 5	-	-	0 - 5

No directors received benefits in kind and the Foundation Trust made no contributions to stakeholder pensions

(1) John Somers stepped down from his position at Chief Executive on 8th October 2021

(2) Ruth Brown stepped up to Acting Chief Executive from 16th April 2021and was appointed Chief Executive on 8th December 2021

(3) Craig Radford stepped up to Acting Executive Director of Operations 16th April 2021

(4) S Azam started in post 1st October 2021

(5) One Executive Director was reimbursed £120 for out-of-pocket expenses during the year (2020/21: Three Executive Directors were reimbursed a total of £354)

(6) Four Executive Directors received taxable benefits of £4,308 during 2020/21 (2020/21: One Executive Director received taxable benefit of £6,305)

2021/22		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 (or start date if later)	Real increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2022
Name	**Title**	**Bands of £2,500**		**Bands of £5,000**		**Nearest £000**		
John Somers	Chief Executive	0 – 2.5	0	40 – 45	0	636	9	709
Ruth Brown	Acting Chief Executive / Chief Executive	5 – 7.5	10 – 12.5	35 – 40	55 - 60	454	98	579
Jeff Perring	Medical Director	2.5 – 5	0	65 - 70	175 - 180	1,499	52	1583
Nick Parker	Director of People and Organisational Development	0 - 2.5	0	20 – 25	0	308	23	347
Sally Shearer	Director of Nursing and Quality	5 – 7.5	12.5 - 15	60 - 65	180 - 185	1.321	143	1,488
John Williams	Executive Director of Finance	2.5 – 5	0 – 2.5	25 - 30	45 - 50	334	23	376
Craig Radford	Acting Executive Director of Operations	2.5 - 5	2.5 - 5	25 - 30	40 - 45	289	32	339

Note: NHS Pensions are using pension and lump sum data from their systems without any adjustment for a potential future legal remedy required as a result of the McCloud judgement. (This is a legal case concerning age discrimination over the manner in which UK public service pension schemes introduced a CARE benefit design in 2015 for all but the oldest members who retained a FinalSalary design.). We believe this approach is appropriate given that there is still considerable uncertainty on how the affected benefits within the new NHS 2015 Scheme would be adjusted in future once legal proceedings are completed.

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.

Remuneration Ratio

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.

The banded remuneration of the highest-paid director in the organisation in the financial year 2021-22 was £170-175k (2020-21: £195-200k). This is a change between years of -13% using the mid-point of the banded remuneration.

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 Trust as a whole, the range of remuneration in 2021-22 was from £19k to £247k (2020-21 £18k to £214k). 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 3.4% (prior year comparative will be added in 2022/23 requirements). 9 employees received remuneration in excess of the highest-paid director in 2021-22.

There were no performance pay and bonuses in 2021/22 (2020/21: £nil).

There are no service contract obligations for the Trust with regards to senior managers.

The remuneration of the employee at the 25th percentile, median and 75th percentile is set out below. The pay ratio shows the relationship between the total pay and benefits of the highest paid director (excluding pension benefits) and each point in the remuneration range for the organisation's workforce. Prior year comparatives for 25th and 75th percentiles will be added per requirements in 2022/23 reporting.

Pay ratio				
2021/22	25th percentile	Median percentile	75th percentile	Calculation
	Nearest £000			
Mid-point of banded remuneration of highest paid director (excluding pension benefits)	172.5	172.5	172.5	A
Salary component of pay	22.88	31.79	43.72	-
Total pay and benefits excluding pension benefits	23.72	33.04	46.20	B
Pay and benefits excluding pension: pay ratio for highest paid director	7.27:1	5.22:1	3.73:1	(A / B):1

The movement between the median percentile for 2021/22 (5.22:1) and same ratio in 2020/21 (6.45:1) can be attributed to a reduction in the banded remuneration of the highest paid director.

Our People report

The people we employ and our volunteers at Sheffield Children's NHS Foundation Trust are the reason for our continued success. Nearly 4,000 people work at the Trust and they are vital to ensuring we continue to deliver high quality care for patients and their families.

People in post

At the end of the year, we had 3,992 people working in the Trust. This equated to 3,321 whole time equivalents. A breakdown of whole-time equivalents by occupational group is listed below.

Fig: Number of employees (whole time equivalent basis)

	2022/23			2021/22
	Permanent	Other	Total	Total
Add Prof Scientific and Technical	147	25	**172**	**196**
Additional Clinical Services	418	60	**477**	**451**
Administrative and Clerical	700	82	**783**	**746**
Allied Health Professionals	234	25	**259**	**209**
Estates and Ancillary	197	7	**204**	**201**
Healthcare Scientists	103	10	**113**	**120**
Medical and Dental	196	200	**396**	**372**
Nursing and Midwifery Registered	840	70	**910**	**853**
Students	1	7	**8**	**6**
Total average numbers	**2835**	**486**	**3321**	**3159**

Please note: The above table excludes people on maternity leave and career break

Fig: Breakdown of total employees by gender

as at 31 Mar 2023	Female		Male	
Directors	6	43%	8	57%
All employees (including the above)	3301	83%	691	17%

The health and well-being of the people who work at the Trust is a priority.

The average annual sick days per full time employee for the year January to December 2022 was 20.2 days (compared to 17.8 days in the previous year). For the same period the Trust has reported a sickness absence rate of 5.3% (compared to 4.7% in the previous year). The national average is 5.0%.

Sickness and isolation related to the COVID-19 pandemic has reduced significantly, but still a factor in our absence in 2022. This is consistent with other NHS Trusts. Our focus in year has been raising awareness of all available support to maintain the health and wellbeing of colleagues and encouraging uptake. This includes promoting compassionate leadership style, flexible and remote working, a person-centred approach to attendance management, focus on the importance of in shift breaks, taking a break from work, menopause awareness and chat rooms. Our HWB offer in year responded to the cost-of-living pressures for colleagues with more financial wellbeing awareness and access to support as necessary. We trained more people in Mental Health First Aid and have continued our access to fast-track

physiotherapy and confidential counselling services as part of our core offer.

Our Schwartz rounds (reflective safe space to learn from others' experiences) have continued to be a source of support and reflective space for all attendees. Our Health and Wellbeing Operational Group and champions continue to ensure that colleagues have access to information and expertise on a range of topics including menopause, financial wellbeing, and the therapeutic value of arts and other hobbies.

Our annual staff survey 2022 results continue the upward trend from 2021; and colleagues tell us that we have a good wellbeing offer and colleagues welcome the organisational interest in their health and wellbeing.

Staff costs.

Fig: Analysis of staff costs

	2022/23			2021/22
	Permanent	Other	Total	Total
	£000	£000	£000	£000
Salaries and wages	149,107	9,000	**158,107**	138,495
Social security	15,306	-	**15,306**	13,275
Apprentice ship levy	695	-	**695**	634
Employer's contributions to NHS Pensions	25,683	-	**25,683**	23,478
Pension cost –	57	-	**57**	67
Other post-employment benefits	-	-	**-**	-
Other employme	-	-	**-**	-
Termination benefits	-	-	**-**	-
Temporary staff	-	6,003	**6,003**	5,400
Total gross	**190,848**	**15,003**	**205,851**	**181,349**
Recoveries in	-	-	-	-
Total staff costs	**190,848**	**15,003**	**205,851**	**181,349**
Of which				
Costs capitalised as part of assets	1,434		**1,434**	817

Working with our people

In 2022 we updated our People Plan to deliver our strategic aim to be a brilliant place to work. Our priorities are:

- *Supporting our people – health and well being*
- *Belonging - equality, diversity and inclusion*
- *Growing for the future – education and training, recruitment, talent management and apprenticeships;*
- *New ways of working – new roles, workforce planning; and*
- *Culture and Behaviour – embedding our values and leadership development*.

Statement of approach to colleague engagement

Colleague engagement is a priority for the Trust. It is a vital part of our ability to deliver consistently high-quality clinical services; and is a key theme underpinning the People Plan.

Colleague engagement has been a real area of focus in 2022/23. Our Executive Team have put regular informing and listening initiatives in place including regular updates from the Chief Executive, Executive Director newsletters and blogs and various ways colleagues have been able to be heard and put forward their ideas, including our Open Meetings, Pulse Surveys and our equality network groups.

The Trust also held its third Caring Together Summit returning to a face-to-face event at Sheffield City Hall. The Trust has continued with a second series of thank you events, introducing small gestures of kindness and opportunities for colleagues to show their appreciation of each other, including virtual thank you cards. The events have been well-received. Our Staff survey results show an improving trend and the Trust maintiained its staff engagement score (7.1/10) in a context of a cost-of-living crisis, NHS industrial action and colleague fatigue.

The Trust continues to value the contribution and partnership working relationship with our collective trade unions. Our trade unions are an important part of our refreshed People Board governance arrangements.. Our Partnership Framework sets out our commitment to working with our trade union partners. The strong foundation of our relationship has been invaluable in our management of industrial action in late 2022.

Another forum for consultation and feedback is our Council of Governors, membership of which

includes colleague representatives, and this annual report outlines the involvement of governors in the review of our corporate objectives, plans for embedding our Trust values and the development of our quality priorities.

The Trust's communication strategy supports effective communication with colleagues and patients, developing our brand as a Trust and supporting our strategy for improved engagement. One of its objectives is to improve internal communications channels and continued focus has been placed on the development of more effective use of both digital and non-digital channels.

Awards

The Trust has developed a new reward and recognition approach to recognise the hard work, commitment and dedication of our people, with thank you events, and monthly and instant awards being launched in 2023. The r Star Awards will take place in September 2023.

Supporting our colleagues

The Trust continues to provide education, learning and development opportunities for all colleagues. Our mandatory training is aligned with the Core Skills Framework along with other NHS trusts so we can streamline our mandatory training requirement and passport this between health care organisations. Year ending March 2023, mandatory training uptake was 85% (core) and 80% (essential to role) against our 90% target.

We have focussed our training on having the skills to lead a difficult conversation and on team and individual resilience. We continue to focus resources on building capacity and capability with the launch of our new leadership development hub and a development programme with coaching for our most senior leaders below Board level. The Executive Team have continued with their development programme and have begun to roll-out a talent management approach for senior leaders.

In 2022 we launched our second appraisal season (April-July) and introduced a new framework and guidance for effective appraisals. Appraisals reached our 90% target in season, with around 3,000 people having an appraisal conversation;and the approach continues to be well received.

Speaking up

Sheffield Children's has had a Freedom to Speak Up (FTSU) Guardian working across the Trust since March 2017. The FTSU Guardian builds on the Raising Concerns Policy, assists colleagues to speak up, encouraging local resolution plus cultural change and psychological safety around the Trust.

As the COVID-19 pandemic came to a conclusion throughout 2022, speaking up facilities remained online, continuing to support 'working from home' but also providing personal support to clinical areas/colleagues on sites when requested. Drop In sessions and requests for face-to-face meetings increased significantly.

The FTSU Guardian is working in partnership with other guardians across the region for peer support and linking into South Yorkshire and Bassetlaw ICS/ICB workstreams. The National Guardian's Office continues to provide accredited training and support to the role, including the launch of a new exemplar national FTSU policy which is in the process of being integrated at the Trust.

Promotion and awareness of speaking up continued to be a priority, with the FTSU guardian presenting tailor made sessions to teams and cohorts of colleagues both within the Trust and across the medical education teaching network to clinical graduates across the region. Co-working with the equality and diversity networks ensured a collegiate approach to health and wellbeing including taking part in Civility and Respect Week.

Three Speaking Up 'e-training' modules from the National Guardian's Office/Health Education England and NHS England were launched in 2022 – Speak Up, Follow Up and Listen Up. All colleagues are invited to complete the short courses, choosing the most relevant courses as they are all tailored to different roles as workers, managers or senior leaders. They are available to all colleagues to access via their Electronic Staff Record or Health Education England website and are referenced or linked into trust wide management skills resources.

Activity in 2022/23 included:

- Trust Induction continued online and booklet format, completed by all new starters
- Student Nursing Year 1 and 2, Professional Nurse Advocate colleagues online induction presentations and links to development

needs of International Recruited Nurses cohorts
- Open Meetings and Drop-in sessions re-established on all sites
- Links to Disability and Race Equality Network meetings and projects
- National 'Speak Up' month promotion and colleague engagement held via social media and stall at Clinical Strategy launch
- Health and Wellbeing project involvement including Schwartz Rounds, Civility and Respect Week activities,
- FTSU Conference from National Guardian's Office and webinar participation
- National Guardian's Office FTSU training – certificate achieved
- Papers presented to Trust Board and Risk and Audit Committee
- Regional Post Graduate Clinicians FTSU training sessions delivered across Yorkshire and Humber Deanery
- Emerging themes meetings with Chair, Chief Executive and Senior Independent Director plus new Non-Executive Director with responsibility for FTSU.
- Whole team training and advice seminars delivered including non-clinical teams, plus support and administration roles.

During 2022/23, 96 concerns were raised via the FTSU Guardian, an increase of nearly 25% from the previous year. Themes included organisational change, whole team issues, safe staffing levels, professional conduct and 1:1 communication/behaviours between colleagues. Groups of colleagues also spoke up about the local impact of national changes to services and provision within Laboratory Services and Radiology. Colleagues also felt able to raise more 'lower level' issues, thus reflecting the cultural shift towards one where speaking up is 'business as usual' - the FTSU Guardian did not receive any anonymous individual concerns throughout the year.

For the first time, data shows higher reporting of concerns in the age group of 50-59 year-olds and from within both Nursing and Allied Health Professional roles. Most concerns are received from colleagues from a White British ethnicity who are female – this reflects both the national data findings and the largest colleague employee groups at the Trust. More male colleagues have spoken up in this year, indicating a year on year increase. Individual concerns have increased through the year and concerns from colleagues from non-white ethnic backgrounds have risen with concerns received from colleagues from 11 other ethnic backgrounds.

Fig: Number of concerns per Directorate in 22/2:3

	Trust Total
MEDicine	36
Surgery and Critical Care	10
Pharmacy, Diagnostics and Genetics	18
Child Well-being and Mental Health	14
Other	18
Trust Total	**96**

Volunteering

We continue with our successful volunteer service, though during the pandemic many of the volunteers have not been able to undertake duties or be on site. Some of our volunteers have been with us for many years; others come for one year and transfer their valuable experience to university, back into employment or onto other volunteering opportunities.

Our volunteers work across all areas, including patient-facing and corporate roles and at any one time we have more than one hundred volunteers actively working within the Trust. Our volunteers are subject to the same stringent recruitment process and safeguarding checks as our employees and are easily identified by their red t-shirt uniform.

We recognise the valuable work of our volunteers through a specific volunteering category in our annual Star Awards. We also host an annual thank you event for our volunteers. We are one of a few NHS foundation trusts who have been accredited with the Investing in Volunteers (IIV) award.

Apprenticeships

Our Apprenticeship programmes continue to grow year on year, with many Trust colleagues taking advantage of the Apprenticeship Levy to fund their personal and professional development.

We are increasingly addressing workforce challenges this year by introducing further clinical degree apprenticeships that will provide a new supply of registered clinical professionals on competition.

Our programmes range from level 2 up to Level 7, across all roles from entry level to more senior roles. Entry level apprenticeships enables the Trust to 'grow our own talent' by attracting young people to the NHS. In 2022/23 we offered external apprenticeship opportunities in Customer Service, Healthcare Science and Pharmacy. Our first ODP apprentices have now secured permanent roles and a rolling programme of ODP apprenticeships will now be embedded.

New apprenticeships are being created all the time and we work very closely with HEE (Health Education England) to ensure that our offer to Trust colleagues is current and effective.

Equality of Service Delivery

Through 2022/23 we have launched our Clinical Strategy which includes "Health Inequalities and Inclusion" as one of five themes. Our vision for the theme states:

"We will actively seek to minimise the impact of Health Inequalities on mental and physical health every time a family interacts with us to improve experience, access and outcomes. We will work with partners to address the root causes of inequalities and invest where the need is greatest."

Our strategy sets out our ambitions to deliver this theme and we established a vibrant Health Inequalities forum which had significant impact through 22/23 in developing practical tools to help teams mitigate the impact of health inequalities – for example You Matter Care packs and signposting to voluntary sector support for cost of living etc. Through 22/23 the Trust has also delivered significant improvements to Was Not Brought rates for patients from socially deprived communities, with a 50% reduction delivered through targeted interventions, using a predictive model. This work has been spread throughout the Children's Hospital Alliance, demonstrating impact across the country for those most in need.

Additionally, we have worked closely with Roma Slovak and Somali communities to understand their experience of healthcare and how they want to shape the relationship for the future. This work has been undertaken with voluntary sector and community groups, with the support of Co-Create. This will inform our ongoing plans to strengthen how we listen and involve children, young people and communities.

Our Board receives regular information on health inequalities across Sheffield and we are committed to increasing the use of this information across our organisation, so we can better understand the impact of health inequalities on how families access care and can tailor our services accordingly. for those

As part of the Trust's operational planning for 2023/24 on the back of the COVID-19 pandemic, the Trust is analysing its waiting lists, including for clinically prioritised cohorts, to identify disparities in relation to the bottom 20% by Index of Multiple Deprivation (IMD) and black and minority ethnic populations.

Equality, diversity and inclusion

The Trust has refreshed its commitment to being an inclusive employer. In 2022 the Trust invested in a permanent Head of Equality, Diversity and Inclusion to take forward our colleague agenda. A new EDI 3-year road map is in development in early 2023 and will have a year one delivery plan determined after colleagues and leaders. Our Race Equality and Disability networks are now well established, and our LGBT+ allies network continues to develop its membership. Our new Carer Network launched in 2022. Our network chairs have protected time and lead on EDI projects, as well as being involved in decision making at our People Board.

The Trust is a member of Stonewall's Diversity Champions programme and NHS Employers' Diversity Partners Programme. The Trust holds a Bronze certification as part of the Stonewall Workplace Equality Index, and we achieved Disability Confident Standard Level 2. Our equality network groups have led on celebrations and worked together to ensure that we celebrate our history and our diversity including Black History Month, where the network was commended by the RCN, LGBT History Month and International Day of People with Disabilities. We continue to promote and celebrate International Women's Day, Pride in Sheffield and a calendar of events and celebrations of events and religious festivals. Our policies relating to disabled colleague's employment can be found on our Intranet page '*Support for colleagues with disabilities and long term health conditions'*.

Our Race Equality Research Project, focussed on taking feedback from black, Asian and ethnic minority colleagues about how it felt to work for Sheffield Childrens' ended in March 2023. The fantastic research work led by Shirley Kirkland helped draw attention to Trust leaders about the

experience of colleagues and led to actions to make improvements. A follow up with colleagues shows improvements in how colleagues feel about involvement, being valued and access to development and promotion opportunities.

Details of our gender pay gap reporting can be found at:

https://www.sheffieldchildrens.nhs.uk/about-us/publications/gender-pay-gap-reporting/

Colleague Health and Wellbeing

Colleague health is a priority for the Trust. We increased our resources during the pandemic and have continued to make available free, self-referral counselling services, mental health first aider trained colleagues, Schwartz rounds and critical incident debrief support, encouraged health and wellbeing conversations and check ins, and as part of our behaviour framework, encouraged colleagues to seek out help, pay attention to others and check in, feel safe to speak up if not feeling okay and to look after self-first – if I'm okay, they are okay. Mental wellbeing (anxiety, stress, depression) is our highest reason for absence, often where there is a combination of personal and work pressures. Our support has also been focused on keeping moving, sleeping well, eating well, understanding menopause, as well as access to fast-track physiotherapy for MSK issues that impact on work. This helps some colleagues to return to work sooner and for others it prevents absence. 2022 brought cost of living pressures to everyone, and financial wellbeing advice and signposting to support and charities have also been shared with colleagues. Our approach to managing absence has changed to a more person-centered plan, rather than a procedure led approach.

