



**The Walton Centre**  
NHS Foundation Trust

*Excellence in Neuroscience* 

# Annual Report and Accounts 2022/23





**The Walton Centre NHS Foundation Trust**

**Annual Report and Accounts 2022/23**

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



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This report was approved and adopted by the Board of Directors on 19 June 2023. The Trust's 2022/23 accounts have been prepared under a direction issued by NHS England under the National Health Service Act 2006.

## **Foreword from Chair**

Welcome to The Walton Centre NHS Foundation Trust's Annual Report for the period 1 April 2022 to 31 March 2023. This report sets out the key developments at the Trust during this period, as well as details of our performance and ongoing strategy.

I was honoured to be appointed as Chair of The Walton Centre in April 2022, and my first year has confirmed my belief that it is one of the jewels in the crown of healthcare providers, not just in Liverpool but in the UK.

Over the past year I have been supported by a great team of non-executive directors, including our most recent appointee in January 2023, Irene Afful. Irene has extensive experience working in a multi-agency capacity, having spent 25 years with the Merseyside Police Service.

The Board is in turn supported by every member of staff at The Walton Centre, who are all working to provide the very best treatment and care to its patients and their family and friends.

On my regular visits to wards and departments across the Trust I am continually struck by the compassion, commitment and care that our staff show to patients, family members and each other.

I look forward to continuing my work at The Walton Centre, as we embed the new Trust Strategy which was launched in September 2022 and is an excellent blueprint for the Trust's future.

**Max Steinberg CBE DL**

**Chair**

**31 March 2023**

# Performance Report

## Statement from the Chief Executive

There has been much to be proud of over the past year, albeit the year has not been without its challenges, as experienced across the whole NHS.

As Chief Executive, I see examples of fantastic work on a daily basis, from the big to the small, impacting the lives of our patients and our own staff as we work to provide the highest levels of care across every area of the hospital.

I was delighted to launch our new three-year Trust Strategy in September 2022 which set out how we will continue to develop excellent clinical outcomes and patient experience with our teams of dedicated, specialist staff. The strategy reflects the pace of change in the NHS to move to more collaborative approach and the ambition of the Trust to deliver services that meet the needs of our patients and communities.

This new strategy sets out how we will expand our services further and will continue to innovate, research and develop and what the key initiatives will be over the next three years as we further develop our services across our regions, as well as developing national neuroscience services.

The past year has seen some great developments which show we are on the right path to innovate and lead services both at our own hospital, and with partners across the region.

We are already the provider of a number of regional services such as spinal surgery as well as specialist neurological services. We are working with partners to make rapid referrals into our services easier and more efficient.

Through the Rapid Access to Neurology Assessment (RANA) service, introduced in 2021, we provide direct access to an expert neurologist to discuss patients presenting to Emergency Departments with neurological signs or symptoms. In September we opened a purpose-built ward for RANA patients, enabling expansion and increased utilisation of the service.

This year we successfully completed the transition of regional spinal services to The Walton Centre and we are now providing regular support to other areas to provide care for patients who have been waiting a long time following the pandemic. In June 2022 the Trust was awarded a centre of excellence award for its endoscopic spinal surgery service.

A new brain tumour pathway was implemented jointly with St Helens and Knowsley NHS Foundation Trust to improve access to treatment for patients with an emergency presentation of a brain tumour. The pathway has since been extended to Arrowe Park and Warrington Hospitals with plans for future Trusts across the region.

These are just three examples of our collaboration across the region, which was highlighted in a review of Liverpool's clinical services this year. The collaborative approach to care across our site, with Aintree Hospital, will be formalised as a result of this review, through a joint site committee.

This year, we also successfully implemented the transcranial magnetic resonance guided focused ultrasound service for patients across the north of England who suffer with essential tremor. This is only the second such centre in the country and the only one in the north of England. We have treated over 30 patients in the first year, with transformative results.

The spinal service was additionally developed using the latest robotics and endoscopic techniques to ensure spinal patients continue to receive the best possible care and experience. The Trust was one of the first in England to introduce the latest surgical robotic navigation system in 2022 which provides greater accuracy, shorter surgery times and better outcomes for patients.

In October 2022 we were delighted to be awarded University Hospital status. University hospitals are specialty trusts with significant involvement in research and education. Being awarded this status was recognition of the Trust's commitment to research and education. The Walton Centre plays a significant role in the delivery of research for the benefit of patients with neurological, spinal, and pain conditions across the UK.

Clinicians from the Trust have continued to develop and lead on research. Notably the NIHR has recently awarded funding to run a national research study with a Trust clinician acting as UK Chief Investigator. The 'RESTART' study is looking at the Timing to Restart Direct Oral Anticoagulants after Traumatic Intracranial Haemorrhage.

Phase seven of the long-standing TONIC (Trajectories of Outcome in Neurological Conditions), a national study that examines the factors that influence quality of life in patient with neurological conditions, has opened and is successfully recruiting participants.

Innovation is another key area for the Trust, with projects benefiting rehabilitation, trauma and neurology ongoing or completed.

VERA, the Virtual Engagement Rehabilitation Assistant, is an interactive digital platform, co-designed by patients and clinicians that supports personalised rehabilitation plans. Following the completion of a successful prototype it is now in phase two, to integrate it into patient access systems.

A digital chatbot is in development with a commercial partner to facilitate the triage of patients with headaches. Following completion of the proof of concept first phase the project is now being prepared for trial and integration with Trust systems and there is interest from NHS England about the national benefits for this.

I feel incredibly privileged and proud of our Walton Centre family and everything we have achieved together this year for the benefit of our patients, and their families and friends. By working together and supporting each other, we are stronger and I would like to thank every single member of staff for their tireless efforts over the past year, which mean so much to our patients, and each other.

## **Overview**

In 1992, The Walton Centre was established as an NHS Trust and was subsequently authorised as an NHS Foundation Trust in 2009. The Walton Centre is the only specialist hospital trust in the UK dedicated to providing comprehensive neurology, neurosurgery, spinal and pain management services.

Our specialist staff provide a world-class service in diagnosing and treating and providing comprehensive neurology, neurosurgery, spinal and pain management services as well as injuries and illnesses affecting the brain, spine and peripheral nerves and muscles, and in supporting people suffering from a wide range of long-term neurological conditions. We serve a catchment area of circa 3.5 million people across Merseyside, Cheshire, Lancashire, Greater Manchester, the Isle of Man, North Wales and beyond. While our main hospital site is situated in Fazakerley, Liverpool, services are also delivered through service partnerships with 18 NHS hospitals across the areas we serve and through the Cheshire and Merseyside Major Trauma Centre Collaborative and Cheshire and Merseyside Rehabilitation Network.

## Key issues, opportunities and risks

The key issues and risks facing the Trust have been assessed and steps taken to mitigate these, which included identifying key drivers of change to support the successful delivery of our objectives. The Annual Governance Statement contained within this report (pages 67 to 79) outlines the Trust's approach to risk, the detail of significant risks and how we manage these. The past year has been focused on the recovery of services (elective restoration) and critical care following the Covid-19 pandemic and managing the health and wellbeing of staff and patients, while delivering high-quality patient and family-centred care. The progress towards greater collaboration between NHS providers of healthcare to focus on patient outcomes and reducing health inequalities has continued, with the establishment of the Integrated Care Board (ICB) for Cheshire and Merseyside and the Health and Care Act 2022. The Trust has developed its own Trust strategy and plans to align with the ICB strategic objectives of tackling health inequalities, improving population health, enhancing productivity and supporting social and economic development.

A new Risk Management Framework was approved in 2022/23 to ensure we continue to have a clear risk management processes and we will continue to engage with partners in the development of those mitigation plans that cannot be implemented without collaboration. This includes the Trust's approach to Risk Appetite.

## Vision, objectives and values



### The Walton Way Values

- Caring – caring enough to put the needs of others first
- Dignity – passionate about delivering dignity for all
- Openness – open and honest in all we do
- Pride – proud to be part of one big team
- Respect – courtesy and professionalism, it's all about respect

The Walton Way values, which were designed with input from our staff, underpin the Trust's strategy and are at the heart of everything that we do. These values are now deeply embedded across the organisation and continue to be demonstrated by staff throughout the Trust.

In September 2022 we launched our new three year strategy (2022-25) which set out how we will continue to develop excellent clinical outcomes and patient experience with our teams of dedicated, specialist staff. The strategy reflects the pace of change in the NHS to move to a more collaborative approach and the ambition of the Trust to deliver services that meet the needs of our patients and communities.

Since our last strategy in 2018, we have grown, developed and innovated at pace. This includes being amongst the first providers in the country to provide specialist procedures such the introduction of MRI Guided Ultrasound and also becoming the regional centre for 24/7 thrombectomy and the regional hub for spinal surgery.

We have been recognised for our high-quality service, including achieving Tessa Jowell Centre of Excellence status for the care of patients with brain tumours, and recognition by Eurospine as a centre of excellence for spinal surgery. We have also received Anaesthesia Clinical Services Accreditation from the Royal College of Anaesthetists, Neuromuscular Centre of Clinical Excellence for Adults from the Muscular Dystrophy Campaign, and accreditation by UKAS (United Kingdom Accreditation Service) for the Neuroscience Laboratories.

In 2022 the Trust became the newest member of the University Hospital Association. University hospitals are specialty trusts with significant involvement in research and education. Their research puts them at the forefront of developments in care and connections with industry, while their work in education makes them central to providing the future workforce.

The new strategy sets out how we will expand our services further and will continue to innovate, research and develop and what the key initiatives will be over the next three years as we further develop our services across our regions, as well as developing national neuroscience services. There are five new strategic ambitions.



The strategic ambitions are underpinned by seven enabling strategies which feed into all aspects of the Trust’s work, providing a critical link between our overarching ambitions and their delivery. These are Quality of Care, People, Digital, Finance & Commercial Development, Fundraising, Communications & Marketing and Estates, Facilities & Sustainability.

In developing this strategy, we involved staff from across the Trust, patients and carers, the voluntary sector, support groups, our Governors and members, and representatives from partner trusts, primary care and the Integrated Care System for Cheshire and Merseyside. There has been positive engagement from staff and stakeholders. We will continue to listen and engage and use that feedback to further influence our plans as we implement our strategy.

From the new Trust Strategy, an operational delivery plan will be developed with the principal risks to the delivery of the strategy articulated in the Board Assurance Framework (BAF). The BAF details the main risks to the delivery of the strategy and is subject to review by the Board of Directors.

### **Working in Collaboration**

Our strategy aligns with national, regional and local system plans, including acute and primary care services, along with the voluntary and third sector, linking in with the Cheshire and Merseyside Integrated Care System (ICS) place-based plans and those of One Liverpool, North Wales, and across Merseyside.

The Board of Directors annually reviews its stakeholder list and has a plan in place to ensure that it communicates effectively with them.

We are already the provider of a number of regional services such as spinal surgery, regional specialist pain services as well as specialist neurological services. We are working with partners to make rapid referrals into our services easier and more efficient. For example through the Rapid Access to Neurology Assessment (RANA) service which was introduced in 2021/22 to enhance acute Neurology provision to the wider system by providing direct access to an expert neurologist to discuss patients presenting to Emergency Departments with neurological signs or symptoms and therefore reduce the pressure on A&E departments. RANA was relocated to a purpose-built estate in 2022, enabling expansion and increased

utilisation of the onsite ambulatory clinic or neurology assessment bed. Further work is ongoing to address other patient pathways to ensure equitable access to services for all, regardless of where they live.

We have provided mutual aid through the year to a number of providers in Cheshire and Merseyside as well as those in Wales to support the reduction of long waits for patients and to support in times of high pressure due to seasonal demand or industrial action. A review of Liverpool services completed in 2022/23 highlighted many examples of collaboration already in place, particularly across the shared hospital site in Aintree. In 2022/23 this will be formalised through a joint site committee to focus on improving emergency care pathways for patients arriving at the Aintree site.

We established Health Procurement Liverpool two years ago to explore potential savings through a shared procurement service between different specialist Trusts. This is now working well and a number of contracts have been successfully retendered between the Trusts to increase our buying power. We hope to extend the service to more Trusts in the future.

### **Going Concern Disclosure**

After making enquiries, the Directors have a reasonable expectation that the services provided by the Trust will continue to be provided by the public sector for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the accounts, following the definition of going concern in the public sector adopted by HM Treasury's Financial Reporting Manual. Further detail is provided in the Notes to the Accounts.

### **Performance Summary**

The Trust operates as the hub for a network of services provided in hospitals and community locations across Merseyside, Cheshire, North Wales, Isle of Man and the wider north west in 34 locations and across the developing spinal surgery network. This includes hosting and chairing a number of networks for Cheshire and Merseyside: Critical Care, Complex Rehabilitation, Spinal Surgery and Major Trauma. Trust services also include supporting GPs and hospitals to manage patients with neurological conditions better locally, without referring to the specialist centre. Services are delivered through the Trust's two divisions: Neurosurgery and Neurology.

#### **Neurosurgery Division**

- Neurosurgery
- Theatres
- Pain Management Programme
- Day Case Unit
- The Neuroscience Laboratories
- MR Guided Focused Ultrasound
- Anaesthetics
- Critical Care
- Acute Pain Medicine
- Chronic Pain Medicine
- Cancer Services
- Major Trauma Service

#### **Neurology Division**

- Neurology
- Neurological long-term condition pathway development and management such as headache, epilepsy, multiple sclerosis, Parkinson's disease
- The Cheshire and Merseyside Rehabilitation Network (CMRN)
- Neuropsychology
- Neurophysiology
- Neuro Ophthalmology
- Therapy Service
- Outpatient services
- Neurology day cases
- Orthotics
- Regional neuro myelitis optica service

- Neuropsychiatry
- Interventional Radiology
- Thrombectomy service

The Trust continued to restore elective activity following the Covid-19 pandemic during 2022/23 as well as transforming how services are delivered. Video and telephone technology continues to be utilised for easier access to outpatient appointments for patients.

A new Brain Optimisation pathway was implemented jointly with St Helens and Knowsley NHS Trust to improve access for treatment to patients with brain tumours; further roll out will be undertaken this year to extend the service with other NHS trusts. The team won a National Nursing Times Award for this initiative.



The Trust successfully implemented the Transcranial Magnetic Resonance guided focused ultrasound service for patients across the north of England who suffer with essential tremor. This is only the second such centre in the country and the only one in the north of England.

This year the Trust successfully concluded the transition of regional spinal services to The Walton Centre and is now providing regular support to other areas to provide care for patients who have been waiting a long time following the Covid-19 pandemic. The service continues to transform using the latest robotics and endoscopic techniques to ensure spinal patients continue to receive the best possible care and experience. The Trust was one of the first in England to introduce the latest surgical robotic navigation system in 2022 which provides greater accuracy, shorter surgery times and better outcomes for patients. The Trust also received a Centre of Excellence gold standard status for its delivery of fully endoscopic spinal surgery for some patient groups which means recovery is much quicker and patients can even be up and walking again on the same day as their surgery.

The Walton Centre continues to be the Cheshire & Merseyside regional centre for 24/7 Thrombectomy services which was established in 2021, supporting more patients to receive lifesaving treatment and avert significant life-changing disability.

### **Pharmacy**

Pharmacy services are provided via a joint collaboration with Liverpool University Hospitals NHS Foundation Trust and the service continues to develop year-on-year. In addition to the standard clinical pharmacy service for inpatients, a pharmacist prescribing service is now well established. Pharmacist prescribers play a key role in the same day admission process for elective surgical patients, contribute to daily neurosurgical ward rounds and other multidisciplinary clinical rounds, and write discharge prescriptions.

### **Complex Rehabilitation**

The Trust is both the host and provider of the Cheshire and Merseyside Rehabilitation Network (CMRN), commissioned by NHS England and local Clinical Commissioning Groups (CCGs) in January 2013 to

provide a coordinated pathway for specialist rehabilitation, from hyper acute to community services in the region.

The CMRN works to a collaborative model to deliver safe, effective and holistic patient care, in accordance with the British Society of Physical and Rehabilitation Medicine. The CMRN is a unique collaboration of five provider partner organisations to deliver a high quality, co-ordinated and seamless pathway of care. The partner organisations for this service are:

- The Walton Centre NHS Foundation Trust (Level 1 Hyper Acute and Hub Units, Level 2 Spoke Unit)
- Liverpool University Hospitals NHS Foundation Trust (Level 2 Spoke Unit)
- St Helens and Knowsley Teaching Hospitals NHS Trust (Level 2 Spoke Unit)
- Wirral University Teaching Hospital NHS Foundation Trust (Level 2 Spoke Unit)
- Oak Vale Gardens (Level 3 Extended Unit)

The CMRN delivers a responsive and coordinated inpatient and community service for people following traumatic injury or illness, based on specialist rehabilitation needs not diagnosis. It is delivered by multidisciplinary teams at each service level with rehabilitation consultants, nurses and therapists to optimise medical, physical, cognitive, communicative, behavioural and vocational rehabilitation outcomes. It works collaboratively with providers, commissioners, patients and families to deliver specialist rehabilitation care that is underpinned by evidenced based practice, quality improvement, research, innovation and education to enhance patient experiences and outcomes.

### **Trauma and Operational Delivery Networks**

The Trust is part of the Cheshire and Merseyside Major Trauma Network and works in collaboration with the Liverpool University Hospitals NHS Foundation Trust to jointly meet the needs of the most seriously injured patients from across the region to ensure that more people can survive a major trauma and that the standards and quality of care provided are consistent with other services across the country.

The Trust hosts the Cheshire and Mersey Critical Care and Major Trauma Operational Delivery Network which works closely with commissioners and providers within the region to support coordination of care pathways and the optimisation of capacity, demand, and patient flow .

Post-pandemic activity has included the delivery of a structured objective review of services across the region, monitoring compliance against national standards and service specifications with the objective of reducing variation and sharing best practice.

The work programme has also included a strong focus on supporting the education, development, and wellbeing of specialist staff working within the fields of critical care and major trauma care.

