<u>Bundle Annual Public Meeting 18 September 2023</u>

1 Welcome, Chair's opening remarks, apologies for absence

2 Receive the minutes from the 2022 Annual Public Meeting

  Minutes APM Sept 2022

3 Reflecting on 2022/23

4 Receive the Annual Report and Accounts 2022/23

  Item 4 Annual Report 2022-23 v26062023 combined

5 Looking ahead to 2023/24

6 Questions

NHS United Lincolnshire Hospitals NHS Trust

Minutes of the United Lincolnshire Hospitals NHS Trust
Annual Public Meeting

Held on 29 September 2022

Via MS Teams Live Stream

Present

Voting Members
Mrs Elaine Baylis, Chair
Mr Andrew Morgan, Chief Executive
Dr Karen Dunderdale, Director of Nursing
Mr Paul Matthew, Director of Finance and Digital
Mrs Rebecca Brown, Non-Executive Director
Mr Simon Evans, Chief Operating Officer
Mrs Sarah Dunnett, Non-Executive Director

Non-Voting Members
Mrs Sarah Buik, Associate Non-Executive Director
Dr Sameedha Rich-Mahadkar, Director of Improvement and Integration

In attendance:
Mrs Jayne Warner, Trust Secretary
Mrs Karen Willey, Deputy Trust Secretary (Minutes)
Mr Paul Dunning, Deputy Medical Director

Apologies
Dr Colin Farquharson, Medical Director
Dr Chris Gibson, Non-Executive Director
Mr Neil Herbert, Non-Executive Director
Professor Philip Baker, Non-Executive Director
Ms Dani Cecchini, Non-Executive Director

001/22	**Item 1 Welcome, Chair's opening remarks and apologies** The Chair welcomed members of the public and Trust Board members to the meeting noting that the Annual Public Meeting was an important milestone in the cycle of board business where the opportunity was taken to reflect and report on the previous year, April 2021 to March 2022.
002/22	The Chair noted that the meeting was an opportunity to celebrate the good things that had happened in the Trust but also to share plans with the public and wider stakeholders on those areas where improvement was required.
003/22	For the past 2 years, whilst observing regulations relating to the pandemic the Trust had held the meeting virtually. This had worked well enabling the meeting to be more open and convenient to access. Therefore, the decision was taken that the meeting would be held virtually with a number of public attendees having joined the meeting.
004/22	There was an opportunity for those joining the meeting to ask questions which would be taken at the appropriate point of the agenda, if there was insufficient time for these to be responded to during the meeting a response these would be followed up once the meeting was concluded.
005/22	The Chair offered opening remarks noting that the 2021/22 year had been hugely challenging following 2-years of restrictions in the way in which services were

	required to be delivered. It was hoped that it would have been possible to return to a pre-pandemic way of living however this had not been possible due to the ongoing impact of Covid-19.
006/22	Despite this position the Trust had been intent on restoring services and addressing backlogs however this had been hindered due to the increased demand for services, significant operational pressures, further waves of Covid-19 and internal critical and major incidents which occurred in January and March 2022.
007/22	The Chair paid tribute to all staff at United Lincolnshire Hospitals NHS Trust (ULHT) for the resilience and commitment demonstrated over the year. The Trust was led by an outstanding Executive Team who had demonstrated great leadership.
008/22	Despite the difficulties faced there had been many examples of improvements in the quality of care provided to patients and financial arrangements. In 21/22 the Trust had achieved the largest capital funding in history, seeing a significant spend on things to support better care and working conditions.
009/22	There had been good progress made in relation to maternity services as a result of the actions from the Ockenden review and a recent visit to the Trust had reviewed progress and offered exceptional feedback on all aspects of the service.
010/22	There had been formal recognition by the Care Quality Commission of the Trusts' quality improvement work with the decision to take the Trust out of special measures, now known as the National Recovery Support Programme, after 5 years. This was a huge improvement and demonstrated the sustained improvement across the Trust.
011/22	The Chair offered thanks to the Chief Executive and Executive Directors for the outstanding leaderships of teams across the Trust in resolving to improve patient safety and quality of care. Thanks were expressed to the Non-Executive Directors for the governance and pursuit of assurance.
012/22	It was recognised that whilst this was celebratory there remained more to do in order for the Trust to provide the best care possible. Plans to improve services were set out in the Integrated Improvement Plan which detailed how the Trust would work with stakeholders, including patients, service users and staff groups in order to gain a better understanding of where to focus.
013/22	The opportunity would also be taken to work with system colleagues, through the Integrated Care Board to join up pathways and improve outcomes for the population of Lincolnshire.
014/22	The Chair noted the formal requirement to report changes to the Trust Board noting that during 21/22 there had been significant changes to the Board of Directors.
015/22	The Chair was delighted to confirm a number of incoming appointments, the first being the substantive appointment, following a period of secondment, of Mr Morgan as the Chief Executive Officer which was confirmed substantively in August of 20233.

016/22	New appointments were made to the Medical Director role with Dr Farquharson appointed in August 2021 and Professor Baker and Ms Cecchini joining as Non-Executive Directors in August 2021 and January 2022 respectively.
017/22	The Chair also advise of the interim appointment of Dr Rich-Mahadkar, on secondment from Notting University Hospitals NHS Trust, as Director of Improvement and Integration in January 2022.
018/22	The Director of Finance and Digital, from 1 October 2021 assumed executive leadership responsibilities for the People and Organisational Development directorate.
019/22	The Trust was also joined by Mr Woodward as an interim Non-Executive Director chair of the Finance, Performance and Estates Committee from June to December 2021 and Ms Shadlock as an interim Non-Executive Director from February to July 2022.
020/22	The Chair was grateful to all those who had taken on additional responsibilities or interim roles during the challenging year.
021/22	Outgoing Board members had been the Medical Director, Dr Hepburn and Mr Rayson, Director of People and OD both who left the Trust in August 2021.
022/22	Ms Ponder, Mr Hayward and Mrs Libiszewski ended their Non-Executive Director terms in May 2021, July 2021 and December 2021 respectively with Ms Dickinson serving as a Non-Executive Director from May 2021 to January 2022
023/22	Thanks were offered to all Board members past and present for their commitment to the Board and the Trust.
024/22	The Chair also thanked the Board Secretary and secretariate without whom the public meetings and all other associated meeting would not function well.
025/22	The Chair noted the apologies for the Annual Public Meeting with apologies received from Dr Farquharson, Medical Director and Non-Executive Directors Professor Baker, Dr Gibson, Mr Herbert and Ms Cecchini.
026/22	**Item 2 Minutes of the last annual meeting held on 27 September 2021** The minutes were accepted as a true record of the annual public meeting held on the 27 September 2021.
027/22	**Item 3 Reflecting on 2021/22** The Chief Executive offered a summary of the year ending March 2022 and thanked those who were in attendance at the meeting.
028/22	The Chief Executive noted that the Trust was deemed to be an extra-large Acute Trust in the NHS on a scale of small, medium, large, extra large and supra larger, meaning that the Trust was one of the bigger organisations within the NHS providing acute and specialist services.

029/22	The Trust had an income of £680m, employed circa 9000 people and on any given day had circa 1000 general and acute beds open at any one time across Lincoln, Pilgrim, Grantham and Louth hospitals. It was noted that the Trust owned all sites except Louth of which the Trust was a tenant.
030/22	The Trust also provided a range of services at other parts of the county in community hospitals.
031/22	Looking back to the 2021/22 year the Chief Executive noted that this had been a challenging time, not only for the Trust but for all parts of the local health and social care system and the NHS, dealing with normal demand, services coming out of Covid-19 and also dealing with further waves of Covid-19 and along with the declaration of internal incidents at the end of 21/22.
032/22	It was noted however that significant improvements in the Trust in both quality of care, but also financial management and stewardship had been made. Whilst the Trust was delighted with the improvements there continued to be a huge amount to do, and it was noted that the Trust was not complacent about this.
033/22	There was work done through the Integrated Improvement Plan (IIP), recruitment and retention to make this a great place to work and received care but also to improve the estate from a building, equipment and modernisation of digital perspective.
034/22	The Chief Executive noted that in the 21/22 year the Trust had had the largest capital funding scheme in the history of the Trust.
035/22	Based on the challenging year with many successes, the Chief Executive offered personal thanks to all of the staff, volunteers, system partners and the public noting it should not be underestimated how important the things the Trust did were to the population of Lincolnshire.
036/22	The Chief Executive highlighted the further inspection by the Care Quality Commission (CQC) in October 2021 with a well led review conducted in the November. The inspection highlighted wide-spread improvements in the organisation with the CQC commending the Trust publicly, through the report and press statements. It was noted how impressive this was during a period of a pandemic.
037/22	The Trust had been an organisation in double special measures, for almost 5-years, and following the CQC report and along with the grip on finances, NHS England, on the recommendation of the CQC, remove the Trust from what had been known as special measures. This was now referred to as the recovery support programme.
038/22	The Trust had now moved from a rating of level 4 to level 3 meaning that the Trust was no longer in quality or financial special measures however Lincolnshire as a system was in the recovery support programme. This recognised that the cross-system issues needed to be tackled collectively.
039/22	The Chief Executive offered, through the presentation, the CQC inspection rating comparison between the 2019 and 2022 ratings which had been published in the February 2022, based on the October and November 2021 inspection.

040/22	The information presented demonstrated the improvements that had been made across the sites, particularly in urgent and emergency care services, however it was noted that, as the inspection had not covered all services, the overall rating of the Trust had not altered. The Trust rating remained at requires improvement.
041/22	Maternity services was a high profile service with significant media attention and through the Ockenden report the learnings from this applied to all Trusts. There had been a range of immediate and essential actions to be taken with increased scrutiny on maternity services across the country.
042/22	The Trust had, in the past few months, received an inspection and further visits to maternity services where favourable feedback was received, again the Trust was not complacent about this knowing that there remained significant interest to the public and their representatives.
043/22	The Trust had a capital investment in the year of £45m with some building, equipment and infrastructure improvements made, some schemes were continuing to be completed in the current year. It was noted that the Lincoln emergency department was being completed and it was hoped that in the coming year a further update on the significant investment into the Pilgrim emergency department could be provided as this had now been signed off by the government minister.
044/22	The Chief Executive noted that there were however significant challenges with the CQC highlighting flow issues and the waits within the accident and emergency departments, particularly at Lincoln. The ability to admit, treat and discharge patients quickly also needed to improve.
045/22	Significant progress had been made on registration notices for the Trust following the 2019 CQC inspections. The Trust had been working through reducing these and, subject to 2 during the 21/22 year, one had now been lifted. It was hoped that, in the near future, it would be possible to report all registration notices and warning notices that had been applied had been lifted.
046/22	An inspection relating to ionising radiation had been conducted by the CQC, in July 2021, with some issues identified which required addressing. These had been acted upon quickly and the improvement notice from this removed within a month. Whilst it was encouraging that this had been managed and resolved quickly there was a need for the Trust to be proactive in recognising and resolving issues.
047/22	The Chief Executive advised that urgent care remained a significant challenge for the Trust with continued over-crowded A&E departments, ambulance handover delays, flows issues in finding beds and significant numbers of medically fit for discharge patients.
048/22	Ensuring the correct flow would mean that improvements could be made in urgent and emergency care provisions however a stressed and pressured urgent care system could overspill into elective care resulting in cancelled operations of operations not being booked on time.

049/22	The Trust had received input and visits from national experts to try to support improvements and it was noted that the Trust was undertaking all of the recommended work including admission and attendance avoidance, access, same day emergency care and discharge and flow.
050/22	The Trust welcomed and invited the support and input and it was noted that the flow through the system was about the system overall and not just one part.
051/22	During the pandemic, for elective care, some work had been delayed and postponed, the Trust was now keen to do as much of the waiting list work for admitted and non-admitted patients as possible as well as those waiting for diagnostic and cancer care.
052/22	During 21/22, the Chief Executive noted, like all parts of the NHS, the Trust did not meet the expected standards, this was something that needed and wanted to be achieved. This would be addressed alongside flow and capacity, workforce numbers, productivity and value for money.
053/22	The approach being taken in respect of staffing was around selling Lincolnshire as a place, the NHS as an employer of choice and then retaining staff and selling the Trust as a place to work. The Trust was keen to get, grow and keep people through recruitment and retention and the development of exciting and interesting jobs. There had also been a focus on culture, leadership and behaviours and improving results on the staff survey. These were simple measures to ensure this was a great place to work and a great place to receive care.
054/22	Historically there had been a large number of plans in the Trust which had not provided clear direction and in early 2020 the IIP, 5-yar plan, was put in place called outstanding care personally delivered. The purpose of the plan was to move the organisation to an outstanding rating by 2025.
055/22	The 21/22 year was the second year of the plan with the pandemic impact on the delivery and progress slowing. This had not however stopped the plan from progressing with continual reference to this, a number of objectives had remained live however timelines had slipped.
056/22	The Chief Executive stated that the Trust was here to keep people safe, be a great place to receive care and work and therefore by achieving this the Trust would incrementally improve to become an outstanding organisation by 2025.
057/22	**Item 4 Receive the Annual Report and Accounts for 2021/22** The Director of Finance and Digital presented the Annual Report and Accounts for 2021/22 and noted that the year had continued to be unprecedented for the NHS, as had the previous year, with the requirement for some significant funding to enable the Trust to respond to this.
058/22	The 21/22 year had seen greater oversight nationally in respect of funding with a greater level of local scrutiny and control required to deliver within the financial envelope which had been set.

059/22	It was noted that the underlying financial position of the Trust remained at a significant deficit and as there was a move out of the pandemic a re-focus was required to bring costs down and under further control.
060/22	Personal Protective Equipment (PPE) continued to be supplied nationally with £1.6m of funding to the Trust in 21/22.
061/22	As already noted, the Trust exited from the former special measures and had moved from level 4 to level 3. This recognised that in Lincolnshire and ULHT, the resolving of financial challenges could not be done by the Trust alone but required a system approach.
062/22	The total income for the Trust in 21/11 was £680m with a plan requirement to breakeven which was achieved through additional funding received to manage Covid-19. This had resulted in the Trust making a small surplus of £2m.
063/22	The Director of Finance and Digital noted statutory duties with which the Trust had to comply, the first being breakeven which was achieved. The Trust had also achieved the external financing limit along with management of the capital resource of £45.3m.
064/22	There was a need to achieve the capital cost absorption rate of 3.5% which was achieved however the Trust had been unable to meet the Better Payment Practice Code of 95%, achieving circa 10% less. Work would continue to improve the position.
065/22	The Chief Executive noted, looking to the current year of 2022/23 that the IIP was in the third year with work increasing as a system with the Trust working formally as part of the Lincolnshire Integrated Care System.
066/22	The coming few months would be challenging as the Trust went into the winter period with a focus over the remainder of the year on urgent and emergency care, elective activity on waiting lists and cancer care whilst delivering this within the available resources.
067/22	The Chief Executive noted that the new Secretary of State for Health and Social Care had set out the ABCD priorities for ambulance, backlog, care and doctors and dentists. There priorities would also drive some of the work of the Trust.
068/22	There would be a need to ensure the right access and quality of services whilst these were recovered following the pandemic however it was noted that this could be impacted by the winter.
069/22	The Acute Service Review (ASR) work had been completed by the system and work was now underway with the Integrated Care Board (ICB) on the implementation of the outcome of the consultation which had been held.
070/22	The Chief Executive reflected on the Trust noting there would be a continued strong focus on people, recruitment and training along with making the Trust a great place to work. There would be a continuation of work on the culture, leadership, behaviours and Equality, Diversity and Inclusion (EDI) work.

071/22	The Chief Executive was pleased that there were strong staff networks in place at the Trust along with constructive relationships with staff side representatives and unions. Close working with staff side and unions was ongoing around any potential industrial action following the pay awards that had been made earlier in the year.
072/22	There had been clarity with colleagues that the implementation of the IIP and those actions to improve the Trust was something that needed to be done collectively in order to achieve an outstanding rating by 2025.
073/22	The Trust was a values-based organisation with a focus on these being lived and about how patients were treated and how staff dealt with each other in daily work. This would also provide focus to the strategic objectives of the Trust of patients, people, services and partners.
074/22	For year 3 of the IIP there were 3 focuses on continued improvements on patient safety and experience, reducing waiting times for treatment and making people feel valued and supported by improving culture, leadership and behaviours. All of these required all 9000 people in organisation to support this.
075/22	The Chair noted the formal duty of asking the Board members to receive the annual report and accounts for 2021/22 The Trust Board: • **Received the Annual Report and Accounts for 2021/22**
076/22	**Item 4 Public Questions** Board members responded to questions that had been submitted to the Trust Board during the Annual Public Meeting. **Q1 from Councillor Wotton**
077/22	**When will you make a decision on the future of Grantham Old Hospice?**
078/22	The Chief Operating Officer responded noting that this was the frontage of the hospital and advised that the Trust was undertaking structural reviews and engineering reports.
079/22	Once the reports were completed the Trust fully intended to engage with key stakeholders and the population in the Grantham areas to discuss what the future would entail. No decision had been taken at this time however it was anticipated that the decision would be taken later in the year with the full engagement of stakeholders. **Q2 from Jody Clark**
080/22	**We get lots of Grantham patients sent to Lincoln hospital, who are then discharged after a cursory once over from Doctor. This adds to the pressures Lincoln A&E face. Can they have remote access from Grantham to Lincoln, so specialist advice can be given before patients are sent miles away, with difficulties getting home again?**

081/22	The Chief Operating Officer responded to confirm that all emergency departments had access to the full range of specialists across the Trust remotely. Most of this was done via telephone or digital methods with the full range of Lincoln and Pilgrim specialities available at Grantham.
082/22	It was noted that there would be occasions when patients would need specialist diagnostic or inpatients services such as cardiac services.
083/22	The Chief Operating Officer would consider the number of patients who did not required any procedures or further investigations after they had been transferred however this was not a large number.
	Q3 from Councillor Wotton
084/22	**There have been complaints that patients that attend A&E at Lincoln are having to wait longer than 4 hours to be seen or admitted to hospital, can you explain why this is happening?**
085/22	The Chief Operating Officer responded noting that the Chief Executive had described much of the response in the context of the 21/22 year.
086/22	At the beginning of 2021 it was noted there had been the best access to emergency services for some years however this had since decreased and it was noted that, nationally, in the past month no Trust in the country had achieved the 4-hour standard of access.
087/22	It was recognised that the Trust was continuing to have difficulties in providing access to services, primarily due to the level of bed occupancy exceeding that which the Trust would want and allow timely access to the emergency departments.
088/22	There were multifactorial issues across the system including greater difficulty with the transfer of in-patients to care in the community. It was possible that the Trust could have up to 15% of all beds with patients that did not require acute care however could not be discharged.
089/22	This is the premise of the plan as noted in the presentation with the 2022/23 year having a substantial improvement plan which would include working with teams both in the Trust alongside regional and national experts employed to provide support.
090/22	The Chair thanked Board members for participating in the meeting and members of the public for attending the meeting.
091/22	**Item 5 Any Other Notified Items of Business** There were no further items of business.
092/22	The APM for 2021/22 was closed.

United Lincolnshire Hospitals NHS Trust

Annual Report and Accounts for the year ended 31 March 2023

OUTSTANDING CARE personally DELIVERED

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Accessibility

This annual report and accounts are available at www.ulh.nhs.uk

If you would like a copy of this document in large print or audio please call (01522) 573986.

Ja jus velaties sanemt šo dokumentu latviešu valoda, ludzam zvanit pa Talruni (01522) 573986.

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For further information about this report or the work of the Trust please contact the communications and engagement team at Lincoln County Hospital, Lincoln, LN2 4AX or by telephoning 01522 573986.

Chief Executive and Chair's Foreword

We are pleased to be able to share with you our Annual Report for the year 2022/23. This report covers another challenging year for the NHS both nationally and locally. We have much to be proud of as our staff and volunteers navigate the recovery from Covid-19 the relentless demand in emergency care and working to address backlog created during the pandemic.

Our people continue to work selflessly and tirelessly to keep our patients safe and drive forward our vision to provide outstanding care, personally delivered for the population of Lincolnshire.

We are moving into a new era of partnership and collaboration with the creation of the Integrated Care Board (ICB) in 2022. The constituent parts of the NHS are now working together across Lincolnshire.

We each have a role in the Lincolnshire system to provide better care for patients, improved health and wellbeing for everyone and sustainable use of resources. This is really crucial given our financial position and the national drive for improved productivity and efficiency. It is important we manage our financial position and are good custodians of public money and the drive for improved productivity and efficiency is ever more important. We need to continue our improvement journey to achieve a CQC rating of 'good' and 'outstanding' in all areas, in the wider context of the Lincolnshire Integrated Care System. During 2022/23 and working closely with the Care Quality Commission (CQC) we were delighted to be able to achieve the removal of the last remaining CQC conditions.

Lastly we are proud to lead talented and inclusive people, in serving some of the most culturally diverse and socially deprived parts of the country. We thank our colleagues for everything they do to continue to provide safe and compassionate care for all our patients and their communities.

Elaine Baylis, Chair

Andrew Morgan, Chief Executive

Performance Report

Overview

The purpose of this overview is to give context to the Annual Report. It outlines and summarises the Trust's performance over the past year, where we have made improvements and the areas in which we need to continue to improve.

Whilst we are required by law to include technical and financial detail, we have tried to make this overview as easy as possible to read and understand, whilst sharing with you information about our Trust and the services we provide for the residents of Lincolnshire and beyond. The Performance Report is a summary of what we provide, how we have performed against the national mandated standards for clinical care, what we achieved in 2022/23, and how your money was invested to improve services for patients.

The Accountability Report and the Financial Statements contain a range of other technical details, statements and financial information, which we are required to produce by Parliament and our legal regulators, NHS England (NHSE).

About Us

United Lincolnshire Hospitals Trust (ULHT) serves one of the largest geographical areas in England with a population of around 768,364 (Office of National Statistics).

Our services are provided by four core clinical divisions: Medicine, Surgery, Family Health and Clinical Support Services with support from Corporate Divisions.

We provide a comprehensive range of hospital based medical , surgical, paediatric, obstetric and gynaecological services and primarily operate from four hospital sites in Lincoln, Boston, Grantham and Louth.

We have a number of community hospitals providing additional capacity closer to our patients' homes; John Coupland at Gainsborough, Johnson Hospital at Spalding, Skegness and District Hospital and our newly established Community Diagnostic Centre at Grantham.

We have an annual income for 2022/23 of £710m. Our main contract is with NHS Lincolnshire Integrated Care Board (ICB)

In an average year, we treat more than 140,000 accident and emergency patients, over 600,000 outpatients and over 130,000 inpatients, and deliver around 4,000 babies.

For 2021/22 vs 2022/23 our attendances were as follows:

	2022/23	**2021/22**
Outpatient	640,532	657,465
A&E Attendances	141,360	129,893
Inpatients	134,775	128,510

Whilst the Trust is the largest provider of elective care for Lincolnshire ICB, Northern Lincolnshire and Goole NHS Foundation Trust and North West Anglia NHS Foundation Trust provide a significant share of elective care in East and South Lincolnshire respectively.