Staff Survey and Engagement

The NHS staff survey is conducted annually. From 2022/23 the survey questions align to the seven elements of the NHS 'People Promise' and retains the two previous themes of engagement and morale. All indicators are based on a score out of 10 for specific questions with the indicator score being the average of those. The response rate to the 2022/23 survey among trust colleagues was 43% (compared with 46% in 2021/22).

The Staff Survey informs us that we continue to be above average when compared with other NHS trusts as an inclusive employer, and our working environment. The results also remind us of the importance of continuing in our aims to improve equality, diversity and inclusion in our workplace as part of our strategic aim to be a brilliant place to work. Our focus for 2023 is to increase our response rate and address areas highlighted in the staff survey relating to work pressures; and supporting colleagues who experience abuse from patients and their families.

The table below shows our results for each theme compared to the previous year and the average across other Acute and Community NHS Trusts this year. We have improved in all areas and are above average compared with other NHS Trusts in all themes too.

Themes	Trust Score 2021/22	Trust Score 2022/23	Average In NHS 2022/23
We are compassionate and inclusive	7.5	**7.6**	7.2
We are recognised and rewarded	6.1	**6.0**	5.7
We each have a voice that counts	6.9	**7.0**	6.6
We are safe and healthy	6.0	**6.1**	5.9
We are always learning	5.4	**5.7**	5.4
We work flexibly	6.2	**6.3**	6.0
We are a team	6.7	**6.9**	6.6
Staff engagement	7.1	**7.1**	6.8
Morale	5.8	**5.9**	5.7

Acute and Acute and Community Trusts are presented below.

Indicators ('People Promise' elements and themes)	2021/22	
	Trust score	Benchmarking group score
We are compassionate and inclusive	7.5	7.2
We are recognised and rewarded	6.1	5.8

We each have a voice that counts	6.9	6.7
We are safe and healthy	6.0	5.9
We are always learning	5.4	5.2
We work flexibly	6.2	5.9
We are a team	6.7	6.6
Staff engagement	7.1	6.8
Morale	5.8	5.7

2019/20 and 2020/21

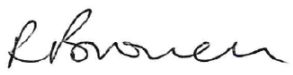
Scores for each indicator together with that of the survey benchmarking group Acute and Acute and Community Trusts are presented below.

	2020/21	
	Trust score	**Benchmarking group score**
Equality, diversity and inclusion	9.4	9.1
Health and wellbeing	6.5	6.1
Immediate managers	6.9	6.8
Morale	6.5	6.2
Quality of appraisals	N/A	N/A
Quality of care	7.3	7.5
Safe environment – bullying and harassment	8.7	8.1
Safe environment – violence	9.7	9.5
Safety culture	7.0	6.8
Staff engagement	7.3	7.0

	2020/19	
	Trust score	**Benchmarking group score**
Equality, diversity and inclusion	9.4	9.2
Health and wellbeing	6.0	6.0
Immediate managers	6.8	6.9
Morale	6.3	6.2
Quality of appraisals	5.4	5.5
Quality of care	7.2	7.5
Safe environment – bullying and harassment	8.4	8.2
Safe environment – violence	9.6	9.5
Safety culture	6.7	6.8
Staff engagement	7.2	7.1

Inclusion Strategy

Development of our inclusion approach will continue in 2023, with involvement from our network group colleagues and key stakeholders, incorporating learning and feedback from 2021. The strategy will be launched in 2022.



Ruth Brown
Chief Executive and Accounting Officer

29 June 2023

Trade union facilities time

The Trust reports annually on its facilities time for trade union representatives in accordance with The Trade Union (Facility Time Publication Requirements) Regulations 2017

Table 1 - Relevant union officials
What was the total number of your employees who were relevant union officials during the relevant period?

Number of employees who were relevant union officials during the relevant period	*Full-time equivalent employee number*
20	3008.00

Table 2 - Percentage of time spent on facility time
How many of your employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

Percentage of time	*Number of employees*
0%	5
1-50%	8
51%-99%	0
100%	1

Table 3 - Percentage of pay bill spent on facility time
Provide the figures requested in the first column of the table below to determine the percentage of your total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

First Column	*Figures*
Provide the total cost of facility time	£41,417
Provide the total pay bill	£170,540,000
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.02%

Table 4 - Paid trade union activities
As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100
99.32%

Compliance with NHS Foundation Trust Code of Governance

Sheffield Children's NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a 'comply and explain' basis. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012.

The Trust continues to seek to comply with the Code and through the Risk and Audit Committee has reviewed compliance against provisions of the Code.

The Board made the required disclosures within this Annual Report and considers it is compliant with the NHS Code of Governance, with the exception of paragraphs A5.12 and B6.5.

Further details of how the Trust has applied the Code principles and complied with its provisions are set out here.

The responsibilities of both the Trust Board and the Council of Governors are also laid out in the Trust's Constitution which can be downloaded from: https://www.sheffieldchildrens.nhs.uk/about-us/publications/

Statement of compliance with NHS England's Code of Governance 2022/23

Key:
Provisions that are asterisked (*)are required to be reported with a supporting explanation in the Trust's annual report, regardless of whether the Trust is compliant or not.

Provisions that include a plus sign (+) should be disclosed by exception. In other words, only in cases where the Trust has departed from the Code, should we explain the reasons for the departure and how the alternative arrangements continue to reflect the main principles of the Code.

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
A1 – The board of directors			
A1.1*	The board of directors should meet sufficiently regularly to discharge its duties effectively.	The board of directors has a scheduled cycle of part one (public) and part two (private) board meetings and 'part three' strategy sessions each month.	Board timetable Board agenda
	There should be a schedule of matters specifically reserved for its decision.	The scheme of delegation details the matters reserved for the board of directors.	Scheme of delegation
	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 (as described in section B).	A clear statement of the roles and responsibilities of the board of directors and the council of governors is included in the scheme of delegation and is based on legislation, the constitution, terms of authorisation and the latest guidance published by NHS England.	Scheme of delegation
	This statement should also describe how disagreements between the council of governors and the board of directors will be resolved.	A clear statement explaining how disagreements between the council of governors and the board of directors will be resolved is included in the constitution.	Constitution

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
	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 by the board of directors. These arrangements are to be kept under review at least annually.	The annual report details how the board of directors and the council of governors operate and includes a high-level statement of which types of decisions are taken by each of the bodies. The scheme of delegation details the decisions delegated by the board of directors to the executive management of the Trust.	Annual report Scheme of delegation
A1.2*	The annual report should identify the chairperson, the deputy chairperson (where there is one), the chief executive, the senior independent director (see A 4.1) and the chairperson and members of the nominations, audit and remuneration committees.	The annual report identifies the chair, deputy chair, chief executive, senior independent director and the chair and members of the relevant committees.	Annual report
	It should also set out the number of meetings of the board and those committees and the individual attendance by directors.	A record is kept of the number and attendance of directors at board of directors meetings; it is included in the annual report. A record is also kept of the attendance of non-executive directors' at committee and board meetings.	Annual report
A1.3	The board of directors should make available a statement of the objectives of the NHS foundation trust showing how it intends to balance the interests of patients, the local community and other stakeholders, and use this as the basis for its decision making and forward planning.	The board of directors has agreed strategic and operational plans. These detail the intended activity for the year(s), how the Trust intends on balancing the interests of patients, the local community and other stakeholders and is used as the basis of decisions.	Strategic and operational plan
A1.4+	The board of directors should ensure that adequate systems and processes are maintained to measure and monitor the NHS foundation trust's effectiveness, efficiency and economy as well as the quality of its healthcare delivery. The board should regularly review the performance of the NHS foundation trust in these areas against regulatory and contractual obligations and approved plans and objectives.	The Trust has a monthly integrated performance report (IPR). The report is presented to the board of directors and its assurance committees, Executive Team and Management Board.	BoD agenda Committee agendas IPR

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
A1.5+	The board of directors should ensure that relevant metrics, measures, milestones and accountabilities are developed and agreed so as to understand and assess progress and delivery of performance. Where appropriate, and in particular in high risk or complex areas, independent advice, for example from the internal audit function, should be commissioned by the board of directors to provide an adequate and reliable level of assurance.	The Trust has a monthly IPR. The report is presented to the board of directors and its assurance committees as well as Executive Team and Management Board. The Risk and Audit Committee (RAC) oversees the programme of internal audit activity, including follow up reviews to track the implementation of actions from prior reports, to provide assurance to the board.	BoD agenda CoG agenda IPR Committee assurance reports Internal audit plan
A1.6+	The board of directors should report on its approach to clinical governance and its plan for the improvement of clinical quality in accordance with guidance set out by the Department of Health, NHS England, the CQC and NHS England. The board should record where, within the structure of the organisation, consideration of clinical governance matters occurs.	The quality account is produced and published in accordance with a timetable from NHS England. The board of directors receives the monthly performance report as well as assurance relating to CQC work. The Quality Committee (QC) considers clinical governance matters and also considers a quarterly patient experience report on behalf of the board.	Annual report IPR Patient experience report Committee minutes
A1.7+	The chief executive, as the accounting officer, should follow the procedure set out by NHS England for advising the board of directors and the council of governors, and for recording and submitting objections to decisions considered or taken by the boards in matters of propriety or regularity, and on issues relating to the wider responsibilities of the accounting officer for economy, efficiency and effectiveness.	Information on the Trust's performance is shared with the board of directors and the council of governors, and the chief executive provides a monthly report to the board and Management Board on a wide range of matters, including those relating to economy, efficiency and effectiveness. The discussion of issues and decisions taken at meetings are reflected in minutes and agendas.	BoD agendas and minutes CoG agendas and minutes IPR Chief Executive's report
A1.8+	The board of directors should establish the constitution and standards of conduct for the NHS foundation trust and its staff in accordance with NHS values and accepted standards of behaviour in public life, which include the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership (The Nolan Principles).	These are reflected in the Trust's constitution and standards of business conduct which are both reviewed regularly.	Trust constitution Standards of business conduct

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
A1.9+	The board of directors should operate a code of conduct that builds on the values of the NHS foundation trust and reflect high standards of probity and responsibility. The board of directors should follow a policy of openness and transparency in its proceedings and decision making unless this conflicts with a need to protect the wider interests of the public or the NHS foundation trust (including commercial-in-confidence matters) and make clear how potential conflicts of interests are dealt with.	The board of directors has a code of conduct which is included in its standing orders, along with details of how interests are registered and managed.	BoD standing orders
A1.10+	The NHS foundation trust should arrange appropriate insurance to cover the risk of legal action against its directors. Assuming the governors have acted in good faith and in accordance with their duties, and proper process has been followed, the potential for liability for the council should be negligible. Governors may have the benefit of an indemnity and/or insurance from the trust. While there is no legal requirement for trusts to provide an indemnity or insurance for governors to cover their service on the council of governors, where an indemnity or insurance policy is given, this can be detailed in the trust's constitution.	The Trust participates in the NHS Resolution scheme for insurance coverage.	Indemnity insurance documents
A2 – Division of responsibilities			
Relevant statutory requirements			
A2.1	The division of responsibilities between the chairperson and chief executive should be clearly established, set out in writing and agreed by the board of directors.	The division of responsibilities between the chair and the chief executive is clearly established in the Trust's scheme of delegation, which was agreed by the board of directors.	BoD agenda Scheme of delegation
A2.2	The roles of chairperson and chief executive must not be undertaken by the same individual.	The roles are exercised by different people.	Annual report

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
A3 - The chairperson			
A3.1+	The chairperson should, on appointment by the council of governors, meet the independence criteria set out in B.1.1. A chief executive should not go on to be the chairperson of the same NHS foundation trust.	These requirements are met.	Annual report
A4 - Non- executive directors			
A4.1+	In consultation with the council of governors, the board should appoint one of the independent non-executive directors to be the senior independent director to provide a sounding board for the chairperson and to serve as an intermediary for the other directors when necessary. The senior independent director should be available to governors if they have concerns that contact through the normal channels of chairperson, chief executive, finance director or trust secretary has failed to resolve, or for which such contact is inappropriate. The senior independent director could be the deputy chairperson.	The board of directors has appointed a senior independent director (SID).	BoD minutes SID role description Constitution
A4.2+	The chairperson should hold meetings with the non-executive directors without the executives present. Led by the senior independent director, the non-executive directors should meet without the chairperson present, at least annually, to appraise the chairperson's performance, and on other such occasions as are deemed appropriate.	The chair holds meetings with the non-executives collectively including to review the internal audit plan. The senior independent director canvasses the non-executive directors as part of the appraisal system. The Chair's appraisal in 2023 was undertaken by the SID.	N/A Appraisal report to CoG

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
A4.3+	Where directors have concerns that cannot be resolved about the running of the NHS foundation trust or a proposed action, they should ensure that their concerns are recorded in the board minutes. On resignation, a director should provide a written statement to the chairperson for circulation to the board, if they have any such concerns.	The situation has not arisen but directors are advised, where they have concerns about the running of the Trust, the appropriate action would be to ensure any concern is recorded in the board minutes.	BoD minutes
A5 - Governors			
A5.1+	The council of governors should meet sufficiently regularly to discharge its duties. Typically the council of governors would be expected to meet as a full board at least four times per year. Governors should where practicable make every effort to attend the meetings of the council of governors. The NHS foundation trust should take appropriate steps to facilitate attendance.	The council of governors meets five times a year. A record of attendance is kept at each meeting and apologies are noted. Meetings are scheduled in the early evening to facilitate good attendance.	CoG attendance Annual report CoG agendas
A5.2+	The council of governors should not be so large as to be unwieldy. The council of governors should be of sufficient size for the requirements of its duties. The roles, structure, composition, and procedures of the council of governors should be reviewed regularly as described in provision B6.5.	The council of governors has 31 members plus the chair. Its role, structure, composition and procedure is reviewed on a regular basis, having last been considered in February 2023.	Constitution Report to governors, Feb 2021
A5.3*	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. A record should be kept of the number of meetings of the board and the attendance of individual governors and it should be made available to members on request.	The annual report identifies the governors and the lead governor and includes a description of the constituency/organisation they all represent.	Annual report

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
A5.4+	The roles and responsibilities of the council of governors should be set out in a written document. This statement should include a clear explanation of the responsibilities of the council of governors towards members and other stakeholders and how governors will seek their views and keep them informed.	The constitution details the roles and responsibilities of the council of governors as set out in legislation. The standing orders for the council of governors and scheme of delegation provide further detail.	Constitution CoG standing orders Scheme of delegation
A5.5+	The chairperson is responsible for leadership of both the board of directors and the council of governors (A.3) but the governors have a responsibility to make the arrangements work and should take the lead in inviting the chief executive to their meetings and inviting attendance by other executives and non-executives as appropriate. In these meetings other members of the council of governors may raise questions of the chairperson or his/her deputy or any other director present at the meeting about the affairs of the NHS foundation trust.	Meetings of the non-executive directors and governors take place five times per year and the executive directors also attend council meetings.	Attendance of executives and non-executives at CoG
A5.6+	The council of governors should establish a policy for engagement with the board of directors for those circumstances when they have concerns about the performance of the board of directors, compliance with the new provider licence or other matters related to the general wellbeing of the NHS foundation trust. The council of governors should input into the board's appointment of a senior independent director (see A.4.1).	A policy of engagement between the council of governors and board of directors is set out in the constitution and associated documents. The appointment of the SID is a board function, but regard is had to the views of the council.	Constitution Attendance of SID at CoG CoG report and minutes
A5.7+	The council of governors should ensure its interaction and relationship with the board of directors is appropriate and effective. In particular, by agreeing the availability and timely communication of relevant information, discussion and the setting in advance of meeting agendas and use, where possible, of clear, unambiguous language.	Governors have a governor only section of the Council meetings which allows them to reflect and refine their relationship with the board of directors, as well as set future agendas.	Part 3 CoG papers

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
A5.8+	The council of governors should only exercise its power to remove the chairperson or any non-executive directors after exhausting all other means of engagement with the board of directors. The council should raise any issues with the chairperson or senior independent director in the first instance.	This has not occurred, but any issues relating to the performance of non-executive directors would be raised with the chair or senior independent director.	Constitution
A5.9+	The council of governors should receive and consider other appropriate information required to enable it to discharge its duties, for example clinical statistical data and operational data.	Assurance reports from the four main board committees are provided to the council of governors at every meeting.	CoG agenda papers
Relevant statutory requirements			
A5.10	The council of governors has a statutory duty to hold the non-executive directors individually and collectively to account for the performance of the board of directors.	Holding to account of non-executive directors takes place in a number of forums including the council of governors and in board and its committees.	CoG agenda papers
A5.11	The 2006 Act, as amended, gives the council of governors a statutory requirement to receive the following documents. These documents should be provided in the annual report as per the *NHS Foundation Trust Annual Reporting Manual*: (a) the annual accounts; (b) any report of the auditor on them; and (c) the annual report.	This happens at the annual members meeting.	AMM papers
A5.12	The directors must provide governors with an agenda prior to any meeting of the board, and a copy of the approved minutes as soon as is practicable afterwards. There is no legal basis on which the minutes of private sessions of board meetings should be exempted from being shared with the governors. In practice, it may be necessary to redact some information, for example, for data protection or commercial reasons. Governors should respect the confidentiality of these documents.	Governors receive all papers from Part 1 meetings of Board of Directors. The Lead Governor receives the part 2 papers allowing him, on behalf of governors, to raise issues where appropriate with the chair and directors.	Distribution of agendas and minutes to governors

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
A5.13	The council of governors may require one or more of the directors to attend a meeting to obtain information about performance of the trust's functions or the directors' performance of their duties, and to help the council of governors to decide whether to propose a vote on the trust's or directors' performance.	The EDs and NEDs attend meetings of the council of governors on a regular basis.	CoG agenda papers and minutes
A5.14	Governors have the right to refer a question to the independent panel for advising governors. More than 50% of governors who vote must approve this referral. The council should ensure dialogue with the board of directors takes place before considering such a referral, as it may be possible to resolve questions in this way.	Not applicable as the independent panel was dissolved in 2017.	N/A

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
A5.15	Governors should use their new rights and voting powers from the 2012 Act to represent the interests of members and the public on major decisions taken by the board of directors. These new voting powers require: • More than half of the members of the board of directors who vote and more than half of the members of the council of governors who vote to approve a change to the constitution of the NHS foundation trust. • More than half of governors who vote to approve a significant transaction. • More than half of all governors to approve an application by a trust for a merger, acquisition, separation or dissolution. • More than half of governors who vote, to approve any proposal to increase the proportion of the trust's income earned from non-NHS work by 5% a year or more. For example, governors will be required to vote where an NHS foundation trust plans to increase its non-NHS income from 2% to 7% or more of the trust's total income. • Governors to determine together whether the trust's non-NHS work will significantly interfere with the trust's principal purpose, which is to provide goods and services for the health service in England, or its ability to perform its other functions. NHS foundation trusts are permitted to decide themselves what constitutes a "significant transaction" and may choose to set out the definition(s) in the trust's constitution. Alternatively, with the agreement of the governors, trusts may choose not to give a definition, but this would need to be stated in the constitution.	Governors are made fully aware of their role and the powers that they have during the election and induction process. Significant transactions are defined in the Trust's constitution.	Constitution Induction pack Election material Scheme of delegation

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
B1 - Composition of the board			
B1.1*	The board of directors should identify in the annual report each non-executive director it considers to be independent. The board should determine whether the director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement. The board of directors should state its reasons if it determines that a director is independent despite the existence of relationships or circumstances which may appear relevant to its determination, including if the director: • has been an employee of the NHS foundation trust within the last five years; • has, or has had within the last three years, a material business relationship with the NHS foundation trust either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the NHS foundation trust; • has received or receives additional remuneration from the NHS foundation trust apart from a director's fee, participates in the NHS foundation trust's performance-related pay scheme, or is a member of the NHS foundation trust's pension scheme; • has close family ties with any of the NHS foundation trust's advisers, directors or senior employees; • holds cross-directorships or has significant links with other directors through involvement in other companies or bodies; • has served on the board of the NHS foundation trust for more than six years from the date of their first appointment; or • is an appointed representative of the NHS foundation trust's university medical or dental school.	The non-executive directors are identified in the annual report. The board has considered the matter of those of its directors that it considers independent. None of the non-executive directors have been employed by the foundation trust prior to their appointment as non-executive directors. The interests declared by the non-executive directors are updated regularly, are available for inspection and are reported to board on an annual basis. The remuneration of the chair and non-executive directors is set by the council of governors and consists of the directors' fee. All directors are required to declare any close family ties with any of the foundation trust advisors, directors or senior managers. The directors declare such interests on the register of interests where they exist. The non-executive directors are required to undergo a re-appointment process every three years and thereafter are subject to annual re-election to ensure they remain independent.	Report to Board regarding independence of directors Annual report - NED biographies BoD declaration of interests Constitution