### **Research and Development**

The Neuroscience Research Centre (NRC) is responsible for working in partnership with organisations to lead and undertake academic and commercial research in all aspects of neurological, neurosurgical and pain conditions to provide our patients with opportunities to participate in and benefit from research studies. It delivers clinical research to tackle health inequalities, boost economic recovery and improve the lives of the patients in the care of the Trust.

NRC works closely with internal departments, including Finance, Pharmacy and Radiology to achieve its key objectives. Key external collaborations, with the NIHR infrastructure and HEI's, reinforce The Walton

Centre's position in high level regional groups, allowing for the tangible strengthening of links with academic, industry and clinical partners.

Clinicians from the Trust have continued to develop and lead on their own research, notably the NIHR has recently awarded funding to run a national research study with a Trust clinician acting as UK Chief Investigator. The 'RESTART' study is looking at the Timing to Restart Direct Oral Anticoagulants after Traumatic Intracranial Haemorrhage. Phase seven of the long-standing TONIC (Trajectories of Outcome in Neurological Conditions), ran in collaboration with a major pharmaceutical company, has opened and is successfully recruiting participants. This is a national study that examines the factors that influence quality of life in patients with neurological conditions. The department is also working on changes to embed a culture of research across all health disciplines and empower all areas of the workforce to lead on research.

## **Innovation**

Innovation is central to the Trust maintaining its position as an outstanding centre of excellence for Neurosciences. The Trust enjoys being at the cutting edge of research and innovation shaping the future of new treatments, care and support. It is vital that the Trust has a culture where staff are empowered to innovate in order to provide the best patient outcomes and attract and retain a world-class workforce.

Collaborative partnerships across public, private, academic and voluntary sectors underpin the Trust's innovation activity in supporting local and wider population health outcomes, and growth within the Liverpool City Region. The Trust is also a strategic partner on a number of system wide collaborative National Institute for Health and Care Research (NIHR) and UK Research and Innovation (UKRI) submissions.

To ensure the Trust has the capability to deliver organic, industry standard innovation in neuroscience, it has adopted the International Standardisation Office (ISO) innovation industry standard through the Investors in Innovation methodology with the Institute of Innovation and Knowledge Exchange (IKE) the UK's professional body for innovators, as this does not exist within the NHS. The Walton Centre will be the first NHS trust to adopt the standard.

Innovation activities during 2022/23:

- Virtual Engagement Rehabilitation Assistant (VERA) - an interactive digital platform, co-designed by patients and clinicians that supports personalised rehabilitation plans and initial work was supported by The Walton Centre Charity. With university and commercial partners, the Trust has completed prototype development and is now in the second phase to operationalise and trial the prototype and integrate it into patient access systems. NHS England are working with the Trust to assess how this could be used at a national level
- Consequences of Head Injury Acquired in Trauma - The Walton Centre is working with The City of Liverpool College to develop a virtual reality interactive software educational tool aimed at young adults to increase awareness of the consequences of head injury with the aim of producing a prototype by May 2023
- Neurology Chatbot – A digital chatbot (conversational agent) is in development with a commercial partner to facilitate the triage of patients with headaches. Following completion of the proof of concept first phase the project is now being prepared for trial and integration with Trust systems and there is interest from NHS England about the national benefits of this.
- The Trust has been identified as a pilot site for a feasibility trial of Circadian lighting in intensive care, assessing whether the technology has the potential to provide benefits to health and wellbeing, including the reduction of delirium
- Neuro Virtual Reality Simulator – The Trust is the first UK site to introduce this technology which was resourced through charity funds. It enables experienced surgeons to develop the latest techniques

and advance their skills and trainee surgeons to practice safely and will support the Trust ambition to become a national hub for medical education in neurosciences.

### **Transformation 2022/23 Projects**

Using a bespoke methodology, underpinned by the Trust model for improvement, these projects have been designed to improve the quality of care and experience offered to patients and their families, deliver better value of money and use of resources, whilst creating opportunities to reinvest into new and existing services:

- Patient Initiated Follow-up (PIFU) Programme: 6.11% of our patients have elected to initiate their own follow-up appointment, which is against the national aspiration of 5%
- E-Roster Programme: Partial roll-out in year to support effective planning and deployment of all staff. It supports staff wellbeing with flexible access to rotas, advance publication and improving the fairness of shift allocations. It enables managers to monitor staff annual leave within set parameters and will also improve payroll accuracy. Significant savings have been realised as a result of this project, with a proportion being reinvested into the staffing model
- Bed Repurposing Programme: This programme has been completed enabling a dedicated Neurology Daycase ward, a dedicated Neurosurgical Daycase ward and an improved ward area for some of the longest staying patients in Lipton Ward. Further projects have commenced in relation to enhancing some of these areas and ensuring the best use of the Trust's estate.
- New quality improvement methodology developed: The 6'I's of Improvement will empower staff to identify required improvements and take steps to bring about positive change to enhance the quality of patient care
- Brain Tumour Pathway: Following a successful pilot with St Helens and Knowsley Hospital on improving pathways for patients with an emergency presentation of a brain tumour, further collaboration has been extended to Arrowe Park and Warrington Hospitals. Further scope for 2023/2024 will be to involve Liverpool University Hospitals NHS Foundation Trust, The Countess of Chester NHS Foundation Trust and Southport and Ormskirk Hospitals
- Awake Craniotomy: A recent clinical audit, undertaken by a Consultant Neurosurgeon identified that patient outcome, speech deficit and post-surgical neuropsychological trauma is better for patients who have had awake craniotomy for tumour resection, rather than a general anaesthetic. Work is underway to resource this service
- Digital Health Records: The Trust have committed to a net zero position by 2040 and have therefore commenced the journey to a paper-lite health record, eventually leading to paperless
- Robotic Process Automation (RPA): this would allow users to configure one or more scripts to activate specific keystrokes, enabling a busy workforce to focus on the jobs that provide a greater quality of service to patients.

### **Emergency Preparedness**

A full review of the national Emergency Preparedness Resilience and Response (EPRR) standards was undertaken during 2022 by the Trust, resulting in partial compliance. Further work has been undertaken during the year, including training loggists within the Trust, providing equipment and training so the Trust is able to respond to CBRN (Chemical, Biological, Radiological and Nuclear) self-presenters. A major incident exercise was organised between Theatres and command and control to test the suitability of the Major Incident Plan. An initial review of ward business continuity plans has also taken place. After the business continuity testing programme has been implemented this will improve the compliance score to 95% in time for the core standards submission in October 2023, enabling the Trust to declare substantial compliance.

## Performance Analysis

Performance indicators are set to ensure the Trust delivers its vision, objectives and values as well as achieving regional and national standards. During 2022/23 the Trust delivered the following activity:

**Table 1- 2022/23 activity**

Activity	2022/23	2021/22	2020/21	2019/20	2018/19
Day cases	10,485	9,369	6,862	11,877	12,559
Inpatients	4,939	4,544	3,444	5,141	5,483
Inpatient and day case	15,424	13,911	10,306	17,018	18,042
Outpatients	145,541	148,102	121,566	140,878	144,681
Key diagnostic tests	25,910	24,474	20,176	26,425	26,325

The Trust again increased its activity in 2022/23 following a drop in activity during the Covid-19 pandemic. However, levels have not yet recovered across all areas to 2019/20 levels. Outpatient appointment numbers were the exception to this although numbers were down from 2021/22 partly due to targeted work to reduce unnecessary follow up appointments. The quality-led Patient Initiated Follow Ups (PIFU) programme allows patients to choose to manage their own care and to arrange appointments as required.

The Walton Centre's Board of Directors receives an Integrated Performance Report (IPR) which contains key performance indicators (KPIs), historical analysis and external benchmarking to enable the Board to assess performance. The KPIs reviewed at Board are supported via performance reports presented at Committee and divisional-level meetings. Performance reports are complemented with a suite of dashboards for use across the whole Trust meaning consistent information flows through all levels of the organisation.

## Performance against national standards

All standards were achieved despite the ongoing unprecedented challenges associated with Covid-19.

**Table 2**

Performance Indicator	2022/23	2022/23	2021/22	2020/21
	Target	Performance		
Referral to treatment time, 18 weeks in aggregate, incomplete pathways*	92%	<b>N/A</b>	N/A	N/A
All cancers: 62 days wait for first treatment from urgent GP referral to treatment	85%	<b>100%</b>	100%	100%
All cancers: Maximum wait time of 31 days for second or subsequent treatment: surgery	94%	<b>100%</b>	100%	100%
All cancers: Maximum waiting time of 31 days from diagnosis to first treatment	96%	<b>100%</b>	100%	100%
All cancers: 28 day faster diagnosis	75%	<b>98.97%</b>	98.75%	N/A
All cancers: Two week wait from referral date to date first seen	93%	<b>99.5%</b>	100%	89.9%
Diagnostics: six week wait	1%	0.37%	0.30%	-
Incidence of Clostridium difficile	8	7	8	7

\* Referral to Treatment (RTT) Target. Since August 2019, the Trust has been taking part in field testing the use of an average (mean) wait measure for patients on the referral to treatment waiting list as a potential alternative to the

*metric of 92% of patients waiting less than 18 weeks as part of an NHS England / NHS Improvement clinically-led review of NHS access standards. As part of this pilot, the Trust has not been required to measure or report performance against the existing 92% target.*

## **Sustainability**

The Trust has a developed and embedded Sustainability Green Plan which takes account of UK Climate Projections 2018 (UKCP18). The Trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with. Under current plans the Trust's emissions projections to 2030 would be 4.286TCO<sub>2</sub>. Further reductions are being reviewed for effectiveness.

Being an anchor institution also commits the Trust to actively reducing its carbon footprint and minimising the negative impacts on the environment through the delivery of healthcare to the local population. The Trusts Sustainability Plan (2022-25) takes account of the 'Delivering a Net Zero Health Service' report under the Greener NHS programme. The Trust is an active participant in the Cheshire and Merseyside Health and Care Partnership Sustainability Group and the Liverpool City Region Cycling Alliance.

In the past year the Trust has:

- Discontinued the use of Desflurane in all areas of anaesthesia; this has resulted in a reduction of c369,166.2kg/CO<sub>2</sub> per year which is the equivalent of 413 round trips from London to Naples in a petrol car
- Trialling a dedicated Sustainability Lead post
- Begun a programme of reducing the use of nitrous oxide as an anaesthetic gas, with a view to full removal in the near future
- Replaced our anaesthetic circuits which has not only improved patient experience, but has yielded a cost saving and contributed to our net zero goal with the new circuits containing significantly less plastic
- Replaced the face masks used when anaesthetising patients, which contain significantly less plastic than the previous supply and are delivered from Europe instead of China
- Extended the use of Microsoft Teams for meetings saving travel time and associated emissions
- Relunched our green plan and recruited a significant number of green champions
- A development underway to replace all disposable theatre hats with reusable hats
- Initiated discussions with a waste management system to dispose of our clinical waste in an environmentally friendly manner
- Commissioned a feasibility study of our current estate to enhance our planning process to ensure maximum impact is gained through sustainability projects
- Partnered with industry to offer patients electronic messaging and clinical letters, reducing unnecessary travel for appointments and reducing use of printing and posting processes

## **Health Inequalities**

Tackling health inequalities faced by marginalised communities is a core ambition of the Trust and of the wider health and care services as set out in the NHS Long Term Plan. There is now a greater emphasis on joint working across systems and a focus on health inequalities which became a statutory obligation for the Trust in the Health and Care Bill which set out the 'Triple Aim' for the NHS. The first of the three aims is an obligation for all NHS bodies that commission or provide services to consider the effects of their decisions on the health and wellbeing of the people of England (including inequalities within health and wellbeing). NHS England have issued a number of priority areas for the NHS to consider when tackling health inequalities.

The Walton Centre is a public sector organisation that aspires to serve all members of its population on a clinical priority basis. Therefore, equality of access to services is a priority and as challenges emerge the Trust proactively seeks to support individuals and improve processes. A new Board Committee will be established from April 2023 which will focus on health inequalities, social value work with local communities and on equality, diversity and inclusion. In the past year the Trust has started to receive data on its performance based on indices of deprivation to understand whether certain groups are being disadvantaged and where inequality of outcome or service is identified, actions will be taken to address any disparity.

The Trust closely monitors any feedback relating to protected characteristics and these are reported into the Board Committees, with the details of each issue and the outcome of any action taken. Further there is an emphasis upon any lessons learned. Further details of the work undertaken in the Trust to improve equality of treatment and experience by staff is detailed in the Staff Report on page 53. Patient stories are shared at Trust Board detailing the experience of patients in varying formats including anonymised, verbal and in person and are a powerful way of hearing the impact of the experience of our patients including those with protected characteristics.

The new Digital Substrategy has four pillars, one of which is Social Digital Responsibility, this aims to increase digital inclusion for the Trust's patients and local communities through supporting patients to have the digital infrastructure, skills and systems to enable them to better manage their own health and well-being as healthcare becomes increasingly digitised.

### **Social, community and human rights disclosures**

Equality, diversity and human rights control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. The Trust annually reviews its Modern Slavery Statement and actively works to ensure suppliers adhere to the same standards. This is published on the Trust website.

The Trust is an anchor institution which means it is committed to supporting local people, the local economy and increase social value in the local area. The Trust has signed the Regional Health and Care Partnership Charter and is working towards achieving Award and Quality Mark Level 1 using the Integrated Care Board framework of social value measures.

### **Social Value Projects 2022/23**

- Liverpool Citizens - A collaboration of local organisations across the city that are dedicated to working together for the common good (e.g. health, religious, housing and education) to build people power to lead change in their community. The Trust has become a founder member for Liverpool Citizens ahead of a formal launch and listening campaign in September 2023. This is enabling the Trust to engage with the local community to ensure it is focusing on the genuine health priorities of the local population
- Liverpool City Region Fair Employment Charter - the Trust has achieved aspiring status and is working towards accreditation through the commitments of safe and inclusive workplaces, fair pay, hours and future, and independent staff voice
- NHS Veterans Accreditation - the Trust is in the initial stages of working towards achieving the accreditation to ensure it meets its obligations to veterans under the Armed Forces Bill 2022 and ensure that veterans are not disadvantaged when accessing health care services
- Access to Exercise and Wellbeing Services - the Trust is working to expand exercise and wellbeing services for those with a neurological condition into the community as part for a three year lottery project funded project working with local charity and voluntary groups and supported by Sheffield Hallam University

- Everton in the Community Health Zone Development – working with partners on the legacy for the Goodison Park site to develop a purpose-built health and social facility for people with a range of health issues but with a focus on dementia

## Financial performance

The main factors in reaching the conclusion that the Trust remains a going concern as stated in the overview are:

- As per national guidance, the Trust has submitted an annual plan for 2023/24 with a forecast surplus position
- The Trust is in excellent financial health and has a track record of delivering financial targets in line with NHS England (NHSE) requirements
- The Trust has a robust governance structure which includes a Business Performance Committee, a committee of the Board of Directors, which has responsibility for reviewing financial performance on behalf of, and in conjunction with, the Board of Directors
- Projected cash balances are sufficient to sustain the capital investment programme and meet short term operating costs. The Trust has sufficient cash headroom to support its plans
- The Trust has sufficient cash reserves to be able to operate for over 102 days if all income flows were to immediately cease
- There is no expectation for short term loans or overdraft facilities
- Auditors' opinions have provided assurance as to the accuracy and reliability of the Trust's financial systems and the robustness of the internal controls
- The Trust does not have evidence indicating that the going concern basis is not appropriate or that there is any prospect of intervention or dissolution within 12 months from the date of approval of these financial statements. In terms of the sustainable provision of services, there has been no indication from the Department of Health and Social Care that the Trust will not continue to be a going concern.

Consideration of risks to the financial sustainability of the organisation is a separate matter to the application of the going concern concept. Determining the financial sustainability of the organisation requires an assessment of its anticipated resources in the medium term. Any identified significant risk to financial sustainability is likely to form part of the risks disclosures included in the wider performance report, but is a separate matter from the going concern assessment.

## Financial performance 2022/23

The Trust delivered a £3,646k surplus for the financial year ending 31 March 2023. This position includes non-recurrent Elective Recovery Funding (ERF) of £3,945k for delivery of activity above national trajectory targets. The position also includes a net impact from charitable donations of £179k giving an adjusted financial performance surplus of £3,825k. The national 2022/23 NHS financial framework included:

- Income being based on block values determined nationally plus an inflationary uplift
- Setting of system level financial targets (Cheshire and Merseyside Integrated Care Partnership)
- Capital resource limits set at a system level for 2022/23
- ERF funding from April 2022, for delivery of activity above national trajectory targets.

The Trust continued to face significant challenges with regard to the delivery of national trajectory activity targets due to capacity, staff sickness and continued high levels of patient acuity.

Table 3 sets out the reconciliation of the annual accounts to the Trust's Normalised Trading Surplus for the year ended 31 March 2023.

**Table 3**

	<b>Foundation Trust £000</b>
Surplus/(deficit) from continuing operations	3,646
<b>Normalising adjustments:</b>	
Capital donations I&E impact	179
<b>Adjusted financial performance surplus/(deficit) for the period</b>	<b>3,825</b>

### Normalisation

The NHS Improvement Compliance Framework measures Trusts' performance on the underlying or normalised trading position of the Trust after allowing for the adjustment of exceptional items that are one off in nature and not related to the core routine business of the Trust.