Trust Organisational Structure

The table below shows the services provided by the Trust and how they are managed through each of the four Trust divisions:

Division	Clinical Business Unit	Clinical Service
Family Health	Women's Health	Breast Obstetrics Gynaecology
	Children and Young People	Paediatrics Neonatology
Clinical Support Services	Diagnostics	Radiology Radiotherapy Medical Physics Pathology Audiology
	Therapies and Rehabilitation	Rehabilitation medicine Occupational Therapy Speech and Language Therapy Dietetics Physiotherapy
	Pharmacy	
	Outpatients	
	Cancer Services	
Surgery	Surgery	General Surgery Vascular Urology Head and Neck
	Orthopaedics and Opthalmology	Orthopaedics Opthalmology Orthoptics
	Theatres, Anaesthetics, Critical Care and Pain	Theatres Critical Care
Medicine	Urgent and Emergency Care	A&E Acute Medicine Cardiology (including cardiac physiology)
	Cardio Vascular	Diabetes Renal Stroke Endocrinology

	Specialist Medicine	Dermatology Rheumatology Neurology Gastroenterology Respiratory Health care of the older person

The four Divisions were introduced to provide consistent structures with strengthened roles, clearer decision making closer to the front line of service delivery.

Vision, ambitions and strategies for 2020-2025

As a Trust Board in February 2020 we committed to delivering our 5 year Integrated Improvement Plan (IIP) reaching year three of delivery in 2022/23. At this time little did we know that we would be experiencing, a few weeks later, a global pandemic that disrupted healthcare delivery as we knew it. As a result the first two years of our plans were severely affected.

The following strategic framework was agreed to shape our plans for 2020-2025:

	Patients	People	Services	Partners
Strategic objectives	To deliver high quality, safe and responsive **patient** services, shaped by best practice and our communities.	To enable our **people** to lead, work differently and to feel valued, motivated and proud to work at ULHT.	To ensure that **services** are sustainable, supported by technology and delivered from an improved estate.	To implement new integrated models of care with our **partners** to improve Lincolnshire's health and wellbeing.
Our five year priorities	• Deliver harm free care • Improve patient experience • Improve clinical outcomes	• A modern and progressive workforce • Making ULHT the best place to work • Well led services	• A modern, clean and fit for purpose environment • Efficient use of our resources • Enhanced data and digital capability	• Establish new evidence based models of care • Advancing professional practice with partners • Becoming a University Hospitals Teaching Trust
Our outcomes	• HSMR and SHMI are within the top quartile nationally • Patient surveys in top quartile • Top quartile for national clinical audits and benchmarking • Meeting all of our regulatory requirements	• Top quartile for vacancy and turnover rates • Staff survey results in top quartile • Rated outstanding for well led	• Capital funding secured to deliver Trust strategies • Financial plan delivered • Staff will have access to real-time data via electronic systems	• All nationally required access standards delivered • A full partner in a functioning Integrated Care System (ICS) • Reduced activity delivered in acute setting • Acute Service Review delivered in partnership • Becoming a University Hospitals Teaching Trust

The Integrated Improvement Plan in 2023/24 sets out the Trust commitment to continual improvement and a map for the next stages of the improvement journey.

The Trust has five values which demonstrate what we stand for and how we behave.

The strategic objectives are simple and focus on our patients, our people, our services and our partners. The annual Integrated Improvement Plan detailed the work to progress and the actions to be taken during the year under the key objectives.

The Trust pledged to put quality improvement, productivity and efficiency at the heart of what it does to support delivery of better patient outcomes, improve operational and financial sustainability.

Achievements During 2022/2023

To monitor progress during 2022/23 the Trust identified 18 metrics as part of an executive score card (displayed in the tables below).

For our patients we have;

- Developed a new £5.6m resuscitation department in the Emergency Department at Lincoln
- Established safer Maternity services with removal of all CQC conditions, a move out of the national Maternity Safety Support Programme and recruitment of 34 additional midwives
- Reduced waiting times and ambulance handover delays in Emergency Departments
- Improved patient safety indicators, improvement in patient mortality (SHMI) and consistently achieving greater than 98% compliance with IPC objectives
- Established the Patient Improvement Advisory Group with patient volunteers to provide scrutiny and ensure the patient voice is heard when considering improvement and projects.

Measurement

- Implementation of the SAFER bundle
- SHMI performance
- Reduction in moderate and severe harm and death per 1,000 OBD
- Reduction in medication incidents leading to moderate and severe harm or death per 1,000 OBD
- Reduction in DKA incidents resulting in moderate and severe harm or death
- Achievement of the IPC BAF (quarterly data)

Strategic Objective	URN	Measurement	Measurement Definition	2022/23 Ambition	Tolerance	Apr 22	Mar 23
Patients	1	Implementation of the SAFER bundle	Non-Elective Stranded patients with LoS over 7 days as a percentage of total non-elective LOS, just for pathway 0 patients.	10%	1%	13.91 %	11.68 %
Patients	2	SHMI performance	Summary Hospital-level Mortality Indicator	100	5 points	109.48	103.12

Patients	3	Reduction in moderate and severe harm and death per 1,000 OBD	Incidents (including Never Events) of harm - Moderate, severe, and death per 1,000 OBD.	0	0.17	0.43	0.06
Patients	4	Reduction in medication incidents leading to moderate and severe harm or death per 1,000 OBD	Total number of medication incidents reported as causing harm (moderate/severe/ death) per 1,000 OBD.	0	0.07	0.17	0.09
Patients	5	Reduction in DKA incidents resulting in moderate and severe harm or death	The total number of DKA incidents reported as causing harm (moderate/severe/ death) per 1,000 OBD.	0%	TBD	0.03	0.03
Patients	6	Achievement of the IPC BAF **(quarterly data)**	% of green/compliant items from the IPC COVID BAF C1501 V1.8 (quarterly)	95%	1%		

For our people we have

- Increased our overall workforce numbers by an additional 1,000 people
- Improved our staff survey results (second highest improved acute trust)
- Reduced staff turnover rates
- Reduced medical vacancies
- Launched our Cultural Intelligence programme to improve equality, diversity and inclusion

Strategic Objective	URN	Measurement	Measurement Definition	2022/23 Ambition	Tolerance	Apr 22	Mar 23
People	7	Improved vacancy rates	Total vacancy rates including all staff groups	10%	1%	10.55 %	7.72%
People	8	Appraisal rates and training development (**appraisal rates**)	Total appraisal rates including all staff groups.	90%	2%	54.06 %	65.39 %
People	9	Appraisal rates and training development (**core training**)	Overall core learning including all staff groups	95%	2%	89.27 %	88.81 %
People	10	Improved Pulse Survey results (Quarterly Staff Survey)	Improvement in the % of people rating their likelihood of referring the Trust to Friends and Family	55%	5%	44.62 %	

For our services we have

- Successfully eliminated patient waits of 104 weeks or more
- Invested in two new theatres at Grantham and become a nationally accredited elective surgery hub
- Rolled out e-prescribing in 17 areas
- Delivered a reduction in non-elective length of stay

Strategic Objective	URN	Measurement	Measurement Definition	2022/23 Ambition	Tolerance	Apr 22	Mar 23
Services	11	Financial Plan (variance against plan £'000)	Variance against plan (£'000)	£0	£0	(51)	(276)
Services	12	Percentage of patients spending more than 12 hours in Emergency Department	Number of patient ED attendances waiting more than 12 hours from arrival to transfer, admission or discharge as a percentage of ED attendances.	1%	5%	16.03%	15.01%
Services	13 a	The number of patients waiting 52 weeks or more	Number of patients waiting 52 weeks or more (Referral to Treatment pathways)	503	100	4,694	Data not available
	13 b	Patients waiting 65 weeks or more	Number of patients waiting 65 weeks or more (Referral to Treatment pathways)	TBD	TBD		2206
Services	14	28 days faster diagnostics	Number of patients diagnosed within 28 days or less of referral as a percentage of total cancer pathways.	75%	5%	52.63%	Data not available

For our partners

- Developed a strong relationship with the University of Lincoln to build a partnership in research and innovation
- Completed the Acute Services review (ASR)
- Expanded the virtual ward capacity

Strategic Objective	URN	Measurement	Measurement Definition	2022/23 Ambition	Tolerance	Apr 22	Mar 23
Partners	15	Health inequalities and Core20PLUS indicators					
Partners	16	Increased recruitment/academic posts (across the ICS)	**Number of posts appointed by March 2024.**	2	2	0	0
Partners	17	Early warning discharge indicators (non-elective length of stay)	Non-elective stranded patients with length of stay (LoS) over 7 days (pathway 1-3) as a percentage of total non-elective LoS.	50%	10%	77.53%	75.83%

Our key risks and issues

Workforce

During 2022/23, we maintained our efforts to recruit to vacant posts. However recruitment and retention of medical and nursing staff remains one of our key risks. The Trust continues to focus on staff and engagement and the restructuring of development pathways and alternative workforce models to mitigate the risk to service provision and poor patient experience.

Results in the NHS National Staff Survey showed improvements with the overall positive score increasing by 3.5% and the Trust ranked second out of 65 Acute Trusts for highest increased positive score. Whilst improvement could be seen key themes were identified which the Trust formulated actions in response to covering health and wellbeing, staff development, acting on concerns and caring and compassionate leaders.

The Trust remains part of the NHS Culture and Leadership programme with seven key actions:

- Prioritise investment in our leaders and their development;
- Engage staff in resetting our organisational values and better using them as part of our recruitment and appraisal processes to hold people to account;
- An overhaul of the appraisal process;
- Ensuring our organisational priorities resonate with staff;
- Further development of work already underway to improve our organisational culture;
- Look at more opportunities to engage and involve staff directly in improving patient care and services;
- Introduce an employee assistance programme.

CQC Improvements

In March 2022 the Trust was delighted to be able to announce that it was no longer considered to be in quality and financial special measures, following a re-inspection by the Care Quality Commission (CQC) during October, November and December 2021.

The outcome from the most recent inspection in 2021 was ‘requires improvement’ however the widespread improvements made in quality and safety of services was reported by the CQC across a number of domains. The Trust ratings for being effective and well led went from requires improvement to good. The safe and responsive domains remain requires improvement and caring remains good.

At the time of the inspection there were still concerns regarding access and flow in the urgent and emergency department at Lincoln County Hospital. People continued to experience delays in accessing the service and receiving care promptly. Waiting times from referral to treatment and arrangements to admit, treat and discharge patients were still below national standards.

The Trust remained the subject of two section 31 notices under the Health and Social Care Act 2008, which impose conditions on the registration of the Trust as a provider in respect of regulated activities. The CQC took this urgent action in 2019 as they believed a person would or may be exposed to the risk of harm if they had not done so. Imposing conditions means that the Trust must manage regulated activity in a way which complies with the conditions set by the CQC. The conditions related to the emergency department at Pilgrim Hospital, Boston and the emergency department at Lincoln County Hospital. During 2022/23 the Trust were able to demonstrate the necessary progress in addressing these issues and the notices were removed.

Within the 2022 CQC report there were 5 “Must Do” areas for improvement identified and 38 “Should Do” areas for improvement. These improvement initiatives were built into improvement plans.

In summary, the CQC report showed the ratings following the 2021 inspections as follows:

Title	**Rating**
Safe	Requires Improvement
Effective	Good
Caring	Good
Responsive	Requires Improvement

Well Led	Good
Overall	Requires Improvement

It is our ambition to continue to improve the CQC rating to ‘good’ at our next inspection.

Ockenden Response and Maternity Services Support Programme

On 10 December 2020, the Ockenden report was published outlining the ‘Emerging Findings and Recommendations from the Independent Review of Maternity Services at the Shrewsbury and Telford Hospital NHS Trust’.

The Ockenden reports make recommendations regarding information Boards should receive to ensure that they have sufficient oversight and assurance regarding maternity services. In addition to this, there are criteria within the CNST safety standards that require oversight by the Board. To ensure that the Board received the appropriate level of data and information to discharge its responsibilities, whilst also ensuring that the correct level of challenge takes place at the Quality Governance Committee, it was agreed to set up a Maternity and Neo-natal Oversight Group chaired by the Director of Nursing and a sub-group of the Quality Governance Committee.

In June 2020 the Trust Maternity services entered the NHSE Maternity Services Support Programme. The inclusion criteria for the scheme were Trusts where Maternity Services have:

• an overall rating of Inadequate

• an overall rating of Requires Improvement with an Inadequate rating for either Safe and Well Led, or a third domain.

• been issued with a CQC warning notice

• dropped their rating from a previously Outstanding or Good rating to Requires Improvement in the Safety or Well Led domains

• DHSC or NHS England/Improvement request for a Review of Services or Inquiry

• been identified to the CQC with concerns by HSIB

In November 2022 NHS England confirmed that ULHT's maternity services have been formally exited from the Maternity Safety Support Programme (MSSP). The Chief Midwifery Officer for NHS England thanked the Trust for the improvements that had been made and said: "I am reassured that these will support sustainable, high quality and safe maternity care. The success of your improvement journey is testimony to the leadership and commitment from you, your executive and the maternity leadership team."

Performance challenges

The Trust's A&E services continue to operate under pressure with more attendances and emergency admissions. Increased acuity and demand for Emergency Care combined with delays in discharging continued to create increased waiting times. A number of schemes were put in place over the winter months but unfortunately complexity of patients seen, industrial action and increased infection rates in the community meant that these were not able to meet the underlying demand and additional growth.

Work continues with the Lincolnshire health and social care system and a system improvement plan was put in place with the aim of reducing the burden on the emergency departments.

There has been growing concern nationally over acute care providers ability to release ambulance crews due to high demand in emergency departments and lack of hospital flow. Clinical and operational leaders have worked with system leaders to ensure there is management of patient flow out of the hospital setting.

The Future: Looking ahead to our vision, ambitions and strategies for 2023/24

Our Integrated Improvement Plan (IIP) describes our ambition for "outstanding care personally delivered". We will deliver our vision through four strategic objectives that form the basis of our 5 year plan, which covers our patients, services, people and partners.

In setting our IIP, we specified a series of outcomes that we aim to achieve by 2025.

We have engaged across the whole organisation to help co-create our 2023/24 priorities and associated outcomes. We have achieved this through several workshops and strategic thinking sessions held with our Trust Board, Executive Leadership Team, Divisional Leadership Teams and our senior teams.

The Trust is working with the whole Lincolnshire health and care system – engaging with the whole community on proposals for improvements to services, where patients can be seen and treated rapidly in the right care setting, first time. This includes current thinking around the centralisation of some services to provide centres of excellence. The Public's top health concerns include self-care, prevention, cancer and mental health and the Trust will look at how it can work with the wider system to support these concerns.

Going Concern

In preparing these Financial Statements, all organisations are required to consider whether it is appropriate to prepare financial statements on a 'going concern basis'.

HM Treasury's Financial Reporting Manual provides the following interpretations of going concern in the public sector context:

- For non-trading entities in the public sector, the anticipated continuation of the provision of a service in the future, as evidenced by inclusion of

financial provision for that service in published documents, is normally sufficient evidence of going concern.

- DHSC group bodies must therefore prepare their accounts on a going concern basis unless informed by the relevant national body or DHSC sponsor of the intention for dissolution without transfer of services or function to another entity.

On-going service provision by the United Lincolnshire Hospitals NHS Trust is confirmed. It is therefore appropriate to prepare the Annual Financial Statements on a Going Concern basis.

There is an expectation the Trust will continue in operation for the foreseeable future and will be able to realise assets and discharge liabilities in the normal course of operations.

Performance Analysis

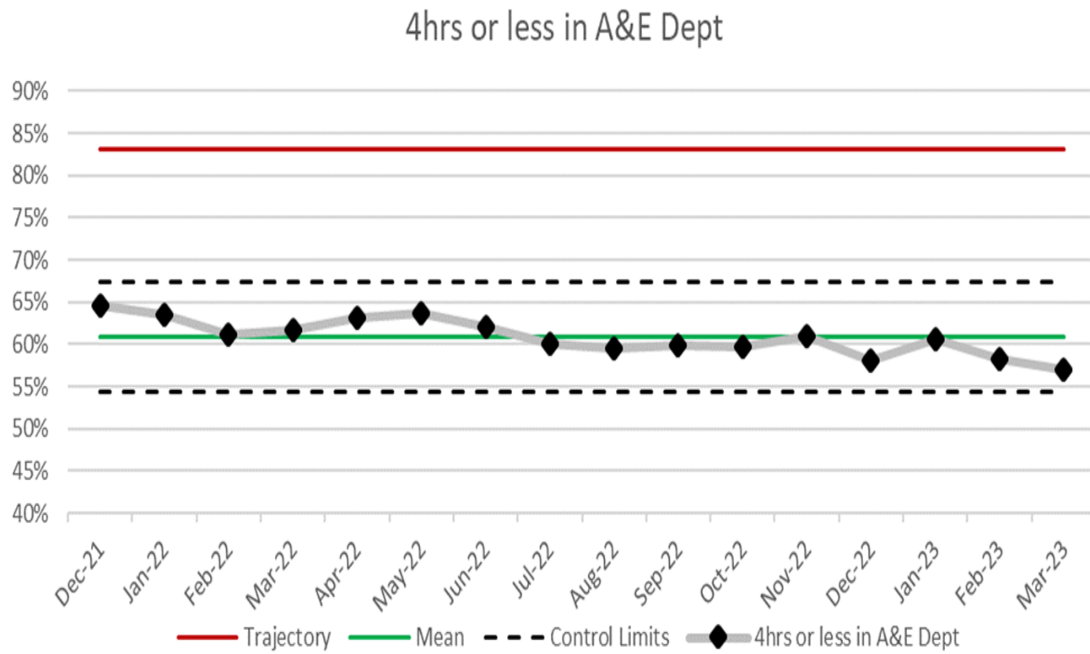
Overview

The Trust produces a monthly Integrated Performance Report (IPR) which is considered at the Board committees covering finance, performance, quality and workforce. The report is then presented to Trust Board with relevant matters for escalation.

We have kept our focus on infection control and constitutional standards throughout another year impacted by recovery from the Covid-19 pandemic. During the year, compliance with infection control practices continued to be strong as evidenced by site visits and compliance with the Infection Prevention and Control Board Assurance Framework.

The Trust's performance in its key national target areas of referral-to-treatment (RTT), cancer waiting times, A&E waiting times, and diagnostics have not been delivered to the standard we would expect this year. The poor position against the constitutional standards is well understood. It is driven by a number of factors including:

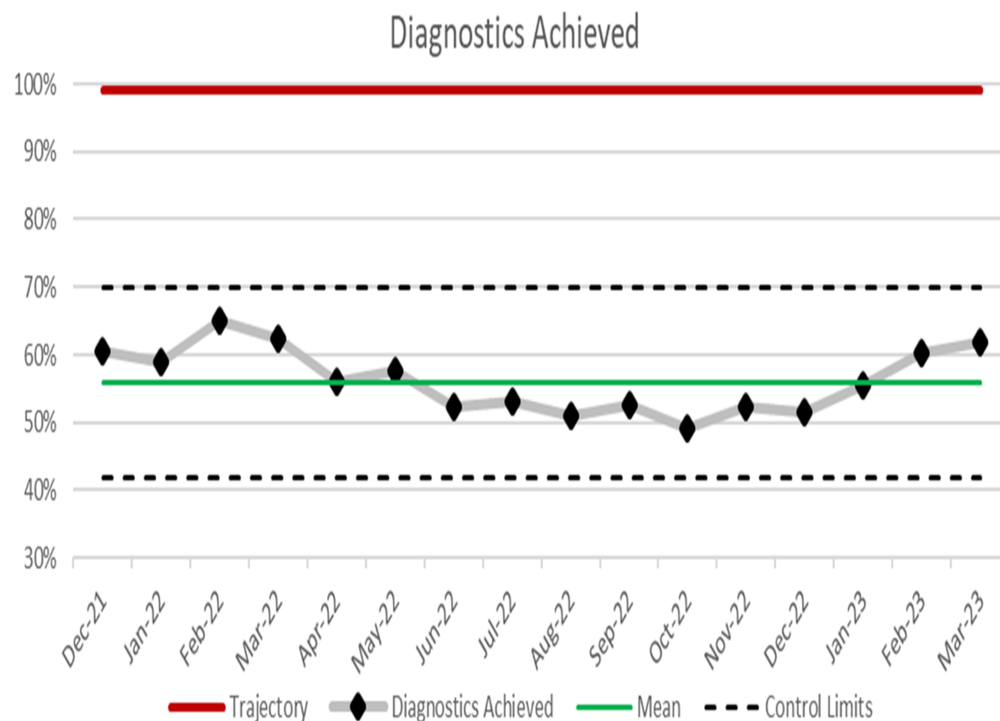
- recovery from the Covid-19 pandemic on our ability to see and treat patients within acceptable timescales;
- growth in demand for services that has increased at a greater rate than we have been able to increase capacity;
- difficulties with recruiting sufficient numbers of staff across all parts of the urgent and elective care pathways.



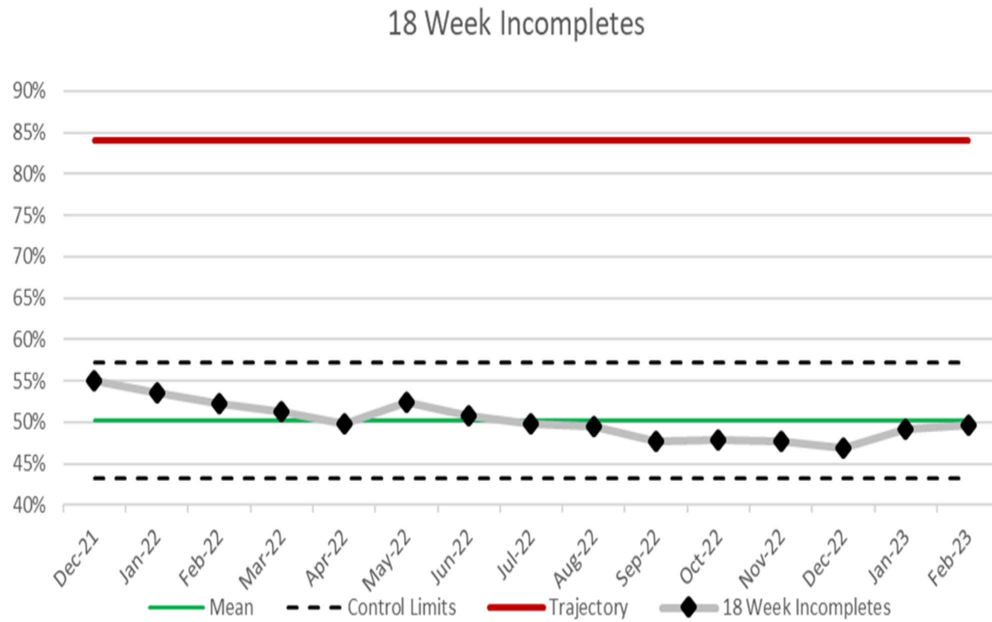
The national 4-hour standard means that we should expect to see 95% of patients in A&E within 4 hours. The agreed trajectory for compliance for ULHT is set at 83.12%. This target has not been reset since April 2021.