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
B1.2+	At least half the board of directors, excluding the chairperson, should comprise non-executive directors determined by the board to be independent.	The board of directors comprises six executive directors including the Chief Executive and seven non-executive directors including the Chair. Previously, the Trust had appointed an associate NED.	Constitution Annual report
B1.3+	No individual should hold, at the same time, positions of director and governor of any NHS foundation trust.	The Constitution does not allow directors to undertake both roles.	Constitution
B1.4*	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. Both statements should also be available on the NHS foundation trust's website.	The annual report includes a description of each director's expertise and experience. A statement about the board's own balance, completeness and appropriateness to the requirements of the NHS foundation trust has been agreed by the board, is in the annual report and is included on the Trust's website.	Annual report
B2 - Appointments to the board			
B2.1+	A nominations committee or committees, with external advice as appropriate, are responsible for the identification and nominations of executive and non-executive directors. The nominations committee should give full consideration to succession planning, taking into account the future challenges, risks and opportunities facing the NHS foundation trust and the skills and expertise required within the board of directors to meet them.	The constitution provides for appropriate arrangements for the appointments to the board of directors. The work behind the appointment of non-executive directors is undertaken by the remuneration and recruitment committee of the council of governors. The appointment of executive directors is undertaken by the nominations and remuneration committee of the board of directors.	Constitution Committee terms of reference

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
B2.2+	Directors on the board of directors and governors on the council of governors should meet the "fit and proper" persons test described in the provider licence. For the purpose of the licence and application criteria, "fit and proper" persons are defined as those without certain recent criminal convictions and director disqualifications, and those who are not bankrupt (undischarged). Trusts should also abide by the updated guidance from the CQC regarding appointments to senior positions in organisations subject to CQC regulations.	The exclusion from consideration of appointment of candidates who do not meet the "fit and proper persons" test is built into the recruitment processes for non-executive and executive directors. Serving directors are also required to make an annual declaration that they continue to meet the 'fit and proper persons' test.	Recruitment packs Annual declarations
B2.3+	There may be one or two nominations committees. If there are two committees, one will be responsible for considering nominations for executive directors and the other for non-executive directors (including the chairperson). The nominations committee(s) should regularly review the structure, size and composition of the board of directors and make recommendations for changes where appropriate. In particular, the nominations committee(s) should evaluate the balance of skills, knowledge and experience on the board of directors and, in the light of this evaluation, prepare a description of the role and capabilities required for appointment of both executive and non-executive directors, including the chairperson.	The council of governors and the board of directors have kept under review the skills required by the board of directors. The council of governors has a remuneration and recruitment committee and is responsible for overseeing the process for appointment of non-executive directors. Whenever they embark on a recruitment exercise they receive a report setting out the skills, knowledge and experience of the existing non-executive directors. The appointment of executive directors is managed by the chair and chief executive through the nominations and remuneration committee (which comprises all the NEDs plus the CEO). An appropriate round of recruitment panels is formed as and when required to undertake the role of recruitment, selection and appointment to executive posts.	Constitution Committee terms of reference Report on NED skill sets
B2.4+	The chairperson or an independent non-executive director should chair the nominations committee(s). At the discretion of the committee, a governor can chair the committee in the case of appointments of non-executive directors or the chairman.	The chair chairs the nominations and remuneration and remuneration and recruitment committees. In the chair's absence and for items of conflict for the chair, the SID would chair the meeting.	Nomination committee minutes Committee terms of reference

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
B2.5+	The governors should agree with the nominations committee a clear process for the nomination of a new chairperson and non-executive directors. Once suitable candidates have been identified the nominations committee should make recommendations to the council of governors.	A process is in place for the nomination of new non-executive directors.	Committee reports and minutes CoG minutes
B2.6+	Where an NHS foundation trust has two nominations committees, the nominations committee responsible for the appointment of non-executive directors should consist of a majority of governors. If only one nominations committee exists, when nominations for non-executives, including the appointment of a chairperson or a deputy chairperson, are being discussed, there should be a majority of governors on the committee and also a majority governor representation on the interview panel.	The remuneration and recruitment committee of council of governors is chaired by the chairperson. Membership is solely of governors.	Committee terms of reference
B2.7+	When considering the appointment of non-executive directors, the council of governors should take into account the views of the board of directors on the qualifications, skills and experience required for each position.	The board may be involved in the process of appointing non-executive directors in an advisory capacity.	Remuneration and Recruitment committee minutes CoG minutes
B2.8+	The annual report should describe the process followed by the council of governors in relation to appointments of the chairperson and non-executive directors.	The council's annual report details the process for appointment of the chairperson and non-executive directors.	Annual report
B2.9+	An independent external adviser should not be a member of or have a vote on the nominations committee(s).	The role of the independent external assessor, where used, is to advise on which candidates are appointable, not on who should be appointed.	N/A
B2.10*	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. The main role and responsibilities of the nominations committee should be set out in publicly available, written terms of reference.	The annual report describes the work of the council of governors' remuneration and recruitment committee including the process for the appointments to the board.	Annual report

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
Relevant statutory requirements			
B2.11	It is a requirement of the 2006 Act that the chairperson, the other non-executive directors and–except in the case of the appointment of a chief executive–the chief executive, are responsible for deciding the appointment of executive directors. The nominations committee with responsibility for executive director nominations should identify suitable candidates to fill executive director vacancies as they arise and make recommendations to the chairperson, the other non-executives directors and, except in the case of the appointment of a chief executive, the chief executive.	The Trust's process for the appointment of the chief executive and executive directors is set out in the terms of reference for the nominations and remuneration committee.	Committee terms of reference
B2.12	It is for the non-executive directors to appoint and remove the chief executive. The appointment of a chief executive requires the approval of the council of governors.	The constitution provides for the non-executive directors to appoint the chief executive and for that appointment to be approved by the council of governors.	Constitution
B2.13	The governors are responsible at a general meeting for the appointment, re-appointment and removal of the chairperson and the other non-executive directors.	A clear process has been developed and approved by the council of governors for the appointment of the current non-executive directors and chairperson. The remuneration and recruitment committee oversees the management of the process. The final decision on appointment, reappointment and removal of the chair and non-executives rests with the council of governors.	Committee terms of reference

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
B3 - Commitment			
B3.1*	For the appointment of a chairperson, the nominations committee should prepare a job specification defining the role and capabilities required including an assessment of the time commitment expected, recognising the need for availability in the event of emergencies. 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. No individual, simultaneously whilst being a chairperson of an NHS foundation trust, should be the substantive chairperson of another NHS foundation trust.	A job description for the chairperson is prepared and agreed with the council of governors. The chair's other significant commitments are disclosed to governors and included in the annual report. The chair is not a chair of any other foundation trust.	The role specification of the chairperson BoD declarations of interests Annual report
B3.2	The terms and conditions of appointment of non-executive directors should be made available for inspection. The letter of appointment should set out the expected time commitment. Non-executive directors should undertake that they will have sufficient time to meet what is expected of them. Their other significant commitments should be disclosed to the council of governors before appointment, with a broad indication of the time involved and the council of governors should be informed of subsequent changes.	The terms and conditions of appointment of the non-executive directors set out the time commitment required and are available for inspection on request. The NEDs' other significant commitments are included in the paperwork for the remuneration and recruitment committee and changes are notified via the register of interests.	NED terms and conditions Recruitment and Remuneration committee agendas BOD register of interests
B3.3+	The board of directors should not agree to a full-time executive director taking on more than one non-executive directorship of an NHS foundation trust or another organisation of comparable size and complexity, nor the chairpersonship of such an organisation.	All executive directors disclose their interests on a regular basis. None of the executive directors hold such non-executive directorships.	BoD declaration of interests

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
B4 - Development			
B 4.1	The chairperson should ensure that new directors and governors receive a full, formal and appropriate induction on joining the board or the council of governors. As part of this directors should seek out opportunities to engage with stakeholders, including patients, clinicians and other staff. Directors should also have access, at the NHS foundation trust's expense to training courses and/or materials that are consistent with their individual or collective development programmes.	Each new director and governor receives a full and tailored induction, and has access to courses and training programmes run by NHS Providers as well as other specific training.	Induction programme for new directors and governors. Appraisals for BoD
B 4.2	The chairperson should regularly review and agree with each director their training and development needs as they relate to their role on the board.	This is done through the annual appraisal process for NEDs and via the chief executive for executive directors.	Appraisals for BoD
Relevant statutory requirement			
B4.3	The board has a duty to take steps to ensure that governors are equipped with the skills and knowledge they need to discharge their duties appropriately.	Each new governor receives a full and tailored induction and has access to courses and training programmes run by NHS Providers as well as other specific training.	Induction programme for governors

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
B5 - Information and support			
B5.1+	The board of directors and the council of governors should be provided with high quality information appropriate to their respective functions of the boards and relevant to the decisions they have to make. The board of directors and the council of governors should agree their respective information needs with the executive directors through the chairperson. The information for the boards should be concise, objective, accurate and timely, and it should be accompanied by clear explanations of complex issues. The board of directors should have complete access to any information about the NHS foundation trust that it deems necessary to discharge its duties, including access to senior management and other employees.	The board of directors and the council of governors are supplied with high quality information prior to all formal meetings. The information provided to the board of directors and the council of governors is concise, objective, accurate, and timely. Complex issues are explained in a clear and concise method. The board of directors has access to any information about the Trust it deems necessary to discharge its duties, including access to senior management and other employees.	CoG agenda papers BoD agenda papers
B5.2+	The board of directors, and in particular non-executive directors, may reasonably wish to challenge assurances received from the executive management. They need not seek to appoint a relevant adviser for each and every subject area that comes before the board of directors, although they should wherever possible ensure that they have sufficient information and understanding to take decisions on an informed basis. When complex or high risk issues arise the first course of action should normally be to encourage further and deeper analysis to be carried out, in a timely manner, within the NHS foundation trust. On occasion, non-executives may reasonably decide that external assurance is appropriate.	This is reflected in the specified role of the Trust's non-executive directors and in the way that the chair exercises stewardship of the board of directors. NEDs have the ability to access any external advice or assurance as they feel necessary.	BoD minutes

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
B 5.3+	The board should ensure that directors, especially non-executive directors, have access to independent professional advice, at the NHS foundation trust's expense, where they judge it necessary to discharge their responsibilities as directors. Decisions to appoint an external adviser should be the collective decision of the majority of non-executive directors. The availability of independent external sources of advice should be made clear at the time of appointment.	All directors have the ability to access any external advice or assurance as they feel necessary.	BoD minutes
B5.4+	Committees should be provided with sufficient resources to undertake their duties. The board of directors should also ensure that the council of governors is provided with sufficient resources to undertake its duties, with such arrangements agreed in advance.	All committee terms of reference ensure that the committee is provided with sufficient resources to undertake their duties. The council of governors ensures it is appropriately resourced so that it can undertake its duties.	Committee terms of reference
B 5.5	Non-executive directors should consider whether they are receiving the necessary information in a timely manner and feel able to raise appropriate challenge of recommendations of the board, in particular making full use of their skills and experience gained both as a director of the trust and also in other leadership roles. They should expect and apply similar standards of care and quality in their role as a non-executive director of an NHS foundation trust as they would in other similar roles.	Directors consider whether they are receiving the necessary information through their annual effectiveness reviews of the board and appraisals and the BOD meetings themselves. The Trust's informal mechanisms including its board committee structure and ad hoc workshops encourage challenge of recommendations in addition to it taking place in the board meeting.	Appraisal reports Effectiveness reviews BOD minutes
B 5.6*	Governors should canvass the opinion of their members, 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.	Governors' views on the strategic direction were canvassed via a special workshop and fed back to directors. Views from members are canvassed through the Back to the Floor programme and regular emails. Future plans are shared in formal meetings while strategies are taken through committees (where governors are observers) prior to consideration at board of directors.	CoG agenda papers Board committee minutes Joint strategy session

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
B 5.7	Where appropriate the board of directors should take account of the views of the council of governors on the forward plan and communicate to the council of governors where their views have been incorporated in the NHS foundation trust's plans, and, if not, the reasons for this.	Governors are briefed on key elements of the forward plan at joint strategy sessions and through the board committee process. Feedback is provided through the same channels.	Joint strategy session BoD minutes
Relevant statutory requirements			
B 5.8	The board of directors must have regard for the views of the council of governors on the NHS foundation trust's forward plan.	As B.5.7.	Joint strategy session BoD minutes
B6 - Evaluation			
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, bearing in mind the desirability for independent assessment, and the reason why the NHS foundation trust adopted a particular method of performance evaluation.	Details of board, committee and director evaluation is provided in the annual report.	Annual report
B.6.2*	Evaluation of the boards of NHS foundations trusts should be externally facilitated at least every three years. The evaluation needs to be carried out against the board leadership and governance framework set out by NHS England. 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.	An independent evaluation of the board under the well-led framework was carried out by the Advanced Quality Alliance in 2022. AQuA have no other connection to the Trust.	Reports of IA well-led reviews Report on timetable for Well Led review

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
B.6.3+	The senior independent director should lead the performance evaluation of the chairperson, within a framework agreed by the council of governors and taking into account the views of directors and governors.	The Chair's appraisal in 2023 was undertaken by the SID within a framework set by the council of governors and having received feedback from them.	Nominations committee minutes and chair's appraisal documentation
B 6.4+	The chairperson, with assistance of the board secretary, if applicable, should use the performance evaluations as the basis for determining individual and collective professional development programmes for non-executive directors relevant to their duties as board members.	The members of the board of directors receive an annual appraisal and the board considers its performance collectively on a periodic basis to ensure that any professional development programmes required are identified.	Annual appraisal system for NEDs
B 6.5+	Led by the chairperson, the council of governors should periodically assess their collective performance and they should regularly communicate to members and the public details on how they have discharged their responsibilities, including their impact and effectiveness on: • holding the non-executive directors individually and collectively to account for the performance of the board of directors. • communicating with their member constituencies and the public and transmitting their views to the board of directors; and • contributing to the development of forward plans of NHS foundation trusts. The council of governors should use this process to review its roles, structure, composition and procedures, taking into account emerging best practice. Further information can be found in NHS England's publication: *Your statutory duties: A reference guide for NHS foundation trust governors*.	The council of governors reviewed its roles, structure, composition and procedures as part of the February 2019 review of the constitution. A wider effectiveness review was planned for 2020 but was impacted by the pandemic. This is now planned for 2023.	Review of constitution report

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
B 6.6+	There should be a clear policy and a fair process, agreed and adopted by the council of governors, for the removal from the council of any governor who consistently and unjustifiably fails to attend the meetings of the council of governors or has an actual or potential conflict of interest which prevents the proper exercise of their duties. This should be shared with governors. In addition, it may be appropriate for the process to provide for removal from the council of governors where behaviours or actions of a governor or group of governors may be incompatible with the values and behaviours of the NHS foundation trust. Where there is any disagreement as to whether the proposal for removal is justified, an independent assessor agreeable to both parties should be requested to consider the evidence and determine whether the proposed removal is reasonable or otherwise.	There is a procedure in the constitution which deals with the removal of any governor on the grounds stipulated in this section. Governors have also agreed a code of conduct that addresses conduct contrary to values and behaviours of the Trust. The code provides for an appeal mechanism and the council to have the final decision in the matter. The council may decide at its discretion to involve an external assessor as part of the appeal process.	Constitution Code of conduct
B7 – Re-appointment of directors and re-election of governors			
B 7.1	In the case of re-appointment of non-executive directors, the chairperson should confirm to the governors that following formal performance evaluation, the performance of the individual proposed for re-appointment continues to be effective and to demonstrate commitment to the role. Any term beyond six years (eg, two three-year terms) for a non-executive director should be subject to particularly rigorous review, and should take into account the need for progressive refreshing of the board. Non-executive directors may, in exceptional circumstances, serve longer than six years (eg, two three-year terms following authorisation of the NHS foundation trust) but this should be subject to annual re-appointment. Serving more than six years could be relevant to the determination of a non-executive's independence.	The consideration of re-appointment of a non-executive director takes into account the annual appraisals and is considered by the remuneration and recruitment committee, following consultation with the board of directors, prior to approval by the council of governors. Succession planning is considered alongside re-appointment planning.	NED and chair's appraisal process Constitution

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
B 7.2	Elected governors must be subject to re-election by the members of their constituency at regular intervals not exceeding three years. The names of governors submitted for election or re-election should be accompanied by sufficient biographical details and any other relevant information to enable members to take an informed decision on their election. This should include prior performance information.	Governors are elected for a maximum term of three years. A governor can be re-elected twice so serving a maximum total of nine years. The election candidate statements detail the activities of the governor during their term.	Constitution Election documentation
Relevant statutory requirements			
B 7.3	Approval by the council of governors of the appointment of a chief executive should be a subject of the first general meeting after the appointment by a committee of the chairperson and non-executive directors. All other executive directors should be appointed by a committee of the chief executive, the chairperson and non-executive directors.	The provision for the appointment of the chief executive and executive directors is set out in the constitution and complies with this requirement.	Constitution
B 7.4	Non-executive directors, including the chairperson should be appointed by the council of governors for the specified terms subject to re-appointment thereafter at intervals of no more than three years and subject to the 2006 Act provisions relating to removal of a director.	The appointment of the chair and NEDs is subject to approval by the council with a re-appointment thereafter at intervals of no more than three years.	Committee and CoG minutes
B 7.5	Elected governors must be subject to re-election by the members of their constituency at regular intervals not exceeding three years.	Governors are elected for a maximum term of three years. A governor can be re-elected twice so serving a maximum total of nine years.	Constitution

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
B8 - Resignation of directors			
B 8.1+	The remuneration committee should not agree to an executive member of the board leaving the employment of an NHS foundation trust, except in accordance with the terms of their contract of employment, including but not limited to service of their full notice period and/or material reductions in their time commitment to the role, without the board first having completed and approved a full risk assessment.	Arrangements for the termination of executive directors are clearly set out in their contracts of employment. Any prospective vacancy would be addressed by the board of directors to ensure that arrangements were in place to replace the required skills and experience.	Standard contracts of employment Remuneration committee minutes
C1 - Financial, quality and operational reporting			
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. There should be a statement by the external auditor about their reporting responsibilities. Directors should also explain their approach to quality governance in the Annual Governance Statement (within the annual report).	These requirements are met.	Annual report
C 1.2+	The directors should report that the NHS foundation trust is a going concern, with supporting assumptions or qualifications as necessary.	The directors include a statement in the annual accounts and the annual report confirming that the Trust is a going concern.	Annual report

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
C 1.3+	At least annually, the board of directors should set out clearly its financial, quality and operating objectives for the NHS foundation trust and disclose sufficient information, both quantitative and qualitative, of the NHS foundation trust's business and operations, including clinical outcome data, to allow members and governors to evaluate its performance. Further requirements are included in the *NHS Foundation Trust Annual Reporting Manual.*	The board of directors sets out its financial and operating objectives in the strategic and operational plan. The plan includes quantitative and qualitative data on the business and operations. Performance is monitored through the monthly IPR.	Annual strategic and operational plan Annual report IPR
Relevant Code requirement			
C1.4+	The board of directors must notify NHS England and the council of governors without delay, and should consider whether it is in the public interest to bring to the public attention, any major new developments in the NHS foundation trust's sphere of activity which are not public knowledge which it is able to disclose and which may lead, by virtue of their effect on its assets and liabilities or financial position or on the general course of its business, to a substantial change to the financial wellbeing, healthcare delivery performance or reputation and standing of the NHS foundation trust.	The situation has not arisen in the past year. The council of governors receives regular information on the Trust's plans and on any service or capital developments. The board makes periodic returns in line with the requirements of NHS England.	Annual financial plan IPR Returns to NHS England