### Revaluation of Trust property

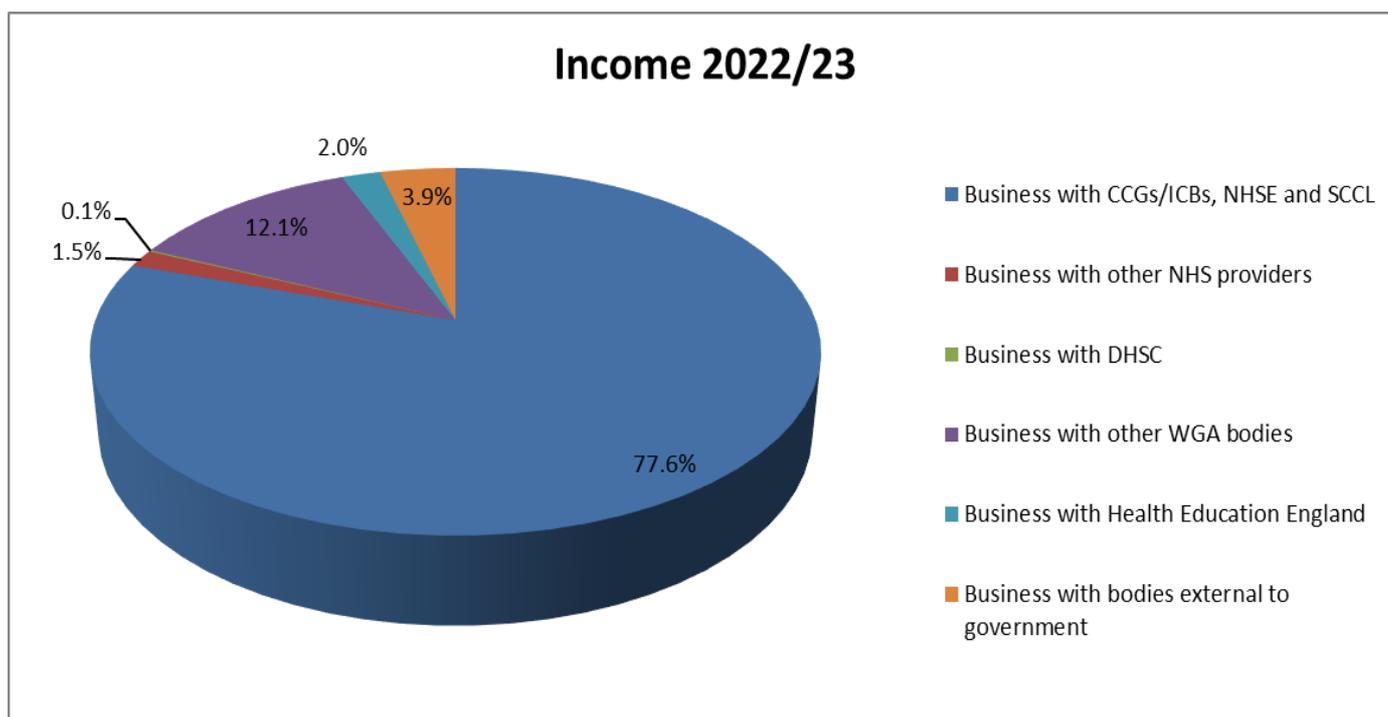
During 2022/23 following a review of the Trust's assets, including a revaluation of land and buildings by an independent valuer, an increase in the valuation of £7.0m was identified. The revaluation is a technical accounting adjustment which has no impact on the Trust's cash position (as it is a non-cash item) or its overall reported performance to NHS England (as the adjustment is normalised) in the financial statements. The valuation exercise was carried out in March 2023 with a valuation date of 31 March 2023. The valuation was prepared in accordance with the requirements of the RICS Valuation – Global Standards (2022), the national standards and guidance set out in the UK national supplement (November 2018), the International Valuation Standards, and IFRS as adapted and interpreted by the Financial Reporting Manual (FRM). The values in the report have been used to inform the measurement of property assets at valuation in the financial statements.

## Income

In 2022/23 Trust income (turnover) increased by £25.6 million from the previous year (year ending 31 March 2022) which represents a 16.4% increase. The Trust receives the largest element of its income from NHS England for the provision of Specialised Prescribed Services. The Trust received £148.7million from CCGs/ICBs and NHS England in the year ending 31 March 2023, an increase of 19.9% on the previous financial year. This reflects additional funding received to cover for costs in relation to the NHS pay awards, the regional transfer of spinal services to the Trust, funding for the newly commissioned Transcranial Magnetic Resonance guided Focused Ultrasound service and the continued expansion of thrombectomy services as well as increased income received in relation to high-cost drugs and devices reimbursed at cost by NHS England.

In addition, the Trust received £21.2 million of income from the Welsh Health Specialised Services Committee (WHSSC) for provision of services to the population of (mainly) North Wales, both through outreach clinics held within hospitals within Wales and for Welsh patients attending The Walton Centre, either as an outpatient or inpatient. This was a 6.6% increase of the income received in 2022/23 due to an increase in excluded high-cost drugs and devices usage.

**Chart 1 – Income 2022/23**



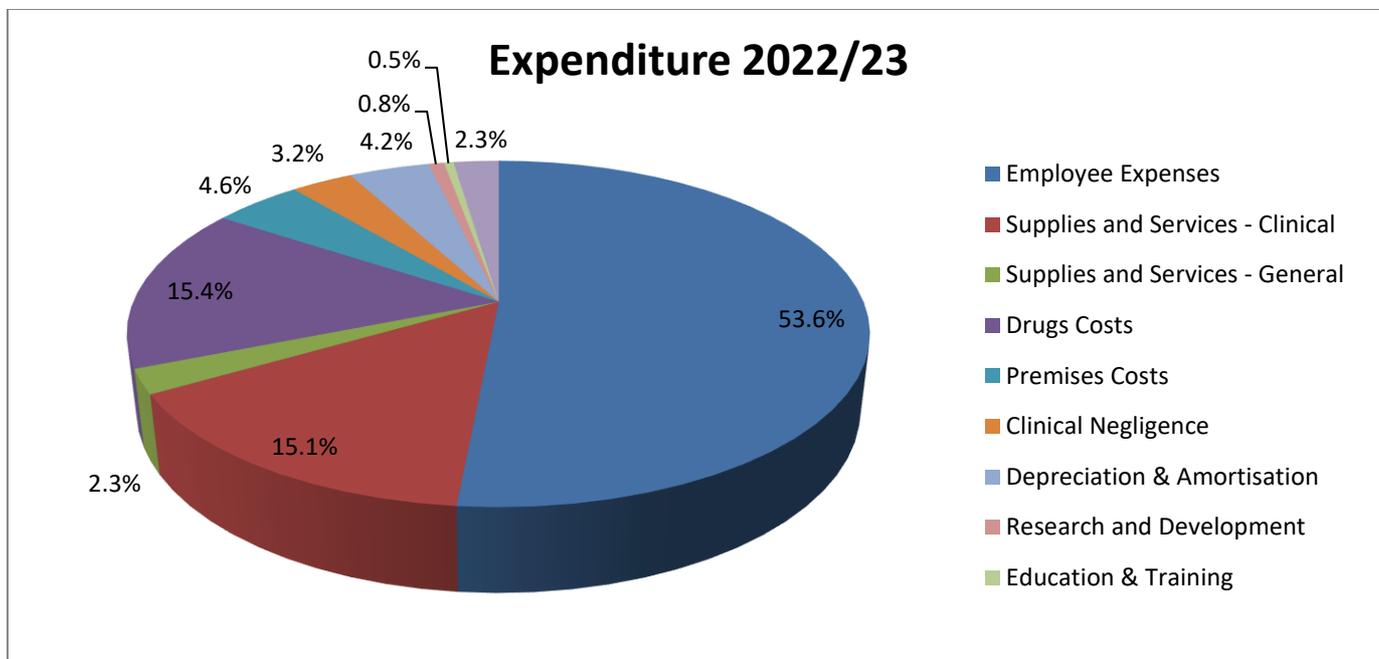
## Expenditure

In line with the growth in income (turnover), the Trust has seen an increase in operating expenses of £22.5 million (14.6%) compared to the previous year.

The largest single item of expenditure incurred by the Trust relates to employment of staff to deliver the range of services provided by the Trust. The Trust spent £92.5 million on staffing during 2022/23 which was an increase of £9.7 million (11.8%) on the previous year. This was driven by pay award increases, transfer of spinal services and Health Procurement Liverpool to the Trust, and the expansion of the Mechanical Thrombectomy to a 24/7 service. Drugs costs increased by £5.2m (23.5%) during 2022/23, whilst clinical supplies and services increased by £5.0m (23.2%). Both were driven by activity increases in the year as

the Trust continued to recover services following Covid-19. There was also an increase in Depreciation and Amortisation costs of £1.3m (21.3%), reflecting combined investments in capital; all other costs increased by £1.2m (5.7%).

**Chart 2 - Expenditure 2022/23**



**Exit packages**

There were twenty exit packages paid in 2022/23 compared to three in the previous year.

**Table 4 – Compensation schemes 2022/23 (subject to audit)**

Reporting of compensation schemes - exit packages 2022/23			
Exit package cost band (including any special payment element)	Number of compulsory redundancies Number	Number of other departures agreed Number	Total number of exit packages Number
<£10,000	0	8	8
£10,000 - £25,000	0	5	5
£25,001 - 50,000	0	5	5
£50,001 - £100,000	0	2	2
<b>Total number of exit packages by type</b>	<b>0</b>	<b>20</b>	<b>20</b>
Total cost (£)	£0	£375,000	<b>£375,000</b>

**Table 5 - Compensation schemes 2021/22 (subject to audit)**

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
<b>Exit package cost band (including any special payment element)</b>			
<£10,000	0	1	1
£10,000 - £25,000	0	1	1
£50,001 - £100,000	0	1	1
<b>Total number of exit packages by type</b>	<b>0</b>	<b>3</b>	<b>3</b>
Total resource cost (£)	£0	£79,000	£79,000

**Table 6 - Other non-compulsory departure payments (subject to audit)**

Exit packages: other (non-compulsory) departure payments	2022/23		2021/22	
	Payments agreed Number	Total value of agreements £000	Payments agreed Number	Total value of agreements £000
Voluntary redundancies including early retirement contractual costs	0	0	0	0
Mutually agreed resignations (MARS) contractual costs	8	291	0	0
Early retirements in the efficiency of the service contractual costs	0	0	0	0
Contractual payments in lieu of notice	12	84	2	74
Exit payments following Employment Tribunals or court orders	0	0	0	0
Non-contractual payments requiring HMT approval	0	0	1	5
<b>Total</b>	<b>20</b>	<b>375</b>	<b>3</b>	<b>79</b>
<b>Of which:</b>				
Non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months' of their annual salary	0	0	0	0

**Delivery of efficiency (Cost Improvement Programme)**

The Trust, in line with all trusts post pandemic, is required to deliver recurrent efficiency savings on an annual basis as part of the delivery of the Trust's financial plan for the year. Within the financial plan set at the start of the financial year, was the requirement to deliver £4.9 million of efficiency savings to ensure the overall delivery of the financial plan. As of 31 March 2023, the Trust had achieved the full £4.9m of savings. This represents 2.8% of the Trust's operating expenses (3.5% excluding the impact of high-cost drugs and devices). £0.8m of recurrent savings were not delivered during 2022/23 but additional savings were found through a number of non-recurrent measures. There will be a requirement to deliver increased levels of recurrent efficiency savings in 2023/24 and the Trust plans to continue its previous quality improvement approach to generating efficiency savings. As in previous years, all identified savings schemes will be subject to a Quality Impact Assessment (QIA), jointly approved by the Medical Director and Chief Nurse, to ensure that there is no adverse impact on patient safety, quality, or experience.

**Capital Investment in Trust infrastructure and equipment**

The Trust delivered a capital programme with an overall value of £10.0m in 2022/23. Expenditure during the year included a neurosurgical spinal robot, pipework for the implementation of new heating across the Trust, as well as expenditure on an equipment replacement programme and progression of the Trust's Digital Strategy. Additional national capital funding was made available to the Trust in 2022/23 for several

initiatives such as projects to develop the digital maturity of the organisation (digital aspirant funding), diagnostic digital capability funding, cancer treatment funding, and IM&T funding in relation to cyber security. Planning for the components of our capital programme is guided by principles of patient safety, business continuity/service delivery and clinical developments in line with the Trust’s strategy.

The Trust has worked in conjunction with the Cheshire and Merseyside Integrated Care System in developing Trust and System plans in line with the joint forward plan and capital resource planning guidance. This is to prevent the expenditure of the Cheshire and Merseyside Integrated Care Board and its partner trusts exceeding the aggregate of any sums received by them in the year, and complying with NHS England financial objectives, directions, and expenditure limits.

The Trust has worked with and supported the system during the planning process as follows:

- Attendance at system planning meetings to ensure transparency and consistency across the system plans, this incorporated activity, workforce and Financial plans
- Regular submissions to the system for review challenge and discussion per the timetable and planning requirements
- Participation in Liverpool place meetings to discuss the future provision of services across the area.

**Table 7 - Capital investment 2022/23**

Capital - 2022/23

<b>Division</b>	<b>£'000</b>
Estates	2,908
IM&T	3,105
Neurology	661
Neurosurgery	3,097
Corporate	105
Donated Assets	78
<b>Total Capital</b>	<b>9,954</b>

**Forward look**

2023/24 financial planning has continued with a 12-month planning cycle as the NHS moves forwards it’s recovery and restoration following the pandemic. System (Cheshire and Merseyside) financial planning and targets will be maintained in 2023/24. Income will be paid via an aligned payment incentive (API) contract in which elective activity will be paid on a cost per case basis and the remainder of the contract being paid on a ‘block’ basis with funding being allocated for achievement of national activity targets (Elective Recovery Funds). There is also a national requirement to identify and deliver recurrent efficiency savings in 2023/24.

**Risks and uncertainties**

There continues to be a good deal of uncertainty within the NHS and the Trust is managing several risks and issues. These can be broadly categorised into the following main headings:

- Productivity: returning to pre-pandemic performance levels necessary to meet patient demand and continue to deliver access targets and financial plans
- Workforce retention: recruitment, retention and succession planning of the right workforce at the right time to deliver the recovery in planned activity as well as the growth in demand and increasing complexity of patients. The relative stability of the workforce through Covid-19 was

impacted by increased sickness levels and then followed by an increased turnover, particularly of non-clinical staff

- Workforce health and wellbeing: looking after staff who have been through a pandemic and are now facing cost of living pressures
- Healthcare acquired infections: continued control of infections and management of newly emerging infections including further variants of Covid-19
- Changes in healthcare infrastructure: The Health and Care Bill brought in regional Integrated Care Boards which has a key role in managing financial performance and capital allocations across Cheshire and Merseyside. There remains some uncertainty about how this will impact the Trust and how it will be funded in the future which increases the complexity of financial planning
- Patients: the impact of the pandemic on waiting lists has been significant and waiting times have increased. The Trust continues to manage the potential risks to long waiting patients through clinical assessment

### **Financial risks**

The main financial risks facing the Trust are:

- Future financial plans assume a level of income payment for elective recovery that will be received for achieving national activity targets. If this level of activity is not achieved income will be reduced by the level of underperformance on a cost per case basis, with there being no floor on the level of income removed.
- Delivery of higher efficiency savings to ensure the financial plan is achieved. Delivery of recurrent efficiency savings has historically been a challenge for the organisation.
- Inflation/increases in costs over and above national planning assumptions. Due to external factors inflationary increases for both utilities and other goods and services are increasing above levels assumed within national planning assumptions. This will create additional cost pressures for the organisation.
- Capital plans are set at Cheshire and Merseyside Integrated Care Partnership level. The Trust has previously had the flexibility (under NHS Foundation Trust rules) to utilise cash reserves to fund additional or urgent capital schemes if required. This is no longer possible in the context of system planning arrangements which means that the Trust will have to prioritise its investments in-year.
- Delivery of the financial plan to support the system position across Cheshire & Merseyside.



**Jan Ross**  
**Chief Executive**  
**19 June 2023**

# Accountability report

## Directors' report

The Board of Directors is a unitary board, which means that both the Non-Executive Directors and the Executive Directors are collectively responsible for the actions they take. The Council of Governors discharge the Trust's accountability to its local population by holding the Non-Executive Directors to account for the performance of the Board.

In compliance with the NHS Foundation Trust Code of Governance, the Trust's Constitution provides for the composition of the Board of Directors as follows:

- Seven Non-Executive Directors, including one appointed as Chair
- Up to six Executive Directors, including the Chief Executive

The Board of Directors sets the strategic direction and organisational culture of the Trust and for the effective stewardship of the Trust's affairs, ensuring that the Trust complies with its licence, constitution, mandated guidance and contractual and statutory duties. During 2022/23 the Board approved the new Trust Strategy for 2022-25 following engagement with its staff, stakeholders, Governors and the local community. <https://www.thewaltoncentre.nhs.uk/strategy>

The Board of Directors approves the Trust's strategic and operational plans, taking into account the views of the Council of Governors. It sets the vision, values and standards of conduct and behaviour, ensuring that its obligations to stakeholders, including patients, members and the wider public are met. The Board is responsible for ensuring the safety and quality of services, research and education and application of clinical governance standards including those set by NHS Improvement, the Care Quality Commission (CQC), NHS Resolution and other relevant bodies. The Board of Directors has a formal Schedule of Matters Reserved for Board decisions and a Scheme of Delegation. Decisions reserved for the Council of Governors as set out in statute are contained within the Trust's Constitution.

The Board of Directors provides effective leadership of the Trust within a robust framework of internal controls and risk management processes and further details of this can be found in the Annual Governance Statement (page 67 to 79). The Board of Directors delegates operational management to the Executive Team and has established a governance structure to enable it to receive assurances that it is discharging its responsibilities and that services are well led focusing on integrated quality, operational and financial governance.

The Board's engagement programme was reviewed in 2022/23 as restrictions in place during the Covid-19 pandemic were lifted. Regular Director walkabouts, which include Governors, were reintroduced in 2022/23.

The Trust's Executive Team provides organisational leadership and takes appropriate action to ensure that the Trust delivers its strategic and operational objectives and identifies and manages risks to the achievement of this. It maintains arrangements for effective governance throughout the organisation, monitors performance in the delivery of planned results and ensures that corrective action is taken where necessary.

The Board of Directors considers itself to be balanced and complete, having an appropriate mix of skills and experience in the areas of finance, operational management, governance, commerce, risk, education, human resources, medicine, clinical research, diagnostics and nursing. There is a clear separation of the

roles of the Trust Chair and Chief Executive, which has been set out in writing and agreed by the Board of Directors. Where a Non-Executive Director has not met the independence criteria suggested in the NHS Foundation Trust Code of Governance the Audit Committee would review whether they consider the Non-Executive Director remains independent and concluded in 2022/23 that they had no concerns. The Trust continues to ensure that all Board Directors and Deputy Directors meet the criteria of the Fit and Proper Persons Test through annual checks.