The 4-hour transit target performance for March 2023 was 57.03%.

There is a zero tolerance for greater than 12-hour trolley waits. These events are reported locally, regionally, and nationally. In March 2023 the Trust saw (721), 12-hr trolley wait breaches. This equates to 5.21% of all type 1 attendances for March.



Diagnostics achieved in under 6 weeks. We are currently at 61.83% against the 99.00% target.



Percentage of patients on an incomplete pathway waiting less than 18 weeks. There is significant backlog of patients on incomplete pathways.

February 2023 saw RTT performance of 49.56% against a 92% target.

In 2022/23 the Trust had 31,204 patients who waited longer than 65 weeks for treatment.

5 Year Priority	KPI	CQC Domain	Strategic Objective	Responsible Director	In month Target	Feb-23	Mar-23	Apr-23	YTD	YTD Trajectory
Improve Patient Experience	% Triage Data Not Recorded	Effective	Patients	Chief Operating Officer	0%	0.27%	0.53%	0.28%	0.28%	
Improve Clinical Outcomes	4hrs or less in A&E Dept	Responsive	Services	Chief Operating Officer	50.77%	58.21%	57.03%	59.50%	59.50%	50.77%
	12+ Trolley waits	Responsive	Services	Chief Operating Officer	0	702	721	665	665	0
	%Triage Achieved under 15 mins	Responsive	Services	Chief Operating Officer	88.5%	78.62%	78.23%	81.60%	81.60%	88.50%
	65 Week Waiters	Responsive	Services	Chief Operating Officer	TBC	2766	2206		31,204	
	18 week incompletes	Responsive	Services	Chief Operating Officer	84.1%	49.56%	50.29%		49.28%	84.10%
	Waiting List Size	Responsive	Services	Chief Operating Officer	37,762	72,055	73,514		n/a	n/a
	62 day classic	Responsive	Services	Chief Operating Officer	85.4%	39.27%	55.08%		48.48%	85.39%
	2 week wait suspect	Responsive	Services	Chief Operating Officer	93.0%	63.51%	56.01%		60.16%	93.00%
	2 week wait breast symptomatic	Responsive	Services	Chief Operating Officer	93.0%	13.08%	21.67%		23.41%	93.00%
	31 day first treatment	Responsive	Services	Chief Operating Officer	96.0%	90.17%	89.89%		90.76%	96.00%
	31 day subsequent drug treatments	Responsive	Services	Chief Operating Officer	98.0%	94.48%	97.84%		97.35%	98.00%
	31 day subsequent surgery treatments	Responsive	Services	Chief Operating Officer	94.0%	70.83%	73.68%		74.32%	94.00%
	31 day subsequent radiotherapy treatments	Responsive	Services	Chief Operating Officer	94.0%	98.13%	91.54%		95.56%	94.00%
	62 day screening	Responsive	Services	Chief Operating Officer	90.0%	43.75%	77.61%		64.49%	90.00%

Challenges do remain as we move into 2023/24, with a strong recovery focus on elective waiting lists and reducing waiting times; and an improvement focus on A&E and cancer standards. These areas are underpinned by system-wide action plans in collaboration with our health and social care partners. With activity levels increasing, improved efficiency and increased productivity are key. However, targeted investment and successful recruitment will also be required in order to meet the demand upon our services.

Delivery of financial plan

The Lincolnshire system financial plan for the year 2022/23 was to deliver a break even position. The Integrated Care System enacted the NHS England protocol agreement after month 9 and agreed a £21m deficit which included a forecast deficit for the Trust of £13.6m. The Trust delivered an agreed adjusted financial performance deficit of 13.6m. Cost Improvement Programmes savings of £18.9m were delivered against planned savings of £29.0m

The financial performance of the Trust is scrutinised on a monthly basis by the Finance, Performance and Estates Committee to gain assurance in respect of financial delivery.

The Trust fully maximised the capital resources of £47.5m available to it in 2022/23 through investment in its Estate infrastructure and improving and modernising its Digital and Equipment assets.

Performance against national targets

A&E performance

The Trust's performance for urgent care remained below the improvement trajectory of 83.12%, set in 2019/20. Based on the onset of Covid-19, and in the absence of a further request to set a new trajectory, performance was mapped, during 2022/23 against the 83.12%. Whilst this was not a nationally challenged trajectory the 83.12% remained as an internal ambition during 2022/23.

The key drivers for this under performance include:

- Increased attendances in our Emergency Departments
- Increased number of ambulance conveyances across the 3 acute sites
- Ongoing workforce issues with both Medical and Nursing, particularly at Pilgrim and Lincoln
- High acuity, increased admission demand and sub-optimal discharges resulted in higher bed occupancy (consistently over 90%) which impacted on an already constrained bed base
- Inability to reduce further our top quartile length of stay for emergency patients
- Inability to reduce the number of delayed transfers of care
- Multiple exit blocks were seen during 2022/23 resulting in delayed discharges and flow issues through the hospitals

Because of the above drivers, bed occupancy within the hospital sites remained high during the year, regularly peaking in excess of 100% during winter. This caused delays to admit patients into hospital beds resulting in often overcrowded emergency departments causing delays in ambulance handovers.

Key actions that have been taken during 2022/23 included:

- Continued expansion of Same Day Emergency Care (SDEC) services
- Maximising Right to Reside information to ensure timely and effective discharges for all pathway zero patients
- System flow and discharge improvements
- Care closer to home programme
- Breaking the Cycle initiative

Diagnostic performance

MRI, CT and Dexa were affected by the fire in Lincoln at the end of March 2022. Although inpatient capacity has been managed, this is at the cost of OP and GP requests, we are seeing a steady growth in breaches in these areas. The Trust sought additional capacity via mobile solutions.

Endoscopy backlog is being impacted by outpatient recovery. This is being supported with the continued utilisation of Medinet.

Overall demand has increased post Covid and has put pressure on capacity.

The main concern remains echocardiography but a continued month on month improvement is being seen.

Cancer

Cancer performance within the Trust was below the national standard for 14-day and 62-day during 2022/23. 31 day first treatments also remained below the national standard for the same period. 31-day subsequent chemotherapy and radiotherapy were not achieved. 31-day subsequent surgery performance did not achieve the standard during this period.

This was partly due to the challenges with recruiting to Consultant posts across a number of specialties, the impact of critical incidents and continuing capacity challenges spanning from 2week wait and Follow up outpatient capacity to Theatre capacity.

Actions undertaken to improve performance

During the course of 2022/23 a programme of improvement has been undertaken within the Trust, with support from ICS colleagues, in order to improve the timeliness of assessment, diagnosis and treatment of patients on cancer pathways.

18 weeks referral to treatment (RTT)

There is a significant backlog of patients on incomplete pathways. The Trust's performance in March 2023 was 50.29%, in March 2022 it was 52.9%, a decrease of 2.61%.

The five specialties with the highest number of 18 week breaches at the end of the year were ENT 5658, Gastroenterology 3838, Dermatology 2921, Gynaecology 2594 and Opthalmology 2530.

Priority remains focussed on clinically urgent and cancer patients. National focus remains on patients that are over 78 weeks with a target to be zero by May 2023. Schemes to address backlog include

- Validation programme
- Outpatient utilisation
- Tertiary capacity
- Outsourcing/Insourcing
- Use of ISPs
- Missing outcomes

Sustainability

The Trust's Green Plan seeks to embed sustainability and low carbon practice in the way vital healthcare services are offered and help the NHS to become the first health service in the world with net zero greenhouse gas (GHG) emissions.

The climate crisis is also a health crisis. Rising temperatures and extreme weather will disrupt care and impact the health of patients and the public, especially the most vulnerable in society.

People with mental health issues may experience a higher degree of 'climate anxiety', and there may be co-morbidities associated with the physical impacts of climate change and a deterioration in mental health.

Then Trust has a central role to play in reducing health inequalities and helping the NHS to reach net zero.

The Trust's Green Plan serves as the central document for ULHT's sustainability agenda and provides the rationale for sustainability at the Trust. Through this Green Plan, ULHT will work with staff, patients and partners to take powerful sustainable development and climate action as part of the Trust's commitment to offer the highest quality care to the Lincolnshire community.

Emergency Preparedness

In 2022/23 the Trust is fully compliant with 57 of the 64 Emergency Preparedness Resilience and Response (EPRR) core standards. The standards which were partially compliant related to Countermeasures, Zonal Lockdown, Business Continuity, Loggists, Data Security and Protection Toolkit and Decontamination training.

During 2022/23 the self assessment submission was completed at a system level. The Lincolnshire system received an overall assessment of compliance as substantial.

Overseas Visitors

The National Health Service provides NHS funded healthcare to people who are ordinarily resident in the United Kingdom. When a person who is not ordinarily resident in the UK (an "overseas visitor") needs NHS treatment they will be subject to the National Health Service (Charges to Overseas Visitors) Regulations 2017 (the "Charging Regulations") and may incur a charge for treatment.

In accordance with the Charging Regulations the Trust has a legal obligation to make and recover charges for NHS treatment in relation to any person who is not ordinarily resident in the United Kingdom.

Operational requirements

In order to enforce our legal responsibilities the Trust is required to have systems and staff in place who possess the appropriate skills to:

I. Identify, without discrimination, and at the earliest possible opportunity, all patients who may be liable to charges;
II. Interview patients to establish if they are ordinarily resident or not, and if not, whether they are exempt from or liable for charges;

III. Make and recover charges from individuals who are not covered by an exemption category, providing them with a written statement of why charges apply, the level of charge/s and how they can pay.

The Trust must ensure that it's human rights obligations are not compromised by the application of the patient eligibility assessment, failure to provide immediately necessary treatment may be unlawful under the Human Rights Act 1998. In situations where the patient is not eligible for NHS funded care, but where treatment is immediately necessary, the Trust will seek to begin the recovery of treatment fees as soon as the patient is well enough.

Similarly, treatment which is not immediately necessary, but is classed as urgent by clinicians (in that it cannot wait until the patient can be reasonably expected to return home), should also be provided, although in these instances payment would be sought ahead of treatment.

The Overseas Visitors Team are responsible for delivering training to all relevant front line staff in order to ensure they have an awareness of the requirements for assessment of overseas patient eligibility. This training includes examples of baseline questions that are used in the assessment process and examples of documentation that can be used to assess patient eligibility.

The Overseas Visitors team have access to a national support network ensuring that legislative changes and ways of working are continuously refreshed where appropriate.

Accountability report

The purpose of the accountability section of the annual report is to meet key accountability requirements to Parliament. The requirements are based upon those dealt with in a Directors' Report, under the Companies Act 2006 and adapted for the public sector context.

The Trust external auditors have reviewed the accountability report for consistency with other information in the financial statements. Specific items which have been audited are marked as such.

The accountability report contains two sections:

- The corporate governance report.
- The remuneration and staff report.

Corporate Governance Report

Directors' report

The Trust Board

The Board is responsible for setting the overall policy and strategy for the organisation and for ensuring the effective implementation of that strategy. It establishes a committee structure that supports it in driving the delivery of the principal objectives through a process of risk management, control and assurance.

Board membership comprises the chair and chief executive, together with a mix of other executive and non-executive directors. Collectively, the members bring a diverse range of skills and senior experience to the Board and are accountable for the delivery of the organisational strategic objectives.

Further background on Board members can be found at https://www.ulh.nhs.uk/about/trust-board/

The non-executive directors are independent people, drawn from the local community and appointed by NHS England on behalf of the Secretary of State for Health and Social Care.

The chief executive and executive directors are full time employees of the Trust, appointed through open competition. The selection process includes an interview panel involving the chair, non-executive directors and independent advice.

The remuneration of executive directors is determined by the Remuneration and Terms of Service Committee. During 2022/23, this committee consisted of the chair and the non-executive directors.

Board Changes

During the year there were the following changes to the Trust Board membership and the status of director secondments as described below :

Mr Paul Dunning assumed the role of Acting Medical Director from the 22 September 2022 covering the sickness absence of Dr Colin Farquharson.

Ms Claire Low was appointed as Deputy Director of People and OD and assumed the Interim Director of People and OD role in December 2022. Prior to this Mr Paul Matthew had covered the role of Director of People and OD on an interim basis alongside his substantive role of Director of Finance & Digital.

The Chief Operating Officer Mr Simon Evans left the Trust in January 2023 when Ms Michelle Harris assumed the Interim Chief Operating Officer role.

Mr Mark Brassington continued his secondment to NHS England until his resignation on 31 March 2023 and his role of Director of Improvement and Integration continues to be covered through the secondment of Mrs Sameedha Rich-Mahadkar to the Trust.

Professor Karen Dunderdale took on the role of Director of Nursing for Lincolnshire Community Health Services NHS Trust on an interim basis in addition to her role as Director of Nursing/Deputy Chief Executive at the Trust.

During 2022/23 Non Executive Directors Mrs Gail Shadlock and Mrs Sarah Dunnett left the Trust. Mr Neil Herbert and Mrs Rebecca Brown joined the Trust as Non Executive Directors in August 2022. Mrs Vicki Wells and Mrs Sarah Buik joined the Trust as Associate Non Executive Directors in August 2022.

A full list of directors who have served during the year is shown within the remuneration report on page 52.

Audit and Risk Committee

Audit and Risk Committee membership should comprise four non-executive directors, one of whom should possess considerable financial expertise.

For 2022/23, Audit and Risk Committee membership was as follows:

Sarah Dunnett, Chair (October 2017 – September 2022)

Neil Herbert, Chair (November 2022 – ongoing)

Chris Gibson (January 2022 – September 2022)

Philip Baker (July 2021 – ongoing)

Daniela Ceccini (January 2022 – ongoing)

Rebecca Brown (October 2022 – ongoing)

Declarations of interest for each member of the Trust Board can be found on the Trust website

https://www.ulh.nhs.uk/about/trust/declarations-of-interest/

Data-related incidents

The Trust had 5 information governance data breaches which were reportable in line with the Information Commissioners Office guidance in 2022/23. In all cases the ICO were satisfied with action taken by the Trust and have closed the incident. No financial penalties were issued. The incidents in summary related to use of photography on hospital setting and sharing of patient data incorrectly through administrative error.

Declaration: Audit of the Trust Annual Report and Accounts 2022/23

The Trust Board collectively and Directors individually confirm that they know of no information which would be relevant to the auditors for the purposes of their audit report, and of which the auditors are not aware, and; have taken "all the steps that ought to have taken" to make themselves aware of any such information and to establish that the auditors are aware of it.

Statement of accounting officer's responsibilities

The NHS England, in exercise of powers delegated by the Secretary of State for Health and Social Care, has designated that the Chief Executive should be the Accountable Officer of the Trust. The relevant responsibilities of

Accountable Officers are set out in the NHS Trust Accountable Officer Memorandum. These include ensuring that:

- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance
- value for money is achieved from the resources available to the Trust
- the expenditure and income of the Trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them
- effective and sound financial management systems are in place and
- annual statutory accounts are prepared in a format directed by the Secretary of State to give a true and fair view of the state of affairs as at the end of the financial year and the income and expenditure, other items of comprehensive income and cash flows for the year.

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

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

Signed...Chief Executive

Date.........................

Annual Governance Statement

Scope of Responsibility

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

The Purpose of the system of internal control

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

Capacity to handle risk

The Chief Executive, as the Accountable Officer (AO) for the Trust, is responsible for:

- The establishment and maintenance of effective corporate governance and internal control arrangements; and
- Being open and communicating effectively about the Trust's management of risks, both internally and externally.

The Director of Nursing, as the executive lead for risk management is responsible for:

- Monitoring the consistent application of the Risk Management Policy throughout the Trust; and
- Retaining a suitable level of professional risk management expertise to support the effective implementation of the Policy.

Members of Divisional and Corporate teams are responsible for:

- The consistent application of the Policy within their areas of accountability;
- The management of specific risks that have been assigned to them and are recorded in the risk register, in accordance with the criteria set out in the policy; and
- Reporting on risk management matters as required to ensure that risk management performance can be monitored, assurance provided and risks escalated to a more senior level of management where appropriate.

All members of staff are responsible for:

- Identification and as far as possible the management of risks that they identify in the course of their duties
- Maintaining an awareness of the primary risks within their service or department
- Bringing to the attention of their line manager any risks that are beyond their ability or authority to manage
- Applying the Policy to any relevant risk management undertaken in the course of their duties; and
- The completion of any risk management related mandatory Core Learning.

The Trust's Risk Management Policy provides staff with clear and unambiguous criteria for evaluating risks, and the essential requirements of the risk management process have been designed into the Datix Risk Management System to provide a supportive structure and guidance for those with responsibility for managing risks.

The risk and control framework

The basic principle at the heart of the Trust's risk management approach is that an awareness and understanding of risk should be used to inform decision making at all levels. This requires not only the active engagement of all staff with risk management activity in practice, but also the integration of risk management principles and techniques within the formal governance arrangements of the organisation. This approach will enable major strategic, policy and investment decisions to be made with a full and reliable appreciation of the risks associated with them as well as any existing risks that those decisions may serve to mitigate.

The Board Assurance Framework (BAF) is an important document that enables the Trust Board to maintain effective oversight of strategic risk management within the organisation. The Trust Board identifies and defines strategic risks to its objectives and assigns each of those risks to a lead non-executive assurance committee for routine review and evaluation. The Trust Board continued to consider the board assurance framework at each of its meetings

During 2022/23 the Board saw the following changes.

The Director of Finance and Digital and Chief Operating Officer left the Trust.

On an interim basis Ms Claire Low took on the role of Director of People and OD and Ms Michelle Harris took on the role of Chief Operating Officer.

Mr Mark Brassington's secondment to NHS England became substantive and the role of Director of Improvement and Integration was covered on an Interim basis through the continued secondment of Mrs Sameedha Rich-Mahadkar to the Trust.

Professor Karen Dunderdale took on the joint role of Director of Nursing at Lincolnshire Community Heathcare Services NHS Trust temporarily in addition to her role as Director of Nursing.

Non Executive Directors Mrs Gail Shadlock and Mrs Sarah Dunnett left the Trust. Mr Neil Herbert and Mrs Rebecca Brown joined the Trust as Non Executive Directors. Mrs Vicki Wells and Mrs Sarah Buik joined the Trust as Associate Non Executive Directors.

The role of each Board committee is to consider evidence provided by members of the Executive Team and the reporting assurance groups in relation to relevant corporate risks, to enable the committee to make an informed judgement as to the level of assurance that can be provided to the Trust Board and assess the overall extent of strategic risk exposure at that time.

The role of the Audit and Risk Committee is to consider the appropriateness and effectiveness of the BAF as a key component of the Trust's internal control arrangements.

A strategic risk is defined as a risk that is Trust-wide in scope and extreme in terms of its potential severity. These are the risks that would fundamentally destabilise the organisation if they were to materialise.

During their most recent well led review the Care Quality Commission (CQC) recognised the effectiveness of the BAF. The Head of Internal Audit (HOIA) Opinion found that the Assurance Framework in place is founded on a systematic risk management process and does provide assurance to the Board. The Assurance Framework does reflect the Trust's key objectives and risks and has continued to be reviewed monthly by the Board.

There are 4 key strategic objectives defined within the 2022/23 BAF underpinned by more detailed underlying objectives with metrics and deliverable outcomes. Strategic objectives are owned by the Trust Board, with responsibility for regular oversight of these and the risks to achievement being delegated to appropriate assurance committees. Relevant metrics were identified in relation to each strategic risk in the BAF. Reporting against these metrics was included in regular management reports that provide the lead committees with evidence that associated corporate risks are being managed effectively. Lead assurance committees reviewed and challenged each corporate risk that is included in the BAF, to provide guidance and set expectations to support Trust management teams in developing and delivering their risk treatment strategies.

The Trust Board has reviewed its risk appetite statement in year during a facilitated Board Development session. The risk appetite statement is due to be agreed at the Trust Board and will be published on the Trust website. The risk appetite statement is currently under review.

Compliance with the CQC registration requirements are considered both by the Trust Board and Quality Governance Committee and the Audit and Risk Committee.

Risks to data security are specifically highlighted within the 2022/23 BAF. The treatment of these risks is through a cyber security plan and digital strategy which are reviewed at the Finance Performance and Estates Committee.

The key strategic risks to the organisation during 2022/23 that were the focus of consideration by the Trust Board and Executive were:

- Patient flow through Emergency Departments;
- Recovery of planned care pathways;
- Reliance on paper medical records;
- Medicines management and prescribing processes;
- Potential for serious patient harm due to a fall;
- Learning lessons from previous patient safety incidents;
- Delivery of paediatric diabetes and epilepsy pathways;
- ICU capacity for elective surgery
- Recruitment and retention of staff and reliance on temporary staff(Trust-wide)
- Workforce culture (Trust-wide)
- Disruption to services due to potential industrial action (Trust-wide)
- Potential for a major fire and compliance with fire safety standards, assessed by Lincolnshire Fire and Rescue Service;

Managed and mitigated through:

- Clinical service structures & resources;
- Clinical governance arrangements at Trust, directorate & service levels;
- Clinical policies, procedures, guidelines, pathways, supporting documentation, audit programme & training;
- Clinical staff recruitment, induction, mandatory training, registration & re-validation;

- Quality & safety improvement planning process & plans;
- Defined safe staffing levels;
- Health, safety & security policies, guidance, monitoring and training;
- Patient experience policies, procedures, training and services; and
- Infection, prevention & control management framework;
- Emergency Planning Protocols.

And outcomes assessed through:

- Number & severity of patient safety incidents;
- Number of Serious Incidents / Never Events;
- Number & severity of Healthcare Acquired Infections (HCAIs);
- Number & severity of safeguarding incidents;
- Number & severity of medication safety incidents;
- Harm free care rate;
- Hospital Standardised Mortality Ratio (HSMR);
- Number & type of complaints;
- Number & severity of health & safety incidents;
- Delivery of constitutional standards.

Reporting to the Audit and Risk Committee has been maintained with regular assurance given in the form of reports on governance compliance, internal control weaknesses, the Board Assurance Framework and Risk Management.

The Trust Board charges its assurance committees with providing upward reports highlighting areas of assurance in relation to risks to achievement of the strategic objectives. The Chair encourages challenge and rigour at Board meetings around the reports presented and assurances given.

The Trust's Risk Management Strategy is based on the establishment of a core set of corporate and operational risks, which are aligned to strategic objectives as defined in the Board Assurance Framework (BAF) and routinely monitored through the assurance committees of the Trust Board. Lead management groups (such as the Patient Safety Group; Information Governance Group; Health & Safety Committee) are responsible for reviewing and updating corporate risks within their areas of responsibility. With this framework the Trust utilises data from reported incidents to better understand

areas of significant risk, so that mitigating action can be taken and reporting to both the Board and its Committees has been developed in year. Divisional Triumverates are responsible for maintaining oversight of the management of operational risks by their Clinical Business Units (CBUs), through the established Performance Review Meeting (PRM) process.

The primary objective of the Risk Management policy is to establish the foundations for consistent and effective risk management to become embedded in routine management activity throughout the Trust. It sets out clear definitions, responsibilities, and essential management requirements that enable risks to be managed in a consistent manner throughout the organisation to support the delivery of safer, more efficient, more effective and more resilient services. The policy aims to support the Trust in delivering against corporate governance requirements for maintaining an effective internal control environment, as reviewed by internal and external audit.