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
	The board of directors must notify NHS England and the council of governors without delay and should consider whether it is in the public interest to bring to public attention all relevant information which is not public knowledge concerning a material change in: • the NHS foundation trust's financial condition; • the performance of its business; and/or • the NHS foundation trust's expectations as to its performance which, if made public, would be likely to lead to a substantial change to the financial wellbeing, healthcare delivery performance or reputation and standing of the NHS foundation trust.	The situation has not arisen in the past year. .	CoG papers Quarterly returns to NHS England
C2 - Risk management and Internal control			
C 2.1*	The board of directors should maintain continuous oversight of the effectiveness of the NHS foundation trust's risk management and internal control systems and should report to members and governors that they have done so in the annual report. A regular review should cover all material controls, including financial, operational and compliance controls.	The board receives a regular report on the high level risks and board assurance. The BAF is reviewed each quarter while all operational risks above 20 are notified to board each month. The Trust's annual report includes an annual governance statement which sets out a review of the Trust's internal control processes.	Agenda papers for BoD Annual report

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
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.	Details in the annual report identify that an internal audit function is in place and gives brief details of its work during the year. Full details can be found in the reports presented to the Risk and Audit Committee (RAC).	Annual report RAC reports and minutes
C3 - Audit committee and auditors			
C3.1+	The board should establish an audit committee composed of at least three members who are all independent non-executive directors, The board should satisfy itself that the membership of the audit committee has sufficient skills to discharge its responsibilities effectively, including ensuring that at least one member of the audit committee has recent and relevant financial experience. The chairperson of the trust should not chair or be a member of the audit committee. She can, however, attend meetings by invitation as appropriate.	The board of directors has established Risk and Audit Committee which is composed of three non-executive directors. One member of the audit committee is a qualified accountant and has recent and relevant financial experience.	RAC terms of reference
C 3.2	The main role and responsibilities of the audit committee should be set out in publically available, written terms of reference. The council of governors should be consulted on the terms of reference which should be reviewed and refreshed regularly. It should include details of how it will:	The terms of reference of the RAC are reviewed on an annual basis and are based on the HFMA guidelines and the FT Code. They detail the main responsibilities and role of the committee.	RAC terms of reference
	• monitor the integrity of the financial statements of the NHS foundation trust, and any formal announcements relating to the trust's financial performance, reviewing significant financial reporting judgements contained in them;	The terms of reference detail how the committee monitors the integrity of the financial statements.	RAC terms of reference

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
	• review the NHS foundation trust's internal financial controls and, unless expressly addressed by a separate board risk committee composed of independent directors, or by the board itself, review the trust's internal control and risk management systems;	The RAC monitors and reviews the internal control system, including internal financial controls. It is assisted by internal and external audit.	RAC terms of reference RAC minutes
	• monitor and review the effectiveness of the NHS foundation trust's internal audit function, taking into account relevant UK professional and regulatory requirements;	The RAC reviews the performance of internal audit on an annual basis.	RAC terms of reference Annual report from the committee
	• review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;	The RAC reviews the performance of the external auditor's independence and objectivity and the effectiveness of the audit process.	RAC terms of reference Annual report from the committee
	• develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and	A non-audit work policy was last approved by Risk and Audit Committee in 2022.	Policy document
	• report to the council of governors, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.	Governors received a report on the 2021/22 audit at the virtual AMM in September 2022.	CoG minutes

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
C 3.3+	The council of governors should take the lead in agreeing with the audit committee the criteria for appointing, reappointing and removing external auditors. The council of governors will need to work hard to ensure they have the skills and knowledge to choose the right external auditor and monitor their performance. However, they should be supported in this task by the audit committee, which provides information to the governors on the external auditor's performance as well as overseeing the NHS foundation trust's internal financial reporting and internal auditing.	The council of governors constituted a working group for the appointment of the external auditors in 2021. The working group included two members of the risk and audit committee, as well as governors who are financially and commercially qualified.	CoG report and minutes
C 3.4	The audit committee should make a report to the council of governors in relation to the performance of the external auditor, including detail such as the quality and value of the work, and the timeliness of reporting and fees, to enable the council of governors to consider whether or not to reappoint them.	The council approved the reappointment of the existing auditors in September 2021, for three years, following an open competitive procurement exercise.	Report of the RAC
	The audit committee should also make recommendations to the council of governors, in relation to the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the external auditor.	The council approved the reappointment of the existing auditors in September 2021, for three years, following recommendation by the RAC.	Minutes from the relevant appointment committee meetings CoG minutes
C 3.5*	If the council of governors does not accept the audit committee's recommendation, 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.	This has not arisen but if it were to happen the council of governors would follow this process.	--

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
C 3.6+	The NHS foundation trust should appoint an external auditor for a period of time which allows the auditor to develop a strong understanding of the finances, operations and forward plans of the NHS foundation trust. The current best practice is for a three to five year period of appointment.	The initial appointment is for a three-year period, with an option to extend by two years after the initial term.	CoG minutes Contract documentation
C 3.7+	When the council of governors ends an external auditor's appointment in disputed circumstances, the chairperson should write to NHS England informing it of the reasons behind the decision.	This has not arisen but if it were to do so the council of governors would follow this process.	N/A
C 3.8+	The audit committee should review arrangements by which staff of the NHS foundation trust and other individuals where relevant may raise, in confidence, concerns about possible improprieties in matters of financial reporting and control, clinical quality, patient safety or other matters. The audit committee's objective should be to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action. This should include ensuring safeguards for those who raise concerns are in place and operating effectively. Such processes should enable individuals or groups to draw formal attention to practices that are unethical or violate internal or external policies, rules or regulations and to ensure that valid concerns are promptly addressed. These processes should also reassure individuals raising concerns that they will be protected from potential negative repercussions.	The Risk and Audit Committee reviews the arrangements relating to countering fraud and financial impropriety through regular counter fraud reports, and counter fraud champion. The Trust has a Raising Concerns (whistleblowing) Policy which is reviewed regularly. The Trust has a Freedom to Speak Up Guardian and executive and non-executive leads for speaking up. The system and process for speaking up is considered by the Committee.	Committee minutes Raising Concerns policy

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
C 3.9*	A separate section of the annual report should describe the work of the 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.	The work of the RAC is included in summary form in the annual report. The terms of reference are available on request.	Annual report Committee terms of reference

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
D1 – Remuneration			
D 1.1+	Any performance-related elements of the remuneration of executive directors should be designed to align their interests with those of patients, service users and taxpayers and to give these directors keen incentives to perform at the highest levels. In designing schemes of performance-related remuneration, the remuneration committee should consider the following provisions: i) The remuneration committee should consider whether the directors should be eligible for annual bonuses in line with local procedures. If so, performance conditions should be relevant, stretching and designed to match the long-term interests of the public and patients. ii) Payouts or grants under all incentive schemes should be subject to challenging performance criteria reflecting the objectives of the NHS foundation trust. Consideration should be given to criteria which reflect the performance of the NHS foundation trust relative to a group of comparator trusts in some key indicators, and the taking of independent and expert advice where appropriate. iii) Performance criteria and any upper limits for annual bonuses and incentive schemes should be set and disclosed. iv) The remuneration committee should consider the pension consequences and associated costs to the NHS foundation trust of basic salary increases and any other changes in pensionable remuneration, especially for directors close to retirement.	There is no performance related element of the directors' remuneration. The executive directors receive a flat-rate salary. The remuneration committee takes these factors into account in its periodic review of executive remuneration.	Committee minutes

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
D 1.2+	Levels of remuneration for the chairperson and other non-executive directors should reflect the time commitment and responsibilities of their roles.	The levels of remuneration reflect the time commitment and responsibility of the roles of the chair and non-executive directors. Chair and NED remuneration is also guided by national guidance issued in 2019.	Benchmarking data from NHS Providers
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.	The situation has not arisen but a disclosure would be made in the annual report if such a situation did occur.	Annual report
D 1.4+	The remuneration committee should carefully consider what compensation commitments (including pension contributions and all other elements) their directors' terms of appointments would give rise to in the event of early termination. The aim should be to avoid rewarding poor performance. Contracts should allow for compensation to be reduced to reflect a departing director's obligation to mitigate loss. Appropriate claw-back provisions should be considered in case of a director returning to the NHS within the period of any putative notice.	The terms of directors' service contracts contain appropriate clauses concerning notice and compensation for loss of office.	Terms of appointment for non-executive directors Executive directors' contracts
D2 - Procedure			
D 2.1	The board of directors should establish a remuneration committee composed of non-executive directors which should include at least three independent non-executive directors. The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board of directors. Where remuneration consultants are appointed, a statement should be made available as to whether they have any other connection with the NHS foundation trust.	The board of directors has established a nominations and remuneration committee that meets several times a year. The committee is composed of all the non-executive directors. The terms of reference explain the role and authority delegated to it by the board of directors.	Terms of reference Annual report

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
D 2.2+	The remuneration committee should have delegated responsibility for setting remuneration for all executive directors, including pension rights and any compensation payments. The committee should also recommend and monitor the level and structure of remuneration for senior management. The definition of senior management for this purpose should be determined by the board, but should normally include the first layer of management below board level.	The nomination and remuneration committee's delegated responsibility is for the remuneration of the chief executive, executive directors and other senior managers on VSM terms and conditions. All other senior managers are covered by the Agenda for Change terms and conditions of service.	Terms of reference
D 2.3+	The council of governors should consult external professional advisers to market-test the remuneration levels of the chairperson and other non-executives at least once every three years and when they intend to make a material change to the remuneration of a non-executive.	The council of governors uses benchmarking data from NHS England and NHS Providers to review the remuneration of the chair and non-executive directors on a regular basis.	Committee reports and minutes
Relevant statutory requirements			
D 2.4	The council of governors is responsible for setting the remuneration of non- executive directors and the chairperson.	The council of governors receives a recommendation from the remuneration and recruitment committee which reviews the remuneration against benchmarked information.	Committee minutes CoG minutes
E - Relations with stakeholders			
E 1.1	The board of directors should make available a public document that sets out its policy on the involvement of members, patients and the local community at large, including a description of the kind of issues it will consult on.	The board of directors includes a statement in the annual report about the involvement of members, patients and the local community at large and the consultations undertaken during the year.	Annual report

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
E 1.2+	The board of directors should clarify in writing how the public interests of patients and the local community will be represented, including its approach for addressing the overlap and interface between governors and any local consultative forums (eg, Local Healthwatch, the Overview and Scrutiny Committee, the local League of Friends, and staff groups).	The annual report includes a statement on how the public interests of patients and the local community are represented.	Annual report
E 1.3+	The chairperson should ensure that the views of governors and members are communicated to the board as a whole. The chairperson should discuss the affairs of the NHS foundation trust with governors. Non-executive directors should be offered the opportunity to attend meetings with governors and should expect to attend them if requested by governors. The senior independent director should attend sufficient meetings with governors to listen to their views in order to help develop a balanced understanding of the issues and concerns of governors.	The chair provides feedback to the board of directors on the views of the council of governors. The chair discusses the affairs of the foundation trust with the governors via the calls with governors following board meetings and other mechanisms. The SID attends regular CoG meetings and meets with the Lead Governor to ensure he retains a balanced understanding of governor matters.	BoD minutes CoG attendance
E 1.4*	The board of directors should ensure that the NHS foundation trust provides effective mechanisms for communication between governors and members from its constituencies. 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.	Contact advice is included on the website and in the annual report. Governors have a range of mechanisms to communicate with members including the annual members meeting.	Annual report Website
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 contact, surveys of members' opinions and consultations.	The board of directors provides a statement in the annual report of the steps taken by the board of directors in understanding the views of the governors.	Annual report

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
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. This information should be used to review the trust's membership strategy, taking into account any emerging best practice from the sector.	The annual report provides detailed information on the Trust's membership and membership activities. The Trust's membership strategy is reviewed on a regular basis.	Annual report Membership strategy
Relevant statutory requirements			
E 1.7	The board of directors must make board meetings and the annual meeting open to the public. The trust's constitution may provide for members of the public to be excluded from a meeting for special reasons.	Alternate board meetings are held in public with scope for the board to meet in private session if required. This is set out in the Trust's constitution and board meetings are publicised via the website.	Constitution Relevant web pages
E 1.8	The trust must hold annual members' meetings. At least one of the directors must present the trust's annual report and accounts, and any report of the auditor on the accounts, to members at this meeting.	The Trust holds an annual members' meeting. The chief executive and director of finance make a presentation on the annual report and accounts and auditor's report.	AMM agenda
E2 - Co-operation with third parties with roles in relation to the NHS foundation trusts			
E 2.1+	The board of directors should be clear as to the specific third party bodies in relation to which the NHS foundation trust has a duty to co-operate .The board of directors should be clear on the form and scope of the co-operation required with each of these third party bodies in order to discharge their statutory duties.	The trust is required to cooperate with its stakeholders including NHS England, CQC, Healthwatch, the Parliamentary and Health Standards Ombudsman and the Local Authority Overview and Scrutiny Committee.	BoD report and minutes

Ref	Code of Governance Requirement	Trust's compliance	Evidence or explanation of Non-compliance
E 2.2+	The board of directors should ensure that effective mechanisms are in place to co-operate with relevant third party bodies and that collaborative and productive relationships are maintained with relevant stakeholders at appropriate levels of seniority in each. The board of directors should review the effectiveness of these processes and relationships annually and, where necessary, take proactive steps to improve them.	This is achieved through the Trust's active involvement in formal collaborative arrangements including the Integrated Care System and Acute and Mental Health, Learning Disability and Autism provider collaboratives.	Minutes of relevant meetings

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:

- 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)
- 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 and NHS Improvement reviewed the Trust's performance and information available to it in the year and moved the Trust from Segment 3 to Segment 2 following its move out of financial undertakings.

This segmentation information is the Trust's position as at April 2022. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website https://www.england.nhs.uk/publication/nhs-system-oversight-framework-segmentation/

Ruth Brown
Chief Executive and Accounting Officer

29 June 2023

Statement of accounting officer's responsibilities

Statement of the Chief Executive's responsibilities as the accounting officer of Sheffield Children's NHS Foundation Trust

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

NHS England has given Accounts Directions which require Sheffield Children's 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 [name] 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 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.

Ruth Brown
Chief Executive and Accounting Officer

29 June 2023

Annual governance statement

Scope of responsibility

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

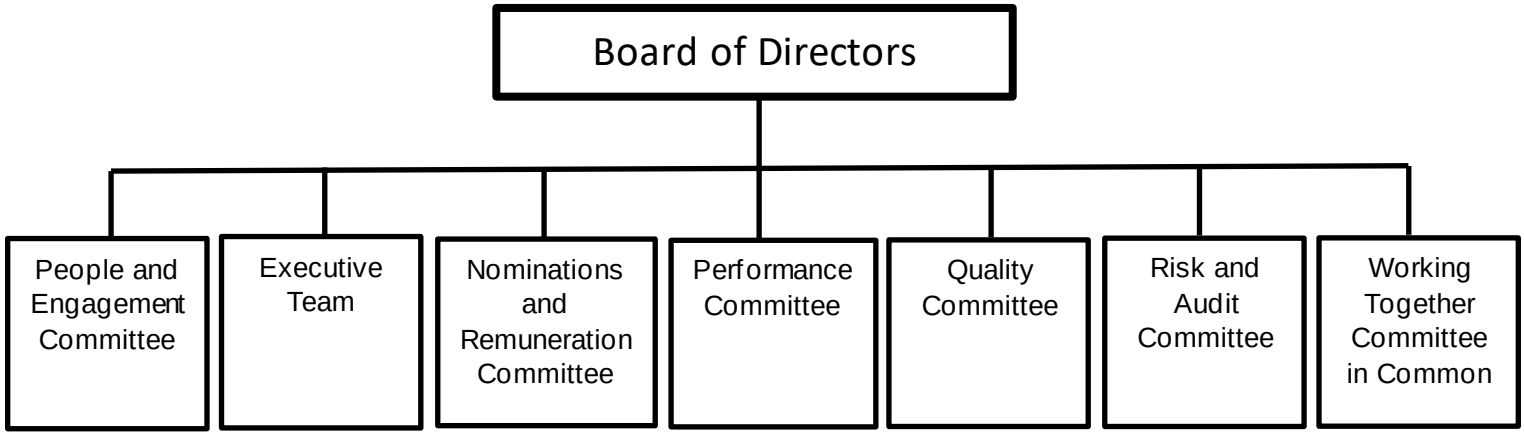
The purpose of the system of internal control

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

The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Sheffield Children's 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 Sheffield Children's NHS Foundation Trust for the year ended 31 March 2023 and up to the date of approval of the annual report and accounts.

Fig: Trust Board Committee structure



Capacity to handle risk

The Risk and Audit Committee oversees the system of internal control and overall assurance process associated with managing risk. It receives assurance from the Executive Risk Management Committee on all serious untoward incidents and routine and exception-based reports from aligned Board committees.

This allows this Committee to discharge its responsibility for providing assurance to the Trust Board in relation to all aspects of governance, risk management and internal control.

The composition of the Board as a whole remained relatively stable with four changes in year – two executive and two non-executive.

Impact of COVID-19

During the year, the Trust's operations were affected by the impact from the COVID-19 global pandemic.

The Trust has stood down its incident command structure and operational issues are dealt with by the Clinical Operations Group. Regular operational updates were provided to the Board.

The Board and its committees continued to meet virtually and gain assurance whilst risk and internal control systems adapted to the new environment with streamlined processes being put in place.

To date, the pandemic has not led to the emergence of any new significant control issues.

Colleague training and guidance on the management of risk

Risk management training and awareness is incorporated within the Trust's induction programme for new starters and is a key element of annual mandatory training for all colleagues. The frequency and level of risk management training is identified through training need assessments, which ensure that individual colleagues have the relevant training to equip them for their duties and level of responsibility.

Additionally, a range of policies are in place and available to colleagues via the Trust intranet which describe the roles and responsibilities in relation to the identification, management and control of risk. Colleagues are made aware of these policies and actively encouraged to access them to ensure that they understand their own roles and responsibilities in this area.

Risk management and the Board assurance framework

A robust and on-going risk management process, embedded across the organisation, is the basis for the Trust's system of internal control.

As referenced above, a comprehensive Board-approved risk management strategy and policy clearly describe a structured and systematic approach to the identification, evaluation and control of risk. The document describes the Trust's overall risk management process, within which the operation of a Board Assurance Framework (BAF) and risk registers ensure that risk management is an integral part of clinical, managerial and financial processes across the Trust.

The Trust's risk appetite matrix has been defined by the Risk and Audit Committee and adopted by the Trust's Board of Directors. This clearly articulates what risks the Board is willing or unwilling to take in order to achieve the Trust's strategic objectives and defines tolerances for balancing different elements of risk, including patient safety, reputation, people, innovation and financial / value for money, based on how much, or little the Trust wishes to commit in terms of risk.

The definition of this risk appetite informs discussion of controls and assurances in place in relation to our key strategic risks set out within our BAF and will be a tool in the future

consideration of service changes or investment decisions. The use of a single standard assessment tool to identify risks ensures a consistent approach is taken to the evaluation and monitoring of risk.

Using a grading matrix of likelihood and consequence to produce a risk score enables risks to be prioritised against other risks on risk registers. Low scoring risks (less than 12) are managed by the area in which they are found, and overseen by the Operational Risk Management Committee, while higher scoring risks are actively discussed at the Executive Risk Management Committee. Risk scores over 16 are reported to the Risk and Audit Committee and those over 20 to the Board of Directors.