### **Directors' Register of Interests**

In accordance with the Code of Governance, the Board considers that its Non-Executive Directors are independent in character and judgement. The Trust maintains a Register of Directors' interests which is subject to annual review by the Board of Directors. Access to the register is available online:

<https://wcft.mydeclarations.co.uk/home>.

### **Board Performance**

The collective performance of the Board is assessed through annual Board evaluation, Board Development Days and the Board of Directors meetings. A review of each Board meeting was undertaken at the end of each Board meeting.

All Board members undergo annual performance appraisals. The Chair carries out the appraisals for the Non-Executive Directors, liaising with Governors to seek their views; the Senior Independent Director carries out the appraisal for the Chair by meeting collectively with Non-Executive Directors and then separately with the Lead Governor and Chief Executive before reaching a conclusion. The outcomes of both the Chair and the Non-Executive Directors' appraisals are reviewed at the Governors' Nominations Committee which makes a recommendation to the Council of Governors before being reported to NHS England. The Chief Executive carries out the annual performance appraisal for the Executive Directors. Summary outcomes are then submitted to the Remuneration Committee who are responsible for ensuring the performance of the Executive Directors are being appropriately monitored.

Members of the Board of Directors during 2022/23 were as follows:

### **Non-Executive Directors**

#### **Max Steinberg, Chair CBE DL**

##### **Term of office: April 2022 to 31 March 2025**

Born and bred in Liverpool, Max was awarded the OBE in 1997 for services to Housing and Regeneration on Merseyside and the CBE for services to Business and the Community in 2013. He was awarded a Doctorate at Liverpool University in 2019 and commissioned as a Deputy Lieutenant in 2020.

Max has extensive experience across business, innovation and industry, most recently eight years as Chief Executive of Liverpool Vision where he oversaw award-winning participation in the World EXPO Shanghai and was instrumental in securing the first UK International Festival for Business, in Liverpool in 2014. He has served on a number of other boards, including Liverpool John Moores University European Institute of Urban Affairs. In August 2015, Max was appointed Chair of the Roy Castle Lung Cancer Foundation, and from December 2018 to March 2021 was Chair of the Board of The ACC Liverpool Group. Max is also the Chair of Shakespeare North.

**Su Rai, Non-Executive Director, Senior Independent Director and Deputy Chair**

**Current term: 1 August 2022 – 31 July 2025**

Su is a Chartered Accountant in Practice and established her own firm, Raise Associates, in 2010 working with a large number of entrepreneurial businesses in the North West assisting them with their growth strategies, financial reporting and tax matters. In 2012, she became a Non-Executive Director and Chair of the Audit Committee at St Helens and Knowsley Teaching Hospitals NHS Trust. Other roles have included a senior position at KPMG and Audit Partner in Howarth Clark Whitehill and Mazars. Su has held the position of Trustee with two charities involved with young people in performing arts and mental health services. She is also a Past President of The Manchester Society of Chartered Accountants. Su became Deputy Chair in 2022 as she started her second term of office at the Trust.

**Irene Afful, Non-Executive Director**

**Current term: 1 January 2023 – 31 December 2026**

Irene joined The Walton Centre as a Non-Executive Director in January 2023. She has extensive experience working in a multi-agency capacity, spending 25 years with Merseyside Police Service and was the force's first black female Detective Inspector. In addition, she created and delivered the Phoenix Leadership Programme, a successful positive action initiative aimed at increasing recruitment of minority groups to the police service. Irene re-established and chaired the Black Police Association and was Female Vice President of the National Black Police Association. After retiring in 2016, Irene became an award-winning businesswoman, specialising in Equality, Diversity & Inclusion. She delivers coaching and consultancy services, supporting organisations with strategy development, policy review, cultural audits and ED&I training workshops for Boards, senior leaders, managers, and staff. She supports organisations in attracting and retaining under-represented groups in leadership, community engagement and personal coaching.

**Karen Heslop, Non-Executive Director**

**Current term: 1 November 2020 – 31 October 2023**

Karen is a Transformation Consultant and Executive Coach who established her own firm, Kinetic People Limited, in 2008. Her early career was in HR with Co-operative Financial Services, where she ultimately led on the people aspects of large change projects across the insurance and banking businesses. In her consultancy work she has supported a wide variety of clients through complex change in diverse industry sectors. She latterly held senior in-house roles in the energy sector as Head of Change at Inenco and Change Director at Electricity North West. Karen also has twelve years of voluntary experience on the board of a national not-for-profit organisation which champions the human rights of people with learning disabilities.

**Professor Paul May – Non-Executive Director**

**Current term: 1 January 2022 – 31 December 2025**

Paul was appointed as Merseyside's first Paediatric Neurosurgeon (based at the old Walton Centre Rice Lane site) in 1991 and remained in practice there until September 2021. He established the paediatric neurosurgical service at Alder Hey Children's NHS Foundation Trust and brought supraregional specialist craniofacial services to the city in 1997. Paul served as the first Chair of the Neurosurgical Clinical Reference Group for NHS England and, from 2013 to 2019, chaired the Trauma Programme of Care Board for NHS England. In 2016 he was elected as President of the Society of British and Irish Neurosurgeons, the first neurosurgeon from Liverpool to hold the post in the 100-year history of the oldest neurosurgical society in the world. In January 2020 he was appointed as Director of Clinical Academic Development to the University of Liverpool and is currently the National Clinical Lead for Adolescent and Paediatric Neurosurgery in the NHS Getting it Right First Time (GIRFT) programme.

### **David Topliffe, Non-Executive Director**

**Current term: 1 November 2020 – 31 October 2023**

David is a chartered chemical engineer with 37 years of manufacturing experience in the chemical industry, mainly with Shell. Amongst various senior leadership responsibilities, he has served as a Non-Executive Director within joint ventures and a large trade association, where he chaired the Audit Committee and sustainable development committee. David also works within two not-for-profit organisations (Non-Executive Chair of one, consultant to the other) which focus on improving structural and fire safety within the built environment (as a response to the Grenfell Tower fire). He is also a volunteer debt adviser within a community-based debt advice centre.

### **Ray Walker - Non-Executive Director**

**Current term: 1 January 2022 – 31 December 2025**

Ray is a Registered Nurse (Adult and Mental Health) with over 40 years of operational and strategic experience in a diverse number of roles across the NHS, the Department of Health, Health Education England, and the university sector. He has held a number of senior positions including Executive Director of Nursing at Mersey Care NHS Foundation Trust and Chief Nurse for the North of England at Health Education England. Whilst in his leadership roles he actively contributed to shaping the national nursing agenda as a Member of the Prime Minister's Commission on the future of nursing and as chair of the national safe, sustainable, and productive staffing guidance (mental health).

## **Executive Directors**

### **Jan Ross, Chief Executive Officer**

Jan joined the Trust in 2018, becoming the CEO in 2021. She has overall responsibility for the people, finance and performance of the organisation and is the accountable leader both at a local and national level. She qualified as a nurse in 1995 and has extensive experience in a variety of senior nursing and operational roles across the NHS. Notably, she has led the Trust through the pandemic and into the recovery phase playing a prominent role at system level.

She is engaged across the wider health system and is strongly committed to both healthcare and the wider economy across Cheshire and Merseyside. This has been recognised in her selection to become a member of the Health and Life Sciences Board for the Liverpool City Region. Jan is also a trustee on NHS Providers board. Jan's approach is based upon engagement and collaboration across the whole workforce to create the conditions in which people can thrive. Staff that feel valued and developed are essential to delivering world class healthcare.

### **Dr Andy Nicolson, Medical Director and Deputy Chief Executive**

Andy is the Medical Director and the Deputy Chief Executive having been a Board member at the Trust since 2016. He was appointed a Consultant Neurologist at The Walton Centre in 2005 and has a special interest in Epilepsy. He is the responsible officer for all medical revalidation and Chair of the Clinical Effectiveness Group. As Deputy CEO, he leads on strategic development for the Trust and his approach is based upon the engagement and empowerment of key stakeholders, especially those delivering the services directly to patients.

At regional level, Andy is Chair of the Neuroscience Network reporting directly into the Integrated Care Board. In addition, he represents Medical Directors on the Cheshire and Merseyside Diagnostic Delivery Board, and he is also Chair of the regional Rehabilitation Network (CMRN). He is passionate about improving health outcomes through collaboration and partnership working.

### **Mike Burns, Chief Finance Officer**

Mike has been with the Trust since 2012, becoming the Chief Finance Officer in 2016. His portfolio includes responsibility for Finance, Capital, Procurement, Informatics Services and Commercial Development. He qualified as a Chartered Management Accountant (CIMA) in 2001 after gaining a BSc Hons in Economics. He has a strong background in financial services, retail, banking, regeneration and business development, including several years in consultancy with Deloitte.

Mike has worked at regional level within the NHS and is the Deputy Chair of the Towards Excellence, Finance Accreditation Group. He has a strong personal commitment to staff development (especially professional qualifications) that have been recognised within the financial community and is also a mentor for the North-West Finance Equality, Diversity and Inclusion Scheme

### **Mike Gibney, Chief People Officer**

Mike has been a member of the Board since 2013. His current portfolio includes responsibility for Human Resources, Organisational Development, Equality, Diversity & Inclusion, Fundraising, Medical Education, Research, Innovation and Digital/Information Technology. He joined the NHS in August 2009 through the Gateway to Leadership Scheme. Prior to joining The Walton Centre, he worked for five years in commissioning and has extensive experience in local government, including nine years with social services. This included supporting services for adults with learning disabilities and physical disabilities.

Mike is qualified to master's level in Human Resource Management and is a Fellow of the Chartered Institute of Personnel and Development (CIPD). He currently undertakes a number of regional roles including the Management Side Chair of the Northwest Staff Partnership Forum, the co-Chair of the Strategic Workforce Group with Liverpool City Council and is on the Advisory Board for the North West Innovation Agency. His collaborative approach to leadership has enabled him to work successfully across traditional boundaries both within the public and private sectors

### **Lisa Salter, Chief Nurse**

Lisa joined The Walton Centre in 2017, becoming the Chief Nurse in 2018. Her portfolio includes responsibility for the largest staff groups within the workforce including Nursing and all Allied Health Professionals (AHPs). She is the Trust lead on Safeguarding, Infection Prevention, Patient Experience and Governance. Lisa holds a diploma in renal medicine, a BSc Hons in Clinical Management and an MSc in Healthcare Leadership and Management. She has also completed several leadership and coaching programmes throughout her career.

In addition to chairing many internal groups, Lisa is the chair of the Deputy Directors of Nursing Group across Cheshire and Merseyside (C&M) and the chair of the Pressure Sore Working Group (C&M). Lisa is an active member of the National Disabled NHS Directors Network. She is passionate about driving up standards for patients and families within the trust and across the wider health economy. Lisa is a high profile and visible leader who is consistently focused upon ensuring the personalised nature of care.

### **Morag Olsen, Interim Chief Nurse**

Morag joined The Walton Centre in January 2023 as Interim Chief Nurse. Morag is a Registered Nurse with extensive experience in the NHS as Chief Nurse, Chief Operating Officer, and Chief Executive and has a proven track record of challenging the norm to deliver innovative change within complex environments. Morag is passionate about listening to staff and patients to improve the quality of care and experience for the local community.

### Lindsey Vlasman, Chief Operating Officer

Lindsey joined the Trust in April 2018 and became the Chief Operating Office in 2021. Her portfolio includes responsibility for the overall performance of services to patients, estates, facilities and sustainability. She is also the trust lead for Emergency Preparedness, Resilience and Response. Lindsey qualified as a nurse in 1997 and has held a variety of senior nursing and operational roles across the Cheshire and Merseyside region.

Lindsey has a BSc Hons in Health and Social Care Practice, an MSc in Advanced Nursing Practice and an MSc in Healthcare, Leadership and Management. She is currently on the prestigious Aspiring Directors Programme in the north west. She has a strong commitment to engagement and team working which underpins her successful approach to service improvement and efficiency.

### Changes to Board Membership during 2022/23

There were no departures from the Board during 2022/23 however a new Non-Executive Director, Irene Afful was appointed from 1 January 2023 for an initial three year term until 31 December 2025. Lindsey Vlasman who had been Acting Chief Operating Officer from November 2021 was appointed to the substantive role in April 2022. An Interim Chief Nurse was appointed in January 2023 to cover long-term absence and was still in place at 31 March 2023.

### Meetings of the Non-Executive Directors

In accordance with guidance set out in the NHS Foundation Trust Code of Governance, arrangements have continued during the period for the Chair and Non-Executive Directors to meet outside of Board meetings.

### The Board of Directors and Committees

A total of ten meetings were held in 2022/23, no meetings were held in the months of August 2022 and January 2023.

**Table 8 – Attendance at Board**

Trust Board Attendance 2022-23											
Members:	Role	Apr	May	Jun	Jul	Sep	Oct	Nov	Dec	Feb	Mar
Max Steinberg	Chair	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Karen Heslop	Non-Executive Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Paul May	Non-Executive Director	✓	✓	A	✓	✓	✓	✓	A	✓	✓
Su Rai	Deputy Chair	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
David Topcliffe	Non-Executive Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ray Walker	Non-Executive Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Irene Afful	Non-Executive Director	N/A	✓	✓							
Mike Burns	Chief Finance Officer	A	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mike Gibney	Chief People Officer	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Andy Nicolson	Medical Director	✓	✓	A	✓	✓	✓	✓	✓	✓	✓
Jan Ross	Chief Executive	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Lisa Salter	Chief Nurse	✓	✓	✓	A	✓	✓	A	A	A	A
Lindsey Vlasman	Chief Operating Officer	✓	✓	✓	A	A	✓	✓	✓	✓	✓
Morag Olsen	Interim Chief Nurse	N/A	✓	✓							

**KEY:** ✓ = Present    A = Apologies

## NHS Improvement's Well-Led Framework

NHS Improvement published its Well Led Framework in June 2017. The Framework provides a means for trusts to undertake developmental reviews in order to assess their arrangements for effective leadership and governance. The Framework is based on eight Key Lines of Enquiry (KLOE), which align to those used by the Care Quality Commission for inspection purposes, and outcomes of periodic reviews inform the content of Board-owned development plans to enhance its practice.

All Trusts should consider their performance against the framework via an independently facilitated self-assessment and with an external review at least every five years. This took place during 2022/23 with an external consultancy, Audit One appointed to review the Trust. The lead for Audit One had delivered a Board Development Session on accountability and challenge in April 2022 but this was not considered to impact the independence of the review.

Before the review, the Board undertook a self-assessment which identified areas of improvement such as the review of some governance processes and policies, Board-level visibility and staff feedback methods which were all implemented before the external review was conducted. The external review included interviews with Board Members, feedback from external and internal stakeholders, observation of a number of key meetings and a focus groups of patients, Governors and staff. The outcome of this review is expected to the Trust Board in May 2023 and the Trust will take forward any recommendations for further development in 2023/24.

There are no material inconsistencies between the Annual Governance Statement, the Corporate Governance Statement and the Annual Report.

## Care Quality Commission (CQC)

The Trust is registered with the CQC and current registration status is fully compliant with no conditions attached. No enforcement action was taken by the CQC against the Trust during the period 1 April 2022 to 31 March 2023. The most recent inspection was reported in August 2019 and resulted in an overall rating of Outstanding. The Trust developed an action plan in response to the report which was formally closed off in April 2022 by the Board and embedded into business as usual.

The Trust meets regularly with CQC to discuss its performance, quality of care and patient experience.



Last rated  
19 August 2019

The Walton Centre NHS Foundation Trust

The Walton Centre



	Safe	Effective	Caring	Responsive	Well led	Overall
Medical care (including older people's care)	Good	Good	Outstanding	Good	Good	Good
Critical care	Good	Good	Outstanding	Good	Good	Good
Outpatients and diagnostic imaging	Good	Not rated	Outstanding	Good	Good	Good
Rehabilitation services	Good	Outstanding	Good	Outstanding	Good	Outstanding
Surgery	Good	Outstanding	Good	Good	Outstanding	Outstanding

## Quality performance

The full Quality Report for 2022/23 will be published on the Trust's website by 30 June 2023. This section is intended to provide an overview summary of patient care activities during the reporting period.

The Trust's has agreed a new Quality Substrategy which aligns with the Trust Strategy 2022-25 and sets out how the Trust will improve on the quality of care provided for patients and their families and reduce avoidable harm.

In 2022/23 the Trust had six agreed quality improvement priorities which it made good progress against. There were also three further priorities related to patient experience

### Patient Safety

- 98% completion of MUST (Malnutrition Universal Screening Tool) – Partially Achieved
  - within twelve hours of ward admission and compliance with weekly MUST re-assessment – not achieved (96%)
  - weekly MUST reassessments being undertaken - achieved (98%).Ongoing compliance will be continued throughout 2023/24
- Pilot the Brain Tumour Optimisation Pathway (initially piloted with Whiston Hospital patients) – Achieved
- Roll out of the pathway is underway across the rest of the region, commencing with Arrowe Park and Warrington Hospitals
- Introduce Same Day Admission/ Discharge (surgery) – Achieved  
Same Day Discharge (SDD) pathway pilot is underway with criteria led spinal patients. Dedicated area for SDD in place. Discussions underway to continue SDD pathway into other sub-specialty areas such as Functional and Oncology in Quarter 1 of 2023/2024

### Clinical Effectiveness

- Introduce Nutrition Champion Training Programme – Achieved  
Nutrition, Dysphagia and Mouthcare e-learning has been made available for all clinical staff. Dietitians have developed a Nutrition Link Champion training pack and resources. A train the trainer presentation has been developed by Dietitians for the Nutrition Link Champions
- Implement Virtual Reality (VR) Simulator – Achieved  
VR Simulator was purchased and is currently being used to train Neurosurgical trainees internally to the Trust. In 2023/24 the VR simulator will be moved to a more suitable location for hosting external training programmes
- Introduce Patient Initiated Follow Up (PIFU) in Surgery – Achieved 5% target  
PIFU has commenced in most neurosurgical areas (where it is clinically appropriate to do so). Uptake will be encouraged and monitored in each subspecialty service meeting to monitor the growth of PIFU uptake

### Patient Experience

- Develop a training programme for the Cheshire and Mersey Rehabilitation Network – Achieved  
a network wide Education and Training Programme has been developed to meet the needs of the network both in the delivery of safe and high quality care for patients and in the functioning of the network. Delivery of the programme optimises learning environments and opportunities with face-to-face, MS Teams and online resources to ensure staff are able to access training
- Introduce Staff Training to Support People with Communication Difficulties – Achieved

The Trust has been successfully accredited to use and display the Communication Access Symbol. This enables patients, their families and carers to see that staff know how to support people with communication difficulties and that their communication needs will be established at first contact and recognised throughout their patient journey. Subgroups of staff have completed their training and the aim is to roll this out to further groups

- Reduce the Number of Complaints - Not Achieved  
Complaint numbers increased to pre-Covid-19 figures. As communication and appointment arrangements has been a long-standing trend, the Patient Experience Team (PET) undertook a piece of work with divisions to review how these are categorised to ensure that concerns received were categorised correctly to provide meaningful data to drive improvements. The aim is to deep dive into the subjects/category concern/complaint and provide richer data in quarter one 2023/24 to embed learning

Performance against quantitative metrics, specific to aspects of safety, effectiveness and patient experience are routinely measured to assure the Trust Board regarding the quality of patient care provided.