Every division within the Trust is expected to make active use of the risk register to support their management of risks. In addition, divisions provide a regular report on the content of their risk registers as part of the Trust's risk confirm and challenge process.

Following a review commissioned by the Director of Nursing a new Risk Register Confirm and Challenge Group was established and a revised risk register structure developed. The Risk Management Report presented to Board and Committees has also been strengthened. These developments have been reviewed and considered for effectiveness by the Audit and Risk Committee.

The Trust is fully compliant with the registration requirements of the Care Quality Commission.

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

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the scheme regulations are complied with. This includes

ensuring that deductions from salary, employer's contributions and payments into the scheme are in accordance with the scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the regulations.

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

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

The Trust's approach in meeting the requirements of the above Modern Slavery and Human Trafficking Act 2015 has been to develop a statement in conjunction with the Trust's Head of Procurement. The provision of the statement is considered to be an element of the Trust's commitment and demonstration of the need to be aware of this requirement, and associated values relating to equality, diversity and community relations. The Trust also achieves this through ensuring that services are procured through approved suppliers or tendered through robust processes.

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

The Trust was placed in Financial Special Measures during 2017/18 and the Board receives assurance reports from the Finance, Performance and Estates Committee following its monthly review of Trust financial and operational performance. In 2019 the CQC completed a Use of Resources review for the Trust which resulted in the Trust being rated inadequate. In 2022 following a CQC inspection in 2021 the Trust was able to announce that it was no longer in financial special measures.

The National Health Service Act 2006 requires that 'in auditing the accounts of any NHS trust an auditor must by examination of the accounts and otherwise satisfy himself that... (d) the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources'. External audit planning work involved an assessment against a number of criteria, including those issued by the National Audit Office, to identify any significant risks to the above conclusion. External Audit present to the Audit Committee any significant risks identified and the planned audit response for consideration by the Committee. In April 2023 the Trust's External Audit provider highlighted the following significant risks to the financial statements

- Management override of controls
- Risk of fraud in revenue recognition
- Valuation of property plant and equipment
- Capital expenditure
- Implementation of IFRS16

The Board receive reports from External Audit and Internal Audit through the Audit and Risk Committee and the Assurance Committees.

Recruitment and retention remains a concern for the Trust. The recruitment market for many medical staff, some Allied Health Professionals and Registered Nurses is challenging, as is recognised in the NHS Workforce Strategy. This is exacerbated by the difficulty of recruiting to Lincolnshire. The Trust is working with the wider system and has invested in additional staff to support recruitment activity to traditional roles and is using agencies to recruit from both the UK and overseas.

Alongside this, we are looking at our overall workforce model and establishment and the introduction of new roles, to reduce the need for roles to which we find it hard to recruit. We are also focused on increasing retention levels.

Developing workforce safeguards

In accordance with the published requirements and given day-to-day operational challenges, the Trust has business-as usual dynamic staffing risk assessments including formal escalation processes to align staffing numbers to acuity, dependency and demand. The standards recognise that at times staff numbers may be insufficient to meet this demand or complexity. In this case, an organisation must have a process or standard operating procedure (SOP) to recognise the risks and co-ordinate a response on a shift-by-shift or daily basis. A staffing safeguards SOP should provide assurance from the front line to the board that safe staffing standards are being achieved and risks to quality and safety mitigated.

In accordance with CQC's well-led framework guidance (2018) and National Quality Board's guidance any service changes, including skill-mix changes, have a full Quality Impact Assessment (QIA) review signed off by the Nursing and Medical Director. It is clearly understood that the redesign or introduction of new roles (including but not limited to nursing associates and advanced clinical practitioners) would be considered a service change and must have a full QIA.

An initial assessment of the maturity of workforce planning has been undertaken using the associated NHSI Operational Workforce Planning Toolkit an annual workforce plan is completed each year, and is informed by many of the points listed above (to varying degree).

Stakeholder engagement

The Trust has continued a programme of engagement events with patients, members of the public, staff and other key stakeholders where possible

particularly to help inform and develop the clinical and financial strategies, to support arrangements for service change.

The Trust continues to work with the whole Lincolnshire health and care system – engaging with the whole community on proposals for improvements to services. This includes the centralisation of some services to provide centres of excellence.

Information Governance

The Trust had 5 information governance data breaches which were reportable in line with the Information Commissioners Office guidance in 2022/23. The incidents involved sharing personal information inappropriately following administrative errors, concerns relating to the use of photography in the hospital setting . In all cases the ICO were satisfied with action taken by the Trust and have closed the incident.

Data quality and governance

The Trust assures itself of the quality and accuracy of elective waiting time data through specific training for staff, the use of electronic solutions to improve accuracy, validation processes linked to systems and inclusion in the internal and external audit work programmes. The Trust has identified access to end user training, resource for refresher training and the inconsistent application of RTT codes to pathways despite training, as potential areas of risk to the data. The team have ensure monthly returns have been validated were possible to ensure that figures were accurate.

The risks associated with elective waiting times and specifically those attached to the Patient Administration System (PAS) have been reviewed and assurance sought at the Finance, Performance and Estates Committee throughout the year.

The roll out of a Data Quality Kite Mark continues. This is being applied to all metrics that are in the Trust Board Integrated Performance Report (IPR).

Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the System of Internal Control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the information provided in this annual report and other performance information available to me.

My review is also informed by comments made by the external auditors in their management letter and other reports.

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

Maintenance and review of the effectiveness of the systems of Internal Control have been supported by The Board.

The Board have received assurance reports from the Audit and Risk Committee, Quality Governance Committee, Finance, Performance and Estates Committee and People and OD Committee as well as considering the Trust Integrated Performance Report and Board Assurance Framework. The Board have continued to direct their work to improve any identified weaknesses in the control framework and governance arrangements.

The Audit and Risk Committee

The Audit and Risk Committee have advised the Board on the overall effectiveness of the systems of control through their upward report to the Trust Board. The Committee have considered the Board Assurance Framework and the risk improvement plans and have monitored the delivery of internal and external audit plans.

Clinical Audit

During 2022/23 the Trust participated in 100% of possible national clinical audits and 100% of the national confidential enquiries in which it was eligible. The Trust benefitted from participating in gaining assurance that the services delivered are safe and effective, and outcomes were good based on evidenced based practice and standards of care.

Internal Audit

The Head of Internal Audit provides an opinion for 2022/23 of partial assurance with improvement required. The Opinion was based on:

- an assessment of the design and operation of the underpinning Assurance Framework and supporting processes;
- an assessment of the range of individual assurances arising from core and risk based internal audit assignments that have been reported throughout the year. This assessment has taken account of the relative materiality of these areas;
- the extent to which the Trust responded to audit recommendations.

Partial Assurance with Improvement required has been given based on the scope of reviews undertaken and the sample tests completed during the period. Partial assurance with improvement required was given on the overall adequacy and effectiveness of the Trust's framework of governance, risk management and control.

Internal Audit reported the one high risk recommendation and issued eight partial assurance reports with weaknesses in a number of areas that put some system objectives at risk.

- The most significant weaknesses were identified in the Safeguarding review. The review identified that the review of clinical assessment and the plan of care documented in the CAS card provided limited assurance that clinicians gave sufficient consideration of possible safeguarding concerns or that the information provided by CP-IS had been considered.

- 2 high risk recommendations remained outstanding at the end of 2022/23. It was noted the 12 overdue actions are outstanding at the year end 86 actions had been implemented during the year and 27 actions are not yet due. Internal audit recognised improved engagement in delivery of agreed actions with oversight and monitoring form Board Committees

Internal Audit recommendations should continue to be implemented in full to address the gaps identified in either design and / or operation of internal controls. In particular, recommendations from all reports receiving partial assurance with improvement required remain a key focus for attention.

Conclusion

During the year the Trust identified the following significant control issues:

- The Trust exited Quality special measures following the CQC inspection in February 2022, and improved its well led rating to Good however the Trust still remains assessed overall as Requires Improvement.
- The Trust exited Financial Special Measures in February 2022. The Trust has continued to face significant financial challenges. A system led financial plan is in place for 2022/23 The wider Lincolnshire health system faces a significant financial challenge, both now and in the longer term. Local health and social care organisations continue to work together to identify ways in which we can collaborate to meet this challenge.
- The Trust has remains in the NHS System Oversight Framework support segment 3, described as significant support needs against one or more of the five national themes and in actual or suspected breach of the licence (or equivalent for NHS trusts).
- The Trust also faces operational pressures with increasing demand as it restores services heavily affected by the pandemic. This is particularly difficult to deliver when many services have workforce or infrastructure challenges. As a result constitutional standards have not been met.

- The Trust has significant recruitment and retention challenges. The organisation relies heavily on agency staff to maintain services, this in turn increasing the challenge to further improve quality.

Overall, the Trust is clear on the issues and progress continues to be made in developing and implementing improvement plans, as well as the ongoing impact of the pandemic on the Trust plans, the Trust recognises that there remain some further improvements which it can make to its governance arrangements. The Board Assurance Framework remains under regular review for both format and content to ensure it is fit for purpose. The Committees and organisation structure have also been reviewed to support better board assurance and drive improvements.

Signed……………………..

Chief Executive Date: May 2022

Remuneration report

Remuneration Policy

Senior managers (executive directors) remuneration policy

We are committed to ensuring that the remuneration package for our executive directors or very senior managers (VSMs) enables us to recruit and retain individuals who provide the skills necessary to manage a very large, complex organisation, facing significant challenges. The Trust remuneration committee reviews the pay package on an annual basis, to ensure that what is received by individuals is commensurate with market conditions, the responsibilities and duties of the role and provides value for money to the Trust.

We review salaries also when new appointments are made and where the proposed salary is above £150,000, approval is sought from NHSI and HM Treasury, in line with the policy for VSM appointments.

The remuneration package comprises:

- Base salary
- Benefits
- Pension

Base Salary

In determining base salary, the committee takes account of the average for acute trusts of equivalent size.

Benefit

The primary benefit payable to VSM managers is annual leave, which is in line with Agenda for Change policy and increases with years of service.

The Chief Executive has confirmed that the key decision makers within the Trust for the purposes of the Remuneration and Staff Report are Board Executive and Non-Executive Members.

The tables below detail the Salaries and Allowances paid during the year to each Senior Executive along with a table showing Pension Benefits at 31 March 2023.

There were no payments made to former Directors in 2022/23.

Single total figures remuneration table (the figures incorporated within the note below are subject to audit)

Name	Position	Notes	Term in post: Start	Term in post: Finish	2022/23 Salary (bands of £5,000) £000's	2022/23 Expense payments - taxable (total to nearest £100) £00's	2022/23 All pension-related benefits (bands of £2,500) £000's	2022/23 Benefits in kind total to nearest £100 £00's	2022/23 Total (bands of £5,000) £000's	2021/22 Salary (bands of £5,000) £000's	2021/22 Expense payments - taxable (total to nearest £100) £00's	2021/22 All pension-related benefits (bands of £2,500) £000's	2021/22 Benefits in kind total to nearest £100 £00's	2021/22 Total (bands of £5,000) £000's
Elaine Baylis	Trust Chair	5	Jan-17	Ongoing	60 - 65	2	-	-	60 - 65	40 - 45	6	-	-	40 - 45
Prof Philip Baker	Non-Executive Director		Aug-21	Ongoing	10 - 15	-	-	-	10 - 15	5 - 10	-	-	-	5 - 10
Rebecca Brown	Non-Executive Director		Aug-22	Ongoing	5 - 10	7	-	-	5 - 10					
Dani Cecchini	Non-Executive Director		Jan-22	Ongoing	10 - 15	-	-	-	10 - 15	0 - 5	-	-	-	0 - 5
Sarah Dunnett	Non-Executive Director		Jul-16	Sep-22	5 - 10	-	-	-	5 - 10	10 - 15	-	-	-	10 - 15
Dr Chris Gibson	Non-Executive Director		Aug-17	Ongoing	10 - 15	-	-	-	10 - 15	10 - 15	-	-	-	10 - 15
Neil Herbert	Non-Executive Director		Aug-22	Ongoing	5 - 10	-	-	-	5 - 10					
Gail Shadlock	Interim Non-Executive Director		Feb-22	Jul-22	0 - 5	-	-	-	0 - 5	0 - 5	-	-	-	0 - 5
Sarah Buik	Associate Non-Executive Director		Aug-22	Ongoing	5 - 10	3	-	-	5 - 10					
Vicki Wells	Associate Non-Executive Director		Aug-22	Ongoing	5 - 10	-	-	-	5 - 10					
Andrew Morgan	Chief Executive	1	Jul-19	Ongoing	230 - 235	-	-	32	235 - 240	225 - 230	1	-	-	225 - 230
Paul Matthew	Director of Finance & Digital	2	Nov-18	Ongoing	140 - 145	-	-	68	150 - 155	150 - 155	-	40 - 42.5	-	190 - 195
Dr Karen Dunderdale	Director of Nursing & Deputy Chief Executive	1, 3	Feb-20	Ongoing	175 - 180	4	-	14	180 - 185	160 - 165	3	-	-	160 - 165
Michelle Harris	Interim Chief Operating Officer	6	Dec-22	Ongoing	40 - 45	-	-	-	40 - 45					
Simon Evans	Chief Operating Officer	1	Jan-20	Jan-23	120 - 125	-	-	26	125 - 130	155 - 160	-	107.5 - 110	-	260 - 265
Dr Colin Farquharson	Medical Director		Aug-21	Ongoing	195 - 200	-	107.5 - 110	-	305 - 310	130 - 135	-	127.5 - 130	-	255 - 260
Dr Paul Dunning	Acting Medical Director		Sep-22	Ongoing	100 - 105	2	-	-	100 - 105					
Claire Low	Interim Director of People and Organisational Development (OD)		Oct-22	Ongoing	65 - 70	-	-	-	65 - 70					
Dr Sameedha Rich-Mahadkar	Interim Director of Improvement and Integration	4	Jan-22	Ongoing	120 - 125	-	47.5 - 50	-	170 - 175	20 - 25	-	0 - 2.5	-	20 - 25

Notes:

1. Salary payments for Andrew Morgan, Dr Karen Dunderdale and Simon Evans include pension restructuring payments in lieu of employer contributions to the NHS pension scheme

2. Paul Matthew provided cover for the role of Director of People and Organisational Development until September 2022.

3. Dr Karen Dunderdale has split her time equally between United Lincolnshire Hospitals and Lincolnshire Community Health Services NHS Trust for the period 17 October 2022 - 31 March 2023.
The remuneration reported in the above table represents the total remuneration across both organisations. Based upon the number of days worked, 77% of total remuneration is attributable to employment at United Lincolnshire Hospitals and 23% at Lincolnshire Community Health Services.

4. Dr Rich-Mahadkar is seconded from Nottingham University Hospitals NHS Trust

5. Elaine Baylis' salary includes £10,500 pay arrears from 2021/22 which was awarded and paid in 2022/23.

Definitions:
Salary
The total amount of salary, fees and allowances paid to the individual for services provided. This excludes reimbursement for expenses and employers superannuation and national insurance contributions.

Expense Payments
Taxable expenses and benefits in kind are expressed to the nearest £100. The values and bands used to disclose sums in this table are prescribed by the Cabinet Office through Employer Pension Notices and replicated in the HM Treasury Financial Reporting Manual.
Expense Payments relate to reimbursement for travel, subsistence and where appropriate re-location expenses. Figures presented are shown gross, before tax.

Pension related benefits in kind

Pension related benefits disclosed arise from membership of the NHS Pensions defined benefit scheme. They are not remuneration paid, but are the increase in pension benefit net of inflation for the current year calculated by applying a prescribed formula as set out within the Finance Act (2004). For those Senior Managers who have served in post part year, the increase in pension related benefits for the full year have been adjusted pro rata. Further details of the board's pension benefits are disclosed in the Pension Benefits table.

Benefits in Kind
These relate to the benefit in kind associated with lease cars obtained through the Trust Salary Sacrifice Lease Car Scheme or via the Trust Standard Lease Car scheme.

No performance related pay or bonus payments have been made in 2021/22 or 2022/23.

Pensions entitlement table (the figures incorporated within the note below are subject to audit)

The Trust operates the standard NHS Pension Scheme.

Name	Position	Notes	Real increase in pension at pension age (bands of £2,500) £000's	Real increase in pension lump sum at pension age (bands of £2,500) £000's	Total accrued pension at pension age at 31 March 2023 (bands of £5,000) £000's	Lump sum at pension age related to accrued pension at 31 March 2023 (bands of £5,000) £000's	Cash Equivalent Transfer Value at 1 April 2022 £000's	Real increase in Cash Equivalent Transfer Value £000's	Cash Equivalent Transfer Value at 31 March 2023 £000's	Employer's contribution to stakeholder pension £000's
Andrew Morgan	Chief Executive	1	-	-	-	-	-	-	-	
Paul Matthew	Director of Finance & Digital / Director of People & Organisational Development		0 - 2.5	-	40 - 45	20 - 25	439	4	457	
-	-		-	-	-	-	-	-	-	
Dr Karen Dunderdale	Director of Nursing & Deputy Chief Executive	1	-	-	-	-	-	-	-	
Michelle Harris	Interim Chief Operating Officer		0 - 2.5	-	15 - 20	0 - 5	220	10	259	
Simon Evans	Chief Operating Officer	1	-	-	-	-	-	-	-	
Dr Colin Farquharson	Medical Director		5 - 7.5	7.5 - 10	50 - 55	110 - 115	846	123	996	
Dr Paul Dunning	Acting Medical Director	1	-	-	-	-	-	-	-	
Claire Low	Director of People & Organisational Development	1	-	-	-	-	-	-	-	
Dr Sameedha Rich-Mahadkar	Director of Improvement and Integration		2.5 - 5	-	15 - 20	-	163	37	206	

Notes:

1. Andrew Morgan, Dr Karen Dunderdale, Dr Paul Dunning, Simon Evans and Claire Low chose not to be covered by the pension arrangements during the reporting year.

Lump Sum

No lump sum will be shown for senior managers who only have membership in the 2015 Scheme or 2008 Section (unless they chose to move their 1995 Section benefits to the 2008 Section under the Choice exercise).

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's (or other allowable beneficiary's) pension payable from the scheme. CETVs are calculated in accordance with SI 2008 No.1050 Occupational Pension Schemes (Transfer Values) Regulations 2008.

No CETV will be shown for pensioners and senior managers over Normal Pension Age (NPA).
NPA is age 60 in the 1995 Section, age 65 in the 2008 Section or State Pension Age (SPA) or age 65, whichever is the later, in the 2015 Scheme.

Real Increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement).

Inflation

The inflation applied to the accrued pension, lump sum (where applicable) and CETV is the percentage by which the Consumer Prices Index (CPI) for the September before the start of the tax year is higher than it was for the previous September.
The Consumer Prices Index up to September 2021 was 3.1%, therefore, an increase of 3.1% has been applied to pensions and CETV at April 2022.

Fair pay disclosure (the figures incorporated within the note below are subject to audit)

In accordance with HM Treasury requirements, reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation against the 25th percentile, median and 75th percentile remuneration of the organisation's workforce. Total remuneration is further broken down to show the relationship between the highest paid director's salary component of their total remuneration against the 25th percentile, median and 75th percentile of salary components of the organisation's workforce

Total remuneration comprises salary and allowances, non-consolidated performance-related pay and all taxable benefits. It does not include any severance payments, employer pension contributions and the cash equivalent transfer value of pensions.
(Performance pay and bonuses are not payable by the Trust and a separate disclosure of percentile and ratio data excluding these is not therefore required.)

Remuneration is calculated on the annualised full time equivalent staff in post at the Trust at the reporting date (31 March 2023).

The highest paid director in the United Lincolnshire Hospitals NHS Trust in the financial year 2022/23 was the Chief Executive.

The banded remuneration of the Chief Executive in 2022/23 was £232,500 (2021/22 £227,500). This represents a 2.2% decrease on the previous year.

The average percentage increase from 2021/22 in respect of employees of the Trust, taken as a whole was 6.3%

The relationship between the remuneration of the highest paid director to organisations workforce is disclosed in the following tables.

The first table sets out the remuneration of the 25th, median and 75th percentiles within the workforce; while the second shows these as a ratio to the salary of the highest paid director.

To illustrate, the remuneration of the highest paid director in 2022/23 was £232,500. This being 4.90 times that of the 25th percentile worker who received £47,486 remuneration over the same period.

	Remuneration all Trust staff		
Year	25th percentile total £	Median total £	75th percentile total £
2022/23	47,486	34,726	26,121
2021/22	45,212	31,670	22,877

	Pay Remuneration Ratio		
Year	25th percentile total £	Median total £	75th percentile total £
2022/23	5:1	7:1	9:1
2021/22	5:1	7:1	10:1

In 2022/23, 46 (2021/22,39) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £445886 to £9500 (2021/22 £428850 to £8092)

Staff report (the figures incorporated within the note below are subject to audit)

The following tables contain details of staff costs and numbers employed in 2022/23 alongside comparators for 2021/22.

Permanently employed staff are defined as: members of staff with a permanent (UK) employment contract directly with the Trust.

Other staff are staff engaged on the objectives of the Trust that do not have a permanent (UK) employment contract with the Trust. It includes employees on short term contracts of employment, agency/temporary staff, locally engaged staff overseas, and inward secondments from other entities where the whole or majority of the employees' costs are met locally.

The tables exclude non-executive directors but include executive board members and staff recharged by other DHSC group bodies.

Staff Costs

Staff costs

	Permanent	Other	2022/23 Total	2021/22 Total
	£000	£000	£000	£000
Salaries and wages	369,916	2,369	**372,285**	326,082
Social security costs	35,797	-	**35,797**	30,953
Apprenticeship levy	1,750	-	**1,750**	1,613
Employer's contributions to NHS pension scheme	55,030	-	**55,030**	50,694
Pension cost - other	178	-	**178**	143
Other post employment benefits	-	-	**-**	-
Other employment benefits	-	-	**-**	-
Termination benefits	-	-	**-**	-
Temporary staff	-	51,069	**51,069**	46,385
Total gross staff costs	**462,671**	**53,438**	**516,109**	**455,870**
Recoveries in respect of seconded staff	-	-	**-**	-
Total staff costs	**462,671**	**53,438**	**516,109**	**455,870**
Of which				
Costs capitalised as part of assets	77	116	**193**	1,599

Average number of employees (WTE basis)

	Permanent	Other	2022/23 Total	2021/22 Total
	Number	Number	Number	Number
Medical and dental	995	238	**1,233**	1,153
Ambulance staff	10	-	**10**	11
Administration and estates	1,547	62	**1,609**	1,588
Healthcare assistants and other support staff	814	87	**901**	1,563
Nursing, midwifery and health visiting staff	3,238	634	**3,872**	3,013
Nursing, midwifery and health visiting learners	-	-	**-**	-
Scientific, therapeutic and technical staff	883	33	**916**	884
Healthcare science staff	155	3	**158**	152
Social care staff	-	-	**-**	-
Other	-	-	**-**	-
Total average numbers	**7,642**	**1,057**	**8,699**	**8,364**
Of which:				
Number of employees (WTE) engaged on capital projects	2	1	**3**	37

A breakdown of staff by gender (as at 31/3/22)

	Gender (Fte)	
Pay Band/Grade	**Female**	**Male**
Band 1	46.88	11.51
Band 2	1568.87	364.13
Band 3	570.02	117.68
Band 4	359.72	91.13
Band 5	1180.73	233.95
Band 6	780.80	191.10
Band 7	453.39	99.87
Band 8A	181.59	57.41
Band 8B	52.67	23.07
Band 8C	19.60	11.00
Band 8D	12.00	6.00
Band 9	4.00	7.00
Director	1.00	5.00
Consultant	90.62	247.64
Associate Specialist	2.60	19.38
Staff Grade		0.73
Specialty Doctor	48.76	140.70
GPCA/Hospital Practitioner	1.89	0.73
Specialty Registrar	68.79	87.50
Foundation Year 2	65.80	60.44
Foundation Year 1	57.00	36.00

Females make up 77.67% and males make up 22.33% of the workforce.