To support reporting of risks from Ward to Board, the risk escalation process through our governance structure is defined within the risk management strategy, with top scoring risks being additionally reported to the Trust Board monthly. All risk control measures are identified, implemented and monitored to reduce the potential for adverse consequences.

The BAF is a mechanism for proactively assessing risk and control at the very highest level and provides the structure for the evidence to support the annual governance statement.

It focuses on a core set of broad overarching risks identified by the Board as risks to the achievement of the Trust's key strategic aims. Throughout the course of the year scrutiny is given to associated controls in place and sources of assurance through which the controls can be seen to be effectively working. This allows assessment by the Board of areas where gaps in control exist and consideration of any measures the Trust would wish to introduce to reduce identified risks.

The Risk and Audit Committee has continued, as a standing item on its agenda, to rotate the consideration and review of key BAF risks during the year. Following review by internal audit, BAF risks have now been aligned to all Board committees enabling timely deep dives are undertaken during the year. Risk and Audit Committee looks at the BAF as a whole and leads on the deep-diving cross-cutting risks.

This has brought together, and documented, evidence that routine discussion relating to key strategic risks takes place across the wider agenda of the Trust Board and its committees. Where the Committee has not been able to satisfy itself that adequate discussion is taking place, these assurance gaps can be addressed within the work programme of the Board or its most appropriate committee.

As part of the ongoing use of the BAF, the Board's risk appetite statement has been utilised to review target risk scores for each BAF risk. This work ensures that the Board is clear on actions to be taken to reduce risk scores in line with agreed timelines.

Quality governance arrangements

The Trust continues to demonstrate commitment to quality governance having approved a five-year Clinical Strategy and the implementation of the Patient Safety Incident Response Framework (PSIRF) this year following successful NHSE/I pilots.

The Board takes clear responsibility for ensuring the quality and safety of the Trust's services and ensuring that there are robust structures in place in relation to quality performance management and clear quality risk management processes/reporting mechanisms. These have been strengthened following a review of the Executive Risk Management Committee, building on previous improvements to Care Group to Board escalation.

During 2022/23 the Trust further strengthened patient safety reporting procedures with the introduction of a weekly Patient Safety Triage Panel to oversee the reporting and progress of Rapid Learning Reviews and Serious Incident investigations.

Policies for risk management and a refresh of the risk appetite matrix were carried out during the year.

The continued development of detailed quality governance reporting at divisional level allows quality metrics across risk management, patient experience and clinical effectiveness to be reported alongside performance and finance within the integrated performance report. Each month care group performance review meetings are held where executive directors meet senior clinical and managerial colleagues from each division to review performance against a range of measures. Care group performance scorecards containing in-month data and historical trends allow quality indicators to be triangulated alongside other performance measures to identify achievement and allow assessment on where improvement is necessary.

Observations of the quality of care are usually undertaken through a Back to the Floor programme where Trust Board members visit clinical and non-clinical departments to maintain an oversight on performance. These visits providing provide a valuable opportunity for members of the Board to discuss specific aspects of day-to-day challenges and ideas for improving patient experience and colleague productivity. The Executive Medical Director and the Chief Nurse also undertake a routine programme of walk-arounds which support Ward to Board engagement and the identification of quality risks.

The Trust is anticipating a CQC inspection during 2023/24 and therefore has commenced preparations to ensure Care Group compliance against indicators such as SI action plan completion, the responding to of complaints within timeframe and responding to incidents reported.

Quality improvement work continues through the emerging Quality, Safety and Experience Strategy and a number of microsystems projects taking place across the Trust. Unintended adverse impact is assessed through regular Quality Impact Assessment meetings which report into the Quality Committee. This exception reporting in relation to quality impact assessments is a means of Board maintaining oversight of the quality impact assessment process. The quarterly care group deep-dive reviews presented to the Quality Committee provide a further opportunity to assess the cumulative impact of schemes.

The Trust's quality impact assessment policy sets out an agreed process for assessing the impact on quality of cost improvement or service development plans.

Key elements of this policy are:

- clear guidelines for schemes that require a quality impact assessment;
- template project documentation which includes a description of the benefit to patients, quality indicators, patient safety issues to be considered, impact on clinical outcomes for consideration, impact on patient experience and any implications for the health, safety and performance of colleagues;
- where an adverse impact is identified, a risk assessment of the current position must be provided together with any controls taken to mitigate the risk. The risk assessment process follows the standard Trust format;
- risks are recorded and any projects with scores of 12 and over should be reviewed monthly;
- an overview of approved quality impact assessments are discussed at the monthly Quality Committee, with any high risks being discussed in full; and
- documentation with omitted information, lack of clarity or areas of clinical concern are not approved and are returned to the care group for further work if appropriate.

The Trust last underwent a CQC Well Led inspection in April 2019. The action plan from this inspection has been completed with the exception of the Learning Disability Strategy and the Accessible Information work programmes which are well advanced but not complete. Action plans are in place to complete these in 2022.

The Trust also had CQC inspections of its inpatient and community CAMHS services in 2022/23. Inpatient CAMHS retained its rating of Good overall. Community CAMHS also retained its Requires Improvement rating but increased its ratings in three of the five domains. Respective action plans are progressing.

Quality of Performance Information

As part of our quality governance arrangements, a framework exists for the management and accountability of data quality. This is supported by a formal Data Quality Group which develops and prioritises a work programme each financial year that addresses data quality issues within the Trust. The work programme is presented for consideration by the Trust's Information Governance Committee which reports into the Performance Committee. Reports against agreed data quality standards include:

- completeness and accuracy of data submitted to the secondary uses service, including the use of that data under the payment by results system;
- comparison of data to externally produced data quality reports and to external benchmarking information;
- the accuracy of Trust's activity coding.

Reviews of data quality and the accuracy, validity and completeness of Trust performance information are also considered by the Risk and Audit Committee through in-year review of work undertaken by internal and external audit.

Registration with the Care Quality Commission (CQC)

The Trust is fully compliant with the registration requirements of the Care Quality Commission (CQC) and its current registration status is unconditional.

The Care Quality Commission has not taken enforcement action against the Trust during 2022/23.

CQC compliance

The last full CQC inspection including 'well led' was undertaken at the Trust was between 29 February 2019 and 4 April 2019. This involved inspections of four core services:

- Urgent and Emergency Care
- Surgery
- Outpatients
- Transition

A further inspection of specialist community child and adolescent mental health services and inpatient child and adolescent mental health services (CAMHS) was also undertaken. The 2019 process closed on 4 April 2019 following a three day 'well led' review. The Trust was rated as 'Good' in the report published on 18 July 2019. This included a rating of 'Good' for Well-led.

A focused unannounced inspection of Tier 4 inpatient CAMHS services took place on the 21 July 2021. Six recommendations were made following the inspection.

The Trust had a focused unannounced CQC inspections of its inpatient and community CAMHS services in 2022/23. Inpatient CAMHS retained its rating of Good overall from 2019. Community CAMHS also retained its Requires Improvement rating but increased its ratings in three of the five domains. The Trust has responded to the issues raised by the CQC through the implementation of a comprehensive action plan, driven and closely monitored by Executive leads, reported upwards to the Trust Board and Quality Committee.

The organisation's major risks

The Board Assurance Framework (BAF) bases itself around an assessment of the Trust's future risk profile and describes the key risks which, if not managed, would impact on the Trust's ability to deliver its high-level strategic ambitions.

Each BAF risk consolidates a number of individual key current and future organisational risks. The mapping of relevant high level risks entered onto the Trust risk register identifies current risks which would impact on the delivery of strategic aims.

As at 31 March 2023, these risks can be categorised under the following 13 themes:

- Quality of care
- Financial stability
- Motivated, suitably trained and engaged workforce
- Recruitment and retention of colleagues
- Insufficient leadership capacity and capability
- Clinical service viability
- Engagement with partner organisations
- Clinical engagement
- IT infrastructure
- Being a 'well led' organisation
- Operational constraints and failure to deliver transformation
- Mental health provision
- Operational resilience

These risks are being mitigated through close monitoring, but will continue to be some of the risks for the organisation in the year ahead.

More details around the key risks that the Trust will seek to manage over the coming year in the context of our current financial and operating environment are outlined within the performance section of this annual report.

Compliance and validity of the NHS Foundation Trust condition 4 (FT Governance): Corporate Governance Statement

The Board annually considers the corporate governance statement with a view to confirming compliance with condition FT(4) of the provider licence. To assure validity of this statement, a schedule of evidence of compliance with each element of the declaration is prepared by the executive team for review by the Board prior to final sign off.

Each element of the corporate governance Board statement is presented alongside sources of assurances which include internal audit work, routine reports and papers to the Board and Trust practice. This documents any risks to compliance identified on the Board Assurance Framework / Risk Register and corresponding mitigating actions.

All statements were confirmed in the March 2023 review with no unmitigated risks to compliance identified.

The Trust believes that effective systems and processes are in place to maintain and monitor the following:

- The effectiveness of governance structures.
- The responsibilities of directors and committees.
- Reporting lines and accountabilities between the Board, its committees and the executive team.
- The submission of timely and accurate information to assess risks to compliance with the Trust's licence.
- The degree and rigour of oversight the Board has over the Trust's performance.

Public involvement in risk management

The views of our public stakeholders are very important to the Trust. Learning from many varied sources external to the Trust enables the organisation to learn and develop practices in response to genuine need.

As a foundation trust the organisation aims to make best use of its membership and of its

Council of Governors. We take opportunities to involve the public in all aspects of our business and all public Board documents are available on the Trust website at www.sheffieldchildrens.nhs.uk/about-us/board-of-directors.htm

We take opportunities to engage the Council of Governors to ensure that the Trust's operational strategy is being developed in line with membership expectations. Included routinely on Council meeting agendas are items on areas of risk.

The level of public and patient involvement in the development of our services provides assurance that the Trust is not operating in isolation and is putting the needs of children and their families at the centre of our services.

Examples of where public stakeholders have been actively engaged by the Trust during 2022/23 in an effort to bring continuous improvement to the Trust include:

- seeking feedback from families of children and young people
- seeking feedback from families as a part of a full review of patient information resources
- work undertaken between families of children with complex needs and the Trust Lead Nurse for Learning Disability to develop a Learning Disability Strategy
- Inviting parents to Board subcommittees to share their stories
- quarterly Council of Governors meetings to review Trust operations and plans;
- Governor representation on the sub-Board assurance committees;
- Engagement with Local Authority Overview and Scrutiny Committee.

People strategies

The Trust introduced a People Plan in 2021 setting out our steps to being a brilliant place to work. The plan has a focus on workforce planning and development. Good workforce planning leads to having the right people with the right skills in the right place at the right time. The Trust has systems in place to manage short term operational workforce changes and service leaders risk assess concerns about staffing levels and escalate as necessary. The Trust has daily huddles and uses the Safe Care acuity tool daily. The Trust has improved systems to provide short-notice additional capacity with people that are suitably qualified, competent, and safe through in-house bank developments and centrally controlled use of agency workers through a master vendor model.

Our nursing establishment is fully reviewed annually and has a six-monthly review. Any changes are quality impact assessed and the establishment is reported to the Board. Quality Committee, a committee of the Board, receives monthly safe staffing reports through the nursing dashboard and this is provided to the Board for information. Any proposed reduction in service because of staffing levels would be escalated to Executive Directors and reported to the Board.

As part of our workforce planning approach, and in response to national shortages in some clinical professions, we have made effective use of the apprenticeship levy to attract people to 'difficult to fill roles' such as operating department practitioners where we have given permanent roles for our first two apprentices to complete their ODP training and have set a system in place to always have two ODP apprentices in development. We are developing sustainable apprenticeship models and all these changes undergoes a quality impact assessment as part of the service change process. We have expanded the number of apprenticeships again over the last year and have increased our number of apprentices. We already have an established undergraduate programme for medical, nursing, and allied health professional students, and have expanded our student numbers. We have re-introduced face to face learning and teaching support following the pandemic and continue to receive great feedback from HEE

on our training delivery to medical students particularly.

We have an annual workforce plan as part of our operational delivery planning cycle which considers our anticipated activity based on commissioning requirements, service developments, workforce levels and efficiency programmes.

In 2022 we have increased our focus on workforce planning with a view to delivering a strategic workforce plan in 2023 and a delivery plan for our priority areas set out in our People Plan. The work to date has been inclusive and collaborative, involving professional leads on new roles and career pathways, roles that release clinical time, as well as reviewing our recruitment and retention priorities. Our plans also include collaboration on apprenticeships and new roles across South Yorkshire for effective and sustainable solutions.

We have developed our capacity and expertise with a new workforce planning and systems lead role in 2022 that is already adding value with solutions to our temporary staffing challenges as well as analytics for our longer-term planning. Our e-roster implementation will be complete for all non-medical colleagues by summer 2023, aiding our ability to manage rosters more effectively, and to have more timely sickness data and leave record management oversight. Our information system strategy is now planning more use of e-roster for medics, job planning software for non-medics and ultimately self-service management of our electronic staff record. These are all key components in our aim for timely and accurate data through one workforce information route.

Our strategic workforce plan has an important focus on the diversity of our workforce and how we ensure we work towards a workforce profile that represents our community, and that our teams and services benefit from different backgrounds and experience. In 2022 we recruited nurses from Kerala India, and the Philippines, through a fully supported recruitment and retention package that helped the nurses, and their families, integrate practically, financially, socially, and professionally. The project has been successful, and our attention now turns to the career development of these experienced nurses so that they stay and thrive at Sheffield Children's.

Information governance

Information governance is the responsibility of the Chief Information Officer, who is the Trust's designated senior information risk owner (SIRO), supported by a network of information assets owners who ensure the integrity of the systems.

The reporting and management of both data and security risks are supported by ensuring that all employees are reminded of their data security responsibilities through education and awareness. This includes mandated annual information governance training. Regular reminders and lessons learned are shared through colleague communications.

In addition to mandatory colleague training, a range of measures are used to manage and mitigate information risks, including: physical security, data encryption, access controls, audit trail monitoring, departmental checklists and spot checks. In addition, a comprehensive assessment of information security is taken annually as part of the Data Security and Protection Toolkit and further assurance is provided from internal audit and other reviews.

The effectiveness of these measures is reported to the Information Governance Committee. This includes details of any personal data-related serious incidents, the Trust's Data Security and Protection Toolkit assessment and reports of other information governance incidents and audit reviews.

There was one serious incident relating to information governance during the 2022/23 financial year. The Trust continues to monitor the threat to cyber security arising from the external environment.

Registers of interest

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

Pensions

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

Equality, diversity and inclusion

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

Environmental sustainability

The Trust has a Board approved Green Plan. This plan demonstrates the Trusts commitment to sustainability, incorporating the requirements of the *NHS Delivering a Net Zero NHS* report and the *NHS Long Term Plan*.

Annual Quality Report (including Quality Accounts)

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 not included in this annual report but will be submitted by 30 June in line with the requirements of the Health Act 2009. In addition, the Trust is not required to meet any of the Quality Report requirements this year.

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

Key processes are in place to ensure that resources are used economically, efficiently and effectively. In 2022/23 these have included:

- continued implementation of a Financial Recovery Plan, managed through Executive Team and monthly through Performance Committee and Trust Board;
- monthly monitoring of delivery of a Board approved financial plan and via a performance management / escalation framework incorporating care group performance reviews led by the Executive Team;
- monthly reporting to the Trust Board on key performance indicators including finance, activity, people, quality and performance;
- participation in an external benchmarking club, which analyses the comparative resource use in paediatric centres;
- the scheme of delegation and reservation of powers approved by the Board sets out the decisions, authorities and duties delegated to officers of the Trust;
- standing financial instructions detail the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that an organisation's transactions are carried out in accordance with the law and Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness;
- robust competitive processes are used for procuring non-staff expenditure items. Above £35k, procurement involves competitive tendering;
- application of controls around the use of agency and temporary staffing;

- assessment of efficiency schemes for their impact on quality with local clinical ownership and accountability; and
- use of internal and external audit services to support governance arrangements to deliver economic, efficient and effective use of resources at the Trust.

The Trust Board has gained assurance from the Risk and Audit Committee in respect of financial and budgetary management across the organisation. The Risk and Audit Committee receives as standing items on its agenda reports regarding losses, special payments and compensations, write-off of bad debts and contingent liabilities.

The Trust has continued to embed enhanced governance and process around cash management overseen by a Cash Committee which meets monthly and reports into Performance Committee. Continued focus has been placed on overdue debts and there has been a push on settling outstanding amounts, which has yielded positive results.

In the context of work being undertaken in partnership with other organisations in Sheffield and the region to deliver high quality and sustainable services, the Trust recognises that its systems of control and arrangements for governance and the management of risk will need to continue to develop in the coming year, to reflect increasing cross-organisation and sector partnerships.

A Value Improvement Programme was in place during the year. Further engagement work with managers and clinicians has helped identify savings plans structured around programme workstreams, all with executive director lead responsibility.

Further information on the Trust's financial future regarding the going concern assessment is included within the body of this annual report.

Internal audit continue to review systems and processes in place during the year and publishes reports detailing specific actions to ensure the economy, efficiency and effectiveness of the use of resources is maintained. The outcome of these reports and the recommendations are also graded according to their perceived level of risk to the organisation, therefore assisting management action. These have included internal audit reports on:

- Key financial systems – Accounts Receivable
- Agency Staffing
- Data Security Standards
- CQC Action Plan from 2019 Concentrating on Recommendation S1
- Review of HFMA Improving NHS Financial Sustainability Checklist
- Remote Consultations
- Safeguarding
- Absence Management
- Governance and Risk Management - CAMHS Provider Collaborative
- Data Quality – Performance Indicators
- Insourcing
- Care Group Quality Governance

In accordance with NHS internal audit standards, the Head of Internal Audit is required to provide an overall annual opinion statement to the Trust, based upon and limited to the work performed on the overall adequacy and effectiveness of the Trust's risk management, control and governance processes. This is one component that is taken into account in making this annual governance statement.

The Trust has received a statement from its Head of Internal Audit which is as follows:

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

In providing my opinion three main areas are considered:

• Board Assurance Framework (BAF)

• individual assignments

• follow up of actions.

I am providing an opinion of significant assurance for the BAF.

I am providing an opinion of moderate assurance for the outturn of individual audit assignments; we have identified a number of medium risk control issues in nine of our twelve audits in 2022/23.

I am providing an opinion of significant assurance for the follow up of actions.

The annual external audit review by KPMG, as stated in their Opinion and Annual Auditor's Report, provided an unqualified opinion on the financial statements and no significant weaknesses identified in relation to Use of Resources.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS foundation trust that have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Risk and Audit Committee and Quality Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The system of internal control has been reviewed and modified in the past year. The Trust committee structure provides balance between the three areas of quality, finance and performance management, something which was recognised by the CQC in our most recent inspection. Internal audit has been routinely used to clarify issues where assurance is required.

My review is also informed by:

- the Board Assurance Framework.
- regular executive reporting to Board and escalation processes through the Board committees. the processes in place for financial governance including the Financial Recovery Plan which have resulted in undertakings placed on the Trust in 2019/20 being removed.
- audit reports prepared independently by both the internal and external audit agencies. In particular, the ISA audit highlight memorandum produced by KPMG, our external auditor.
- the published results of the NHS Oversight Framework, which now place us in Segment 2.
- the Trust's compliance with annual performance indicators published by the Department of Health.
- the inspection report and progress made against recommendations following the CQC's visits in 2022, 2021, and 2019.
- external validations and peer reviews.
- investigation reports and action plans following serious incidents and learning events and deep dive reviews.
- the recent developmental review of our governance arrangements undertaken by AQuA.

- the Board of Directors' further consideration of the Well-led Framework based upon self-assessment work.
- responses to all formal complaints.
- patient surveys undertaken by an independent organisation.
- the results of the NHS Staff Survey.

Conclusion

The system of internal control has been in place in Sheffield Children's NHS Foundation Trust for the year ended 31 March 2023 and up to the date of approval of the annual report and accounts.