**Table 9 – Key Patient Safety Indicators 2022/23**

<b>Indicators</b>	<b>2022/23</b>	<b>2021/22</b>
<b>Healthcare Acquired Infections</b>		
Clostridium Difficile	<b>7</b>	<b>8</b>
MRSA Bacteraemia	<b>0</b>	<b>0</b>
E.Coli	<b>13</b>	<b>11</b>
Klebsiella	<b>5</b>	<b>5</b>
Pseudomonas	<b>2</b>	<b>2</b>
<b>Safety Indicators</b>		
Minor and Moderate Harm Falls	<b>31</b>	<b>30</b>
Serious Incidents	<b>6</b>	<b>3</b>
Never Events	<b>0</b>	<b>2</b>

The Board committees analyse key quality performance indicators as part of the Integrated Performance Report and report to the Board. Delivery of quality indicators is monitored through groups that report into Quality Committee or the Clinical Effectiveness Services Group. The Trust meet with the Care Quality Commission (CQC) and NHS England a quarterly basis to determine standards of quality across the Trust and any lessons learned that can be shared from the Trust or other organisations.

### **Patient experience**

The Trust has a dedicated team focused on responding to feedback and improving the experience of patients, families and visitors but providing a positive patient experience remains the responsibility of all staff. In 2022/23 a number of initiatives took place:

- The ‘Six Steps’ of the Patient and Family Journey was reviewed and relaunched in February with new graphics which are being displayed across the Trust
- Participation in patient groups such as Motor Neurone Disease (MND) Support Groups
- New local support group for Arteriovenous Malformations (AVM) was established facilitated by Vascular Specialist Nurses
- Recruitment and ongoing support for patient representatives with long term conditions recruited onto the Neuroscience Programme Board
- Supported the Head of Patient Experience Network to produce and introduce the Carer’s Passport in Cheshire and Merseyside which was developed with the engagement and contributions of carers and their networks throughout Cheshire and Merseyside.

The Trust was ranked eleventh out of 134 Trusts in England for overall positive patient experience in the CQC National Inpatient Survey. This was rated as 'Better Than Expected' because patients answered positively about their care across the entire survey and this was significantly above average Trust scores. The elements that are identified for further improvement are monitored via the Quality Committee.

The Trust has a robust complaints and claims management process in place, with specified response times, to ensure that concerns are resolved in a timely manner and complaints are fully investigated and responded to appropriately. All complaints were acknowledged and responded to within the negotiated timeframes. Any actions identified and lessons learnt were appropriately managed via the appropriate governance meetings and focused attention has been given to any emerging themes. Feedback is provided to divisions and teams as well as to the Board through a variety of mechanism. Learning from complaints and concerns as well as compliments is captured to ensure that all aspects of feedback are utilised at divisional and Board level. This can be through reports to Board, posters in clinical areas or through circulation of the Governance Bulletin which also includes learning from incidents, coronial inquests and enquiries.

The Trust encourages patients to feedback by raising enquiries or concerns that can be resolved quickly before escalating to a complaint. Over 300 compliments were received in 2022/23, all are shared with teams including on the daily safety huddle.

### **Stakeholder relations**

The Walton Centre continually seeks feedback from patients and their loved ones/carers regarding their experience and outcomes. Every Board meeting starts with a story from a patient or staff member about their experience at the Trust whether positive, negative or neutral. The Trust uses both positive and less favourable patient and family stories to understand how services are functioning and where improvements are required. These include stories from patients with additional needs such as learning or physical disabilities, patients who have experienced new innovative treatments including thrombectomy and from family members of patients at the end of life.

The Trust collaborates with Health Watch, The Brain Charity, Neurological Alliance and others (as part of the Patient Experience Group) to seek feedback to enable the Trust to strengthen and change service delivery as required. Listening events were held during the year, including some facilitated by Healthwatch Sefton, to gain feedback from patients and families and groups representing them to provide feedback on services.

The Trust works across a number of networks such as the Cheshire and Merseyside Major Trauma Network, which is one of the best performing networks in England in terms of rates of survival. The Trust hosts the Cheshire and Mersey Critical Care and Major Trauma Operational Delivery Network which supports the work of Trusts who deliver Critical Care to the most seriously ill patients. Cheshire and Merseyside Rehabilitation Network is a partnership between the area's specialist regional inpatient rehabilitation unit to adults following traumatic injury or serious illness.

## **Board Committees**

The Board of Directors has three statutory committees: Audit Committee, Remuneration Committee and The Walton Centre Charity Committee. There are four additional Committees: Quality Committee, Business Performance Committee, Research, Innovation and Medical Education (RIME) Committee and the Strategic BAME Advisory Committee (SBAC). Each Committee reports directly to the Board by way of Committee Chair reporting and urgent matters can be escalated by the Committee Chair to the Board through the Chair's Key Issues reports as appropriate.

Each Committee is chaired by an independent Non-Executive Director with the exception of the Remuneration Committee which is chaired by the Trust Chair and SBAC which is chaired by the Chief Executive. The powers and functions of each Committee are set out in formal Terms of Reference which are approved at least annually by the Board of Directors. These Terms of Reference are subject to annual review by the relevant Committee with outcomes subsequently reported to the Board of Directors for approval. Further details on the work of the Committees can be found at:

- Audit Committee - below
- Charity Committee - page 39
- Remuneration Committee - page 43
- The Business Performance Committee's focus is on operational, financial and workforce performance, providing assurance that these areas are managed effectively and safely. The Committee maintains an overview of the strategic business environment in which the Trust operates to identify strategic business risks and opportunities
- Quality Committee focuses on all aspects of quality in respect of clinical care and regulatory standards of quality and safety. This includes infection prevention and control and the experience of patients and families.
- Research, Innovation and Medical Education (RIME) Committee is responsible for providing the Board of Directors with assurance that there is a comprehensive and integrated approach to research, innovation and medical education.
- The Strategic BAME Committee was set up in 2020, during the Covid-19 pandemic on Black, Asian and Minority Ethnic (BAME) Staff to oversee the strategic approach to fairness and equality for BAME staff and communities. From April 2023 the remit of this Committee will be expanded to include a focus on all the protected characteristic, health inequalities and social value

Membership of both the Audit Committee and Remuneration Committee is comprised solely of Non-Executive Directors. The Board and Committees review their effectiveness on completion of each meeting and in 2022/23 formal effectiveness reviews took place for each Committee with the aim of identifying any areas for development and where practice could be strengthened.

### **Audit Committee – Annual Report**

The role of the Audit Committee is to provide, to the Board of Directors, an independent and objective review of the establishment and maintenance of effective systems of integrated governance, risk management and internal control across the whole of the organisation's activities (both clinical and non-clinical). It also provides assurance on the independence and effectiveness of both external and internal audit services and reports. It ensures that appropriate standards are set and compliance with these is monitored. The Audit Committee is significantly instrumental in reviewing the integrity of the Annual Accounts, and related External Auditor's Reports. In addition, it reviews the Annual Governance Statement prepared by the Chief Executive, in their role as the Accounting Officer.

### Composition of the Audit Committee

The Audit Committee operates in accordance with the Terms of Reference agreed by the Board of Directors. It has met on six occasions during the last financial year and details of each member's attendance at meetings is provided below. The committee membership should comprise at least three Non-Executive Directors, including one with "recent and relevant financial experience". The Chair of Audit Committee is a qualified accountant. In addition to the above members, standing invitations are extended to the Chief Financial Officer, Company Secretary, the Chief Executive (for specific items), Internal Auditors, External Auditors, Local Counter Fraud Specialist, Deputy Chief Finance Officer and Head of Financial Services. Other officers of the Trust may be invited to the committee to answer any points which may arise.

**Table 10 - Audit Committee Attendance 2022/23**

Members	Role	Attendance Summary
Su Rai (Chair)	Non-Executive Director	6 of 6
David Topliffe	Non-Executive Director	6 of 6
Ray Walker	Non-Executive Director	6 of 6

An Assurance Report from the Chair of the Committee is considered at the Board of Director's meetings following each Audit Committee meeting with the Committee Chair bringing any significant matters to the attention of the Board. In discharging its duties, the Committee meets its responsibilities through utilising the work of Internal Audit, External Audit and other assurance functions such as anti-fraud, along with assurances from Trust officers (where required). The Committee members meet with the internal and external auditors, without Executive Directors or managers of the Trust, at least once in the year.

### Audit Committee Activities

During 2022/23 the Audit Committee maintained its approach of reviewing the effectiveness of the organisation's systems of governance, risk management and internal control, through an agreed programme of work. The Committee has an annual cycle of business that is informed by the External Audit Plan, the Internal Audit Plan and the Counter Fraud Plan for the Trust as well as reports from internal functions of the Trust such as Clinical Audit and Cyber Security. External audit work on the 2021/22 financial statements being completed on time and within the agreed budget.

### Financial

The Audit Committee approved the accounting policies that are used to review both the annual accounts and the external audit review of the accounts in February 2023. The Audit Committee reviewed the accounting policies for 2022/23 in February 2023. It reviewed the 2021/22 annual accounts at its meeting on 20 June 2022 and subsequently recommended their adoption to the Board of Directors. The Committee also considered and recommended to the Board of Directors for approval, updated Standing Financial Instructions (SFI) and the Scheme of Reservation and Delegation (SORD). It receives regular reports on losses and special payments, bad debts, aged debt, waivers and performance against the Better Payment Practice Code.

### Non-Financial

The Audit Committee through the year also considered a number of reports and reviews which focused on the internal controls and processes for non-financial areas that were not included within the Internal Audit Plan. This included Clinical Audit, compliance with corporate governance codes and the Provider Licence, a new Risk Management Framework, Declaration of Interests, compliance with Fit and Proper Persons Regulations, Non-Executive Director independence, information governance processes and incidents, data

and cyber security, compliance with Care Quality Committee regulations, procurement, processes for raising concerns and approved a new process for managing recommendations made by external reviewers.

### **Internal Audit**

The Internal Audit Service is provided by Mersey Internal Audit Agency (MIAA). Their role is to provide an independent and objective internal audit service, providing an opinion to the Accounting Officer, the Board of Directors and the Audit Committee on the degree to which risk management, control and governance support the achievement of the organisation's agreed purpose. The Internal Audit Plan was driven from the risks set out in the Trust's Board Assurance Framework, as well as areas specifically identified by the Executive Directors for audit review and was approved by the Audit Committee in April 2022.

The Audit Committee was assured that all audits would consider the impact of key developments in the sector and take account of the national audit requirements set out in NHS Improvement's Audit Code and associated guidance as well as comply with the International Standards on Auditing (ISA). This process will be repeated in April 2023 for the 2023/24 programme.

MIAA delivered the audit plan and provided regular progress reports during the year. The positive outcomes from the Internal Audit programme provided the Committee with assurance on the effectiveness of internal controls and contributed to an overall assessment of 'Substantial Assurance' in the Head of Internal Audit Opinion for 2022/23. There were no significant issues raised during 2022/23.

Recommendations made are tracked by the Committee to ensure that they have been actioned. In addition, MIAA provided briefing notes which confirmed that the Trust's Assurance Framework is structured to meet the NHS requirements.

### **Anti-fraud**

As with the Internal Audit Service, MIAA is the service provider for the Local Counter Fraud Specialist (LCFS). The committee is fully supportive of anti-fraud work within the Trust and regularly reviews the risk of fraud and work completed. The committee receives and approves an annual proactive work plan, regular progress reports against the work plan and a final annual report detailing all proactive and reactive work undertaken by the LCFS. Further detail on the Trust's anti-fraud work is covered on page 64.

The Audit Committee reviews arrangements annually that allow staff of the Trust, and other individuals where relevant, to raise, in confidence, concerns about possible improprieties in matters of financial reporting and control, clinical quality, patient safety or other matters. There were no conflicts of interest that needed to be addressed by the auditor or the Audit Committee during the year and the committee received a report from the Internal Auditors on the Trust's compliance with NHS England conflicts of interest guidance which rated the Trust's systems and processes as providing High Assurance.

### **External Audit**

The provision of external audit services is currently delivered by Grant Thornton who were appointed by the Council of Governors in April 2021 for a period of two years and an additional twelve months was agreed in December 2022. Their work focused on the audit and opinion on the financial statements for 2021/22 and 2022/23. In addition, regular update reports and briefings have been received as appropriate in accordance with the requirements of the Audit Code. The auditors provide challenge questions to the Trust in their regular briefings across a range of topics and, where appropriate, request a response from the Trust.

The Audit Committee undertook its annual review of the effectiveness of both the Internal Audit (including the Counter Fraud service) and External Audit functions in February 2023. The committee considered the effectiveness of service providers against criteria which included Quality of Outputs, Quality of

Engagement, Independence and Objectivity and Value for Money. The committee was satisfied that the review had identified no concerns in relation to the services provided by the Trust's auditors.

The fee paid for external audit services for the year ended 31 March 2022 was £94,000 (excluding VAT). Grant Thornton UK LLP did not provide any non-audit services to the Trust in the period 1 April 2022 to 31 March 2023.

### **Su Rai**

Chair, Audit Committee

16 May 2023

### **Income/Financial disclosures**

The Trust has met the requirement as detailed in Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) i.e. that the Trust's income from the provision of goods and services for the purposes of the health service in England is greater than its income from the provision of goods and services for any other purposes. The Trust receives income for the provision of health services to Wales through the Welsh Assembly Government. There is a small proportion of private patient income (0.05% of total income) and research and medical development income which are utilised to enhance the provision of the Trust's clinical services and the patient experience.

### **The Walton Centre Charity Committee (WCCC)**

The Walton Centre Charity, for which the Trust is a Corporate Trustee, continued to raise awareness and funds during the year under review. The income was £443k which is an increase of £63k than the previous year.

Expenditure on charitable activities was £211k covering areas such as improved facilities for patients, their families and staff; research and development; innovation and new technology. Projects and initiatives supported include the Laser Interstitial Thermal Therapy (LITT) project, Animal Therapy and running costs of the Home from Home facility which provides accommodation for family members who live a long way from the Trust. The Charity also supported staff with enhanced training opportunities to ensure they remain at the centre of clinical and research developments for the benefit of all patients.

During the year, the Charity launched its strategy with the aim to further develop in line with the Trust's strategic vision for the next three years. The aim is to ensure that the Charity can effectively contribute to the overall income of the Trust, thereby support, and enable developments particularly across two of the Trust's strategic ambitions – 'Education, Training & Learning' and 'Research & Innovation'.

## Better Payment Practice Code

The Better Payment Practice Code (BPPC) requires the Trust to aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later. Table 11 summarises the Trust's performance against the BPPC in 2022/23.

In 2022/23, £794 interest was paid by virtue of failing to pay within the 30 day period; however no additional liability to pay interest has been accrued. The Directors confirm that the Trust complies with the public sector Better Payment Practice Code unless other agreements have been reached with Suppliers.

The Directors can confirm that the Trust has complied with the cost allocation and charging guidance issued by HM Treasury.

**Table 11 - Better Payment Practice Code**

	2022/23	
	Number	£'000
<b>Better Payment Practice Code - Measure of Compliance</b>		
<b>Non-NHS Payables</b>		
Total bills paid in the year	18,755	66,403
Total bills paid within target	16,124	56,850
Percentage of Non-NHS invoices paid within target	<b>86.0%</b>	<b>85.6%</b>
<b>NHS Payables</b>		
Total bills paid in the year	1,453	35,663
Total bills paid within target	820	27,659
Percentage of NHS invoices paid within target	<b>56.4%</b>	<b>77.6%</b>
<b>Total</b>		
Total bills paid in the year	20,208	102,066
Total bills paid within target	16,944	84,509
Percentage of invoices paid within target	<b>83.8%</b>	<b>82.8%</b>

## NHS Oversight Framework

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

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

These criteria have two components:

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

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

The Trust is in segment 1 which is the highest possible rating. There is no proposed enforcement action being taken or proposed

This segmentation information is the Trust's position as at 31 March 2023. Current segmentation information for NHS trusts and foundation trusts is published on the NHS England website: <https://www.england.nhs.uk/publication/nhs-system-oversight-framework-segmentation/>

### **Disclosure to Auditors**

For every individual that is a director at the time that this report was approved:

- So far as the director is aware, there is no relevant audit information of which the Trust's auditor is unaware
- The director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Trust's auditor is aware of that information
- A director is regarded as having taken all the steps that they ought to have taken as a director in order to do the things mentioned above
- Made such enquiries of his/her fellow director and of the company's auditors for that purpose
- Taken such other steps (if any) for that purpose, as are required by his/her duty as a director of the company to exercise reasonable care, skill and diligence.