The Trust reports annually on its gender pay gap. The latest report will be found here. https://www.ulh.nhs.uk/about/equality-diversity/gender-pay-gap-reporting/

Staff Turnover

Staff turnover rates are published by NHS organisation on a rolling basis each month and are available on the NHS Digital website.

NHS workforce statistics - NHS Digital

Sickness Absence

The Trust is committed to maintaining and promoting the health and wellbeing of its employees and to support all of them, both as individuals and as team members, in dealing with issues that affect their health and wellbeing.

The following table shows the average number of days lost to sickness absence in 2022/23

Average Annual Sick Days per FTE has been estimated by dividing the estimated number of FTE-days sick in 2022 (148,792) by the average working days available (2,687,630), and multiplying by 225 (the typical number of working days per year).

The sickness absence figures are reported on a calendar year basis.

	2022/23	**2021/22**
	No.	**No.**
Total adjusted FTE days lost*	91,721	82,898
Average FTE	7,363	7,069
Average working days lost (per FTE)	**12**	**12**

*Calculated by taking total days lost and adjusting by the average number of working days annually.

Fairness and equity

As a large, public sector employer, the Trust is committed to promoting equality, diversity and inclusion and to tackling any inequalities that are identified in the workforce.

We have an agreed set of people policies, which provide a framework for the management and development of our staff. These cover the full employment lifecycle, from recruitment through to retirement and embrace how we support our staff to be successful and how we attend to their health and safety. Those policies are regularly reviewed with staff representatives to ensure they reflect employment law and best practice. All are assessed from an equality and diversity perspective to ensure there can be no detriment to any group of staff through their application.

The Trust is committed to ensuring that all current and potential staff are able to achieve what they want. The Trust has an Inclusion Strategy, which has the following vision for our staff:

1. Feel valued and fairly treated in a Trust that really cares.
2. Know the Trust as a Trust that people want to come and work for, stay with and thrive in, because of its commitment to equality, diversity and inclusion.
3. Are proud to work in an open and inclusive Trust.

Our staff networks continue to grow in strength and we have networks for our BAME and LGBT staff, MAPLE, which is for staff with disabilities, and an Armed Forces Network.

A women's network has also been established and each of our staff networks have been given the active support of an executive/senior leadership sponsor.

The Trust holds Disability Confident Employer status.

We recognise from our staff survey data that staff from protected groups believe we could do more to ensure there is fairness in all aspects of the recruitment and management of staff. We need to do more to ensure that all staff groups are properly represented at all level within the organisation. We know that staff with protected characteristics are underrepresented at more senior levels in the Trust (BME staff and female staff for example). Equality

and Diversity is at the heart of our Integrated Improvement Plan. We have a particular focus around talent management and enabling all people with talent in ULHT to progress and we will identify and address the barriers preventing them from doing so.

Working in Partnership

The Trust is committed to building strong partnerships with all stakeholders. One key partner is our Trade Union staff representatives. The Trust has a Change Management Policy that states that:

"The Trust will enter into consultation with recognised staff professional organisations and trade unions before decisions are taken with a view, wherever practicable, to taking account of the views expressed.

The Trust will seek to introduce and effect change by agreement, but also to establish a climate within the organisation which actively encourages staff at all levels themselves to participate in and to support changes which affect them. "

The policy sets out a process a process and structure for consultation that ensures that there is consistency and that adequate time is set aside for the process.

The Trust meets with its staff representatives on at least a monthly basis, in two forums. The Executive Partnership Forum is an opportunity for staffside and Executives to meet to discuss strategic issues which will impact on our employees and provides an opportunity for staff representatives to help shape Trust strategy. The Joint Negotiating Forum (and its equivalent for Medical Staff) is the forum at which changes to terms and conditions are negotiated and consultation takes place on significant changes to policy (outside of terms and conditions) and working arrangements.

We provide facility time for Trade Union representatives to participate as staffside and to represent their members.

The Trade Union (Facility Time Publication Requirement) Regulations 2017 requires NHS employers to publish certain information on trade union officials

and facility time on their website. Here is an extract of the information for the 2022/23 financial year):

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 (based upon average monthly FTE)*
38 (25 zero time and 13 paid time)	7642

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%	25
1-50%	8
51-99%	1
100%	4

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	£213,534
Provide the total pay bill	£444.1m (Includes: permanent, bank and capitalised staff costs)
Provide the percentage of the total pay bill spent on facility time, calculated as:	0.05%

Freedom to Speak Up (FTSU)

Effective speaking up arrangements help to protect patients and improve the experience of NHS workers. Having a healthy speaking up culture is an

indicator of a well-led Trust. ULHT is committed to ensuring that speaking up is part of the culture of the organisation. We want to support senior leaders to make the connection between speaking up and improving patient safety and staff experience, and will use this to inform the actions that are needed to continuously improve.

Speaking up cases raised with the Trust freedom to speak up guardian in 2022/23:

	Total Cases	Cases received anonymously	Cases with element of patient safety	Cases with element of bullying/ harassment	Cases where detriment reported
Q1	80	1	4	18	0
Q2	36	0	5	10	0
Q3	65	5	7	10	0
Q4	70	3	13	20	0

The Trust has a freedom to speak up policy in place and appointed a full time freedom to speak up guardian, who has completed the national training programme.

The NHS staff survey for 2022 showed that our staff feeling safe to raise concerns and being confident the organisation would address these concerns had deteriorated slightly from 2021. This was a picture seen across the country.

The 2022 CQC well led report highlighted the progress that had been made with speaking up arrangements and the actions that were being taken to address the areas where there were still weaknesses. In 2019 the Trust created a network of staff FTSU champions to promote and increase awareness of speaking up. These champions all completed the nationally recognised training.

Consultancy Expenditure

Consultancy is defined as the provision to management of objective advice and assistance relating to strategy, structure, management or operations of an organisation in pursuit of its purposes and objectives. Such assistance will be provided outside the 'business-as-usual' environment when in-house skills are not available and will be of no essential consequence and time-limited. Consultancy may include the identification of options with recommendations, or assistance with (but not delivery of) the implementation of solutions.

Under this definition Trust Consultancy expenditure in 2022/23 was £Nil (2021/22: £80,000).

Off-payroll engagements

The Review of the tax arrangements of public sector appointees published by the Chief Secretary to the Treasury in 2012 set out the requirement for Government departments and their arm's length bodies to publish information on their highly paid and/or senior off-payroll engagements.

Subsequent changes to tax legislation, applicable to public sector bodies from April 2017, further reformed the 'off-payroll' tax rules. Under the reformed off-payroll working rules (commonly known as IR35), Departments must determine whether the rules apply when engaging a worker through a Personal Service Company (PSC).

A worker (or contractor) in this context is defined as:

> *"someone who is not employed by the client department, the supplier or any other organisation within the supply chain, that instead provides their services through their own limited company or another type of intermediary to the client. An intermediary will usually be the worker's own personal service company but could also be a partnership or an individual."*

Treasury requires public sector bodies to report arrangements whereby individuals are paid through their own companies (and so are responsible for their own tax and NI arrangements, not being classed as employees) using the format set out in the tables below.

Off-payroll engagements

Highly paid off payroll worker engagements as at 31 March 2023, earning £245* per day or greater

No. of existing engagements as of 31 March 2023 *	**5**
Of which the number that have existed:	
for less than one year at time of reporting	**4**
for between one and two years at time of reporting	
for between two and three years at time of reporting	**1**
for between three and four years at time of reporting	
for four years or more at time of reporting	

* The £245 threshold is set to approximate the minimum point of the pay scale for a Senior Civil Servant

Off-payroll engagements

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

All off payroll engagements between 1 April 2022 and 31 March 2023, for more than £245* per day

No. of off-payroll workers engaged between 1st April 2022 and 31 March 2023	18
Of Which	
Not Subject to off-payroll legislation	
Subject to off payroll legislation and determined as in scope of IR35	14
Subject to off payroll legislation and determined as out of scope of IR35	4
No of engagements reassessed for compliance or assurance purposes during the year	0
Of which: Number of engagements that saw a change to IR35 status following review	0

* The £245 threshold is set to approximate the minimum point of the pay scale for a Senior Civil Servant
** This number includes 1,231 agency nurses who were employed on an ad-hoc basis during the year ended 31st March 2023

Off-payroll board member/senior official engagements

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

No of off-payroll enagements of board members and/or senior officials with significant financial responsibility during the financial year	0
Number of individuals that have been deemed 'board members and/or senior officials with significant financial responsibility' during the financial year. This figure must include both off payroll and on payroll engagements.	19

Exit packages (the figures incorporated within the note below are subject to audit)

NHS Organisations are required to disclose details of any exit packages agreed in the year. The tables below are subject to audit and set out the number and cost of exit packages agreed by the Trust in 2022/23.

The actual date of departure might be in a subsequent period, and the expense in relation to the departure costs may have been accrued in a previous period. The data here is therefore presented on a different basis to other staff cost and expenditure notes in the Trust accounts.

Reporting of compensation schemes – exit packages 2022/23

	Number of compulsory redundancies Number	Number of other departures agreed Number	Total number of exit packages Number
Exit package cost band (including any special payment element)			
<£10,000	-	7	**7**
£10,000 - £25,000	-	2	**2**
£25,001 - 50,000	-	-	**-**
£50,001 - £100,000	-	-	**-**
£100,001 - £150,000	-	1	**1**
£150,001 - £200,000	-	-	**-**
>£200,000	-	-	**-**
Total number of exit packages by type	**-**	**10**	**10**
Total cost (£)	£0	£192,000	**£192,000**

Reporting of compensation schemes – exit packages 2021/22

	Number of compulsory redundancies Number	Number of other departures agreed Number	Total number of exit packages Number
Exit package cost band (including any special payment element)			
<£10,000	1	-	**1**
£10,000 - £25,000	-	1	**1**
£25,001 - 50,000	-	-	**-**
£50,001 - £100,000	-	-	**-**
£100,001 - £150,000	-	-	**-**
£150,001 - £200,000	-	-	**-**
>£200,000	-	-	**-**
Total number of exit packages by type	**1**	**1**	**2**
Total resource cost (£)	£3,000	£12,000	**£15,000**

Any reported redundancy and other departure costs are paid in accordance with the provisions of the NHS Agenda for Change and Medical and Dental Terms and Conditions.

Exit costs in this note are the full costs of departures agreed in the year. Where the Trust has agreed early retirements, the additional costs are met by the United Lincolnshire Hospitals NHS Trust and not by the NHS Pensions Scheme.

Ill-health retirement costs are met by the NHS Pensions Scheme and are not included in the table.

This disclosure reports the number and value of exit packages agreed in the year. The expense associated with these departures may have been recognised in part or in full in a previous period.

Exit packages: other (non-compulsory) departure payments

	2022/23		2021/22	
	Payments agreed	Total value of agreements	Payments agreed	Total value of agreements
	Number	£000	Number	£000
Voluntary redundancies including early retirement contractual costs	1	109	-	-
Mutually agreed resignations (MARS) contractual costs	-	-	-	-
Early retirements in the efficiency of the service contractual costs	-	-	-	-
Contractual payments in lieu of notice	8	58	1	12
Exit payments following Employment Tribunals or court orders	1	21	-	-
Non-contractual payments requiring HMT approval	1	4	-	-
Total	**11**	**192**	**1**	**12**
Of which:				
Non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months' of their annual salary	-	-	-	-

As a single exit package can be made up of several components each of which will be counted separately in this note, the total number above will not necessarily match the total numbers in *the Exit Package table (above)* which will be the number of individuals.

In 2022/23 the Trust made zero non-contractual payments in lieu of notice.

Parliamentary accountability and audit report

The Parliamentary accountability and audit report is required by those entities that report directly to Parliament. It is also required in the consolidated Department of Health and Social Care annual report.

Whilst individual DHSC bodies of which the Trust is one, are not required to produce a full Parliamentary accountability report, they must include where applicable, disclosures on remote contingent liabilities, losses and special payments, gifts, and fees and charges within its financial statements.

These can be within the Final Accounts Section of this Annual Report at notes 28,32 and 5.3.

Audit Completion Certificate issued to the Directors of United Lincolnshire Hospitals NHS Trust for the year ended 31 March 2023

United Lincolnshire Hospitals NHS Trust

Annual accounts for the year ended 31 March 2023

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FOREWORD TO THE ACCOUNTS

Financial Review - year ended 31 March 2023

The financial results achieved by the Trust are shown in the table below. In common with all NHS trusts we are required to meet a number of financial targets set by the Department of Health and Social Care. Our performance against these targets is set out in the table below:

Financial Target	Actual Performance		
	2022/23 £000		2021/22 £000
To break even on income and expenditure, taking one year with another. (Target excludes technical adjustments for impairment following revaluation and the impact of changes in accounting policy relating to Donated / Government Granted Assets)	**(19,301)**	**(Deficit)**	**(7,221)**
	5,079	**Impairments**	8,259
	597	**Impact of Grants & Donations**	944
	(13,625)	**Reported Performance**	**1,982**
	0	**Exclude DEL impairments**	130
	588	**IFRIC 12 adjustments**	553
	(13,037)	**Performance against breakeven duty**	**2,665**
	(379,573)	**Cumulative position against breakeven duty (deficit)**	**(366,536)**
To achieve a capital cost absorption rate of 3.5%	**3.5%**	**Achieved**	**3.5%**
To operate within an External Financing Limit set by the Department of Health and Social Care	**£0m**	**Underspent**	**£0m**
To operate within a Capital Resource Limit set by the Department of Health and Social Care	**£0m**	**Underspent**	**£3.27m**
To pay 95% of creditor invoices within 30 days (by number of invoices)	**70%**	**Trade (Non-NHS)**	83%
	67%	**NHS**	82%

External Factors

The Trust has no direct exposure to any implications arising from the conflict in Ukraine. It is however affected by any impact on Global prices resulting from the situation.

Barry Jenkins
Interim Director of Finance and Digital
27 June 2023

STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTABLE OFFICER OF THE TRUST

The Chief Executive of NHS England has designated that the Chief Executive should be the Accountable Officer of the Trust. The relevant responsibilities of Accountable Officers are set out in the NHS Trust Accountable Officer Memorandum. These include ensuring that:

- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance
- value for money is achieved from the resources available to the Trust
- the expenditure and income of the Trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them
- effective and sound financial management systems are in place and
- annual statutory accounts are prepared in a format directed by the Secretary of State to give a true and fair view of the state of affairs as at the end of the financial year and the income and expenditure, other items of comprehensive income and cash flows for the year.

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

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

Signed

Name Andrew Morgan
Position Chief Executive Officer
Date 27 June 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

• apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;

• make judgements and estimates which are reasonable and prudent;

• state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts and

• prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

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

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

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

By order of the Board

Signed

Name Andrew Morgan
Position Chief Executive Officer

Signed

Name Barry Jenkins
Position Interim Director of Finance and Digital

Date 27 June 2023

Independent auditor's report to the Directors of United Lincolnshire Hospitals NHS Trust

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of United Lincolnshire Hospitals NHS Trust ('the Trust') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows, and notes to the financial statements, including the summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual 2022/23 as contained in the Department of Health and Social Care Group Accounting Manual 2023/23, and the Accounts Direction issued by the Secretary of State with the approval of HM Treasury as relevant to NHS Trusts in England.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Trust as at31 March 2023 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with the Department of Health and Social Care Group Accounting Manual 2022/23; and
- have been properly prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Directors and the Accountable Officer for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. The Directors are required to comply with the Department of Health and Social Care Group Accounting Manual 2022/23 and prepare the financial statements on a going concern basis, unless the Trust is informed of the intention for dissolution without transfer of services or function to another entity. The Directors are responsible for assessing each year whether or not it is appropriate for the Trust to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

As explained in the Statement of the Chief Executive's Responsibilities as the Accountable Officer of the Trust, the Accountable Officer is responsible for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Accountable Officer is responsible for ensuring that the financial statements are prepared in a format directed by the Secretary of State.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Trust, we identified that the principal risks of non-compliance with laws and regulations related to the National Health Service Act 2006 (as amended by the Health and Social Care Act 2012), and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Accountable Officer's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Audit and Risk Committee the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Trust which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit and Risk Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- testing of material revenue and material year end receivables;
- testing receipts in the pre and post year end period to ensure they had been recognised in the right year;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit and Risk Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in

accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the NAO in April 2021.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Matter on which we are required to report by exception

We are required to report to you if, in our opinion, we are not satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in January 2023, we have identified the following significant weaknesses in the Trust's arrangements for the year ended 31 March 2023.

In September 2021 we identified a significant weaknesses in relation to Financial Sustainability for the 2020/21 year. In our view these significant weaknesses remain for the year ended 31 March 2023:

Significant weakness in arrangements – issued in a previous year	Recommendation(s)
Capital Backlog and Fire Safety Notices The Trust continues to make progress with capital spending and addressing backlog maintenance, which eventually saw the lifting of Fire Enforcement Notices in 2021/22. Overall, however, the longstanding and ongoing issues regarding the scale of the Trust's capital backlog continues to be evidence of a significant weakness in the Trust's arrangements to support financial sustainability that can be reasonably expected to lead to a significant impact on the quality or effectiveness of service and the Trust's reputation.	1) The Audit and Risk Committee should seek regular assurance regarding the progress on the Estates Management action plan and the extent of capital backlog maintenance. 2) The Trust should engage with the ICS to ensure its capital plan is consistent with system-wide discussions on prioritisation and deliver its capital programme.
The Trust's financial sustainability The Trust's financial sustainability is dependent on the resolution of long-standing issues and in implementing the outcomes of the public consultation on the future configuration of Lincolnshire health services initiated in March 2019. These ongoing issues have not been	1) The Trust must agree a Financial Recovery Plan with NHS England, and monitor its progress in achieving that plan, including addressing the underlying issues

addressed by the Trust and this continues to prevent it from improving arrangements to secure financial sustainability. Overall, therefore, we have concluded that there is an ongoing significant weakness in arrangements to secure financial sustainability.	the Trust faces in relation to workforce and site configuration planning.

Responsibilities of the Accountable Officer

As explained in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under section 21 of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, and to report where we have not been able to satisfy ourselves that it has done so. 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 undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Code of Audit Practice

In our opinion:

- the parts of the Remuneration Report subject to audit have been properly prepared in accordance with the Accounts Direction made under the National Health Service Act 2006; and
- the other information published together with the audited financial statements in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the guidance issued by NHS England; or
- we refer a matter to the Secretary of State under section 30 of the Local Audit and Accountability Act; or
- we issue a report in the public interest under section 24 and schedule 7(1) of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Trust under section 24 and schedule 7(2) of the Local Audit and Accountability Act 2014.

Other than the matters described in the section below, we have nothing to report in respect of these matters.

Referral to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014

Paragraph 2(1) of Schedule 5 of the National Health Service Act 2006 provides that each NHS Trust must ensure that its revenue is not less than sufficient, taking one financial year with another, to meet outgoings properly chargeable to the revenue account. This duty is known as 'the breakeven duty'. The phrase 'taking one year with another' has been interpreted by the Department of Health and Social Care and HM Treasury as meaning that the duty is met if income equals or exceeds expenditure over a three-year rolling period, or exceptionally a five-year rolling period.

Considering the 'Statutory breakeven duty: a guide for NHS trusts' issued in April 2018, on 22 June 2023, we made a referral to the Secretary of State for Health under Section 30 (1) (b) of the Act because:

• The Trust's expenditure exceeded its income for the three-year period ending 31 March 2023 by £7m.

• The Trust has set a deficit budget of £21m for the year ending 31 March 2024, that plans to lead to its expenditure exceeding its income for the three-year period ending 31 March 2024 by £31m, and does not address the Trust's total cumulative deficit rising from £380m as at 31 March 2023.

Use of the audit report

This report is made solely to the Board of Directors of United Lincolnshire Hospitals NHS Trust, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Directors of the Trust 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 Directors of the Trust, as a body, for our audit work, for this report, or for the opinions we have formed.

Certificate

We certify that we have completed the audit of United Lincolnshire Hospitals NHS Trust in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Mark Surridge, *Key Audit Partner*
For and on behalf of Mazars LLP

2 Chamberlain Square, Birmingham, B3 3AX
28 June 2023

Statement of Comprehensive Income

	Note	2022/23 £000	2021/22 £000
Operating income from patient care activities	3	708,886	638,695
Other operating income	4	48,792	41,499
Operating expenses	6, 8	(771,049)	(680,694)
Operating surplus/(deficit) from continuing operations		**(13,371)**	**(500)**
Finance income	11	1,293	54
Finance expenses	12	(90)	18
PDC dividends payable		(7,177)	(6,561)
Net finance costs		**(5,974)**	**(6,489)**
Other gains / (losses)	13	44	(232)
Surplus / (deficit) for the year		**(19,301)**	**(7,221)**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	2,355	(1,458)
Revaluations	17	11,646	3,928
Other reserve movements		(1)	(1)
Total comprehensive income / (expense) for the period		**(5,301)**	**(4,752)**

Statement of Financial Position

	Note	31 March 2023 £000	31 March 2022 £000
Non-current assets			
Intangible assets	14	11,383	7,675
Property, plant and equipment	15	298,859	267,753
Right of use assets	18	11,807	
Receivables	20	2,157	1,848
Total non-current assets		**324,206**	**277,276**
Current assets			
Inventories	19	6,133	6,006
Receivables	20	52,874	15,520
Cash and cash equivalents	23	41,269	88,297
Total current assets		**100,276**	**109,823**
Current liabilities			
Trade and other payables	24	(89,905)	(89,018)
Borrowings	26	(3,129)	(402)
Provisions	27	(17,670)	(8,773)
Other liabilities	25	(1,260)	(1,130)
Total current liabilities		**(111,964)**	**(99,323)**
Total assets less current liabilities		**312,518**	**287,776**
Non-current liabilities			
Borrowings	26	(12,189)	(3,623)
Provisions	27	(5,108)	(3,183)
Other liabilities	25	(11,069)	(11,572)
Total non-current liabilities		**(28,366)**	**(18,378)**
Total assets employed		**284,152**	**269,398**
Financed by			
Public dividend capital		724,042	704,180
Revaluation reserve		42,584	29,294
Other reserves		190	190
Income and expenditure reserve		(482,664)	(464,266)
Total taxpayers' equity		**284,152**	**269,398**

The notes on pages 94 to 162 form part of these accounts.