In summary, I am assured that the NHS Foundation Trust has an overall sound system of internal control in place, which is designed to manage the key organisational objectives and minimise the NHS Foundation Trust's exposure to risk.

Recommendations for improvement to the internal control system have been made within internal audit limited assurance reports and we continue to review and update the governance assurance processes to further strengthen arrangements to ensure our services are well led.

The Board of Directors is committed to continuous improvement and enhancement of the system of internal control.

There are no significant control issues identified.

Signed

Ruth Brown
Chief Executive and Accounting Officer

29 June 2023

Section Three: Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS OF SHEFFIELD CHILDREN'S NHS FOUNDATION TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management, the Risk and Audit Committee and internal audit and inspection of policy documentation as to the Trust's high-level policies and procedures to prevent and

detect fraud, including the internal audit function, and the Trust's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.

- Assessing the incentives for management to manipulate reported financial performance because of the need to achieve financial performance targets delegated to the Trust by NHS England
- Reading Board and Risk and Audit Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

As required by auditing standards, and taking into account possible pressures to meet delegated targets, we performed procedures to address the risk of management override of controls in particular the risk that Trust management may be in a position to make inappropriate accounting entries. On this audit we did not identify a fraud risk related to revenue recognition due to the block nature of the majority of funding provided to the Trust during the year. The Trust's various other income streams are largely high volume, low value transactions with simple recognition criteria. We therefore assessed that there was limited opportunity or incentive for the Trust to manipulate the income that was reported.

We also identified a fraud risk related to the completeness and accuracy of manual Non-NHS accruals in response to the pressures and opportunity which exists for management to manipulate transactions of this nature to allow the Trust to meet its delegated targets.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journals posted by infrequent users and those which involved unusual account code combinations.
- Assessing whether the judgements made in making accounting estimates were indicative of a potential bias.
- Assessing the completeness of disclosed related party transactions and verifying they had been accurately recorded within the financial statements.
- Vouching a sample of manual non-NHS accruals to supporting documentation to corroborate whether those items were completely and accurately recorded in the correct accounting period.
- Inspecting a sample of non-NHS expenditure invoices, and performing a search for unrecorded liabilities, in the period around 31 March 2023, to determine whether expenditure had been recognised in the correct accounting period.

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 directors and (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

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

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

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

Secondly, the Trust is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We 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 nature of the Trust's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors 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 of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to either cease the services provided by the Trust or dissolve the Trust without the transfer of its 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 of Accounting Officer's Responsibilities, 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 Sheffield Children's 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.

James Boyle

for and on behalf of KPMG LLP

Chartered Accountants

1, St Peter's Square

Manchester

M2 3AE

29 June 2023

Section Four: Annual Accounts

Foreword to the accounts

Sheffield Children's NHS Foundation Trust

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

Signed .....

Name Ruth Brown
Job title Chief Executive
Date 27 June 2023

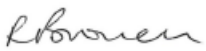
Statement of Comprehensive Income

	Note	2022/23 £000	2021/22 £000
Operating income from patient care activities	3	278,695	269,818
Other operating income	4	29,849	27,970
Operating expenses	7, 9	(305,858)	(296,230)
Operating surplus/(deficit) from continuing operations		**2,686**	**1,558**
Finance income	10	687	22
Finance expenses	11	(1,064)	(1,030)
PDC dividends payable		(493)	(231)
Net finance costs		**(870)**	**(1,239)**
Other gains / (losses)	12	(156)	(70)
Surplus / (deficit) for the year from continuing operations		**1,660**	**249**
Surplus / (deficit) on discontinued operations and the gain / (loss) on disposal of discontinued operations	14	-	-
Surplus / (deficit) for the year		**1,660**	**249**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	8	(447)	(91)
Revaluations	16.1	4,113	824
Total comprehensive income / (expense) for the period		**5,326**	**982**

Statement of Financial Position

	Note	31 March 2023 £000	31 March 2022 £000
Non-current assets			
Intangible assets	13	2,028	2,894
Property, plant and equipment	14	83,490	76,538
Right of use assets	18	8,075	-
Receivables	20	629	432
Total non-current assets		**94,222**	**79,864**
Current assets			
Inventories	19	4,876	3,748
Receivables	20	19,624	12,810
Cash and cash equivalents	21	31,043	34,659
Total current assets		**55,543**	**51,217**
Current liabilities			
Trade and other payables	22	(33,676)	(32,367)
Borrowings	24	(3,566)	(2,297)
Provisions	25	(154)	(153)
Other liabilities	23	(9,830)	(4,951)
Total current liabilities		**(47,226)**	**(39,768)**
Total assets less current liabilities		**102,539**	**91,313**
Non-current liabilities			
Borrowings	24	(38,310)	(34,135)
Provisions	25	(2,516)	(1,788)
Total non-current liabilities		**(40,826)**	**(35,923)**
Total assets employed		**61,713**	**55,390**
Financed by			
Public dividend capital		50,954	49,957
Revaluation reserve		8,020	4,354
Income and expenditure reserve		2,739	1,079
Total taxpayers' equity		**61,713**	**55,390**

The notes on pages 7 to 49 form part of these accounts.

Signed 

Name Ruth Brown
Position Chief Executive
Date 27 June 2023

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

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2022 - brought forward	**49,957**	**4,354**	**1,079**	**55,390**
Surplus/(deficit) for the year	-	-	1,660	**1,660**
Impairments	-	(447)	-	**(447)**
Revaluations	-	4,113	-	**4,113**
Public dividend capital received	997	-	-	**997**
Taxpayers' and others' equity at 31 March 2023	**50,954**	**8,020**	**2,739**	**61,713**

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

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2021 - brought forward	**47,708**	**3,621**	**830**	**52,159**
Surplus/(deficit) for the year	-	-	249	**249**
Impairments	-	(91)	-	**(91)**
Revaluations	-	824	-	**824**
Public dividend capital received	2,249	-	-	**2,249**
Taxpayers' and others' equity at 31 March 2022	**49,957**	**4,354**	**1,079**	**55,390**

Information on reserves

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

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

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

Statement of Cash Flows

	Note	2022/23 £000	2021/22 £000
Cash flows from operating activities			
Operating surplus / (deficit)		2,686	1,558
Non-cash income and expense:			
Depreciation and amortisation	7.1	9,055	6,709
Net impairments	8	981	4,962
Income recognised in respect of capital donations	4	(2,434)	(3,652)
(Increase) / decrease in receivables and other assets		(6,916)	(1,753)
(Increase) / decrease in inventories		(1,128)	(499)
Increase / (decrease) in payables and other liabilities		6,376	11,596
Increase / (decrease) in provisions		183	39
Other movements in operating cash flows		151	2
Net cash flows from / (used in) operating activities		**8,954**	**18,962**
Cash flows from investing activities			
Interest received		687	22
Purchase of intangible assets		(18)	(282)
Purchase of PPE and investment property		(8,695)	(9,011)
Net cash flows from / (used in) investing activities		**(8,026)**	**(9,271)**
Cash flows from financing activities			
Public dividend capital received		997	2,249
Movement on loans from DHSC		(2,127)	(2,127)
Capital element of finance lease liability repayments		(1,774)	-
Interest on loans		(983)	(1,031)
Interest element of lease liability repayments		(69)	-
PDC dividend (paid) / refunded		(588)	(46)
Net cash flows from / (used in) financing activities		**(4,544)**	**(955)**
Increase / (decrease) in cash and cash equivalents		**(3,616)**	**8,736**
Cash and cash equivalents at 1 April 2022 - brought forward		**34,659**	**25,923**
Cash and cash equivalents at 31 March 2023	21.1	**31,043**	**34,659**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

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

Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

Note 1.2 Going concern

These accounts have been prepared on a going concern basis. The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the entity's services in the public sector is normally sufficient evidence of going concern. The directors have a reasonable expectation that this will continue to be the case.

Note 1.3 Critical judgements in applying accounting policies

In the application of the Trust's accounting policies, management are required to make judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Judgements are based on historical experience and other factors that are considered relevant. Revisions are recognised in the period in which they are revised if the revision affects that period only or in the period of the revision and subsequent periods if the revision affects both current and future periods.

Note 1.4 Sources of estimation uncertainty

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

Property, plant and equipment valuation

Assumptions used in the determination of the carrying value of the Trust estate and associated useful lives at the Statement of Financial Position date are based on the Royal Institution of Chartered Surveyors valuation standards insofar as these are consistent with the requirements of HM Treasury, the National Health Service and the Department of Health and Social Care. The Trust commissioned a property revaluation as at 31 March 2023, for further information see note 16. Capital charges for equipment are based on estimated asset lives upon recognition. Any estimate of asset lives may differ to the actual period the Trust utilises the asset but differences would be immaterial.

Provisions

Provisions are judgements made based on the best available information at the time. Once realised, there is a possibility that they may be different to the original estimate.

Clinician's pension liability

Clinicians who are members of the NHS Pension Scheme and who as a result of work undertaken in the tax year 2019/20 face a tax charge in respect of the growth of their NHS pension benefits above their pension savings annual allowance threshold will be able to have this charge paid by the NHS Pension Scheme. The Trust will make a contractually binding commitment to pay them a corresponding amount on retirement, ensuring that they are fully compensated in retirement for the effect of the 2019/20 Scheme Pays deduction on their income from the NHS Pension Scheme in retirement. The Trust has created a provision broadly equal to the tax charge owed by clinicians who want to take advantage of the 2019/20 commitment. At the reporting date, it is unclear how many and which clinicians this will involve. This will be offset by the commitment from NHS England and the Government to fund the payments to clinicians as and when they arise.

Note 1.5 Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS).

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability. Where performance obligations have been satisfied the associated credit terms will determine the timing of payment.

Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for health care services. Funding envelopes are set at an Integrated Care System (ICS) level. The majority of the Trust's income is earned from NHS commissioners in the form of fixed payments to fund an agreed level of activity. In 2022/23 fixed payments are set at a level assuming the achievement of elective activity targets. These are termed 'aligned payment and incentive' contracts.

Elective recovery funding provides additional funding for the delivery of elective services. In 2022/23 elective recovery funding was included within the aligned payment and incentive contracts. In 2021/22 income earned by the system based on achievement of elective recovery targets was distributed between individual entities by local agreement and income earned from the fund was accounted for as variable consideration.

The Trust also receives income from commissioners under Commissioning for Quality Innovation (CQUIN) and Best Practice Tariff (BPT) schemes. Delivery under these schemes is part of how care is provided to patients. As such CQUIN and BPT payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the overall contract with the commissioner. In 2022/23 payment under these schemes is included in fixed payments from commissioners based on assumed achievement of criteria.

Mental health provider collaboratives

NHS led provider collaboratives for specialised mental health, learning disability and autism services involve a lead NHS provider taking responsibility for managing services, care pathways and specialised commissioning budgets for a population. As lead provider for South Yorkshire and Bassetlaw CAMHS Provider Collaborative, the Trust is accountable to NHS England and Improvement and as such recognises the income and expenditure associated with the commissioning of services from other providers in these accounts. Where the trust is the provider of commissioned services, this element of income is recognised in respect of the provision of services, after eliminating internal transactions.

Revenue from research contracts

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

NHS injury cost recovery scheme

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

Note 1.6 Other forms of income

Grants and donations

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

Apprenticeship service income

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

Note 1.7 Expenditure on other goods and services

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

Note 1.8 Discontinued operations

Discontinued operations occur where activities either cease without transfer to another entity, or transfer to an entity outside of the boundary of Whole of Government Accounts, such as private or voluntary sectors. Such activities are accounted for in accordance with IFRS 5. Activities that are transferred to other bodies within the boundary of Whole of Government Accounts are 'machinery of government changes' and treated as continuing operations.

Note 1.9 Expenditure on employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Pension costs

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.

Note 1.10 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

• it is held for use in delivering services or for administrative purposes
• it is probable that future economic benefits will flow to, or service potential be provided to, the trust
• it is expected to be used for more than one financial year
• the cost of the item can be measured reliably
• the item has cost of at least £5,000, or
• collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, eg, plant and equipment, then these components are treated as separate assets and depreciated over their own useful lives.

Subsequent expenditure
Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Measurement

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

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

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

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

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

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

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

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful lives or low values or both, as this is not considered to be materially different from current value in existing use.

Depreciation

Items of property, plant and equipment are depreciated over their remaining useful lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.

Property, plant and equipment which has been reclassified as 'held for sale' cease to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the trust, respectively.

Revaluation gains and losses

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating expenditure.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

Impairments

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

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised. Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

De-recognition

Assets intended for disposal are reclassified as 'held for sale' once the criteria in IFRS 5 are met. The sale must be highly probable and the asset available for immediate sale in its present condition.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'held for sale' and instead is retained as an operational asset and the asset's useful life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Donated and grant funded assets

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met. The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

This includes assets donated to the trust by the Department of Health and Social Care or NHS England as part of the response to the coronavirus pandemic. As defined in the GAM, the trust applies the principle of donated asset accounting to assets that the trust controls and is obtaining economic benefits from at the year end.

Useful lives of property, plant and equipment

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

	Min life Years	Max life Years
Buildings, excluding dwellings	10	55
Plant & machinery	5	15
Transport equipment	7	7
Information technology	5	10
Furniture & fittings	10	10

Note 1.11 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the trust and where the cost of the asset can be measured reliably.

Internally generated intangible assets

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

Expenditure on research is not capitalised. Expenditure on development is capitalised where it meets the requirements set out in IAS 38.

Software

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

Measurement

Valuation

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale. Intangible assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

Amortisation

Intangible assets are amortised over their expected useful lives in a manner consistent with the consumption of economic or service delivery benefits.

Useful lives of intangible assets

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

	Min life Years	**Max life Years**
Software licences	5	10

Note 1.12 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method.

The Trust received inventories including personal protective equipment from the Department of Health and Social Care at nil cost. In line with the GAM and applying the principles of the IFRS Conceptual Framework, the Trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department.

Note 1.13 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 Trust's cash management. Cash, bank and overdraft balances are recorded at current values.

Note 1.14 Financial assets and financial liabilities

Recognition

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

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

Classification and measurement

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

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

Financial assets and liabilities are classified as subsequently measured at amortised cost or fair value through other comprehensive income

Financial assets and financial liabilities at amortised cost

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

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

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

Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income where business model objectives are met by both collecting contractual cash flows and selling financial assets and where the cash flows are solely payments of principal and interest. Movements in the fair value of financial assets in this category are recognised as gains or losses in other comprehensive income except for impairment losses. On derecognition, cumulative gains and losses previously recognised in other comprehensive income are reclassified from equity to income and expenditure, except where the Trust elected to measure an equity instrument in this category on initial recognition.

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, the Trust recognises an allowance for expected credit losses.

The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

At the Statement of Financial Position date, the Trust assesses whether any financial assets, other than those held at "fair value through income and expenditure" are impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

Derecognition

Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Note 1.15 Leases

A lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration. An adaptation of the relevant accounting standard by HM Treasury for the public sector means that for NHS bodies, this includes lease-like arrangements with other public sector entities that do not take the legal form of a contract. It also includes peppercorn leases where consideration paid is nil or nominal (significantly below market value) but in all other respects meet the definition of a lease. The trust does not apply lease accounting to new contracts for the use of intangible assets.

The Trust determines the term of the lease term with reference to the non-cancellable period and any options to extend or terminate the lease which the Trust is reasonably certain to exercise.

The Trust as a lessee

Recognition and initial measurement

At the commencement date of the lease, being when the asset is made available for use, the Trust recognises a right of use asset and a lease liability.

The right of use asset is recognised at cost comprising the lease liability, any lease payments made before or at commencement, any direct costs incurred by the lessee, less any cash lease incentives received. It also includes any estimate of costs to be incurred restoring the site or underlying asset on completion of the lease term.

The lease liability is initially measured at the present value of future lease payments discounted at the interest rate implicit in the lease. Lease payments includes fixed lease payments, variable lease payments dependent on an index or rate and amounts payable under residual value guarantees. It also includes amounts payable for purchase options and termination penalties where these options are reasonably certain to be exercised.

Where an implicit rate cannot be readily determined, the Trust's incremental borrowing rate is applied. This rate is determined by HM Treasury annually for each calendar year. A nominal rate of 0.95% applied to new leases commencing in 2022 and 3.51% to new leases commencing in 2023.

The Trust does not apply the above recognition requirements to leases with a term of 12 months or less or to leases where the value of the underlying asset is below £5,000, excluding any irrecoverable VAT. Lease payments associated with these leases are expensed on a straight-line basis over the lease term or other systematic basis. Irrecoverable VAT on lease payments is expensed as it falls due.

Subsequent measurement

As required by a HM Treasury interpretation of the accounting standard for the public sector, the Trust employs a revaluation model for subsequent measurement of right of use assets, unless the cost model is considered to be an appropriate proxy for current value in existing use or fair value, in line with the accounting policy for owned assets. Where consideration exchanged is identified as significantly below market value, the cost model is not considered to be an appropriate proxy for the value of the right of use asset.

The Trust subsequently measures the lease liability by increasing the carrying amount for interest arising which is also charged to expenditure as a finance cost and reducing the carrying amount for lease payments made. The liability is also remeasured for changes in assessments impacting the lease term, lease modifications or to reflect actual changes in lease payments. Such remeasurements are also reflected in the cost of the right of use asset. Where there is a change in the lease term or option to purchase the underlying asset, an updated discount rate is applied to the remaining lease payments.

The Trust as a lessor

The Trust assesses each of its leases and classifies them as either a finance lease or an operating lease. Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Where the Trust is an intermediate lessor, classification of the sublease is determined with reference to the right of use asset arising from the headlease.

Finance leases

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Trust's net investment outstanding in respect of the leases.

Operating leases

Income from operating leases is recognised on a straight-line basis or another systematic basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Initial application of IFRS 16

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

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

The Trust as lessee

For continuing leases previously classified as operating leases, a lease liability was established on 1 April 2022 equal to the present value of future lease payments discounted at the Trust's incremental borrowing rate of 0.95%. A right of use asset was created equal to the lease liability and adjusted for prepaid and accrued lease payments and deferred lease incentives recognised in the statement of financial position immediately prior to initial application. Hindsight has been used in determining the lease term where lease arrangements contain options for extension or earlier termination.

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

The Trust as lessor

Leases of owned assets where the Trust is lessor were unaffected by initial application of IFRS 16. For existing arrangements where the Trust is an intermediate lessor, classification of all continuing sublease arrangements has been reassessed with reference to the right of use asset.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

2021/22 comparatives

Comparatives for leasing transactions in these accounts have not been restated on an IFRS 16 basis. Under IAS 17 the classification of leases as operating or finance leases still applicable to lessors under IFRS 16 also applied to lessees. In 2021/22 lease payments made by the Trust in respect of leases previously classified as operating leases were charged to expenditure on a straight line or other systematic basis.

Note 1.16 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective from 31 March 2023:

		Nominal rate	Prior year rate
Short-term	Up to 5 years	3.27%	0.47%
Medium-term	After 5 years up to 10 years	3.20%	0.70%
Long-term	After 10 years up to 40 years	3.51%	0.95%
Very long-term	Exceeding 40 years	3.00%	0.66%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective from 31 March 2023:

	Inflation rate	Prior year rate
Year 1	7.40%	4.00%
Year 2	0.60%	2.60%
Into perpetuity	2.00%	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of 1.70% in real terms (prior year: minus 1.30%).

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 25.2 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

The trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the trust pays an annual contribution to NHS Resolution and in return receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses when the liability arises.

Note 1.17 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 26.1 where an inflow of economic benefits is probable.Contingent liabilities are not recognised, but are disclosed in note 26.1, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

• possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or

• present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Note 1.18 Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

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

A charge, reflecting the cost of capital utilised by the trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, with certain additions and deductions as defined by the Department of Health and Social Care.

This policy is available at https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts.