### **Other disclosures**

Some disclosures relevant to the Directors' Report have been included elsewhere in the Annual Report as outlined below:

- Better payment practice code - page 40
- NHS Well Led Framework - page 40
- Information on fees and charges – included in the accounts

### **Additional reporting information**

Additional information or statements which fall into other sections within the annual report are signposted below:

- The Trust did not make or receive any political donations in 2022/23
- Accounting policies for pensions and other retirement benefits are set out in the Remuneration Report on page 42
- Disclosures required under Schedule 7 of the large and medium sized companies and groups (accounts and reports) Regulations 2008 are included in the Remuneration Report on pages 42-47
- Details of sickness absence data can be found in the Staff Report on page 53.



**Jan Ross**  
**Chief Executive**  
**19 June 2023**

## Remuneration report

The Trust has two Committees that deal with the remuneration of those who are not on the national Agenda for Change structure:

- Remuneration Committee – Board Committee, comprised of the Chair and other Non-Executive Directors
- Nominations Committee – Committee of the Council of Governors and the Chair

### Nominations Committee

The Nominations Committee is responsible for considering both the appointment and remuneration of the Chair and other Non-Executive Directors and making recommendations to the Council of Governors for their approval. The Committee also considers outcomes from the appraisals of the Chair and other Non-Executive Directors.

Members of the Committee during 2022/23 were:

- Max Steinberg, Chair
- Barbara Strong, Public Governor
- John Kitchen, Public Governor (*to March 2023*)
- Louise Pate, Staff Governor (*to March 2023*)
- Ella Pereira, Stakeholder Governor (*to March 2023*)
- Jan Vaughan, Stakeholder Governor
- Carol Hopwood, Public Governor (*from March 2023*)
- Andy Brodbelt, Staff Governor (*from March 2023*)

The Committee met on eight occasions during the year, to consider proposals for the appointment and reappointment of Non-Executive Directors and the appraisal of the Chair.

**Table 12 - Committee attendance - Nominations Committee 2022/23**

Member's name	Title	Attendance
Max Steinberg	Chair	6 of 7
Su Rai	Senior Independent Director	2 of 2
Ella Pereira	Stakeholder Governor	7 of 7
Barbara Strong	Lead Governor	8 of 8
John Kitchen	Public Governor	3 of 7
Louise Pate	Staff Governor	4 of 7
Jan Vaughan	Stakeholder Governor	6 of 8
Carol Hopwood	Public Governor	1 of 1
Andrew Brodbelt	Staff Governor	0 of 1

In 2022/23 the Committee appointed Gatenby Sanderson to provide external recruitment support for successful Non-Executive Director recruitment following a competitive procurement exercise. The value of this support was £17,000.

## Remuneration Committee

The Trust's Remuneration Committee determines the terms and conditions for Executive Directors taking account of benchmarking reports on NHS executive salaries and conditions, and the financial circumstances relating to the Trust. The Committee also has a role in reviewing succession planning for Executive roles, appointing Executive Directors (with the exception of the Chief Executive who is appointed by the Council of Governors) and any matters relating to Very Senior Manager (VSM) remuneration and terms and conditions. The Committee met on six occasions during the reporting period to consider the following business:

- Chief Operating Officer appointment
- Executive Director Succession Planning and Recruitment Process
- Very Senior Manager (VSM) performance and remuneration
- Mutually Agreed Resignation Scheme (MARS)
- Pension Contribution Alternative Award Scheme Policy Approved
- Review of Executive Director Performance

In 2021/22 the Committee had received a report commissioned from an external consultant. This report was designed to assess pay scales taking into consideration job size, NHS and wider industry benchmarking and Executive Director portfolios. This has enabled the Committee to set remuneration that recognises appropriately the level of skills and experience required. During 2022/23 the Trust also made use of a nationally available NHS remuneration comparison survey which enable the Committee to compare executive remuneration to the peer average.

All Executive Directors are subject to an annual appraisal which is completed with the Chief Executive. The appraisal for the Chief Executive is completed with the Chair. As with all other staff in the organisation, performance against agreed objectives is reviewed at appraisal meetings together with agreement on objectives for the following year.

**Table 13 - Remuneration Committee 2022/23**

<b>Name</b>	<b>Job title</b>	<b>Overall</b>
Max Steinberg	Chair	6 of 6
Su Rai	Deputy Chair	6 of 6
David Topliffe	Non-Executive Director	6 of 6
Karen Heslop	Non-Executive Director	5 of 6
Paul May	Non-Executive Director	5 of 6
Ray Walker	Non-Executive Director	5 of 6
Irene Afful	Non-Executive Director	1 of 2

The Chief Executive attends meetings except where matters being discussed would result in a conflict of interest. Other Executive Directors and senior managers attend as required by the agenda. Minutes of meetings are recorded by the Corporate Secretary.

## Senior Managers Remuneration Policy

In determining and reviewing remuneration for Executive Directors, the Committee takes into account relevant benchmarking with other NHS organisations, guidance from NHS England and Improvement, national inflationary uplifts recommended for other NHS staff and any variation or change to the

responsibilities of Directors. For the purposes of the Annual Report Senior Managers are defined as those in Board positions. The Trust's Equality, Diversity and Human Rights Policy is taken into account by the Committee when considering matters for decision.

The service contract for the Chief Executive and Executive Directors is the Contract of Employment. This is substantive and continues unless terminated by notice. The notice period is six months for either termination by the Trust or for termination by the Director. The contract does not provide for any other payment for loss of office but does provide for compensation for early retirement and redundancy in accordance with the provisions in section 16 of the Agenda for Change: NHS Terms and Conditions of Service Handbook.

The service contract for Non-Executive Directors is not an employment contract. Non-Executive Directors are appointed for an initial term of up to three years and are eligible to be considered for further terms of appointment up to six years. After serving two three-year terms (six years in total), careful consideration is given to any further re-appointment in the context of independence and objectivity.

Executive and other Directors' contracts are permanent on appointment and new appointments are subject to a period of six months' probation and are entitled to NHS redundancy payments should their posts be made redundant. In relation to the policy on payments for loss of office for Directors, any payments would be in accordance with their terms and conditions of employment.

Unless otherwise stated, all Executive Directors are either members (or former members) of the NHS Pension Scheme. This entitles members to a pension based on their service final pensionable salary subject to HM Revenue and Customs limits. None of the Non-Executive Directors are members of the NHS Pension Scheme and the Non-Executive members of the Board of Directors do not receive pensionable remuneration.

Senior managers at the Trust do not receive performance-related pay or bonuses.

### **Annual Report on Remuneration**

Total remuneration (detailed in tables 15 and 16) includes salary, non-consolidated performance related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

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

The pension benefit table (Table 16) provides further information on the pension benefits accruing to the individual.

### **Directors' Expenses**

The value of expenses claimed by Directors, in accordance with the Trust's Constitution, rounded to the nearest £100, totalled £5,200 in 2022/23. Reimbursement was made to 8 Directors from a total of 13 Directors. In 2021/22 the total value of expenses claimed was £2,900 which was lower than previous years due to Covid-19 restrictions and a move to more virtual meetings. Reimbursement was made to 2 Directors from a total of 13 Directors.

## Fair Pay Ratio

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

The banded remuneration of the highest-paid director in the organisation in the financial year 2022-23 was £205,000-210,000 (2021-22, £195,000-200,000). This is a change between years of 4.2%.

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

For employees of the Trust as a whole, the range of remuneration in 2022-23 was from £20,207 to £219,978 (2021-22, £18,546 to £199,400). The percentage change in average employee remuneration (based on total for all employees on an annualised basis divided by full time equivalent number of employees) between years is 7.3%. Two employees received remuneration in excess of the highest-paid director in 2022-23. (2021-22: 0 employees.)

The remuneration of the employee at the 25<sup>th</sup> percentile, median and 75<sup>th</sup> percentile is set out below.

The pay ratio shows the relationship between the total pay and benefits of the highest paid director (excluding pension benefits) and each point in the remuneration range for the organisation's workforce.

**Table 14 - Fair Pay Ratio (subject to audit)**

	2022/23			2021/22		
	25 <sup>th</sup> percentile	Median	75 <sup>th</sup> percentile	25 <sup>th</sup> percentile	Median	75 <sup>th</sup> percentile
Salary component of pay	£23,133	£31,909	£44,881	£ 21,777	£31,534	£44,823
Total pay and benefits excluding pension benefits	£24,617	£33,799	£48,108	£ 23,601	£ 32,375	£ 45,899
Pay and benefits excluding pension: pay ratio for highest paid director	8.4:1	6.1:1	4.3:1	8.4:1	6.1:1	4.3:1

**Table 15 – Senior manager remuneration 2022/23 (subject to audit)**

Name	Position	1 April 2022 - 31 March 2023									1 April 2021 - 31 March 2022										
		Salary			Expense Payments (taxable)	All Pension Related Benefits			Total			Salary			Expense Payments (taxable)	All Pension Related Benefits			Total		
		£000 (Bands of £5,000)			£ (Nearest £100)	£000 (Bands of £2,500)			£000 (Bands of £5,000)			£000 (Bands of £5,000)			£000 (Bands of £5,000)			£000 (Bands of £2,500)			£000 (Bands of £5,000)
I Afful	Non-Executive Director (from 16/01/23)	0	-	5	0	0.0	-	0.0	0	-	5	0	-	5	0	0.0	-	0.0	0	-	5
M Burns	Chief Finance Officer	125	-	130	0	27.5	-	30.0	155	-	160	125	-	130	0	30.0	-	32.5	155	-	160
H Citrine	Chief Executive Officer (to 31/03/21)	0	-	5	0	0.0	-	0.0	0	-	5	5	-	10	0	0.0	-	0.0	5	-	10
S Crofts	Non-Executive Director; Acting Chair (from 08/08/21 to 31/03/22)	0	-	5	200	0.0	-	0.0	0	-	5	30	-	35	2,500	0.0	-	0.0	35	-	40
M Gibney	Chief People Officer	120	-	125	200	120	-	122.5	240	-	245	105	-	110	0	17.5	-	20.0	125	-	130
K Heslop	Non-Executive Director	10	-	15	1,900	0.0	-	0.0	10	-	15	10	-	15	0	0.0	-	0.0	10	-	15
P May	Non-Executive Director (from 01/01/22)	10	-	15	0	0.0	-	0.0	10	-	15	0	-	5	0	0.0	-	0.0	0	-	5
A Nicolson	Medical Director / Deputy Chief Executive Officer	205	-	210	800	40.0	-	42.5	245	-	250	195	-	200	0	42.5	-	45.0	240	-	245
M Olsen	Interim Chief Nurse (from 23/01/23)	15	-	20	0	0.0	-	0.0	15	-	20	0	-	5	0	0.0	-	2.5	0	-	5
S Rai	Non-Executive Director	10	-	15	0	0.0	-	0.0	10	-	15	10	-	15	0	0.0	-	0.0	10	-	15
J Ross	Chief Executive Officer	150	-	155	300	62.5	-	65.0	215	-	220	145	-	150	0	215.0	-	217.5	360	-	365
J Rosser	Chair (to 30/01/22)	0	-	5	0	0.0	-	0.0	0	-	5	35	-	40	0	0.0	-	0.0	35	-	40
L Salter	Chief Nurse	110	-	115	100	77.5	-	80.0	190	-	195	105	-	110	0	55.0	-	57.5	160	-	165
M Steinberg	Chair (from 01/04/22)	40	-	45	700	0.0	-	0.0	40	-	45	0	-	5	0	0.0	-	0.0	0	-	5
N Thakkar	Non-Executive Director	0	-	5	0	0.0	-	0.0	0	-	5	10	-	15	0	0.0	-	0.0	10	-	15
D Topliffe	Non-Executive Director	10	-	15	1,000	0.0	-	0.0	10	-	15	10	-	15	400	0.0	-	0.0	10	-	15
L Vlasman	Chief Operating Officer - 2021/22 (from 10/11/21 to 31/03/22); 2022/23 (from 06/04/22)	110	-	115	0	117.5	-	120.0	230	-	235	35	-	40	0	30.0	-	32.5	65	-	70
R Walker	Non-Executive Director (from 01/01/22)	10	-	15	0	0.0	-	0.0	10	-	15	0	-	5	0	0.0	-	0.0	0	-	5
M Woods	Acting Chief Operating Officer (from 10/05/21 to 10/11/21)	0	-	0	0	0.0	-	0.0	0	-	0	80	-	85	0	60.0	-	62.5	80	-	85

**Table 16 - Senior manager pension benefits (subject to audit)**

The total accrued pension, lump sum and cash equivalent transfer values represent the total value for each Director. The real increases have been adjusted for directors not in post throughout the period to reflect only the increase attributable to their role as a Director (marked\*).

Name	Position	Real Increase in Pension at Pension Age			Real Increase in Pension Lump Sum at Pension Age			Total Accrued Pension at Pension Age at 31 March 2023			Lump Sum at Pension Age Related to Accrued Pension at 31 March 2023			Cash Equivalent Transfer Value at 31 March 2023	Real Increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2022	Employer's Contribution to Stakeholder Pension
		(Bands of £2,500)			(Bands of £2,500)			(Bands of £5,000)			(Bands of £5,000)			£'000	£'000	£'000	£'000
Burns M	Chief Finance Officer	0.0	-	2.5	0.0	-	2.5	30.0	-	35.0	0.0	-	5.0	437	19	387	0
Gibney M	Chief People Officer	5.0	-	7.5	0.0	-	2.5	65.0	-	70.0	0.0	-	5.0	1,117	118	953	0
Nicolson A	Medical Director / Deputy Chief Executive Office	2.5	-	5.0	0.0	-	2.5	50.0	-	55.0	100.0	-	105.0	948	40	862	0
Olsen M	Interim Chief Nurse (from 23/01/23)	0.0	-	2.5	0.0	-	2.5	0.0	-	5.0	0.0	-	5.0	0	0	0	0
Ross J	Chief Executive Officer	2.5	-	5.0	2.5	-	5.0	50.0	-	55.0	105.0	-	110.0	929	54	828	0
Salter L	Chief Nurse	2.5	-	5.0	5.0	-	7.5	45.0	-	50.0	100.0	-	105.0	861	71	751	0
Vlasman L	Acting Chief Operating Officer - 2021/22 (from 10/11/21 to 31/03/22); Chief Operating Officer (from 06/04/22)	5.0	-	7.5	10.0	-	12.5	35.0	-	40.0	70.0	-	75.0	589	93	466	0

**Additional Commentary on Tables 15 and 16**

- The salary for A Nicolson £170,000-175,000 (2021/22: £165,000-170,000) includes remuneration for his clinical responsibilities.
- No directors received annual performance-related bonuses or long-term performance-related bonuses in either period
- H Citrine received an additional annual leave allowance in place of inflationary pay uplift and received outstanding annual leave April 2021
- No other payments have been made to people who have previously been Directors in the Trust in either period
- CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023 to 24 CETV figures.



**Jan Ross**  
**Chief Executive**  
**19 June 2023**

## **The Council of Governors**

The statutory general duties of the Council of Governors are to:

- Hold the Non-Executive Directors individually and collectively to account for the performance of the Board of Directors
- Represent the interests of the members of the Trust as a whole and the interests of the public.

Other powers include the appointment (or removal) and deciding the remuneration of the Trust's Chair and other Non-Executive Directors, appointment of the external auditors, receiving the Annual Report and Accounts and providing a view on the Trust's strategy. In addition, the Governors would need to approve any increases in private patient income or approving significant transactions were the Trust to enter into a merger, acquisition, separation or dissolution. Governors were presented with the developing Trust Strategy in 2022/23 following an engagement period at the end of 2021/22 and since its approval have received an update on progress against the delivery of this strategy.

Decisions reserved for the Council of Governors are set out in the Trust's Constitution and any amendments to the Constitution must be approved by the Council of Governors. The Council of Governors is unable to veto or overrule decisions made by the Board of Directors or be involved in the day to day running of the Trust, setting budgets, staff pay or other operational matters.

### **Structure and Council Members**

As detailed in the Trust's Constitution, the Council of Governors consists of 33 Governors, 17 elected Governors, four staff Governors and twelve appointed partnership Governors.

The 17 elected governors are made up of:

- Four public Governors from the administrative county of Cheshire
- Eight public Governors from the administrative county of Merseyside
- Three public Governors from the administrative counties of North Wales
- Two public Governors for the rest of England and Wales

The term of office for an elected Governor is three years after which a Governor is eligible for re-election. An elected Governor may not hold office for more than nine consecutive years. The period of office for a Partnership Governor is three years after which a Governor is eligible for re-appointment. A Partnership Governor may not hold office for more than nine years. A register of Governor interests can be accessed through the following link which is also available on the Trust's website. <https://wcft.mydeclarations.co.uk/>

### **Council of Governors meetings**

The Council of Governors meetings during 2022/23 recommenced face to face while remaining compliant with the prevailing social distancing guidelines. In addition, Governors who were unable to attend in person were provided with the option for joining meetings virtually via MS Teams. Shorter subgroup meetings continue to be held virtually. There were six Council of Governors meetings in 2021/22 including two extraordinary meetings which were called to approve the appointment of a Non-Executive Director and the appointment of the Deputy Chair.

Attendance at meetings of the Council of Governors during 2022/23 and the members of the Council of Governors who served from 1 April 2022 to 31 March 2023 are set out in the table below.