Signed

Name	Andrew Morgan
Position	Chief Executive Officer
Date	27 June 2023

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

	Public dividend capital	Revaluation reserve	Other reserves	Income and expenditure reserve	Total
	£000	£000	£000	£000	£000
Taxpayers' equity at 1 April 2022 - brought forward	**704,180**	**29,294**	**190**	**(464,266)**	**269,398**
Implementation of IFRS 16 on 1 April 2022	-	-	-	192	**192**
Surplus/(deficit) for the year	-	-	-	(19,301)	**(19,301)**
Other transfers between reserves	-	(711)	-	711	**-**
Impairments	-	2,355	-	-	**2,355**
Revaluations	-	11,646	-	-	**11,646**
Public dividend capital received	19,863	-	-	-	**19,863**
Other reserve movements	(1)	-	-	-	**(1)**
Taxpayers' equity at 31 March 2023	**724,042**	**42,584**	**190**	**(482,664)**	**284,152**

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

	Public dividend capital	Revaluation reserve	Other reserves	Income and expenditure reserve	Total
	£000	£000	£000	£000	£000
Taxpayers' equity at 1 April 2021 - brought forward	**677,570**	**27,522**	**190**	**(457,742)**	**247,540**
Surplus/(deficit) for the year	-	-	-	(7,221)	**(7,221)**
Other transfers between reserves	-	(698)	-	698	**-**
Impairments	-	(1,458)	-	-	**(1,458)**
Revaluations	-	3,928	-	-	**3,928**
Public dividend capital received	26,610	-	-	-	**26,610**
Other reserve movements	-	-	-	(1)	**(1)**
Taxpayers' equity at 31 March 2022	**704,180**	**29,294**	**190**	**(464,266)**	**269,398**

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.

Other reserves
Liabilities transferred to NHS Resolution (previously the NHS Litigation Authority) on 1st April 2000 have been recorded as 'other reserves'.

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)		(13,371)	(500)
Non-cash income and expense:			
Depreciation and amortisation	6.1	22,001	15,736
Net impairments	7	5,079	8,389
Income recognised in respect of capital donations	4	(82)	(27)
Amortisation of PFI deferred credit		(503)	(503)
(Increase) / decrease in receivables and other assets		(38,148)	11,261
(Increase) / decrease in inventories		(127)	504
Increase / (decrease) in payables and other liabilities		1,723	9,288
Increase / (decrease) in provisions		10,861	5,860
Net cash flows from / (used in) operating activities		**(12,567)**	**50,008**
Cash flows from investing activities			
Interest received		1,175	34
Purchase of intangible assets		(4,142)	(994)
Purchase of PPE and investment property		(42,693)	(35,132)
Sales of PPE and investment property		156	148
Net cash flows from / (used in) investing activities		**(45,504)**	**(35,944)**
Cash flows from financing activities			
Public dividend capital received		19,863	26,610
Movement on other loans		(402)	-
Capital element of lease liability repayments		(2,416)	-
Other interest		-	(1)
Interest element of lease liability repayments		(121)	-
PDC dividend (paid) / refunded		(5,873)	(6,418)
Cash flows from (used in) other financing activities		(8)	-
Net cash flows from / (used in) financing activities		**11,043**	**20,191**
Increase / (decrease) in cash and cash equivalents		**(47,028)**	**34,255**
Cash and cash equivalents at 1 April - brought forward		**88,297**	**54,042**
Cash and cash equivalents at 31 March	23.1	**41,269**	**88,297**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

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

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, right of use assets, inventories and certain financial assets and financial liabilities.

Note 1.2 Going concern

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

Note 1.3 Interests in other entities

Following Treasury's agreement to apply IFRS10 to NHS Charities from 1 April 2013, the Trust has established that as the Trust is the Corporate Trustee of the linked NHS Charity – United Lincolnshire Hospitals NHS Trust Charity, it effectively has the power to exercise control so as to obtain economic benefits. However, the transactions are immaterial in the context of the group and transactions have not been consolidated. Details of the transactions with the charity are included in the related parties' note.

The Trust does not hold further interests in other entities.

Note 1.4 Revenue from contracts with customers
Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS).

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

Revenue from NHS contracts
The 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.

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

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

Note 1.5 Other forms of income

Grants and donations
Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the 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 1.6 Expenditure on employee benefits

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

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Both schemes are unfunded, defined benefit schemes that cover NHS employers, general practices and other bodies, allowed under the direction of Secretary of State for Health and Social Care in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it is a defined contribution scheme: the cost to the trust is taken as equal to the employer's pension contributions payable to the scheme for the accounting period. The contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the Trust commits itself to the retirement, regardless of the method of payment.

Note 1.7 Expenditure on other goods and services

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

Note 1.8 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.

The valuation using the alternative site basis takes into account that the modern equivalent replacement offering the same service potential as the existing hospitals:
- may only require a smaller site footprint
- whilst in appropriate locations to deliver the service within the existing towns (Lincoln, Boston and Grantham) may not be sited in the same location as the current hospitals.
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 (< 10 years) or low values (< £1m) 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 are not depreciated until the asset is brought into use.

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

At each financial year end, the Trust checks whether there is any indication that its property, plant and equipment assets have suffered an impairment loss. If there is indication of such an impairment, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount.
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
Non-current assets intended for disposal are reclassified as 'held for sale' if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and once all of the following IFRS5 criteria are met:

• the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
• the sale must be highly probable i.e:

- management are committed to a plan to sell the asset,
- an active programme has begun to find a buyer and complete the sale,
- the asset is being actively marketed at a reasonable price
- the sale is expected to be completed within 12 months of the date of classification as 'held for sale',
- the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

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

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Statement of Comprehensive Income. On disposal, the balance for the asset on the revaluation reserve is transferred to retained earnings.

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

Donated and grant funded assets

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

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

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

Private Finance Initiative (PFI) transactions

PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's *FReM*, are accounted for as 'on-Statement of Financial Position' by the Trust. In accordance with HM Treasury's FReM, the underlying assets are recognised as property, plant and equipment, together with an equivalent liability. Subsequently, the assets are accounted for as property, plant and equipment.
The nature of the PFI held by United Lincolnshire Hospitals NHS Trust means that no unitary payment is included within operating expenses. Instead the operator derives income from charges made to users rather than from payments by the Trust.
Further description of the scheme is set out in note 30.

Useful lives of property, plant and equipment

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

	Min life Years	Max life Years
Land	-	-
Buildings, excluding dwellings	10	90
Dwellings	60	90
Plant & machinery	3	20
Transport equipment	5	15
Information technology	2	10
Furniture & fittings	5	15

Note 1.9 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
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
Information technology	2	15
Websites	3	10
Software licences	2	15

Note 1.10 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 1.11 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 1.12 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 profit and loss. 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 due to their nature.

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

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

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

Impairment of financial assets
For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets, 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).
Expected credit losses are made up of three constituent elements:
- Compensation Recovery Unit, where a provision of 24.86% is made based upon historic recovery rates as set out within the DHSC GAM.
- Full 100% provision for those debts referred to the Trust's appointed debt collection agent.
- All other non-NHS sales invoices based upon expected recovery rates for each category and ageing of debt, except for other government departments, their executive agencies, the Bank of England, Exchequer Funds and Exchequer Funds' assets where repayment is ensured by primary legislation.

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

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

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

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

Note 1.13 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 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 . 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.

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.

2021/22 comparatives
Comparatives for leasing transactions in these accounts have not been restated on an IFRS 16 basis. Under IAS 17 the classification of leases as operating or finance leases still applicable to lessors under IFRS 16 also applied to lessees. In 2021/22 lease payments made by the Trust in respect of leases previously classified as operating leases were charged to expenditure on a straight line basis.

Note 1.14 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 27.2 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 1.15 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 28 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 28, 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 1.16 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 1.17 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 1.18 Corporation tax

The Trust has no Corporation tax liability.

Note 1.19 Climate change levy

Expenditure on the climate change levy is recognised in the Statement of Comprehensive Income as incurred, based on the prevailing chargeable rates for energy consumption. This is described further within HMRC climate change levy documentation.
https://www.gov.uk/guidance/pay-climate-change-levy

Note 1.20 Foreign exchange

The functional and presentational currency of the Trust is sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Note 1.21 Third party assets

Assets belonging to third parties in which the Trust has no beneficial interest (such as money held on behalf of patients) are not recognised in the accounts. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's *FReM*.

Note 1.22 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis.

The losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

Note 1.23 Early adoption of standards, amendments and interpretations

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

Note 1.24 Standards, amendments and interpretations in issue but not yet effective or adopted

Application of the measurement principles of IFRS 16 to PFI and similar liabilities has been deferred until 2023/24. HM Treasury is finalising detailed application guidance. The Department of Health and Social Care is also revising its PFI model.
In light of this, the impact on PFI accounting in 2023/24 is not reasonably estimable in 2022/23 accounts.

Initial application of principles will be on 1 April 2023 using a modified retrospective approach with the cumulative impact taken to reserves.

Other standards, amendments and interpretations
IFRS 17 Insurance Contracts will become effective for DHSC bodies from financial year 2025/26.

The scope of the standard is not different to IFRS 4, but it is expected that the implementation of the new standard will require a review of existing arrangements which may result in reclassification of contracts as insurance contracts.
HM Treasury has put together a working group to assess the impact of IFRS 17 and as such the impact can not yet be assessed.

Note 1.25 Critical judgements in applying accounting policies
The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the Trust accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Valuation of Buildings

The Department of Health and Social Care (DHSC) guidance specifies that the Trust's land and buildings should be valued on the basis of depreciated replacement cost, applying the Modern Equivalent Asset (MEA) concept. The MEA is defined as 'the cost of a modern replacement asset that has the same productive capacity as the property being valued'. Therefore the MEA is not a valuation of the existing land and buildings that the Trust holds but a theoretical calculation for accounting purposes of what the Trust could need to spend in order to replace the current assets.

In determining the MEA the Trust supported by its appointed valuer (Cushman and Wakefield) has made judgements around alternative sites and required footprint for an MEA build. In determining the MEA, the Trust has to make assumptions that are practically achievable and would meet the service needs of users, but the Trust is not required to have any plans to make such changes.

The Trust is satisfied that the assumptions underpinning the MEA valuation are practically achievable, would not change the services provided by the Trust and would not impact on service delivery or the level and volume of service provided. The Trust has no plans to implement any of the theoretical assumptions that underpin the MEA valuation.

For the purposes of the MEA valuation, the Trust has defined that the services provided at the:

- Lincoln County Hospital site could theoretically be provided from a location on the outskirts of Lincoln with easy access to the A46 ring road.
- Grantham District General Hospital site could theoretically be provided from a location on the outskirts of Grantham with access to the A1 / A52.
- Boston Pilgrim Hospital would not be re-sited.

Further details concerning the valuation of Property, Plant and Equipment are provided in note 1.8 and note 15.

Right of Use Assets: Lease Term
Note 1.13 describes how the Trust determines the lease term of a right of use asset 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 leases a number of buildings from NHS Property Services (NHSPS). Whilst the Trust has occupied the majority of these for a substantial number of years, contractual documentation is limited to a one year rolling service level agreement in each case.

In assessing the lease term to apply in relation to IFRS 16, the Trust has reviewed future planned service delivery and in consultation with NHSPS agreed a ten year outlook for the purposes of calculating borrowings and Right of Use Asset valuation. Based upon this evaluation, the Right of Use Assets held under IFRS 16 with NHSPS are valued at £6.0m with associated borrowings of £6.0m.

Note 1.26 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 Valuations (carrying value 31 March 2023: £229.9m):
An annual revaluation of Trust Property is conducted by Cushman & Wakefield. The value of land, buildings and dwellings post revaluation was £229.9m and is detailed at Note 15.
As part of this revaluation process the Trust reviews the remaining useful life of its buildings in accordance with advice received from the valuer. This estimation of remaining useful life is in accordance with the Royal Institute of Chartered Surveyors (RICS) appraisal and valuation manual. Details of the method of the recognition of asset lives are disclosed in Note 1.8.

Depreciation and asset lives:
The reported amounts for depreciation of property, plant and equipment and amortisation of non-current intangible assets can be materially affected by the judgements exercised in determining their estimated economic lives. Economic lives are determined in a number of different ways such as valuations (external professional opinion), internal review and profession assessment (equipment and IT assets predominantly) and physical asset verification exercises.

Progress Housing (carrying value 31 March 2023: £37.1m):

The Trust entered into a contract with a third party in 2006, Progress Living, in which they provide accommodation to Trust employees. As part of the contract a minimum occupancy level was guaranteed. Costs of under-occupancy are met by the Trust.

Future occupancy levels have been estimated for the relevant properties based upon average occupancy levels over the preceding 12 months ending January 2023.

The valuation of Progress Housing Dwellings recognised as a PFI asset on the Trust Statement of Financial Position is based upon it being a non-specialised asset in existing use. The valuation undertaken by Cushman and Wakefield takes into account factors including annual rental charges for each unit, management charges and assessment of future occupancy levels. The selection of average occupancy levels over the preceding 12 months as a basis for future occupancy is therefore a key source of estimation uncertainty.

Note 2 Operating Segments

The Trust Board (the Chief Operating Decision Maker as defined by IFRS 8 Operating Segments) has determined that the Trust operates one material business segment which is the provision of healthcare services. The operating results of this segment are regularly reviewed by the Board.

The financial results for this segment are the same as in the primary statements.

The provision of healthcare (including medical treatment, research and education) is within one main geographical segment, the United Kingdom, and materially from Departments of HM Government in England.
Revenue from activities (medical treatment of patients) is analysed by customer type in Note 3 to the financial statements.

Other operating revenue is analysed in Note 4 and materially consists of revenues from education, training and research, non-patient care services to other bodies, income generation and other revenue.

The percentage of total revenue receivable from within the whole of HM Government is disclosed below.

	2022/23		2021/22	
	£000s	**%**	£000s	%
Revenue from HM Government sources	**726,462**	**95.9**	**652,316**	95.9
Revenue from non HM Government sources	**31,216**	**4.1**	**27,878**	4.1
Total	**757,678**	**100.0**	680,194	100.0

Note 3 Operating income from patient care activities

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

Note 3.1 Income from patient care activities (by nature)	**2022/23 £000**	**2021/22 £000**
Acute services		
Income from commissioners under API contracts*	620,085	611,102
High cost drugs income from commissioners (excluding pass-through costs)	50,044	4,087
Other NHS clinical income**	5,441	2,382
All services		
Private patient income	196	192
Elective recovery fund***	-	3,377
Agenda for change pay award central funding****	14,600	
Additional pension contribution central funding*****	16,734	15,395
Other clinical income******	1,786	2,160
Total income from activities	**708,886**	**638,695**

The methodology for analysing income for the delivery of acute services has been reviewed in 2022/23 with guidance from NHS England. Utilising the revised methodology, the income from 2021/22 breaks down as being:
Income from commissioners under API contracts: £570.0m
High cost drugs income from commissioners: £43.7m
Other NHS Clinical Income: £3.9m

*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/
** Other NHS Clinical income is primarily made up of income from provider to provider block contracts £1.2m (2021/22 - £2.2m) and income from NHSE for patient devices £1.5m (2021/22: £1.4m)
*** The Elective Recovery Fund was introduced in 2021/22 as part of the financial arrangements to aid recovery from the pandemic.
**** '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.

*****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.
****** Other Clinical Income includes: income earned through the Injury Cost Recovery Scheme £1.0m (2021/22: £1.0m) and the treatment of Overseas Patients £0.3m (2021/22: £0.4m)

Note 3.2 Income from patient care activities (by source)

	2022/23	2021/22
Income from patient care activities received from:	**£000**	**£000**
NHS England	127,930	98,059
Clinical commissioning groups	131,358	536,041
Integrated care boards	446,130	
Department of Health and Social Care	230	288
Other NHS providers	1,256	2,217
NHS other	-	-
Local authorities	115	116
Non-NHS: private patients	196	192
Non-NHS: overseas patients (chargeable to patient)	303	439
Injury cost recovery scheme	989	995
Non NHS: other	379	348
Total income from activities	**708,886**	**638,695**
Of which:		
Related to continuing operations	708,886	638,695
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	303	439
Cash payments received in-year	149	117
Amounts added to provision for impairment of receivables	516	175
Amounts written off in-year	165	138

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	1,505	-	**1,505**	1,513	-	**1,513**
Education and training	22,713	1,896	**24,609**	19,985	1,257	**21,242**
Non-patient care services to other bodies	5,463		**5,463**	6,082		**6,082**
Reimbursement and top up funding	113		**113**	1,155		**1,155**
Income in respect of employee benefits accounted on a gross basis	7,059		**7,059**	5,308		**5,308**
Receipt of capital grants and donations and peppercorn leases		82	**82**		27	**27**
Charitable and other contributions to expenditure*		1,863	**1,863**		1,555	**1,555**
Revenue from finance leases (variable lease receipts)		-	**-**		156	**156**
Revenue from operating leases		1,150	**1,150**		1,200	**1,200**
Amortisation of PFI deferred income / credits		503	**503**		503	**503**
Other income**	6,445	-	**6,445**	2,758	-	**2,758**
Total other operating income	**43,298**	**5,494**	**48,792**	**36,801**	**4,698**	**41,499**
Of which:						
Related to continuing operations			48,792			41,499
Related to discontinued operations			-			-

* This includes the value of Personal Protective Equipment donated by DHSC to NHS Trusts as part of the pandemic response £1.2m (2021/22: £1.6m).

** Other Income includes: car parking £1.1m (2021/22: £0.7m), catering £1.7m (2021/22: £0.8m), Medical Examiner Fees £0.6m (2021/22: £0.3m), service / utilities charges £1.8m, staff lease cars £0.1m (2021/22: £0.1m) and miscellaneous other income £1.1m (2021/22: £0.9m)

Note 5 Additional information on contract revenue and performance obligations'

Note 5.1 Additional information on contract revenue (IFRS 15) recognised in the period

	2022/23 £000	2021/22 £000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	757	436
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods	-	-

Note 5.2 Transaction price allocated to remaining performance obligations

The Trust has exercised the practical expedients permitted by IFRS 15 paragraph 121 in preparing this disclosure. Revenue from (i) contracts with an expected duration of one year or less and (ii) contracts where the trust recognises revenue directly corresponding to work done to date is not disclosed.

Note 5.3 Fees and charges

HM Treasury requires disclosure of fees and charges income. The following disclosure is of income from charges to service users where income from that service exceeds £1 million and is presented as the aggregate of such income. The cost associated with the service that generated the income is also disclosed.

	2022/23 £000	2021/22 £000
Income	2,500	1,460
Full cost	(2,090)	(1,405)
Surplus / (deficit)	**410**	**55**

This note addresses and aggregates schemes that, individually, have a cost exceeding £1m. This comprises catering and car parking income from the public and staff.

Catering	**2022/23 £000s**	**2021/22** £000s
Income	**1,442**	778
Full cost	**(1,667)**	(1,107)
Surplus / (deficit)	**(225)**	(329)

Car Parking	**2022/23 £000s**	**2021/22** £000s
Income	**1,058**	682
Full cost	**(422)**	(298)
Surplus / (deficit)	**636**	384

Note 6 Operating expenses
Note 6.1 Operating expenses

	2022/23 £000	2021/22 £000
Purchase of healthcare from NHS and DHSC bodies	1,284	619
Purchase of healthcare from non-NHS and non-DHSC bodies	5,479	4,866
Staff and executive directors costs	509,230	448,364
Remuneration of non-executive directors	157	118
Supplies and services - clinical (excluding drugs costs)	68,540	62,669
Supplies and services - general	13,795	8,735
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	67,417	59,349
Inventories written down	222	88
Consultancy costs	-	80
Establishment	6,926	6,345
Premises	26,091	19,611
Transport (including patient travel)	2,339	1,589
Depreciation on property, plant and equipment and right of use assets	18,613	13,910
Amortisation on intangible assets	3,388	1,826
Net impairments**	5,079	8,389
Movement in credit loss allowance: contract receivables / contract assets	233	261
Change in provisions discount rate(s)	(729)	107
Fees payable to the external auditor		
audit services- statutory audit*	173	138
Internal audit costs	270	212
Clinical negligence	22,347	22,763
Legal fees	696	276
Insurance	11	(18)
Research and development***	1,916	1,852
Education and training***	10,668	8,254
Expenditure on short term leases (current year only)	248	
Operating lease expenditure (comparative only)		2,905
Redundancy	120	3
Car parking & security	60	45
Hospitality	1	-
Losses, ex gratia & special payments	(754)	2,030
Other services, eg external payroll	3,490	2,731
Other****	3,739	2,577
Total	**771,049**	**680,694**
Of which:		
Related to continuing operations	771,049	680,694
Related to discontinued operations	-	-

*The Statutory audit fee for 2021/22 and 2022/23 comprises three elements:		
Statutory Audit fee 2022/23	142	138

Statutory Audit fee 2021/22 - additional fee	2	
Non recoverable VAT	29	
Total	**173**	**138**

The VAT charge for 2021/22 of £28k was reported as part of 'other expenditure'

** Note 7 provides further detail relating to the Net Impairments expense

***The figures presented above for Research and Development along with Education and training include £6.6m pay costs (2021/22: £5.9m) and £4.1m non-pay costs (2021/22: £2.9m).

Note 6.2 Limitation on auditor's liability

There is no limitation on auditor's liability for external audit work carried out for the financial years 2022/23 or 2021/22.

Note 7 Impairment of assets

	2022/23 £000	2021/22 £000
Net impairments charged to operating surplus / deficit resulting from:		
Loss or damage from normal operations	-	152
Changes in market price	3,608	8,279
Other	1,471	(42)
Total net impairments charged to operating surplus / deficit	**5,079**	**8,389**
Impairments charged to the revaluation reserve	(2,355)	1,458
Total net impairments	**2,724**	**9,847**

a) Material Impairment losses / (reversals) charged to the SOCI resulting from loss or damage from normal operations are summarised below:

	2022/23 £000	2021/22 £000
Radiology equipment damaged in Fire	-	152

The principle asset damaged in the fire was insured through NHS Resolution, with Insurance proceeds received in 2022/23.

b) Material Impairment losses / (reversals) charged to the SOCI in 2022/23 resulting from changes in market price following valuation are summarised below:

	2022/23 £000	2021/22 £000
Reversals of impairments charged to SOCI in previous years:		
Maternity Unit Lincoln County Hospital	(2,586)	(905)
Phase 2: Lincoln County Hospital	(4,817)	(481)
Outpatients Lincoln County Hospital	(752)	
A&E/X-ray Pilgrim Hospital	(670)	
Endoscopy Lincoln County Hospital	(655)	
Other - buildings*	(4,217)	(2,753)
Impairments charged to SOCI in current year:		
Lincoln West Wing Land		
Tower Block Pilgrim Hospital	1,275	829
Generator House Lincoln County Hospital	1,466	615
Endoscopy unit Lincoln County Hospital		1,004
Out patients Lincoln County Hospital		649
Urgent Treatment Centre Lincoln County Hospital		1,350
PARU - Lincoln County Hospital		3,919
Tower Block Grantham Hospital		705
Maternity Unit Pilgrim	6,291	
Modular Theatres Grantham Hospital	1,003	
New Resus building	5,611	
Other - buildings*	1,659	3,347
	3,608	**8,279**

* Consists of multiple buildings individually with 'low' value impairment less than £0.5m

c) Other Material Impairment losses / (reversals) charged to SOCI are summarised below:

	2022/23 £000	2021/22 £000
Reversal of impairments charged to SOCI in previous years		
Progress Care Housing Association **	(90)	(166)
East Skirbeck House - Boston		94
Other Medical Equipment		30
Lincoln County Hospital Land	1,561	
	1,471	**(42)**

** The Trust entered into a contract with a third party in 2006, Progress Living, in which accommodation is provided to Trust employees at Lincoln, Boston and Grantham sites. As part of the contract, a minimum occupancy level was guaranteed. Costs of under occupancy are met by the Trust.
The projected future occupancy levels and therefore projected income streams associated with this contract are reviewed annually. The Annual property valuation takes account of this assessment and may result in an impairment or reversal.