In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

Note 1.19 Value added tax

Most of the activities of the trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

Note 1.20 Corporation tax

Foundation Trusts currently have a statutory exemption from Corporation tax on all their activities.

Note 1.21 Climate change levy

Expenditure on the climate change levy is recognised in the Statement of Comprehensive Income as incurred, based on the prevailing chargeable rates for energy consumption.

Note 1.22 Foreign exchange

The functional and presentational currency of the trust is sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- monetary items are translated at the spot exchange rate on 31 March
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

Note 1.23 Third party assets

Assets belonging to third parties in which the Trust has no beneficial interest (such as money held on behalf of patients) are not recognised in the accounts. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's *FReM*.

Note 1.24 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis.

The losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

Note 1.25 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

Note 1.26 Early adoption of standards, amendments and interpretations

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

Note 1.27 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 14 Regulatory Deferral Accounts

The European Financial Reporting Advisory Group recommended in October 2015 that the Standard should not be endorsed as it is unlikely to be adopted by many EU countries. The standard applies to first time adopters of IFRS after 1 January 2016 and is therefore not applicable to DHSC group bodies.

IFRS 17 Insurance Contracts

The standard is effective for accounting periods beginning on or after 1 January 2023. IFRS 17 is yet to be adopted by the FReM, therefore early adoption is not permitted.

Note 2 Operating Segments

The Trust Board, as the chief operating decision maker as defined by IFRS 8, consider that all of the Trust's activities fall under the single segment of 'Provision of Healthcare'. They consider that this is consistent with the core principle of IFRS 8 which is to enable users of the financial statements to evaluate the nature and financial effects of business activities and economic environments. No further segmental analysis is therefore required.

Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.5

Note 3.1 Income from patient care activities (by nature)	2022/23 £000	2021/22 £000
Acute services		
Income from commissioners under APl contracts*	169,372	167,964
High cost drugs income from commissioners (excluding pass-through costs)	34,773	43,815
Mental health services		
Income from commissioners under APl contracts*	14,422	23,145
Services delivered under a mental health collaborative	10,107	2,068
Income for commissioning services in a mental health collaborative	8,671	4,713
Community services		
Income from commissioners under APl contracts*	7,146	2,832
Income from other sources (e.g. local authorities)	9,392	9,175
All services		
Private patient income	21	45
Elective recovery fund	5,004	4,101
Agenda for change pay award central funding***	6,594	-
Additional pension contribution central funding**	7,840	7,128
Other clinical income	5,353	4,831
Total income from activities	**278,695**	**269,818**

*Aligned payment and incentive contracts are the main form of contracting between NHS providers and their commissioners. More information can be found in the 2022/23 National Tariff payments system documents.

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

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

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

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	2022/23 £000	2021/22 £000
NHS England	185,674	172,463
Clinical commissioning groups	19,293	83,286
Integrated care boards	61,862	-
Other NHS providers	1,676	4,630
Local authorities	9,392	9,175
Non-NHS: private patients	21	45
Non-NHS: overseas patients (chargeable to patient)	10	-
Injury cost recovery scheme	173	201
Non NHS: other	231	18
Total income from activities	**278,695**	**269,818**
Of which:		
Related to continuing operations	278,695	269,818
Related to discontinued operations	-	-

Note 3.3 Overseas visitors (relating to patients charged directly by the provider)

	2022/23	2021/22
	£000	£000
Income recognised this year	10	-
Cash payments received in-year	10	-
Amounts written off in-year	4	31

Note 4 Other operating income

	2022/23			2021/22		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	4,405	-	**4,405**	3,448	-	**3,448**
Education and training	6,724	-	**6,724**	7,054	-	**7,054**
Non-patient care services to other bodies	2,872		**2,872**	2,879		**2,879**
Reimbursement and top up funding	252		**252**	564		**564**
Income in respect of employee benefits accounted on a gross basis	8,547		**8,547**	7,272		**7,272**
Receipt of capital grants and donations and peppercorn leases		2,434	**2,434**		3,652	**3,652**
Charitable and other contributions to expenditure		272	**272**		352	**352**
Revenue from operating leases		344	**344**		343	**343**
Other income	3,999	-	3,999	2,406	-	**2,406**
Total other operating income	**26,799**	**3,050**	**29,849**	**23,623**	**4,347**	**27,970**
Of which:						
Related to continuing operations			29,849			27,970
Related to discontinued operations			-			-

Note 5.1 Additional information on contract revenue (IFRS 15) recognised in the period

	2022/23	2021/22
	£000	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	4,868	3,611

Note 5.2 Income from activities arising from commissioner requested services

Under the terms of its provider licence, the trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider licence and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	2022/23	2021/22
	£000	£000
Income from services designated as commissioner requested services	253,883	253,712
Income from services not designated as commissioner requested services	54,661	44,076
Total	**308,544**	**297,788**

Note 5.3 Profits and losses on disposal of property, plant and equipment

The Trust disposed of equipment to the value of £156k in year (£70k in 2021/22) which was used in the provision of commissioner requested services - see note 12.

Note 5.4 Fees and charges

The Trust does not have any material fees or charges in 2022/23 (2021/22: £0).

Note 6 Operating leases - Sheffield Children's NHS Foundation Trust as lessor

This note discloses income generated in operating lease agreements where Sheffield Children's NHS Foundation Trust is the lessor.

The Trusts leases out property as retail unit space consisting of its owned property on the main hospital site. All such leases are classified as operating leases from a lessor perspective, the Trust has no sub-lease arrangements for this space. Leasing contracts for this commercial space do not transfer all of the risks and rewards incidental to the ownership of the assets to the lessee.

The Trust has applied IFRS 16 to account for lease arrangements from 1 April 2022 without restatement of comparatives. Comparative disclosures in this note are presented on an IAS 17 basis. This includes a different maturity analysis of future minimum lease receipts under IAS 17 compared to IFRS 16.

Note 6.1 Operating lease income

	2022/23	2021/22
	£000	£000
Lease receipts recognised as income in year:		
Minimum lease receipts	344	343
Total in-year operating lease income	**344**	**343**

Note 6.2 Future lease receipts

	31 March 2023
	£000
Future minimum lease receipts due at 31 March 2023:	
- not later than one year	343
- later than one year and not later than two years	340
- later than two years and not later than three years	336
- later than three years and not later than four years	297
- later than four years and not later than five years	133
- later than five years	211
Total	**1,660**

	31 March 2022
	£000
Future minimum lease receipts due at 31 March 2022:	
- not later than one year;	343
- later than one year and not later than five years;	246
Total	**589**

Note 7.1 Operating expenses

	2022/23	2021/22
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	5,892	5,144
Purchase of healthcare from non-NHS and non-DHSC bodies	10,950	6,480
Staff and executive directors costs	204,417	180,464
Remuneration of non-executive directors	144	146
Supplies and services - clinical (excluding drugs costs)	18,757	17,678
Supplies and services - general	2,733	4,391
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	36,615	51,442
Inventories written down	2	106
Consultancy costs	243	266
Establishment	4,866	6,143
Premises	4,388	3,866
Transport (including patient travel)	1,528	1,499
Depreciation on property, plant and equipment, and right of use assets	8,178	5,746
Amortisation on intangible assets	877	963
Net impairments	981	4,962
Movement in credit loss allowance: contract receivables / contract assets	29	(349)
Increase/(decrease) in other provisions	12	339
Change in provisions discount rate(s)	1	(50)
Fees payable to the external auditor		
audit services- statutory audit	119	115
Internal audit costs	99	82
Clinical negligence	2,471	3,176
Legal fees	419	356
Insurance	175	393
Research and development	1,053	668
Education and training	826	1,010
Expenditure on short term leases (current year only)	41	-
Operating lease expenditure (comparative only)	-	1,088
Redundancy	-	68
Car parking & security	17	13
Hospitality	4	4
Losses, ex gratia & special payments	21	21
Total	**305,858**	**296,230**
Of which:		
Related to continuing operations	305,858	296,230
Related to discontinued operations	-	-

Note 7.2 Limitation on auditor's liability

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

Note 8 Impairment of assets

	2022/23	2021/22
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	981	4,962
Total net impairments charged to operating surplus / deficit	**981**	**4,962**
Impairments charged to the revaluation reserve	447	91
Total net impairments	**1,428**	**5,053**

A material impairment in the valuation of the Trusts land a buildings estate was identified in the Trusts annual valuation process as outlined in notes 16.1.

Note 9 Employee benefits

	2022/23	2021/22
	Total	Total
	£000	£000
Salaries and wages	158,107	138,495
Social security costs	15,306	13,275
Apprenticeship levy	695	634
Employer's contributions to NHS pensions	25,683	23,478
Pension cost - other	57	67
Temporary staff (including agency)	6,003	5,400
Total gross staff costs	**205,851**	**181,349**
Recoveries in respect of seconded staff	-	-
Total staff costs	**205,851**	**181,349**
Of which		
Costs capitalised as part of assets	1,434	817

Retirements due to ill-health

During 2022/23 there were 3 early retirements from the trust agreed on the grounds of ill-health (3 in the year ended 31 March 2022). The estimated additional pension liabilities of these ill-health retirements is £72k (£205k in 2021/22).

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

Note 10 Finance income

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

	2022/23	2021/22
	£000	£000
Interest on bank accounts	687	22
Total finance income	**687**	**22**

In year increase in receipt due to movements in Government bank account interest rate.

Note 11 Finance expenditure

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

	2022/23	2021/22
	£000	£000
Interest expense:		
Interest on loans from the Department of Health and Social Care	975	1,023
Interest on lease obligations	73	-
Total interest expense	**1,048**	**1,023**
Unwinding of discount on provisions	16	7
Total finance costs	**1,064**	**1,030**

Note 12 Other gains / (losses)

	2022/23	2021/22
	£000	£000
Losses on disposal of assets	(156)	(70)
Total other gains / (losses)	**(156)**	**(70)**

	2022/23	2021/22
Remaining NBV of in year disposals of:	£000	£000
PEWS / E-handover	(57)	-
Prescribe 4	(6)	-
CRC Energy Efficiency 1819	(7)	-
Sculpture	(14)	-
Carbon Energy Fund	(72)	-
Array scanner	-	(19)
Fixed Asset Control Account	-	(14)
Ventilator (Covid return to DHSC)	-	(31)
Patient Monitor (Covid return to DHSC)	-	(6)
	(156)	(70)

Note 13.1 Intangible assets - 2022/23

	Software licences	Total
	£000	£000
Valuation / gross cost at 1 April 2022 - brought forward	8,366	8,366
Additions	18	18
Disposals / derecognition	(71)	(71)
Valuation / gross cost at 31 March 2023	8,313	8,313
Amortisation at 1 April 2022 - brought forward	5,472	5,472
Provided during the year	877	877
Disposals / derecognition	(64)	(64)
Amortisation at 31 March 2023	6,285	6,285
Net book value at 31 March 2023	2,028	2,028
Net book value at 1 April 2022	2,894	2,894

Note 13.2 Intangible assets - 2021/22

	Software licences	Total
	£000	£000
Valuation / gross cost at 1 April 2021 - as previously stated	8,084	8,084
Additions	282	282
Valuation / gross cost at 31 March 2022	8,366	8,366
Amortisation at 1 April 2021 - as previously stated	4,509	4,509
Provided during the year	963	963
Amortisation at 31 March 2022	5,472	5,472
Net book value at 31 March 2022	2,894	2,894
Net book value at 1 April 2021	3,575	3,575

Note 14.1 Property, plant and equipment - 2022/23

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2022 - brought forward	3,513	55,964	2,394	23,509	136	16,838	693	103,047
Additions	-	1,571	3,422	3,367	-	2,339	3	10,702
Impairments charged to SOCI as a result of downwards revaluation	(561)	(420)	-	-	-	-	-	(981)
Revaluations	858	1,734	-	-	-	-	-	2,592
Impairments charged to revaluation reserve	(180)	(267)	-	-	-	-	-	(447)
Reclassifications	-	-	(604)	863	-	-	-	259
Disposals / derecognition	-	-	(86)	(161)	-	(1,746)	-	(1,993)
Valuation/gross cost at 31 March 2023	3,630	58,582	5,126	27,578	136	17,431	696	113,179
Accumulated depreciation at 1 April 2022 - brought forward	-	-	-	15,102	27	10,790	590	26,509
Provided during the year	-	1,521	-	1,585	18	3,393	28	6,545
Revaluations	-	(1,521)	-	-	-	-	-	(1,521)
Disposals / derecognition	-	-	-	(161)	-	(1,683)	-	(1,844)
Accumulated depreciation at 31 March 2023	-	-	-	16,526	45	12,500	618	29,689
Net book value at 31 March 2023	3,630	58,582	5,126	11,052	91	4,931	78	83,490
Net book value at 1 April 2022	3,513	55,964	2,394	8,407	109	6,048	103	76,538

Note 14.2 Property, plant and equipment - 2021/22

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2021 - brought forward	**3,478**	**53,693**	**1,249**	**22,232**	**108**	**15,077**	**693**	**96,530**
Additions	-	2,415	6,758	1,922	28	1,761	-	**12,884**
Impairments charged to SOCI as a result of downwards valuation	-	(4,962)	-	-	-	-	-	**(4,962)**
Revaluations	35	(690)	-	-	-	-	-	**(655)**
Impairments charged to revaluation reserve	-	(91)	-	-	-	-	-	**(91)**
Reclassifications	-	5,599	(5,599)	-	-	-	-	-
Disposals / derecognition	-	-	(14)	(645)	-	-	-	**(659)**
Valuation/gross cost at 31 March 2022	**3,513**	**55,964**	**2,394**	**23,509**	**136**	**16,838**	**693**	**103,047**
Accumulated depreciation at 1 April 2021 - brought forward	-	-	-	**14,213**	**12**	**8,044**	**562**	**22,831**
Provided during the year	-	1,479	-	1,478	15	2,746	28	**5,746**
Revaluations	-	(1,479)	-	-	-	-	-	**(1,479)**
Disposals / derecognition	-	-	-	(589)	-	-	-	**(589)**
Accumulated depreciation at 31 March 2022	-	-	-	**15,102**	**27**	**10,790**	**590**	**26,509**
Net book value at 31 March 2022	**3,513**	**55,964**	**2,394**	**8,407**	**109**	**6,048**	**103**	**76,538**
Net book value at 1 April 2021	**3,478**	**53,693**	**1,249**	**8,019**	**96**	**7,033**	**131**	**73,699**

Note 15 Donations of property, plant and equipment

The Trust has received capital donations of £2,195k in year (2021/22: £3,652k). This includes a donation to the works on the new Helipad from The Children's Hospital Charity (£1,505k), a grant towards the National Centre for Child Healthcare Technology project (£500k), donated equipment from The Children's Hospital Charity (£132k) a donation from NPIC Digital Pathology (£36k) and donated equipment from DHSC for Covid response (£22k).

Note 16.1 Revaluations of property, plant and equipment

All land and buildings are revalued using professional valuations in accordance with IAS 16 to ensure that property is stated at fair value. The default frequency of these valuations is currently every five years, in accordance with the FT ARM. However, interim valuations are also carried out as deemed appropriate by the Trust. Valuations are performed by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisals and Valuation Manual.

In recent years the following work has taken place in respect of valuation of Trust estate (land and buildings) as part of the annual report and accounts cycle;

- In 2018/19 the Trust commissioned a full on-site valuation of its land and buildings, which was undertaken by independent valuers Cushman & Wakefield

- For the Trusts 2019/20 valuation, Cushman & Wakefield were instructed to perform a desktop valuation of Trust owned land and buildings in collaboration with QE Facilities. The engagement of QE Facilities served to benefit from significant experience and expertise in hospital design, utilising more granular site and performance information and ensuring the Trust had the most accurate reflection of market values and asset lives

- For the 2020/21 and 2021/22 valuation exercises, the Trust again instructed the valuation team at Cushman & Wakefield to carry out a detailed desktop valuation of its land and buildings estate

- For the current reporting period 2022/23 the Trust has commissioned a full on-site valuation

The valuation undertaken by the Trust is based on a Depreciated Replacement Cost methodology. This approach assumes assets would be replaced with a modern equivalent and not a building of identical design, though with an equal existing service potential. A modern equivalent may be smaller in size to the existing asset, due to technological advances in plant and machinery for example. A resulting net increase in the year-on-year valuation of the Trust's assets can be seen in note 14.1. This valuation reflects economic conditions and location factor appropriate to the region at the valuation date. All assumptions made by QE Facilities in 2019/20 remain unchanged for the 2022/23 valuation work.

The following combination of factors have impacted on the valuations of individual assets:

• The Building and Construction Information Service (BCIS) indices which reflect market conditions saw an increase at 31 March 2023 (from 350 to 379 (8.3%)). This resulted in an 8.3% increase in the value of the site.
• A functional obsolescence review of each individual block resulted in a 2.75% reduction in the value of the site.
• Changes in floor area, utilisation of space, asset life
• Prices dictated by the market and build costs at a given point in time
• Additions to assets do not equate to an increase in value unless they have resulted in a significant increase in floor area, change in use or asset life

The valuation exercise was carried out between December - March 2023 with a valuation date of 31 March 2023. For the year ending 202/23, Trust valuers have not declared a material uncertainty on valuations in the healthcare sector. The Trust still feels it pertinent to keep the valuation of its estate under frequent review. The values provided in the valuation report have been used to inform the measurement of property assets at valuation in these financial statements.

Note 17.1 Property, plant and equipment financing - 31 March 2023

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	3,630	55,326	2,976	8,401	91	4,911	-	75,335
Owned - donated/granted	-	3,256	2,150	2,651	-	20	78	8,155
Total net book value at 31 March 2023	**3,630**	**58,582**	**5,126**	**11,052**	**91**	**4,931**	**78**	**83,490**

Note 17.2 Property, plant and equipment financing - 31 March 2022

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	3,513	52,760	2,249	5,334	109	5,963	-	69,928
Owned - donated/granted	-	3,204	145	3,073	-	85	103	6,610
Total net book value at 31 March 2022	**3,513**	**55,964**	**2,394**	**8,407**	**109**	**6,048**	**103**	**76,538**

Note 17.3 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2023

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Subject to an operating lease	-	6,211	-	-	-	-	-	6,211
Not subject to an operating lease	3,630	52,371	5,126	11,052	91	4,931	78	77,279
Total net book value at 31 March 2023	**3,630**	**58,582**	**5,126**	**11,052**	**91**	**4,931**	**78**	**83,490**

Note 18.1 Leases - Sheffield Children's NHS Foundation Trust as a lessee

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

The Trust is engaged in a number of property and equipment leases. Leases can run for a range of years some with options to renew the lease after the term date. Lease payments are renegotiated at contractual break periods years to reflect market rentals where relevant. Leases can provide for additional rent payments that are based on changes in local price indices. Where stipulated in the lease contract, the Trust is restricted from entering into any sub-lease arrangements.

Property leasing includes long standing arrangements between the Trust and other local providers, DHSC bodies and commercial organisations serving both clinical and corporate accommodation. Equipment leasing largely covers a range of imaging and Theatre based right of use assets with commercial suppliers.

Leases that are short term (less than 12 months) and / or leases of low value (less than £5k) items, the Trust has elected not to recognise right-of-use-assets and lease liabilities for these items.

Extension options
Leases may contain extension options exercisable by the Trust before the end of the non-cancellable contract period. Where practicable, the Trust seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Trust and not by the lessors. The Trust assesses at the lease commencement date where it is reasonably certain to exercise extension options. The Trust reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Information about leases for which the Trust is a lessee is presented in the following notes.

The Trust has applied IFRS 16 to account for lease arrangements from 1 April 2022 without restatement of comparatives. Comparative disclosures in this note are presented on an IAS 17 basis.