**Table 17 - Council of Governors 2022/23 and Attendance**

Name of Governor		Type	Current Term	Date first appointed	End of term	Meeting attendance 2022/23
<b>Cheshire</b>						
Robert	Howe	Public	1st	2021	2024	2 of 6
Ian	Linford	Public	1st	2021	2024	3 of 6
Thomas	Stretch	Public	1st	2021	2024	4 of 6
<b>Merseyside</b>						
Barbara	Strong	Public	3rd	2014	2023	6 of 6
Jonathan	Desmond	Public	2nd	2017	2023	6 of 6
Carol	Hopwood	Public	1st	2022	2025	3 of 4
Belinda	Shaw	Public	1st	2022	2025	4 of 4
Tereasa	Moretti	Public	1st	2022	2025	2 of 4
<b>North Wales</b>						
John	Kitchen	Public	3rd	2015	2024	4 of 6
John	Taylor	Public	1st	2021	2024	6 of 6
<b>Rest of England and Wales</b>						
John	McClelland	Public	1st	2022	2025	4 of 4
Geoff	Heyes	Public	1st	2022	2025	0 of 4
<b>Staff Governors</b>						
Amanda	Chesterton	Staff Clinical	2nd	2018	2024	6 of 6
Andrew	Brodbelt	Staff Medical	1st	2022	2025	2 of 4
Louise	Pate	Staff Nursing	3rd	2021	2024	4 of 6
<b>Partnership Governors</b>						
Peter	Clegg	Liverpool University	3rd	2015	2024	2 of 6
Nanette	Mellor	The Brain Charity	3rd	2014	2023	4 of 6
Ella	Pereira	Edge Hill University	3rd	2014	2023	5 of 6
Jan	Vaughan	Merseyside and Cheshire Clinical Network	3rd	2014	2023	5 of 6
Melanie	Worthington	Cheshire and Merseyside Neurological Alliance	1st	2020	2023	6 of 6

The Trust Chair and Chief Executive attend all meetings of the Council of Governors. Other Executive Directors are only required to attend as required by the agenda; in reality Executive Directors attend most meetings. Non-Executive Directors are asked to attend all meetings and the relevant Committee Chairs present an update from each of the Board Committees which allows the governors to hold them to account in relation to the assurances provided. The attendance of Non-Executive Directors ensures that they develop an understanding of the views that Governors and Members hold about the Trust as well as allowing the governors to hold them to account for the performance of the Board.

**Lead Governor**

The NHS Foundation Trust Code of Governance recommends that NHS Foundation Trusts nominate a member of the Council of Governors as the Lead Governor. Barbara Strong has held the role of Lead

Governor for three years and stepped down in December 2022. John Taylor was elected by the Council for a two year term from 1 January 2023.

### **Governor Training and Development**

Training and development is essential to ensure that governors understand their role and can contribute effectively to the work of the Council of Governors. Providing Governors with development opportunities during 2022/23 has continued with most training still taking place virtually.

Training and Development included:

- New Governor induction training
- NHS Providers training
  - Core Skills Introduction to the role of Foundation Trust Governor
  - Holding to Account
  - Effective questioning
- NHS Providers Governor workshops
  - Working in partnership with stakeholders
  - Exploring key governor duties
- NHS Providers Annual Governor Focus conference

### **Governor Engagement**

Trust walkabouts and site visits have resumed following restrictions in place during the Covid-19 pandemic. This offers Governors the opportunity to visit the Trust and meet with a Non-Executive Director and a senior manager and visit departments and wards and engage with staff and patients. These sessions were welcomed by participating Governors.

Governors have regular engagement with local Health Watch representatives through membership of the Patient Experience Group.

The Trust has continued to provide governors with the opportunity to observe Trust Board meetings throughout 2022/23. Governors have created and implemented a schedule of attendance to ensure there is regular Governor representation and to keep up to date with Trust news and developments.

Governors are also included on the distribution list for the following staff communications:

- Relevant 'All User' staff e-mails including Executive weekly updates
- Monthly Team Brief
- NHS Providers News Bulletins

### **Governor Appointments and Elections**

All Public and Staff Governors are appointed through an election process which is administered by an external Returning Officer on behalf of the Trust. Members are invited to self-nominate and the election process is held in accordance with the Model Election Rules included in the Trust's Constitution. The terms of office for elected Governors begin and end at the Annual Members' Meeting. Partnership Governors are nominated by their respective organisations. In summer 2022, elections to the Council of Governors were held according to the Trust's constitution.

**Table 18 - Council of Governors election results 2022**

Seat	Turnout	Governors elected
Public: Merseyside	Uncontested	Carol Hopwood
		Belinda Shaw
		Teresa Moretti
Public: Cheshire	6.9%	Carol Hulse
Public: North Wales	No nominations were received	-
Public: Rest of England	Uncontested	John McClelland
		Geoff Heyes
Staff: Clinical	24.8%	Andrew Brodbelt

**Governor Expenses**

In accordance with the Trust's Constitution, Governors may claim expenses for attendance at Council of Governor meetings and whilst representing members or the Trust at other events and meetings. No expenses were claimed in 2022/23 largely as a result of meeting recommencing virtually via MS Teams.

**Trust Membership**

The Walton Centre is a public benefit organisation and its objective, with respect to membership, is to recruit and develop a diverse, representative and active membership which is engaged with the ambitions of the Trust. Information for prospective members is posted on the Trust's website. The Trust monitors how representative the Membership is through reports to the Council of Governors from the Membership and Engagement Group. In 2022/23 the Trust Membership Strategic Plan (2022-25) was published with the main objectives being increasing engagement opportunities for existing members and targeting recruitment for under-represented groups in order to increase the diversity of the Trust membership.

**Membership Report**

On 31 March 2022, the Trust's membership stood at 6,676.

On 31 March 2023, the Trust's membership stood at 6,574.

**Table 19 - Membership by Constituency**

Constituency	31 March 2022	31 March 2021
Public Cheshire	711	712
Public Merseyside	2,519	2,535
Public North Wales	1,235	1,253
Public England and Wales	705	702
Public Out of Trust Area	8	7
Staff Nursing	546	678
Staff Medical	135	134
Staff Clinical	275	262
Staff Non-clinical	389	393
Unspecified	51	0
<b>Total</b>	<b>6,574</b>	<b>6,676</b>

## **Membership Development and Engagement**

The Trust recognises the importance of Governors being accessible to members. Council of Governors meetings are held in public and agendas and meeting papers, together with details of how members can contact Governors, are publicised on the Trust's website. Governor photographs are also prominently displayed in the main hospital.

The Council of Governors is responsible for reviewing, contributing to and supporting the membership recruitment and engagement activities set out in the Trust's Membership Strategy. The Council of Governors Membership and Engagement Group, chaired by the Lead Governor, has a focus on operationalising and monitoring Governor and Membership objectives within the Trust's Membership Strategic Plan. The revised membership application form enables new members to indicate their areas of interest and preferred level of involvement and allows the group to plan targeted engagement activities.

The Trust maintains contact with Members via Neuromatters, the Trust's quarterly magazine, which includes a Membership section and articles from Governors. Neuromatters is available on the Trust's website and via social media; it is also sent to Members by post and email. The Trust held a virtual Annual Members' Meeting in September 2022 with attendance open to all Members and Governors.

A series of Membership events are held each year. The Trust Membership has also been invited to the pan-Liverpool events organised across all the Liverpool NHS Trusts.

To enable Members and prospective Members to contact the Membership Manager there is a dedicated email account [wcf.membership-DL@nhs.net](mailto:wcf.membership-DL@nhs.net). Governors can be contacted by email [wcf.governors-DL@nhs.net](mailto:wcf.governors-DL@nhs.net)

Becoming a Member is quick and easy through the Trust website and requires no commitment. You could also email the Membership office or call the office on 0151 556 3484. Membership is open to anyone over the age of 16 and you become a member of the appropriate constituency based on your home postcode. Further details on the benefits of becoming a Member can be found on the Membership page of the Trust website. <https://www.thewaltoncentre.nhs.uk/get-involved/membership.htm>



**Table 21 - Average Number of Employees (subject to audit)**

Average number of employees (WTE basis)

	Group			Foundation Trust		
	Permanent Number	Other Number	Total Number	Permanent Number	Other Number	Total Number
<b>2022/23</b>						
Medical and dental	202	0	202	202	0	202
Administration and estates	382	11	393	379	11	390
Healthcare assistants and other support staff	244	50	294	244	50	294
Nursing, midwifery and health visiting staff	418	33	451	418	33	451
Scientific, therapeutic and technical staff	180	1	181	180	1	181
Healthcare science staff	29	0	29	29	0	29
Other	10	0	10	10	0	10
<b>Total average numbers</b>	<b>1,465</b>	<b>95</b>	<b>1,560</b>	<b>1,462</b>	<b>95</b>	<b>1,557</b>
<b>Of which:</b>						
Number of employees (WTE) engaged on capital projects	5	12	17	5	12	17

	Group			Foundation Trust		
	Permanent Number	Other Number	Total Number	Permanent Number	Other Number	Total Number
<b>2021/22</b>						
Medical and dental	198	0	198	198	0	198
Administration and estates	353	14	367	350	14	364
Healthcare assistants and other support staff	257	52	309	257	52	309
Nursing, midwifery and health visiting staff	396	25	421	396	25	421
Scientific, therapeutic and technical staff	180	1	181	180	1	181
Healthcare science staff	28	0	28	28	0	28
Other	10	0	10	10	0	10
<b>Total average numbers</b>	<b>1,422</b>	<b>92</b>	<b>1,514</b>	<b>1,419</b>	<b>92</b>	<b>1,511</b>
<b>Of which:</b>						
Number of employees (WTE) engaged on capital projects	6	10	16	6	10	16

## Staff Profile

On 31 March 2023, the Trust permanently employed whole time equivalents made up of the following groups in Table 22.

**Table 22 Staff numbers**

Staff group	Headcount	FTE
Add Prof Scientific and Technic	39	34.26
Additional Clinical Services	278	241.73
Administrative and Clerical	429	396.38
Allied Health Professionals	185	162.00
Estates and Ancillary	18	14.79
Healthcare Scientists	32	29.68
Medical and Dental	150	200.91
Nursing and Midwifery Registered	429	392.37
<b>Total</b>	<b>1,560</b>	<b>1,472.13</b>

The total number of staff has marginally increased from numbers in 2021/22.

## **Equality, Diversity and Inclusion**

The Trust demonstrates its overall values and commitment in regards to Equality, Diversity and Inclusion (EDI) via its continued commitment to delivering its Equality, Diversity and Inclusion Five-Year Vision, which will be reviewed and refreshed in 2023 prior to launching a new vision. The current document can be viewed using the following link:

<https://www.thewaltoncentre.nhs.uk/Downloads/Equality-Diversity-Inclusion/EDI%20Vision%205%20Year%20Vision%202017.pdf>

### **Equality Impact Analysis**

Equality Impact Assessments/Analysis (EIAs) are undertaken by the Trust in relation to all relevant policies, procedures, strategies and papers that go before the Board of Directors in compliance with the Public Sector Equality Duty (PSED) under the Equality Act 2010. The Trust's Equality and Inclusion Lead offers advice and support to managers on the completion of EIAs.

### **Workforce Diversity – Equality, Diversity and Inclusion (ED&I)**

On 31 March 2023, the Board of Directors comprised of:

- Four male and three female Non-Executive Directors
- Three male and three female Executive Directors
- Eleven Board members are recorded as White and two Board members are recorded as coming from a Black, Asian or Minority Ethnic background as compared to one Board member in 2021/22

From 2023 the Trust will need to publish plans on how its Board and its senior managers will in percentage terms at least match the black and minority composition of its workforce or local community and work is underway to develop these plans over the next twelve months.

### **Race and Disability Equality Standards**

The Trust demonstrates its continuing commitment to race equality via its compliance with the NHS Workforce Race Equality Standards (WRES) and to disability via the Workforce Disability Equality Standards (WDES). These standards provide a number of indicators and corresponding action to drive improvements. Further details about the Board's composition can be found in the Trust's WRES Report which is available on the Trust's website:

<https://www.thewaltoncentre.nhs.uk/Downloads/Reports-and-Publications/Equality-Diversity-and-Inclusion/WRES%20Report%202022.pdf>

<https://www.thewaltoncentre.nhs.uk/Downloads/Reports-and-Publications/Equality-Diversity-and-Inclusion/WDES%20Report%202022.pdf>

In addition to the WDES, the Trust also takes action to ensure that it is giving full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. The Trust operates guaranteed interviews for all disabled job applicants who meet the specified criteria for the job and the Trust also provides reasonable adjustments for disabled applicants at interview.

For staff who notify the Trust of their disability during their employment at the Trust, reasonable adjustments are provided where required to continue their employment. The Trust make available appropriate training, technology and adjusted work arrangements for those employees where appropriate. Information on reasonable adjustments is made available to all employees via the staff intranet pages.

## Gender Pay Gap

**Table 23 – Staff by Gender**

	Headcount	Directors	Senior Managers
Female	1,201	6	112
Male	360	7	31

The Trust demonstrates its continuing commitment to gender equality via its compliance with the Government gender pay gap reporting requirements. The Trust reports and publishes its gender pay gap on an annual basis. This reporting allows the Trust to understand the average difference in pay between male and female staff. It also allows the Trust to take actions to close the gender pay gap. The Trust has again met its gender pay gap reporting obligations and the results and planned actions are published in the Gender Pay Gap Report 2022 which can be found on the Trust's website, at the link below (not subject to audit):

<https://www.thewaltoncentre.nhs.uk/about-us/Gender%20Pay%20Gap%20Reporting%202020%20to%202021%203.pdf>

### Navajo Charter Mark

The Trust demonstrates its continuing commitment to equality for LGBTIQ+ patients and staff by its participation in the Navajo Charter Mark Scheme. In 2021 the Trust successfully completed reaccreditation and gained the privilege of holding the Navajo Charter Mark for a further two years, which is a signifier of good practice, commitment and knowledge of the specific needs, issues and barriers facing the LGBTIQ+ community. The Trust will be reassessed in 2023.

### Board Oversight of ED&I

ED&I governance and oversight is provided via the Trust's ED&I Steering Group, further monitoring and oversight has been provided by the Trust's Business Performance Committee and the Trust Board. From April 2023 the new Health Inequalities Committee will oversee this area of work.

The Trust also has a Strategic Black Asian and Minority Ethnic (BAME) Advisory Committee (SBAC), which reports directly into the Board and which will be widening its scope in 2023/24 to the Health Inequalities Committee. The revised purpose of the Committee is to provide the Board of Directors with assurance that improving health and people inequalities is embedded as part of the core delivery of good quality, responsive healthcare. The Committee will ensure that the ongoing strategic approach to social value, fairness, workforce, equality, diversity and inclusion is robust, timely, actively promotes inclusion and is based on effective community engagement.

The Trust's ED&I performance is facilitated by a number of further policies and guidance documents which include the following:

- Equality Diversity and Human Rights Policy
- Transgender Policy
- Tailored Reasonable Adjustment Template

## **Occupational Health**

The Trust continues to support a programme of health and wellbeing initiatives for staff and is continually looking to develop and expand the scope of the programme.

The Trust's Health and Wellbeing Occupational Health Service continues to be provided through a service level agreement with Liverpool University Hospitals NHS Foundation Trust with key performance indicators for the service being monitored at quarterly review meetings with occupational health and via the Trust's Health & Safety Committee. Collaboration between the Trust and the Occupational Health Service resulted in successful delivery of flu and Covid-19 booster programmes.

The Trust offers a 24/7 counselling service which is provided by the Network of Staff Supporters (NOSS) with staff able to access the service by either self-referral or referral via their line manager. NOSS provide a 24/7 telephone service for staff and face to face support.

## **Staff Wellbeing**

The Walton Centre's health and wellbeing work is directed by the Staff Experience Action Plan, which is part of the Trust's People Substrategy. This is informed by the results of the national NHS Staff Survey, the NHS People Plan and outcomes from ongoing staff engagement comprising face to face sessions and regular 'Pulse' surveys. A Health and Wellbeing Strategy was approved by the Board in 2021/22 and one of the Non-Executive Directors was appointed as a Wellbeing Guardian in 2021/22 to ensure that staff wellbeing remains high on the agenda for the Board.

The Trust has continued to offer a range of benefits and support to staff to promote physical, mental and financial wellbeing and an established programme of health and wellbeing activities has been available to all staff. A monthly newsletter is produced alongside a face to face "Wellbeing Wednesday" stall. The Trust has continued to train Mental Health First Aiders during 2022/2023 and has a programme of health 'MOTs' running throughout the year for staff.

The Health and Wellbeing Programme is supported by a core group of staff with a senior physiotherapist acting as Clinical Lead. Staff are provided with free access to the VIVUP health and wellbeing platform (see below) and are also able to access occupational health support or the NOSS counselling service.

VIVUP, a staff benefits and wellbeing platform, was introduced during 2021/22. The platform contains advice on maintaining good health and wellbeing and enables staff to access benefits such as discounts at high street stores and pay for a range of items, such as home electronics or appliances, through a salary sacrifice scheme. The VIVUP system is free of charge to use and can be accessed through both work and home devices.

The Trust was re-accredited with the Investors in People Gold Standard in 2023 which reflects the strong, supportive culture created for staff. The Trust has also achieved Gold in the Investors in People We invest in Health and Wellbeing standard.

## Education and Organisational Development

The Trust ensures that education, training and development opportunities are provided to develop the current workforce and to support the talent of the future. The Trust maintains a high standard for staff development and is recognised for these efforts through the Investors in People Gold reaccreditation in 2023. Highlights from 2022/23 include:

- The Trust is an accredited Intermediate Life Support (ILS) training centre, with 69 internal staff receiving training during 2022/23, as well as eleven external delegates
- 401 medical students from the University of Liverpool completed placements at the Trust and feedback was widely positive about the support, experience and teaching quality they received. Furthermore, a total of 31 elective students and medical observers attended a placement at The Walton Centre
- Supporting the Trust's strategic ambition to deliver national conferences, a consultant Neurosurgeon at The Walton Centre hosted a national "Liverpool Neurosurgery Masterclass" conference in January 2023
- There are currently 27 members of staff completing a range of clinical and non-clinical apprenticeships, with eight of these commencing in 2022/23
- The Trust worked in collaboration with Job Centre Plus to host an internal pre-employment programme, providing individuals with barriers to employment with structured work placements within the hospital, with half of the cohort securing jobs within The Walton Centre post programme and the other participants seeking employment closer to their respective homes
- The Trust hosted a Workplace Safari in February 2023 which was attended by 184 students from a range of schools in the region
- An Acute Illness Management (AIMs) course was developed and is being delivered internally to clinical staff
- A bespoke leadership programme was developed for senior managers in varying roles
- An internally developed and delivered leadership programme to prepare nurses for future management roles, "Aspiring Ward Managers", was piloted with future cohorts planned to take place in 2023/24.