Impairments charged / (reversed) against this contract were:	2022/23 £000	2021/22 £000
Lincoln County Hospital	-	-
Pilgrim Hospital, Boston	-	-
Grantham District Hospital	(90)	(166)
	(90)	**(166)**

d) Property, Plant and Equipment impairments and reversals charged to the revaluation reserve

	2022/23 £000	2021/22 £000
Other	(17)	-
Changes in market price	(2,338)	1,458
Total impairments for PPE charged to reserves	**(2,338)**	**1,458**

Note 8 Employee benefits

	2022/23 Total £000	2021/22 Total £000
Salaries and wages	372,285	326,082
Social security costs	35,797	30,953
Apprenticeship levy	1,750	1,613
Employer's contributions to NHS pensions	55,030	50,694
Pension cost - other	178	143
Temporary staff (including agency)	51,069	46,385
Total staff costs	**516,109**	**455,870**
Of which		
Costs capitalised as part of assets	193	1,599

Employer's contributions to NHS pensions

Following consultation and revaluation of public sector pension schemes, the Department of Health and Social Care (DHSC) increased the employer contribution rate from 14.3% to 20.6% (20.68% including the 0.08% administration levy) from 1 April 2019.

During 2020/21 - 2022/23 the scheme administrator, NHS Business Services Authority, has continued to collect an employer contribution of 14.38 per cent from employers. Central payments have been paid to the scheme by NHS England to cover the remaining increase.

NHS trusts are required to account for employer contributions of 20.68% in full and on a gross basis in year end accounts.

The total employer NHS Pension contribution of £55.0m (2021/22: £50.7m) shown in the table above includes £16.7m (2021/22: £15.4m) paid by NHS England on behalf of the Trust.

Pension cost - other relate to payments into the National Employment Savings Trust (NEST) defined contribution scheme.

In line with the HM Treasury requirements a further breakdown of employee benefits across staffing categories is provided within the Annual Report.

Note 8.1 Retirements due to ill-health

During 2022/23 there were 2 early retirements from the Trust agreed on the grounds of ill-health (2 in the year ended 31 March 2022). The estimated additional pension liabilities of these ill-health retirements is £111k (£212k in 2021/22).

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

Note 9 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.

National Employment Savings Trust (NEST)
The National Employment Savings Trust (NEST) Corporation is the Trustee of the NEST occupational pension scheme. The scheme, which is run on a not-for-profit basis, ensures that all employers have access to suitable, low-charge pension provision.
The Trust is required to comply with workplace pension legislation and to auto enrol employees into a pension scheme. Where employees are ineligible to join the NHS Pension Scheme the Trust enrols the employee into NEST.
NEST is a defined contribution scheme.

As at 31 March 2023 there were 10,785 (31 March 2022: 9,938) employees employed by the Trust, of these 7,983 (31 March 2022: 8,669) are members of the NHS Pension Scheme; 404 (31 March 2022: 373) are enrolled within NEST and 2,398 (31 March 2022: 896) are not currently contributing through a workplace pension scheme.

Employer Pension contributions for 2022/23 were £55.0m; these are anticipated to rise in line with the annual Pay Award in 2023/24. Based on a 5% award contributions are expected to be circa £57.75m.

Note 10 Operating leases - United Lincolnshire Hospitals NHS Trust as lessor

This note discloses income generated in operating lease agreements where United Lincolnshire Hospitals NHS Trust is the lessor.
The Trust has applied IFRS 16 to account for lease arrangements from 1 April 2022 without restatement of comparatives. Comparative disclosures in this note are presented on an IAS 17 basis. This includes a different maturity analysis of future minimum lease receipts under IAS 17 compared to IFRS 16.
The Trust has leased a number of buildings to non-NHS organisations which provide ancillary services to patients.

Note 10.1 Operating lease income

	2022/23 £000	2021/22 £000
Lease receipts recognised as income in year:		
Minimum lease receipts	948	948
Variable lease receipts / contingent rents	202	252
Other		-
Total in-year operating lease income	**1,150**	**1,200**

Note 10.2 Future lease receipts

	31 March 2023 £000
Future minimum lease receipts due at 31 March 2023:	
- not later than one year	252
- later than one year and not later than two years	252
- later than two years and not later than three years	227
- later than three years and not later than four years	216
- later than four years and not later than five years	185
- later than five years	141
Total	**1,273**

	31 March 2022 £000
Future minimum lease receipts due at 31 March 2022:	
- not later than one year;	243
- later than one year and not later than five years;	871
- later than five years.	322
Total	**1,436**

Note 11 Finance income

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

	2022/23 £000	2021/22 £000
Interest on bank accounts	1,293	54
Total finance income	**1,293**	**54**

Note 12 Finance Expenses

Note 12.1 Finance expenditure

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

	2022/23 £000	2021/22 £000
Interest expense:		
Interest on lease obligations	121	-
Interest on late payment of commercial debt	-	1
Total interest expense	**121**	**1**
Unwinding of discount on provisions	(39)	(29)
Other finance costs	8	10
Total finance costs	**90**	**(18)**

Note 12.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

	2022/23 £000	2021/22 £000
Total liability accruing in year under this legislation as a result of late payments*	1,213	821
Amounts included within interest payable arising from claims made under this legislation	-	1
Compensation paid to cover debt recovery costs under this legislation	-	-

*This is estimated based upon invoice date rather than date of receipt of invoice.

Note 13 Other gains / (losses)

	2022/23 £000	2021/22 £000
Gains on disposal of assets	146	142
Losses on disposal of assets	(102)	(374)
Total gains / (losses) on disposal of assets	**44**	**(232)**

Note 14 Intangible assets

Note 14.1 Intangible assets - 2022/23

	Software licences £000	Internally generated information technology £000	Websites £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2022 - brought forward	**16,263**	**20**	**15**	**2,946**	**19,244**
Additions	2,496	-	-	3,653	**6,149**
Reclassifications	3,902	-	-	(2,946)	**956**
Disposals / derecognition	(565)	-	-	-	**(565)**
Valuation / gross cost at 31 March 2023	**22,096**	**20**	**15**	**3,653**	**25,784**
Amortisation at 1 April 2022 - brought forward	**11,534**	**20**	**15**	**-**	**11,569**
Provided during the year	3,388	-	-	-	**3,388**
Disposals / derecognition	(556)	-	-	-	**(556)**
Amortisation at 31 March 2023	**14,366**	**20**	**15**	**-**	**14,401**
Net book value at 31 March 2023	**7,730**	**-**	**-**	**3,653**	**11,383**
Net book value at 1 April 2022	**4,729**	**-**	**-**	**2,946**	**7,675**

All intangible assets are held at historical cost, less accumulated amortisation, and are generally amortised on a straight line basis over 5 years.
IT - in-house & 3rd party software showing as fully depreciated relates to one internally developed asset which is still in use.

Other fully amortised assets still in use and reported within Software Licenses had an original purchase cost of £0.71m.

Note 14.2 Intangible assets - 2021/22

	Software licences £000	Internally generated information technology £000	Websites £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2021 - as previously stated	**14,406**	**20**	**15**	**-**	**14,441**
Additions	1,269	-	-	2,946	**4,215**
Reclassifications	686	-	-	-	**686**
Disposals / derecognition	(98)	-	-	-	**(98)**
Valuation / gross cost at 31 March 2022	**16,263**	**20**	**15**	**2,946**	**19,244**
Amortisation at 1 April 2021 - as previously stated	**9,806**	**20**	**15**	**-**	**9,841**
Provided during the year	1,826	-	-	-	**1,826**
Disposals / derecognition	(98)	-	-	-	**(98)**
Amortisation at 31 March 2022	**11,534**	**20**	**15**	**-**	**11,569**
Net book value at 31 March 2022	**4,729**	**-**	**-**	**2,946**	**7,675**
Net book value at 1 April 2021	**4,600**	**-**	**-**	**-**	**4,600**

Note 15 Property, plant and equipment

Note 15.1 Property, plant and equipment - 2022/23

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2022 - brought forward	**10,855**	**155,367**	**31,347**	**24,770**	**76,225**	**551**	**14,984**	**1,153**	**315,252**
Additions	2,301	14,820	-	16,660	5,062	25	462	-	**39,330**
Impairments	(1,751)	(19,569)	-	-	-	-	-	-	**(21,320)**
Reversals of impairments	320	13,278	105	-	-	-	-	-	**13,703**
Revaluations	75	4,522	5,661	-	-	-	-	-	**10,258**
Reclassifications	-	12,604	-	(22,688)	5,298	17	3,813	-	**(956)**
Transfers to / from assets held for sale	-	-	-	-	(3,340)	-	-	-	**(3,340)**
Disposals / derecognition	-	-	-	-	(3,570)	-	(2,781)	(26)	**(6,377)**
Valuation/gross cost at 31 March 2023	**11,800**	**181,022**	**37,113**	**18,742**	**79,675**	**593**	**16,478**	**1,127**	**346,550**
Accumulated depreciation at 1 April 2022 - brought forward	**-**	**-**	**-**	**-**	**40,651**	**498**	**5,868**	**482**	**47,499**
Provided during the year	-	5,781	493	-	6,688	18	2,991	137	**16,108**
Impairments	-	(1,619)	-	-	-	-	-	-	**(1,619)**
Reversals of impairments	-	(3,272)	(2)	-	-	-	-	-	**(3,274)**
Revaluations	-	(890)	(491)	-	-	-	-	-	**(1,381)**
Transfers to / from assets held for sale	-	-	-	-	(3,315)	-	-	-	**(3,315)**
Disposals / derecognition	-	-	-	-	(3,520)	-	(2,781)	(26)	**(6,327)**
Accumulated depreciation at 31 March 2023	**-**	**-**	**-**	**-**	**40,504**	**516**	**6,078**	**593**	**47,691**
Net book value at 31 March 2023	**11,800**	**181,022**	**37,113**	**18,742**	**39,171**	**77**	**10,400**	**534**	**298,859**
Net book value at 1 April 2022	**10,855**	**155,367**	**31,347**	**24,770**	**35,574**	**53**	**9,116**	**671**	**267,753**

Note 15.2 Property, plant and equipment - 2021/22

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2021 - as previously stated	**9,991**	**146,346**	**29,640**	**27,419**	**66,531**	**735**	**11,979**	**1,153**	**293,794**
Additions	-	9,998	-	20,963	9,959	31	578	-	**41,529**
Impairments	-	(17,521)	-	-	(1,344)	-	-	-	**(18,865)**
Reversals of impairments	839	2,097	137	-	-	-	-	-	**3,073**
Revaluations	25	1,199	1,570	-	-	-	-	-	**2,794**
Reclassifications	-	13,248	-	(23,238)	4,891	-	4,413	-	**(686)**
Transfers to / from assets held for sale	-	-	-	-	(2,046)	(215)	(63)	-	**(2,324)**
Disposals / derecognition	-	-	-	(374)	(1,766)	-	(1,923)	-	**(4,063)**
Valuation/gross cost at 31 March 2022	**10,855**	**155,367**	**31,347**	**24,770**	**76,225**	**551**	**14,984**	**1,153**	**315,252**
Accumulated depreciation at 1 April 2021 - as previously stated	**-**	**-**	**-**	**-**	**40,382**	**672**	**5,278**	**343**	**46,675**
Provided during the year	-	5,459	459	-	5,236	41	2,576	139	**13,910**
Impairments	-	(2,312)	-	-	(1,161)	-	-	-	**(3,473)**
Reversals of impairments	-	(2,443)	(29)	-	-	-	-	-	**(2,472)**
Revaluations	-	(704)	(430)	-	-	-	-	-	**(1,134)**
Transfers to / from assets held for sale	-	-	-	-	(2,040)	(215)	(63)	-	**(2,318)**
Disposals / derecognition	-	-	-	-	(1,766)	-	(1,923)	-	**(3,689)**
Accumulated depreciation at 31 March 2022	**-**	**-**	**-**	**-**	**40,651**	**498**	**5,868**	**482**	**47,499**
Net book value at 31 March 2022	**10,855**	**155,367**	**31,347**	**24,770**	**35,574**	**53**	**9,116**	**671**	**267,753**
Net book value at 1 April 2021	**9,991**	**146,346**	**29,640**	**27,419**	**26,149**	**63**	**6,701**	**810**	**247,119**

Note 15.3 Property, plant and equipment financing - 31 March 2023

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	11,800	180,449	-	18,742	33,826	77	10,400	534	**255,828**
On-SoFP PFI contracts and other service concession arrangements	-	-	37,113	-	-	-	-	-	**37,113**
Owned - donated/granted	-	573	-	-	5,345	-	-	-	**5,918**
Total net book value at 31 March 2023	**11,800**	**181,022**	**37,113**	**18,742**	**39,171**	**77**	**10,400**	**534**	**298,859**

Note 15.4 Property, plant and equipment financing - 31 March 2022

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	10,855	154,993	-	24,770	32,053	53	9,116	669	**232,509**
On-SoFP PFI contracts and other service concession arrangements	-	-	31,347	-	-	-	-	-	**31,347**
Owned - donated/granted	-	374	-	-	3,521	-	-	2	**3,897**
Total net book value at 31 March 2022	**10,855**	**155,367**	**31,347**	**24,770**	**35,574**	**53**	**9,116**	**671**	**267,753**

Note 15.5 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2023

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Subject to an operating lease	-	10,915	-	-	-	-	-	-	**10,915**
Not subject to an operating lease	11,800	170,107	37,113	18,742	39,171	77	10,400	534	**287,944**
Total net book value at 31 March 2023	**11,800**	**181,022**	**37,113**	**18,742**	**39,171**	**77**	**10,400**	**534**	**298,859**

Note 16 Donations of property, plant and equipment

The Trust has received donated assets in the financial year as follows:

Donor: United Lincolnshire Hospitals NHS Trust Charitable Fund

Asset Description - Donation of physical asset	Plant & machinery £000	Fair value of asset £000
R5 dStream MRI Breast Coil inc Mattress	9	9
Cubescan Bladder Scanner BioCon 700	6	6
Two Pagewriter Tc20 Ecg Recorders	12	12
Three Avalon Fm30 Fetal Monitors	34	34
Living Sky System	6	6
Ambient Experience Kitten Scanner	15	15
Total value of physical assets donated	**82**	**82**

Note 17 Revaluations of property, plant and equipment

The Trust commissioned a full quinquenial revaluation of land, buildings and dwellings in March 2023 with a valuation date of 31 March 2023. This revaluation was conducted by Mr D Wilson BSc MRICS, of Cushman & Wakefield Debenham Tie Leung Limited.

This desktop revaluation has been undertaken on the following basis:
Assets in existing use:

For specialised properties (i.e. those for which no active market exists), depreciated replacement cost has been used and is considered to be a satisfactory approximation of current value in existing use.

Within this methodology, the Modern Equivalent Asset (MEA) concept is applied: the “replacement cost” being based on the cost of a modern replacement asset that has the same productive capacity as the property being valued. An alternative site basis has been adopted.

The alternative site basis takes into account that the modern equivalent replacement with the same service potential as the existing hospitals would be on smaller sites than the existing and whilst in appropriate locations within the existing towns/cities not necessarily in the same locations as the existing. The sites are Lincoln, Boston Pilgrim and Grantham Hospitals.

Land and Buildings which are no longer in operational use and are therefore 'surplus' have been valued at Fair Value.
The carrying value of assets not in active use but not classified as held for sale is £1.0m (31 March 2022: £0.9m)

The following table provides details of property valued on an open market valuation basis at 31 March 2023.

	2022/23	2021/22
	£000s	£000s
Land	-	875
Dwellings*	37,113	31,347
Buildings	-	-
	37,113	32,222

* Progress Care Housing Association Ltd accommodation units (non-specialised - dwellings) are valued at open market value based on existing use.

Accounting policies note 1.8 provides further information regarding the method of valuation.

The useful economic asset lives for intangibles and plant and equipment are initially assessed when an asset is first recognised. Thereafter an annual review is undertaken to identify and adjust for any assets impaired or where the useful economic life requires adjustment.The asset lives for individual buildings and dwellings are in accordance with the latest valuation report prepared by the external valuer.

The gross value of fully depreciated assets still in use is £6.2m (31 March 2022: £8.0m).

A number of buildings owned by the Trust are leased out under operating leases.

	2022/23	2021/22
	£000s	£000s
Net book value 1 April	5,214	4,917
New leases	5,943	17
Additions	228	125
Depreciation	(352)	(125)
Increase in valuation 31 March	291	179
Impairments/Reversals	126	101
Terminated Leases	(535)	-
Net book value 31 March	**10,915**	**5,214**

Note 18 Leases - United Lincolnshire Hospitals NHS Trust as a lessee

This note details information about leases for which the Trust is a lessee.

The Trust is the lessee for a number of properties: Buildings at John Coupland Hospital Gainsborough, Louth County Hospital, Skegness and District Hospital and Johnson Community Hospital Spalding along with Medical Centres at Gainsborough and Mablethorpe leased through NHS Property Services with a collective annual lease cost of £0.7m.

Other Properties where the Trust is lessee include: Beach House and Car Parks at Lincoln County Hospital. These have a collective annual lease cost of £0.2m.

The Trusts lessee arrangements relating to the lease of plant and equipment are supplied under normal commercial terms by non-NHS suppliers.

These incorporate lease cars, MRI scanners and other smaller items of medical equipment and photocopiers.

The Trust has applied IFRS 16 to account for lease arrangements from 1 April 2022 without restatement of comparatives. Comparative disclosures in this note are presented on an IAS 17 basis.

Note 18.1 Right of use assets - 2022/23

	Property (land and buildings) £000	Plant & machinery £000	Transport equipment £000	Total £000	Of which: leased from DHSC group bodies £000
IFRS 16 implementation - adjustments for existing operating leases / subleases	7,090	4,987	392	**12,469**	6,910
Additions	449	1,364	113	**1,926**	11
Remeasurements of the lease liability	(4)	(36)	-	**(40)**	(4)
Movements in provisions for restoration / removal costs	30	-	-	**30**	-
Revaluations	(22)	-	-	**(22)**	-
Disposals / derecognition	(120)	-	(18)	**(138)**	-
Valuation/gross cost at 31 March 2023	**7,423**	**6,315**	**487**	**14,225**	**6,917**
IFRS 16 implementation - adjustments for existing subleases	-	-	-	**-**	-
Provided during the year	913	1,402	190	**2,505**	698
Revaluations	(29)	-	-	**(29)**	-
Disposals / derecognition	(54)	-	(4)	**(58)**	-
Accumulated depreciation at 31 March 2023	**830**	**1,402**	**186**	**2,418**	**698**
Net book value at 31 March 2023	**6,593**	**4,913**	**301**	**11,807**	**6,219**
Net book value of right of use assets leased from other NHS providers					215
Net book value of right of use assets leased from other DHSC group bodies					6,004

Note 18.2 Revaluations of right of use assets
HM Treasury application guidance identifies that the cost model can function as an appropriate proxy to the current value in use or fair value provided:

- there are provisions within the agreement to regularly update lease payments for market rent
- there is minimal risk that the asset value will fluctuate significantly due to market prices and conditions.

Accordingly, having reviewed each Right of Use Agreement, the Trust has applied the cost model with a singular exception.

The revaluation of this property, Moy Park, Grantham, has been undertaken alongside the valuation of 'owned' Property, Plant and Equipment as set out within note 17.

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 26.1.

	2022/23
	£000
Carrying value at 31 March 2022	**-**
IFRS 16 implementation - adjustments for existing operating leases	12,277
Transfers by absorption	-
Lease additions	1,926
Lease liability remeasurements	(40)
Interest charge arising in year	121
Early terminations	(52)
Lease payments (cash outflows)	(2,537)
Other changes	-
Carrying value at 31 March 2023	**11,695**

Lease payments for short term leases are recognised in operating expenditure. These payments are disclosed in Note 6.1. Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above.

Note 18.4 Maturity analysis of future lease payments at 31 March 2023

	Total 31 March 2023 £000	Of which leased from DHSC group bodies: 31 March 2023 £000
Undiscounted future lease payments payable in:		
- not later than one year;	2,426	730
- later than one year and not later than five years;	6,079	2,915
- later than five years.	3,578	2,873
Total gross future lease payments	**12,083**	**6,518**
Finance charges allocated to future periods	(388)	(267)
Net lease liabilities at 31 March 2023	**11,695**	**6,251**
Of which:		
Leased from other NHS providers		216
Leased from other DHSC group bodies		6,035

Note 18.5 Maturity analysis of finance lease liabilities at 31 March 2022 (IAS 17 basis)

The Trust held no leases that had previously been determined to be finance leases under IAS 17 at 31 March 2022.

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	2,905
Total	**2,905**

	31 March 2022 £000
Future minimum lease payments due:	
- not later than one year;	2,656
- later than one year and not later than five years;	5,949
- later than five years.	2,123
Total	**10,728**
Future minimum sublease payments to be received	-

Note 18.7 Initial application of IFRS 16 on 1 April 2022

IFRS 16 as adapted and interpreted for the public sector by HM Treasury has been applied to leases in these financial statements with an initial application date of 1 April 2022.
The standard has been applied using a modified retrospective approach without the restatement of comparatives. Practical expedients applied by the Trust on initial application are detailed in the leases accounting policy in note 1.13.

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	**10,728**
Impact of discounting at the incremental borrowing rate	
IAS 17 operating lease commitment discounted at incremental borrowing rate	**10,070**
Less:	
Commitments for short term leases	(365)
Irrecoverable VAT previously included in IAS 17 commitment	(145)
Other adjustments:	
Differences in the assessment of the lease term	2,446
Other adjustments	271
Total lease liabilities under IFRS 16 as at 1 April 2022	**12,277**

Note 19 Inventories

	31 March 2023 £000	31 March 2022 £000
Drugs	2,815	2,195
Consumables	3,318	3,811
Total inventories	**6,133**	**6,006**
of which:		
Held at fair value less costs to sell	-	-

Inventories recognised in expenses for the year were £75,888k (2021/22: £67,765k). Write-down of inventories recognised as expenses for the year were £222k (2021/22: £88k).