Note 18.2 Right of use assets - 2022/23

	Property (land and buildings) £000	Plant & machinery £000	Total £000	Of which: leased from DHSC group bodies £000
IFRS 16 implementation - adjustments for existing operating leases / subleases	1,286	7,046	**8,332**	679
Additions	961	144	**1,105**	-
Movements in provisions for restoration / removal costs	530	-	**530**	-
Reclassifications	-	(259)	**(259)**	(259)
Valuation/gross cost at 31 March 2023	**2,777**	**6,931**	**9,708**	**420**
Provided during the year	610	1,023	**1,633**	351
Accumulated depreciation at 31 March 2023	**610**	**1,023**	**1,633**	**351**
Net book value at 31 March 2023	**2,167**	**5,908**	**8,075**	**69**
Net book value of right of use assets leased from other NHS providers				9
Net book value of right of use assets leased from other DHSC group bodies				60

Note 18.3 Reconciliation of the carrying value of lease liabilities

Lease liabilities are included within borrowings in the statement of financial position. A breakdown of borrowings is disclosed in note 24.1.

	2022/23
	£000
Carrying value at 31 March 2022	3
IFRS 16 implementation - adjustments for existing operating leases	8,332
Lease additions	1,105
Interest charge arising in year	73
Early terminations	(88)
Lease payments (cash outflows)	(1,843)
Carrying value at 31 March 2023	**7,582**

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

These payments are disclosed in Note 7.1. Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above.

The Trust does not currently sublease any right of use assets.

Note 18.4 Maturity analysis of future lease payments at 31 March 2023

	Total	Of which leased from DHSC group bodies:
	31 March 2023	31 March 2023
	£000	£000
Undiscounted future lease payments payable in:		
- not later than one year;	1,377	32
- later than one year and not later than five years;	4,287	39
- later than five years.	2,424	2
Total gross future lease payments	**8,088**	**73**
Finance charges allocated to future periods	(506)	(1)
Net lease liabilities at 31 March 2023	**7,582**	**72**
Of which:		
Leased from other NHS providers		10
Leased from other DHSC group bodies		62

Note 18.5 Maturity analysis of finance lease liabilities at 31 March 2022 (IAS 17 basis)

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

	31 March 2022
	£000
Undiscounted future lease payments payable in:	
- later than five years.	9
Total gross future lease payments	**9**
Finance charges allocated to future periods	(6)
Net finance lease liabilities at 31 March 2022	**3**
of which payable:	
- later than five years.	3

Note 18.6 Commitments in respect of operating leases at 31 March 2022 (IAS 17 basis)

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

	2021/22 £000
Operating lease expense	
Minimum lease payments	1,088
Total	**1,088**

	31 March 2022 £000
Future minimum lease payments due:	
- not later than one year;	1,128
- later than one year and not later than five years;	2,794
- later than five years.	2,673
Total	**6,595**

Note 18.7 Initial application of IFRS 16 on 1 April 2022

IFRS 16 as adapted and interpreted for the public sector by HM Treasury has been applied to leases in these financial statements with an initial application date of 1 April 2022.

The standard has been applied using a modified retrospective approach without the restatement of comparatives. Practical expedients applied by the Trust on initial application are detailed in the leases accounting policy in note 15.

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	**6,595**
Impact of discounting at the incremental borrowing rate	(156)
IAS 17 operating lease commitment discounted at incremental borrowing rate	**6,439**
Other adjustments:	
Differences in the assessment of the lease term	271
Rent increases/(decreases) reflected in lease liability, not previously reflected in IAS 17 commitment	109
Finance lease liabilities under IAS 17 as at 31 March 2022	3
Correction of immaterial prior period error in IAS 17 disclosure (not restated)	1,513
Total lease liabilities under IFRS 16 as at 1 April 2022	**8,335**

Note 19 Inventories

	31 March 2023	31 March 2022
	£000	£000
Drugs	1,360	1,017
Consumables	3,516	2,731
Total inventories	**4,876**	**3,748**
of which:		
Held at fair value less costs to sell	-	-

Inventories recognised in expenses for the year were £54,614k (2021/22: £69,499k). Write-down of inventories recognised as expenses for the year were £2k (2021/22: £106k).

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2022/23 the Trust received £201k of items purchased by DHSC (2021/22: £352k).

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.

Note 20.1 Receivables

	2023	2022
	£000	£000
Current		
Contract receivables	16,510	11,075
Allowance for impaired contract receivables / assets	(250)	(221)
Prepayments (non-PFI)	1,648	1,102
PDC dividend receivable	212	117
VAT receivable	690	737
Other receivables	814	-
Total current receivables	**19,624**	**12,810**
Non-current		
Other receivables (1)	629	432
Total non-current receivables	**629**	**432**
Of which receivable from NHS and DHSC group bodies:		
Current	12,505	6,099
Non-current	629	432

(1) Clinicians who are members of the NHS Pension Scheme and face an annual allowance tax charge for work undertaken in 2019/20 can elect to have this charge paid by the NHS Pension Scheme. The employing Trust will make a contractually binding commitment to pay a corresponding compensated amount on retirement to offset the impact on their pension. The Trust has provided for this future obligation in note 22, which will be nationally funded and as such a receivable asset has been recognised with NHS England.

Note 20.2 Allowances for credit losses

	2022/23	2021/22
	Contract receivables and contract assets	Contract receivables and contract assets
	£000	£000
Allowances as at 1 April - brought forward	**221**	**570**
Reversals of allowances	29	(349)
Allowances as at 31 Mar 2023	**250**	**221**

Note 20.3 Credit losses and impairment

IFRS 9 requires the recognition of impairments on an expected losses basis for financial assets that are debt instruments measured at amortised cost or at fair value through other comprehensive income. The Trust uses the HM Treasury mandated 'simplified approach' to calculate allowances. Allowances for credit losses are calculated as probability weighted losses expected from credit loss events occurring within a defined period. For instance, 12-month expected credit losses are the total losses expected from any event occurring in the next twelve months, whilst lifetime expected credit losses are the total losses expected from any event occurring within the lifetime of the financial asset. For financial assets with a term of less than twelve months, these are the same.

The Trust has no material category of receivable which requires generic expected credit losses to be recognised.

Receivables are impaired when there is evidence to indicate that the Trust may not recover, in full, sums due. This can be on the basis of legal advice, insolvency of debtors, or other economic factors. Impaired receivables are written off only when all reasonably possible means of recovery have been exhausted. The nature of the Trust's business generally means that no collateral is held against outstanding receivables.

NHS receivables are considered recoverable because the majority of trade is with commissioning bodies for patient care services.

Commissioners are funded by the Government to purchase NHS patient care services, credit scoring is not considered necessary. Similarly, other receivables with related parties are with other Government bodies, so credit scoring is not considered necessary.

The Trust has considered its exposure to potential credit losses in light of the and does not consider itself exposed to any significantly greater risk; taking this into consideration, its approach to the impairment of receivables remains largely unaltered.

Prepayments and accrued income are neither past their due date, nor impaired.

Other trade receivables become due immediately as the Trust does not offer extended credit terms.

Note 21.1 Cash and cash equivalents movements

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

	2022/23	2021/22
	£000	£000
At 1 April	34,659	25,923
Prior period adjustments		-
At 1 April (restated)	34,659	25,923
Transfers by absorption	-	-
Net change in year	(3,616)	8,736
At 31 March	31,043	34,659
Broken down into:		
Cash at commercial banks and in hand	49	58
Cash with the Government Banking Service	30,994	34,601
Total cash and cash equivalents as in SoFP	31,043	34,659
Total cash and cash equivalents as in SoCF	31,043	34,659

Note 21.2 Third party assets held by the trust

Assets such as cash and cash equivalents belonging to third parties are not recognised in the accounts since the Trust has no beneficial interest in them. The Trust held no such assets in year.

Note 22 Trade and other payables

	2023	2022
	£000	£000
Current		
Trade payables	11,491	12,782
Capital payables	490	678
Accruals	14,961	13,065
Social security costs	2,284	2,109
Other taxes payable	2,002	1,728
Pension contributions payable	2,311	2,353
Other payables	137	(348)
Total current trade and other payables	33,676	32,367
Of which payables from NHS and DHSC group bodies:		
Current	5,525	6,437
Non-current	-	-

Note 23 Other liabilities

	31 March 2023 £000	31 March 2022 £000
Current		
Deferred income: contract liabilities	3,830	4,951
Deferred grants	6,000	-
Total other current liabilities	**9,830**	**4,951**

Deferred grant income from the South Yorkshire Mayoral Combined Authority relates to the upcoming the National Centre for Child Health Technology project

Note 24.1 Borrowings

	31 March 2023 £000	31 March 2022 £000
Current		
Loans from DHSC	2,289	2,297
Lease liabilities*	1,277	-
Total current borrowings	**3,566**	**2,297**
Non-current		
Loans from DHSC	32,005	34,132
Lease liabilities*	6,305	3
Total non-current borrowings	**38,310**	**34,135**

* The Trust has applied IFRS 16 to lease arrangements within these accounts from 1 April 2022 without restatement of comparatives. More information about leases and the impact of this change in accounting policy can be found in note 18.1.

Note 24.2 Reconciliation of liabilities arising from financing activities - 2022/23

	Loans from DHSC	Lease Liability	Total
	£000	£000	£000
Carrying value at 1 April 2022	**36,429**	**3**	**36,432**
Cash movements:			
Financing cash flows - payments and receipts of principal	(2,127)	(1,774)	**(3,901)**
Financing cash flows - payments of interest	(983)	(69)	**(1,052)**
Non-cash movements:			
Impact of implementing IFRS 16 on 1 April 2022	-	8,332	**8,332**
Additions	-	1,105	**1,105**
Application of effective interest rate	975	73	**1,048**
Early terminations	-	(88)	**(88)**
Carrying value at 31 March 2023	**34,294**	**7,582**	**41,876**

Note 24.3 Reconciliation of liabilities arising from financing activities - 2021/22

	Loans from DHSC	Lease Liability	Total
	£000	£000	£000
Carrying value at 1 April 2021	**38,562**	**3**	**38,565**
Prior period adjustment	-	-	-
Carrying value at 1 April 2021 - restated	**38,562**	**3**	**38,565**
Cash movements:			
Financing cash flows - payments and receipts of principal	(2,127)	-	**(2,127)**
Financing cash flows - payments of interest	(1,031)	-	**(1,031)**
Non-cash movements:			
Application of effective interest rate	1,025	-	**1,025**
Carrying value at 31 March 2022	**36,429**	**3**	**36,432**

Note 25.1 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2022	**2**	**386**	**31**	**1,522**	**1,941**
Change in the discount rate	-	1	-	(560)	(559)
Arising during the year	-	-	12	1,283	**1,295**
Utilised during the year	-	(16)	(18)	(2)	(36)
Unwinding of discount	-	16	-	13	**29**
At 31 March 2023	**2**	**387**	**25**	**2,256**	**2,670**
Expected timing of cash flows:					
- not later than one year;	1	11	25	117	**154**
- later than one year and not later than five years;	1	44	-	1,369	**1,414**
- later than five years.	(0)	332	-	770	**1,102**
Total	**2**	**387**	**25**	**2,256**	**2,670**

Pensions
Calculated based on information provided by the NHS Business Services Authority - Pensions Division. There are uncertainties surrounding these provisions as the amounts incorporate assumptions made concerning the life expectancy of the individuals.

Legal Claims
Legal claims are in respect of employer's liability and public liability cases made against the Trust. This figure is based on information provided by NHS Resolution which represents the Trust's best assessment of likely future costs associated with processing claims. The eventual settlement costs and legal expenses may be higher or lower than that provided.

Other
Provisions for anticipated dilapidations costs on short leasehold property have increased in year following further review (£530k) and there has also been a increase in the consultants pension tax liability in year (£204k) (see note 1.4)

Note 25.2 Clinical negligence liabilities

At 31 March 2023, £50,155k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Sheffield Children's NHS Foundation Trust (31 March 2022: £85,858k).

Note 26 Contingent assets and liabilities

	31 March 2023 £000	31 March 2022 £000
Value of contingent liabilities		
NHS Resolution legal claims	(21)	(12)
Gross value of contingent liabilities	**(21)**	**(12)**
Amounts recoverable against liabilities	-	-
Net value of contingent liabilities	**(21)**	**(12)**
Net value of contingent assets	-	-

Quantified contingencies represent the consequences of losing all current third party legal claim cases, however, the likelihood of this is considered remote. Note 26 quantifies those cases which have been provided for where it is considered more likely that liabilities will crystallize.

Note 27 Contractual capital commitments

	31 March 2023 £000	31 March 2022 £000
Property, plant and equipment	4,445	-
Total	**4,445**	-

Contractual commitments relate to the development of the Helipad project.

Note 28.1 Financial instruments

Financial risk management

International Financial Reporting Standard 7 (IFRS 7) requires disclosure of the role that financial instruments have had during the period in creating and changing the risks a body faces in undertaking its activities. Due to the continuing service provider relationship that the Trust has with Clinical Commissioning Groups (CCGs) and the way those CCGs are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also, financial instruments play a much more limited role in creating and changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change risks facing the Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the Finance department, within parameters defined formally in the Standing Financial Instructions and policies agreed by the Board of Directors. Trust treasury activity is subject to review by the Trust's internal auditors.

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

Credit Risk
Credit risk is the risk of financial loss to the Trust if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Trust's trade receivables. As the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The carrying amount represents the maximum credit exposure.

Interest Rate Risk
All of the Trust's financial liabilities carry nil or fixed rates of interest. In addition, the only element of the Trust's financial assets that is currently subject to a variable rate is cash held in the Foundation Trust's main bank accounts and in a short-term deposit account. The Trust therefore has a low exposure to risk of significant fluctuations in interest rates.

Liquidity risk
The Trust's operating costs are incurred under contracts with Clinical Commissioning Groups and other NHS or Government bodies, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from internally generated resources or loans. All major capital expenditure is supported by detailed financial assessment including the assessment of cash flow requirements and impact on liquidity and any funding is within the Trust's prudential borrowing limit, as set by NHS Improvement. The Trust is not, therefore, exposed to significant liquidity risk.

Note 28.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2023	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	17,036	17,036
Cash and cash equivalents	31,043	31,043
Total at 31 March 2023	**48,079**	**48,079**

Carrying values of financial assets as at 31 March 2022	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	10,854	10,854
Cash and cash equivalents	34,659	34,659
Total at 31 March 2022	**45,513**	**45,513**

Note 28.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2023	Held at amortised cost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	34,294	34,294
Obligations under leases	7,582	7,582
Obligations under PFI, LIFT and other service concession contracts	-	-
Other borrowings	-	-
Trade and other payables excluding non financial liabilities	26,942	26,942
Other financial liabilities	-	-
Provisions under contract	1,645	1,645
Total at 31 March 2023	**70,463**	**70,463**

Carrying values of financial liabilities as at 31 March 2022	Held at amortised cost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	36,429	36,429
Obligations under leases	3	3
Obligations under PFI, LIFT and other service concession contracts	-	-
Other borrowings	-	-
Trade and other payables excluding non financial liabilities	26,916	26,916
Other financial liabilities	-	-
Provisions under contract	1,121	1,121
Total at 31 March 2022	**64,469**	**64,469**

Note 28.4 Maturity of financial liabilities

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

	31 March 2023	31 March 2022
	£000	£000
In one year or less	31,438	30,130
In more than one year but not more than five years	17,096	12,642
In more than five years	28,909	23,569
Total	**77,443**	**66,341**

Note 29 Losses and special payments

	2022/23		2021/22	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Bad debts and claims abandoned	2	7	9	50
Total losses	**2**	**7**	**9**	**50**
Special payments				
Compensation under court order or legally binding arbitration award	3	11	8	11
Ex-gratia payments	9	2	14	239
Total special payments	**12**	**13**	**22**	**250**
Total losses and special payments	**14**	**20**	**31**	**300**
Compensation payments received				

No individual items exceeding £300,000 were incurred in 2022/23 (2021/22: 0). These losses are reported on an accruals basis.

Note 30 Related parties

The Department of Health (DoH) is regarded as a related party. During the year, the trust has had a significant number of material transactions with the DoH, and with other entities for which the DoH is regarded as the parent. These entities include NHS England, Clinical Commissioning Groups, NHS Foundation Trusts, NHS Trusts, NHS Litigation Authority, NHS Business Services Authority and NHS Purchasing and Supply Agency.

The value of balances held with related parties as at 31 March 2023 are as follows:

	31 March 2023	31 March 2022
	£000	£000
Receivables		
NHS South Yorkshire ICB	463	-
NHS Sheffield Clinical Commissioning Group (CCG)	-	494
NHS England	7,693	508
Sheffield Teaching Hospitals NHS Foundation Trust	1,528	2,203
Leeds Teaching Hospitals NHS Trust	47	208
Lincolnshire Partnership NHS FT	-	-
Department of Health	-	122
Other NHS bodies (exc those listed above)	2,555	1,536
Other bodies (including WGA Bodies)	703	880
Milton Keynes University Hospital NHS FT	6	-
	12,995	**5,951**

	31 March 2023	31 March 2022
	£000	£000
Payables		
NHS South Yorkshire ICB	-	-
NHS Sheffield Clinical Commissioning Group (CCG)	-	205
NHS England	23	313
Sheffield Teaching Hospitals NHS Foundation Trust	4,792	3,793
Leeds Teaching Hospitals NHS Trust	29	108
Lincolnshire Partnership NHS FT	-	-
Department of Health	46	-
Other NHS bodies	620	1,519
Other bodies (including WGA Bodies)	6,664	6,689
	12,174	**12,627**

	2022/23 Income	2021/22 Income
	£000	£000
Income		
NHS South Yorkshire ICB	57,877	-
NHS Sheffield Clinical Commissioning Group (CCG)	16,417	74,813
NHS England	178,086	165,973
Sheffield Teaching Hospitals NHS Foundation Trust	4,906	4,516
Leeds Teaching Hospitals NHS Trust	138	6
Lincolnshire Partnership NHS FT	-	-
Department of Health	1,156	1,108
Other NHS bodies	22,513	19,632
Other bodies (including WGA Bodies)	9,610	6,648
Milton Keynes University Hospital NHS FT	51	-
	290,754	**272,696**

	2022/23 £000	2021/22 £000
Expenditure		
NHS South Yorkshire ICB	-	-
NHS Sheffield Clinical Commissioning Group (CCG)	8	73
NHS England	103	8
Sheffield Teaching Hospitals NHS Foundation Trust	12,591	11,277
Leeds Teaching Hospitals NHS Trust	713	372
Lincolnshire Partnership NHS FT	-	-
Department of Health	1,362	-
Other NHS bodies	5,142	3,302
Other bodies (including WGA Bodies)	42,878	41,731
	62,797	**56,763**

In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies. The majority of these transactions have been with HM Revenue and Customs (including National Insurance Fund), NHS Pension Scheme and Sheffield City Council.

Further related parties also include:

'- Olympic Legacy Park - the Trust's Executive Director of Finance is also a Director with whom the Trust incurred expenditure of £45k in year and maintains a payable balance of £45k at year end

'- Vyaire Medical Products and Vyaire UK whom the Trust paid £4k and £34k respectively in year

'- NHS Providers whom the Trust paid £54k in year

For the 2022/23 reporting period no member of the Trust Board, key management personnel or parties related to them has undertaken any material transactions with Sheffield Children's NHS Foundation Trust. Details of Directors' remuneration, pension benefits and declarations of interests can be found within the Annual Report.

During the year the Trust also received revenue and capital funding from The Children's Hospital Charity, a registered charity that mainly supports the work of the Sheffield Children's NHS Foundation Trust and its reputation as a regional centre of excellence for the research, prevention and cure of childhood illnesses. For the year ended 31 March 2023, the Trust recognised donated income of £1,637k (2020/21: £1,048k) from the charity. The Trust's Chief Executive and Chair plus two clinicians remain on the board of charity Trustees.

The Trust Board, via Risk and Audit Committee, is in agreement that the Trust does not have control over either the Children's Hospital Charity or Sheffield Hospitals Charitable Trust and, as a result, consolidation of these charities has not taken place for 2021/22 in line with IAS 27.

Note 31 Events after the reporting date

There are no material events after the reporting period to disclose.

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