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 £1,222k of items purchased by DHSC (2021/22: £1,555k).

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 Receivables

Note 20.1 Receivables

	31 March 2023 £000	31 March 2022 £000
Current		
Contract receivables	43,095	10,677
Capital receivables	-	27
Allowance for impaired contract receivables / assets	(846)	(891)
Deposits and advances	1	1
Prepayments (non-PFI)	8,260	4,173
Interest receivable	138	20
PDC dividend receivable	-	576
VAT receivable	1,974	735
Other receivables*	252	202
Total current receivables	**52,874**	**15,520**

Non-current		
Contract receivables	2,015	1,917
Allowance for impaired contract receivables / assets	(501)	(455)
Other receivables*	643	386
Total non-current receivables	**2,157**	**1,848**
Of which receivable from NHS and DHSC group bodies:		
Current	39,245	5,881
Non-current	643	386

*Other receivables includes:
Clinicians pension tax scheme receivable £0.7m (2021/22: £0.4m)

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. Individual trusts have reflected this future liability within the provisions note 26.

NHS England are to meet the cost of this liability, this being reflected within the 2021/22 current (£0.02m) / non current (£0.64m) receivables (2021/22: current £0.02m / non current £0.39m).

Note 20.2 Allowances for credit losses

	2022/23 Contract receivables and contract assets £000	2021/22 Contract receivables and contract assets £000
Allowances as at 1 April - brought forward	**1,346**	**1,230**
New allowances arising	1,599	930
Reversals of allowances	(1,366)	(669)
Utilisation of allowances (write offs)	(232)	(145)
Allowances as at 31 Mar 2023	**1,347**	**1,346**

Note 20.3 Exposure to credit risk
Under IFRS 7 disclosure should be made to demonstrate exposure to credit risk.
The tables below show the level of outstanding invoiced receivables at 31 March split between those which have been impaired / not impaired.

Ageing of impaired financial assets

	31 March 2023 £000	31 March 2022 £000
0 - 30 days	-	-
30-60 Days	13	-
60-90 days	33	2
90- 120 days	42	-
Over 120 days	480	622
Total	**568**	**624**

Ageing of non-impaired financial assets past their due date

	31 March 2023 £000	31 March 2022 £000
0 - 30 days	2,526	3,358
30-60 Days	140	619
60-90 days	148	14
90- 120 days	53	2
Over 120 days	269	320
Total	**3,136**	**4,313**

In addition to providing against specific invoiced debt £0.5m (2021/22: £0.5m), the Trust also makes general provision for impairment based upon expected recovery rates.

This covers both invoiced debt £0.1m (2021/22: £0.1m) and income from the Compensation recovery unit £0.8m (2021/22: £0.7m).

Note 21 Finance leases (United Lincolnshire Hospitals NHS Trust as a lessor)

This note discloses future lease payments receivable from lease arrangements classified as finance leases where the United Lincolnshire Hospitals NHS Trust is the lessor.

The Trust owns 3 properties where it has granted long leases to other NHS bodies; each has an annual peppercorn rent of £1.

	Term Years	Commencing
Ambulance Station at Boston Pilgrim Hospital	125	1992
Manthorpe Centre at Grantham Hospital	80	1997
Adult Mental Illness Unit at Boston Pilgrim Hospital	125	1993

The above properties revert to the Trust at the end of the lease term.

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 21.1 Reconciliation of the carrying value of finance lease receivables (net investment in the lease)

	2022/23 £000
Finance lease receivables at 31 March 2023	-

Note 21.2 Finance lease receivables maturity analysis as at 31 March 2023

	Total 31 March 2023 £000	Of which leased to DHSC group bodies: 31 March 2023 £000
Net investment in lease (net lease receivable)	-	-

Note 21.3 Finance lease receivables as at 31 March 2022 (IAS 17 basis)

	31 March 2022 £000
Net investment in lease (net lease receivable)	-
Contingent rents recognised as income in the period	156

Note 22 Non-current assets held for sale
Note 22.1 Non-current assets held for sale and assets in disposal groups

	2022/23 £000	2021/22 £000
NBV of non-current assets for sale and assets in disposal groups at 1 April	**-**	**-**
Assets classified as available for sale in the year	25	6
Assets sold in year	(25)	(6)
NBV of non-current assets for sale and assets in disposal groups at 31 March	**-**	**-**

Note 23 Cash and third party assets
Note 23.1 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 £000	2021/22 £000
At 1 April	**88,297**	**54,042**
Net change in year	(47,028)	34,255
At 31 March	**41,269**	**88,297**
Broken down into:		
Cash at commercial banks and in hand	11	11
Cash with the Government Banking Service	41,258	88,286
Total cash and cash equivalents as in SoFP	**41,269**	**88,297**
Total cash and cash equivalents as in SoCF	**41,269**	**88,297**

Note 23.2 Third party assets held by the trust

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

	31 March 2023 £000	31 March 2022 £000
Monies on deposit	-	1
Total third party assets	**-**	**1**

Note 24 Trade and other payables

	31 March 2023 £000	31 March 2022 £000
Current		
Trade payables	7,035	11,072
Capital payables	21,205	22,643
Accruals	44,923	39,552
Social security costs	5,045	5,398
Other taxes payable	5,246	4,949
PDC dividend payable	728	-
Pension contributions payable	5,421	5,038
Other payables	302	366
Total current trade and other payables	**89,905**	**89,018**
Total non-current trade and other payables	**-**	**-**
Of which payables from NHS and DHSC group bodies:		
Current	3,117	9,068
Non-current	-	-

Note 25 Other liabilities

	31 March 2023 £000	31 March 2022 £000
Current		
Deferred income: contract liabilities	757	627
Deferred PFI credits / income	479	479
Other deferred income	24	24
Total other current liabilities	**1,260**	**1,130**
Non-current		
Deferred PFI credits / income	10,535	11,014
Other deferred income	534	558
Total other non-current liabilities	**11,069**	**11,572**

*The Trust entered into an agreement with Progress Care Housing Association Ltd in 2006, whereby the Trust transferred ownership of a number of staff accommodation flats to Progress, who agreed to refurbish the flats and build additional units. The Trust does not make any payments to Progress Care Housing, as they receive income from employees who pay for accommodation.

Due to the nature of the transaction, the Trust has recorded the assets on its balance sheet in accordance with IFRIC 12, with the corresponding liability being shown as an 'other liability'. This 'other liability' is amortised to the income and expenditure account to offset the depreciation.

Note 26 Borrowings and Financing Activities
Note 26.1 Borrowings

	31 March 2023 £000	31 March 2022 £000
Current		
Other loans	805	402
Lease liabilities*	2,324	-
Total current borrowings	**3,129**	**402**
Non-current		
Other loans	2,818	3,623
Lease liabilities*	9,371	-
Total non-current borrowings	**12,189**	**3,623**

* The Trust has applied IFRS 16 to lease arrangements within these accounts from 1 April 2022 without restatement of comparatives. More information about leases and the impact of this change in accounting policy can be found in note 18.

Note 26.2 Reconciliation of liabilities arising from financing activities - 2022/23

	Other loans £000	Lease Liability £000	Total £000
Carrying value at 1 April 2022	**4,025**	**-**	**4,025**
Cash movements:			
Financing cash flows - payments and receipts of principal	(402)	(2,416)	**(2,818)**
Financing cash flows - payments of interest	-	(121)	**(121)**
Non-cash movements:			
Impact of implementing IFRS 16 on 1 April 2022	-	12,277	**12,277**
Additions	-	1,926	**1,926**
Lease liability remeasurements	-	(40)	**(40)**
Application of effective interest rate	-	121	**121**
Early terminations	-	(52)	**(52)**
Carrying value at 31 March 2023	**3,623**	**11,695**	**15,318**

Note 26.3 Reconciliation of liabilities arising from financing activities - 2021/22

	Other loans £000	Lease Liability £000	Total £000
Carrying value at 1 April 2021	**4,025**	**-**	**4,025**
Cash movements:			
Financing cash flows - payments and receipts of principal	-	-	**-**
Financing cash flows - payments of interest	-	-	**-**
Carrying value at 31 March 2022	**4,025**	**-**	**4,025**

Note 27 Provisions for liabilities and charges
Note 27.1 Provisions for liabilities and charges analysis

	*Pensions: early departure costs £000	*Pensions: injury benefits £000	**Legal claims £000	***Other £000	Total £000
At 1 April 2022	**872**	**2,114**	**4,433**	**4,537**	**11,956**
Change in the discount rate	(102)	(627)	-	(581)	**(1,310)**
Arising during the year	102	104	914	13,873	**14,993**
Utilised during the year	(101)	(89)	(454)	(11)	**(655)**
Reversed unused	(33)	-	(1,654)	(493)	**(2,180)**
Unwinding of discount	(11)	(28)	-	13	**(26)**
At 31 March 2023	**727**	**1,474**	**3,239**	**17,338**	**22,778**
Expected timing of cash flows:					
- not later than one year;	95	88	3,239	14,248	**17,670**
- later than one year and not later than five years;	359	338	-	42	**739**
- later than five years.	273	1,048	-	3,048	**4,369**
Total	**727**	**1,474**	**3,239**	**17,338**	**22,778**

The amount and timings of these provisions are based on facts that were known at the time of completion of the Trust's accounts. Subsequent changes may alter the estimated value of the provision and / or the timing of the cash flow.
*The provision for Early Departure Costs (Pensions) and Pension Injury benefits have been assessed by discounting current pension costs and applying average life expectancies. The amount and timing of cash flows are thus uncertain.
**The provision for legal claims are made up of two component elements:

(1) Third party liability and property expense claims as notified by NHS Resolution £0.3m (2021/22: £0.3m)

(2) Projected liabilities in relation to claims made against the Trust for employment, commercial and other litigation issues £3.0m (2021/22: £4.1m).

The Trust's legal advisors have provided details to support an assessment of the potential liability for those claims where they are representing the Trust. This takes account of the potential range of outcomes, the related probability and the expected settlement date.

***Other provisions comprise:

- Costs associated with the Clinicians pension tax scheme - £0.7m (2021/22: £0.4m).

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.

Individual trusts have been instructed to reflect this future estimated liability within the provisions note and include a corresponding amount as owing from NHS England within the receivables note.

- Estimated costs associated with potential employee pay claims £14.2m (2021/22: £4.1).
- Costs associated with withdrawal / exit at a future date from a long term medical records storage contract

Note 27.2 Clinical negligence liabilities

At 31 March 2023, £341,671k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of United Lincolnshire Hospitals NHS Trust (31 March 2022: £454,749k).

Note 28 Contingent assets and liabilities

	31 March 2023 £000	31 March 2022 £000
Value of contingent liabilities		
NHS Resolution legal claims	(22)	-
Gross value of contingent liabilities	**(22)**	**-**
Net value of contingent liabilities	**(22)**	**-**
Net value of contingent assets	**-**	**-**

Note 29 Contractual capital commitments

	31 March 2023 £000	31 March 2022 £000
Property, plant and equipment	30,131	11,876
Intangible assets	100	398
Total	**30,231**	**12,274**

Note 30 On-SoFP PFI, LIFT or other service concession arrangements

The Trust has a single PFI contract which has been capitalised under IFRIC 12 as a service concession arrangement.
This relates to an agreement with Progress Care Housing Association Ltd made in 2006 under which the Trust transferred ownership of staff accommodation flats to Progress Housing on a 99 year lease.
The contract contains a break clause, which, under the original model is expected to be after 40 years on 31 March 2046. This is the point at which under the original model, Progress Care would realise its target internal rate of return. At this point the Trust may serve notice and terminate the contract.
Under the arrangement, Progress Care must provide accommodation but have no obligation to acquire or build any new properties. In addition Progress Care must maintain and later return the properties to the Trust in good condition as defined within the agreement.
At the end of the 99 year lease term, ownership of the properties will revert back to the Trust.
In addition the contract includes a 20 year occupancy guarantee at 85.3%.
In the event that the 85.3% occupancy rate is not achieved, the Trust is invoiced by Progress Care for the shortfall and costs recorded as 'Premises' costs within operating expenses.

An assessment of historic occupancy levels and trends is undertaken annually and is utilised by the Trust Valuer in undertaking the annual property valuation.
The Trust has recorded the assets on its balance sheet in accordance with IAS 17, with the corresponding liability being shown as an ‘other liability’ (note 25). This is amortised to the Statement of Comprehensive Income over 40 years with an end date of 31st March 2046.

Note 31 Financial instruments

Note 31.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with the Lincolnshire Integrated Care Board (LICB) and NHS England and the way these are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.
The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the organisation's standing financial instructions and policies agreed by the board of directors. United Lincolnshire Hospitals NHS Trust treasury activity is subject to review by the Trust's internal auditors.

Currency risk

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

Interest rate risk

In April 2020 reforms to the NHS cash regime were announced by the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement.

The effect of these has been that during 2020/21 the Trust has repaid existing revenue and capital loans through the issue of Public Dividend Capital (PDC).
The rate of return on PDC is set at 3.5% of net relevant assets.

The Trust Salix loan carries no interest charge.

The Trust therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the United Lincolnshire Hospitals NHS Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2023 are in receivables from customers, as disclosed in the trade and other receivables note.
Throughout the Covid-19 pandemic in 2020/21 and 2021/22, the Payment by Results mechanism was replaced with block contract payments from commissioners. Block payment arrangements have remained the predominant contract element in place for 2022/23.

This maintains and further supports the Trust Credit risk as low.

Liquidity risk
United Lincolnshire Hospitals NHS Trust's operating costs are incurred under contracts with Integrated Care Boards, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

Note 31.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2023	Held at amortised cost £000
Trade and other receivables excluding non financial assets	44,796
Cash and cash equivalents	41,269
Total at 31 March 2023	**86,065**

Carrying values of financial assets as at 31 March 2022	Held at amortised cost £000
Trade and other receivables excluding non financial assets	11,883
Cash and cash equivalents	88,297
Total at 31 March 2022	**100,180**

Note 31.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2023	Held at amortised cost £000
Obligations under leases	11,695
Other borrowings	3,623
Trade and other payables excluding non financial liabilities	78,886
Provisions under contract	17,308
Total at 31 March 2023	**111,512**

Carrying values of financial liabilities as at 31 March 2022	Held at amortised cost £000
Other borrowings	4,025
Trade and other payables excluding non financial liabilities	78,671
Provisions under contract	4,537
Total at 31 March 2022	**87,233**

Note 31.4 Maturity of financial liabilities
The following maturity profile of financial liabilities is based on the contractual undiscounted cash flows. This differs to the amounts recognised in the statement of financial position which are discounted to present value.

	31 March 2023 £000	31 March 2022 £000
In one year or less	98,354	83,224
In more than one year but not more than five years	8,939	3,723
In more than five years	6,596	286
Total	**113,889**	**87,233**

Note 31.5 Fair values of financial assets and liabilities

Book value (carrying value) is considered to be a reasonable approximation of fair value in relation to the financial assets and liabilities held by the Trust.

Note 32 Losses and special payments

	2022/23		2021/22	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Cash losses	20	10	2	1
Fruitless payments and constructive losses	1	2	1	101
Bad debts and claims abandoned	87	230	85	152
Stores losses and damage to property	2	239	5	240
Total losses	**110**	**481**	**93**	**494**
Special payments				
Compensation under court order or legally binding arbitration award	13	39	19	128
Extra-contractual payments	-	-	-	-
Ex-gratia payments*	84	32	37	1,418
Special severance payments	1	4	-	-
Extra-statutory and extra-regulatory payments	-	-	-	-
Total special payments	**98**	**75**	**56**	**1,546**
Total losses and special payments	**208**	**556**	**149**	**2,040**
Compensation payments received				

* In March 2021 the NHS Staff Council agreed a framework to enable NHS employers in England to resolve issues in relation to the correct calculation of pay while on annual leave, in respect of regularly worked overtime and additional standard hours, under the NHS Agenda for Change terms and conditions of service.
It was agreed that corrective payments would (subject to qualifying criteria) be based on overtime earned in the financial years 2019/2020 and 2020/2021.

Costs were recognised in both 2020/21 and 2021/22 with actual payment of arrears and the recording of the 'special payment' made in 2021/22.

Note 33 Related parties

IAS 24, 'Related Party Disclosures' requires material transactions between the Trust and directors / key management and / or close families / entities controlled by any of these to be disclosed.
The details below represent those material transactions in 2022/23 between the Trust and Organisations with whom Trust Senior Executives / Management hold positions of influence.
The income / expenditure values quoted are those attributable to the named related party and do not represent earnings of the individual.

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£000	£000	£000	£000
Details of related party transactions 2022/23:				
Lincolnshire Community Health Services NHS Trust	2,297	2,031	351	796
Details of related party transactions 2021/22:	£000	£000	£000	£000
Lincolnshire Community Health Services NHS Trust	1,727	255	909	240

ULHT Key Management details	Position / related party relationship	Related Party
Mrs Elaine Baylis -Trust Chair	Trust Chair	Lincolnshire Community Health Services NHS Trust
Dr Karen Dunerdale - Deputy Chief Executive and Director of Nursing	Director of Nursing, AHPs and Quality	
Mrs Gail Shadlock - Non Executive Director	Non Executive Director	

The Department of Health and Social Care is the Trust's 'Parent body' and is regarded as a related party.
During the year the United Lincolnshire Hospitals NHS Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is

regarded as the parent.
The main entities with whom the Trust had dealings with during 2022/23 are listed below.

NHS Lincolnshire ICB
NHS Lincolnshire CCG (demised 01/07/22)
NHS Nottingham and Nottinghamshire ICB
NHS Nottingham and Nottinghamshire CCG (demised 01/07/22)
NHS Leicester, Leicestershire and Rutland ICB
NHS East Leicestershire and Rutland CCG (demised 01/07/22)
NHS Humber and North Yorkshire ICB
NHS North Lincolnshire CCG (demised 01/07/22)
NHS South Yorkshire ICB
Lincolnshire Community Health Services NHST
Northern Lincolnshire and Goole NHS FT
Lincolnshire Partnership NHS FT
University Hospitals of Leicester NHST
Nottingham University Hospitals NHST
North West Anglia NHS FT
Care Quality Commission
Public Health England
NHS England
NHS Resolution
Department of Health and Social Care
Health Education England

In addition, the Trust has had a number of material transactions with other UK government departments and other UK central and local government bodies. The most significant of which are listed below.
NHS Pension Scheme
HM Revenue & Customs
South Kesteven District Council
Boston Borough Council
Lincoln City Council

The DHSC Group Accounting Manual identifies DHSC Ministers and senior officials, and entities controlled or influenced by them as being related parties of DHSC group bodies.The Trust has conducted business in 2022/23 with the following organisations with whom Ministers or senior officials have declared interests to the Department of Health and Social Care.
Leeds Teaching Hospitals NHS Trust
Macmillan Cancer Support
Ministry of Defence
NHS Providers
NHS Confederation
NHS England
Vyaire Holding Company

The Trust is the Corporate Trustee for the United Lincolnshire Hospitals Charity (Charity No:1058065). The Charity is therefore deemed to be a related party.
The purpose or objects of the fund are set out within the Charity Deed and state:

The Trustees shall hold the Trust fund upon Trust to apply the income, and at their discretion, so far

as may be permissible, the capital, for any charitable purpose or purposes relating to the National Health Service.

The Charity has supported numerous initiatives during 2022/23 including the purchase / donation of various capital assets to the Trust as detailed at note 16.

Other Direct transactions with the Charity are summarised below:

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£000	£000	£000	£000
United Lincolnshire Hospitals Charity	-	170	1	-

Note 34 Events after the reporting date
The Trust has accrued £14.9m in respect of the 2022/23 NHS Agenda for Change pay offer. This was offered in March 2023 but was not finalised until after the year end. It has therefore been treated as an adjusting post balance sheet event. The Trust has also accrued for £14.6m of funding from NHS England in respect of this offer (2021/22: Nil).

Note 35 Better Payment Practice code

Non-NHS Payables	**2022/23 Number**	**2022/23 £000**	**2021/22 Number**	**2021/22 £000**
Total non-NHS trade invoices paid in the year	108,430	386,996	98,812	220,016
Total non-NHS trade invoices paid within target	76,364	313,915	82,405	192,571
Percentage of non-NHS trade invoices paid within target	70.4%	81.1%	83.4%	87.5%
NHS Payables				
Total NHS trade invoices paid in the year	2,888	53,470	2,806	47,339
Total NHS trade invoices paid within target	1,939	34,262	2,310	45,368
Percentage of NHS trade invoices paid within target	67.1%	64.1%	82.3%	95.8%

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

Note 36 External financing limit
The Trust is given an external financing limit against which it is permitted to underspend

	2022/23	**2021/22**

	£000	£000
Cash flow financing	64,073	(7,645)
External financing requirement	**64,073**	**(7,645)**
External financing limit (EFL)	64,073	(7,645)
Under / (over) spend against EFL	**-**	**-**

Note 37 Capital Resource Limit

	2022/23 £000	2021/22 £000
Gross capital expenditure	47,365	45,744
Less: Disposals	(164)	(380)
Less: Donated and granted capital additions	(82)	(27)
Charge against Capital Resource Limit	**47,119**	**45,337**
Capital Resource Limit	47,119	48,606
Under / (over) spend against CRL	**-**	**3,269**

Note 38 Breakeven duty financial performance

	2022/23 £000	2021/22 £000
Adjusted financial performance surplus / (deficit) (control total basis)	(13,625)	1,982
Remove impairments scoring to Departmental Expenditure Limit	-	130
IFRIC 12 breakeven adjustment	588	553
Breakeven duty financial performance surplus / (deficit)	**(13,037)**	**2,665**

Note 39 Breakeven duty rolling assessment

	1997/98 to 2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Breakeven duty in-year financial performance		1,282	(13,880)	320	124	(25,813)	(15,161)	(56,917)
Breakeven duty cumulative position	4,071	5,353	(8,527)	(8,207)	(8,083)	(33,896)	(49,057)	(105,974)
Operating income		391,141	392,202	407,975	422,802	425,524	433,250	423,428
Cumulative breakeven position as a percentage of operating income		1.4%	(2.2%)	(2.0%)	(1.9%)	(8.0%)	(11.3%)	(25.0%)

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Breakeven duty in-year financial performance	(56,891)	(79,664)	(87,945)	(41,876)	3,149	2,665	(13,037)
Breakeven duty cumulative position	(162,865)	(242,529)	(330,474)	(372,350)	(369,201)	(366,536)	(379,573)
Operating income	437,324	433,161	447,492	539,248	643,878	680,194	757,678
Cumulative breakeven position as a percentage of operating income	(37.2%)	(56.0%)	(73.9%)	(69.0%)	(57.3%)	(53.9%)	(50.1%)

Due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009-10, NHS Trust's financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to IFRIC 12 schemes (which would include PFI schemes), which has no cash impact and is not chargeable for overall budgeting purposes, is excluded when measuring Breakeven performance. Other adjustments are made in respect of accounting policy changes (impairments and the removal of the donated asset and government grant reserves) to maintain comparability year to year.
Performance in respect of financial years prior to 2009/10 have not been restated to IFRS and remain on a UK GAAP basis.