Additional internal leadership development options include the established 'Building Rapport – The Walton Way' management programme aimed at all staff with a management or supervisory role. The programme covers softer management skills including staff support and development and coaching conversations, a focus on equality and diversity and mental health awareness, as well as more practical elements including recruitment and policies. Furthermore, the Trust is accredited to deliver the Leadership Academy Mary Seacole programme and has supported a number of staff to successfully complete the course in 2022/23. The Trust continues to promote a coaching culture and staff are able to benefit from access to internal workplace coaching, working with our trained coach practitioners, with a new group of workplace coaches gaining accreditation in 2022/23.

The Walton Centre has a long history of supporting and developing its staff to access external professional development and the Trust benefited from a number of training grants from Health Education England for a range of educational activities, including staff Covid-19 recovery, upskilling, continue professional development and the purchase of a wide range of clinical skills equipment. The Trust also delivered further cohorts of both The Walton Centre's standalone Masters Neuroscience Module and the Rehabilitation Masters Module, both attended by a range of internal and external staff.

## Staff Sickness

The following table details sickness absence for the period at 31 March 2023.

**Table 24**

<b>Staff sickness absence</b>	<b>2022/23</b>	<b>2021/22</b>
Days lost (long-term)	23,394	26,282
Days lost (short-term)	13,158	13,114
Total days lost	36,552	39,396
Average staff service years	6.72	6.79
Average calendar days lost	14.38	16.13
Total staff employed in period (headcount)	1576	1526
Total staff employed in period with no absence (headcount)	523	485
Percentage staff with no sick leave	33.19%	31.78%

The total number of days lost due to sickness has reduced in comparison to the previous year, primarily due to the reduction in Covid-19 sickness although there was a significant number of staff impacted by seasonal flu in 2022/23. Covid-19 absence has continued in 2022/23 albeit at lower levels than in 2021/22.

**Table 25 - NHS Digital staff sickness figures January to December 2022**

<b>Figures Converted by DH to Best Estimates of Required Data Items</b>			<b>Statistics Produced by NHS Digital from ESR Data Warehouse</b>	
Average Full Time Equivalent (FTE) 2022	Adjusted FTE days lost to Cabinet Office Definitions	Average Sick Days per FTE	FTE Days Available	FTE Days recorded Sickness Absence
1,378.43	20,905	15.2	503,109	33,913

The figures from NHS Digital are broadly in line with the Trust's own figures for this period.

## Health and Safety

Following the introduction of a full-time personal safety lead in February 2023 a workplan has now been developed to support the delivery of the Trust's Violence Prevention and Reduction Strategy, this is in line with the national violence prevention and reduction standards. Following a review of current training provision for staff, a proposal was made to increase training for high-risk areas from three yearly to annual, this has now been approved and implemented. The violence and aggression working group has been re-established to focus on further improving the current systems for the management of challenging patients, including the development of an electronic risk assessment to ensure staff have all relevant information and robust management plans are in place.

During 2022/23 the Trust has developed and implemented an electronic health and safety management system. This requires all heads of departments having to complete an annual audit to ensure all health and safety related issues have been assessed and where required, remedial actions completed. The system also stores risk assessments within the system itself for ease of reference and enables departments to evidence this during any external visits or inspections. A compliance report is provided to the Health, Safety and Security Group to provide assurance and highlight any issues. A specific focus on COSHH (Control or Substances Hazardous to Health) files is currently being undertaken and files for all

departments will be available over the coming months. Assurance visits of high risk areas within the Trust are being arranged and findings will be fed back to the Health, Safety and Security Group.

### Staff Turnover

Throughout 2022-23, turnover for all staff groups has stayed consistent with the levels towards the end of 2021-22, with a 12month turnover rate of around 16% each month. The nursing turnover, however, has reduced towards the end of the year and is regularly lower than the turnover of all staff.

Further information on Trust and NHS workforce statistics is available through NHS Digital at the following web address <https://digital.nhs.uk/data-and-information/publications/statistical/nhs-workforce-statistics>

**Table 26 – Turnover 2022/23 (all staff groups)**

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
Turnover Rate (FTE)	0.76%	1.42%	1.24%	1.18%	2.54%	1.03%	1.67%	1.10%	1.35%	1.25%	0.80%	2.33%
Turnover Rate FTE (12month)	16.64%	16.34%	16.35%	16.25%	17.01%	16.32%	16.06%	16.26%	16.32%	16.00%	15.65%	16.61%

**Table 27 - Turnover (Nursing staff)**

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
Turnover Rate (FTE)	0.93%	0.66%	0.76%	1.21%	0.76%	0.51%	1.16%	1.61%	1.24%	1.13%	0.88%	1.40%
Turnover Rate FTE (12m)	14.34%	13.98%	13.13%	12.57%	12.38%	11.32%	10.77%	10.96%	11.85%	11.63%	11.55%	12.18%

### Number of individuals who retired early on ill-health grounds during the period of reporting

During the period 1 April 2022 to 31 March 2023 there were two instances of early retirement on the grounds of ill-health.

### Staff Experience and Engagement

The national staff survey is one strand of the Trusts staff engagement programme, the Trust participates in a number of different elements:

Elements include:

- Established staff communications and engagement methods including a daily safety huddle, the weekly email bulletin to all staff - Walton Weekly - and weekly Chief Executive blog; plus a monthly Team Brief meeting for all heads of department which is led by the Chief Executive
- Quarterly Clinical Senates draw together clinicians to discuss clinical issues and are well attended from all specialties
- Regular staff listening events - 'TEA' events held in summer 2022.

- Investors in People ‘Gold’ accreditation
- Investors in People ‘Gold’ Wellbeing award
- Participation in Pulse Survey The Trusts overall score for staff engagement in the NHS Staff Survey is an improvement on last year’s score from 7.3 to 7.4 and is above the average of 7.2. The Trust’s overall score for morale remained the same as last year at 6.2 and is above the average of 6.1

### **Pulse Survey Results**

The purpose of the Pulse Survey is to take a temperature check of how staff are feeling and to assess how likely employees are to recommend, to their friends and family, The Walton Centre as a place to work and also as a place to receive treatment.

**Table 28 - Pulse Survey Results**

<b>Survey Date</b>	<b>Care and Treatment</b>	<b>Place to Work</b>
April 2022	84.6%	57.5%
July 2022	79.8%	57.1%
January 2023	86.9%	69.2%

### **National Staff Survey**

The NHS Staff survey is a key element of the organisations overall approach to staff engagement.

Within the survey, the percentage of staff who would recommend the Trust as a place to work scored 70.3% against an average of 68.6% and the percentage of staff who would recommend the Trust as a place to receive treatment scored 86.5% which was the same as the average.

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

The response rate to the 2021/22 survey among trust staff was 42% (2020/21: 41%).The national average for specialist trusts in England for 2022 was 52%.

There are seven people promises and two themes as follows:

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

The Trust scores higher than average in all elements of the NHS People Promise with the exception of “we are always learning” which scored average but was an improvement on last year

## 2022/23 and 2021/22 Results

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

**Table 29**

People Promise elements and themes	2022/23		2021/22	
	Trust Score	Benchmark group score	Trust Score	Benchmark group score
We are compassionate and inclusive	7.7	7.5	7.6	7.5
We are recognised and rewarded	6.2	6.0	6.1	6.1
We each have a voice that counts	7.2	7.0	7.2	7.0
We work flexibly	6.6	6.4	6.5	6.3
We are a team	7.1	6.9	6.9	6.9
We are always learning	5.7	5.7	5.5	5.6
We are safe and healthy	6.4	6.3	6.3	6.2
Staff engagement	7.4	7.2	7.3	7.3
Morale	6.2	6.1	6.2	6.0

**Table 30 2020/21 Scores**

Scores for each indicator together with that of the survey benchmarking group 69 ([specify the benchmarking group]) are presented below.

	2020/21	
	Trust score	Benchmark group score
Equality, diversity and inclusion	9.3	9.2
Health and wellbeing	6.8	6.5
Immediate managers	7.3	7.1
Morale	6.7	6.4
Quality of appraisals	4.4	4.7
Quality of care	8.1	7.9
Safe environment – bullying and harassment	9.0	8.4
Safe environment – violence	9.9	9.8
Safety culture	7.5	7.0
Staff engagement	7.6	7.4

## Trade Union Facility Time

In line with the Trust's Partnership Agreement with its recognised staff representative bodies, in 2022/23 the Trust provided the following supported time for its recognised staff representative bodies per week;

### Relevant union officials

**Table 31**

<b>Number of employees who were relevant union officials during the relevant period</b>	<b>Full-time equivalent employee number</b>
<b>9.0</b>	<b>7.5</b>

### Percentage of time spent on facility time

**Table 32**

<b>Percentage of time</b>	<b>Number of employees</b>
0%	
1-50%	<b>9</b>
51%-99%	-
100%	-

### Percentage of pay bill spent on facility time

**Table 33**

<b>Total cost of facility time</b>	£22,751
<b>Total pay bill</b>	£76.72 million
<b>Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100</b>	0.03%

### Paid Trade Union activities

**Table 34**

<b>Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100</b>	20.78%
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## Off-payroll arrangements

Details of highly paid and/or senior off-payroll engagements during 2022/23 are included in tables 35 - 37 below.

**Table 35 – Highly paid off-payroll worker engagements as at 31 March 2023 earning £245 per day or greater**

Number of existing engagements as of 31 March 2023	Number
Of which, the number that have existed:	
for less than one year at the time of reporting	0
for between one and two years at the time of reporting	0
for between two and three years at the time of reporting	0
for between three and four years at the time of reporting	0
for four or more years at the time of reporting	0

**Table 36 - All highly paid off-payroll workers engaged at any point during the year ended 31 March 2023 earning £245 or greater**

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

**Table 37 - For any off-payroll engagements of Board members, and/or senior officials with significant financial responsibility, between 1 April 2022 and 31 March 2023**

	Number
Number of off-payroll engagements of board members, and/or senior officers 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	15

## Countering fraud and corruption

The Trust is committed to countering fraud and corruption and engages the services of an Anti-Fraud Specialist (AFS) through contract arrangements with Mersey Internal Audit Agency. The AFS works with the Trust to ensure compliance with the Government Functional Standards 013: Counter Fraud. The AFS is actively supported by the Chief Finance Officer and the Audit Committee and produces a work plan at the start of each year which outlines the core activities to be undertaken during the financial year. These activities cover

the mandated areas of; strategic governance, inform and involve, prevent and deter and hold to account. The work plan is reviewed and approved by the Audit Committee and the AFS produces periodic progress reports for the Committee throughout the year. The periodic reports culminate in a Anti-Fraud Annual Report to the Audit Committee which provides assurance on outcomes from activities undertaken during the year.

There is clear strategic support for anti-fraud and bribery work at the Trust. There is an Anti-Fraud, Bribery and Corruption Policy and a Raising Concerns Policy in place. The Chief Finance Officer is the executive lead for anti-fraud matters.

## Disclosures set out in the NHS Foundation Trust Code of Governance

### Statement of Compliance with the Code

The Walton Centre NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a 'comply or explain' basis. The NHS Foundation Trust Code of Governance mostly recently revised in 2014, is based on the principles of the UK Corporate Governance Code issued in 2012, This provides guidance and best practice advice for Trust's in discharging their statutory duties. This is the last year of reporting against this Code as a new code has been introduced which will be in use from 2023/24.

An NHS Foundation Trust is required to provide a specific set of disclosures in its Annual Report and it is recommended that it should consider how to apply the provisions in the best interest of patients. An annual review of the Code of Governance is undertaken by the Audit Committee and includes the identification of any areas for further development. The Audit Committee reviewed the compliance status on 18 April 2022 and confirmed that the Trust had fully implemented all sections of the Code in 2022/23 with the exception of the following.

**Table 38 - Exceptions to compliance with the Code of Governance**

Code section	Code provision	Trust position
B.2.6	Where an NHS foundation trust has two nominations committees, the nominations committee responsible for the appointment of non-executive directors should consist only of a majority of governors. If only one nominations committee exists, when nominations for non-executive, including the appointment of the chairperson or a deputy chairperson, are being discussed, there should be a majority of governors on the committee and also a majority governor representation on the interview panel.	The Nominations and Remuneration Committee of the Council of Governors is made up of five governors and the Chair of the Trust. Terms of Reference are in place outlining its membership and remit. The interview panel for a Non-Executive Director role in 2022 included three Governors and three Board Directors plus an external Chair. Therefore, there was not a majority of Governors on the Chair's interview panel but this was felt to be an appropriate mix and still within the spirit of the provision.

## **Statement of the Chief Executive's responsibilities as the Accounting Officer of The Walton Centre NHS Foundation Trust**

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

NHS England has given Accounts Directions which require The Walton Centre NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of The Walton Centre NHS Foundation Trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

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

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

The Accounting Officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS Foundation Trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS Foundation Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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



**Jan Ross Chief Executive**  
**19 June 2023**

## Annual Governance Statement 2022/23

### Scope of responsibility

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

### The purpose of the System of internal control

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

The Trust does not always directly deliver services, where it is more cost-effective to contract with third party suppliers, for example payroll, which is supplied by St Helens and Knowsley Teaching Hospitals NHS Trust. Contract meetings are held to discuss performance and achievement of key performance indicators against the contract. Services, such as payroll would be externally audited as required and a statement about the outcome would be shared with the Trust's auditors.

### Capacity to handle risk

The Trust has a new Risk Management Framework that was approved by the Board of Directors in March 2023. The Risk Management Framework defines the Trust's approach to, and appetite for, risk and risk management, describes the structures and processes for managing risk and sets objectives for improvement against which progress can be measured. A copy of the Framework is available on the Trust intranet and website. During 2022/23 the Trust received a 'high' assurance review from internal auditors in regard to the design of the risk management core controls. The report described overall control design for risk management as robust with governance processes clearly defined including roles and responsibilities, risk management training needs identified, and reporting processes clearly outlined.

### Leadership

The Chief Executive has overall responsibility for ensuring that effective risk management systems are in place within the Trust and for meeting all statutory requirements and adhering to guidance issued by NHS England and NHS Improvement and other regulatory bodies in respect of risk and governance. The Chief Executive has delegated the following responsibilities to Executive Directors:

- The Chief Finance Officer has responsibility for financial governance and associated financial risk, information governance and cyber security
- The Chief People Officer has responsibility for digital risk as well as workforce governance and risks

- The Chief Nurse has delegated authority for quality, risk management, clinical governance and complaints and is Executive lead for health and safety, safeguarding and infection prevention and control
- The Medical Director is responsible for all aspects of clinical risk management and clinical governance
- The Chief Operating Officer is responsible for operational performance, emergency planning, estates and facilities

All Executive Directors have responsibility for the management of strategic and operational risks within individual portfolios. These responsibilities include maintenance of risk registers and the promotion of risk management to staff within their areas of responsibility.

The Audit Committee has responsibility for the system of internal controls which includes oversight of risk, data quality, information governance systems and processes within the Trust. This also includes the processes for finance, governance, ensuring compliance with Care Quality Commission registration requirements and Clinical Audit.

### **Training**

To ensure that the Trust's approach to risk management is successfully implemented and maintained, staff of all levels, are trained to identify and manage risk in a way that is appropriate to their authority. This focuses on ensuring that they have the awareness, knowledge and guidance to carry out their duties safely and effectively. All staff are required to attend corporate induction on commencement of employment at the Trust and then regularly update their knowledge and skills via an ongoing mandatory training programme which is monitored by the People Group. Training programmes are aligned to statutory requirements, best practice and Trust policy. Emergency resilience training is also delivered to all senior managers who undertake on-call duties and table-top exercises are conducted to test the robustness of the Trust's Major Incident Plan. Compliance with mandatory training is reported to the Board of Directors and managers on a monthly basis.

The Governance Team have a number of appropriately qualified and experienced staff to lead, support and advise staff at all levels of the organisation with the identification and management of risk. To ensure a consistent approach to root cause analysis, investigation focussed training sessions are provided to relevant members of staff. Training in the use of Datix (the Trust's electronic risk management system) is also provided to staff as required. There is also an accessible, specialist system lead based centrally with the Governance Team.

The Trust continues to monitor the system for managing its policies and procedural documents to ensure appropriate guidance is available for all staff. Staff have access to all approved Trust policies, procedures and guidance in one location on the Intranet. Trust policies are also cascaded to all staff via Trust communications and other reporting mechanisms.

Developing a risk aware and risk sensitive culture continues to be an ongoing aim for the Trust. All adverse events are recorded and investigated by the Trust utilising the Datix risk management system. Those of a serious nature are considered and signed off via the Serious Incident Group led by the Medical Director and Chief Nurse. The Trust aims to minimise adverse outcomes to the organisation, staff, estate and, particularly, the patients who use its services, through adequate supervision and training, appropriate

delegation, continuous review of processes and the sharing of lessons learned and best practice via Trustwide and divisional governance systems.

Good practice and lessons learned from a variety of local and national sources on incidents, complaints, concerns, claims and audits are shared through a range of methods, including newsletters, service improvement work, education and training programmes, and through the divisional governance arrangements. Lessons and shared learning are also identified through, for example, the Quarterly Governance and Risk Management Reports which are considered through the governance structure and the Governance Bulletins.

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

A framework for managing risks across the Trust is set out in the Risk Management Framework and Risk Management Policy which were both renewed in 2022/23. These together provide a clear, structured and systematic approach to the management of risks to ensure that risk assessment is an integral part of clinical, managerial and financial processes at all levels of the organisation. The Trust applies a principle whereby risks are identified early and are controlled and/or resolved as close as possible to where the risk originated.

The Board of Directors is committed to ensuring that a robust infrastructure is in place to manage risks from operational level to Board level and that where risks crystallise, mitigations can be put in place. The Risk Management Framework outlines the Trust's approach to risk, accountability arrangements and the risk management process including identification, analysis, evaluation and approval of the risk appetite. A refresh of the Trust's Risk Appetite Statement was approved at Board in April 2023.

### **Quality**

Quality drives the Trust's Strategy and the Board of Directors is aware of potential risks to quality via the processes outlined above. The Trust's Quality Strategy (2019-24) was closed in 2022/23, with actions to be replaced with a new Quality Substrategy which will be approved in early 2023/24 and will be linked to the strategic ambitions set out in the Trust Strategy for 2022-25. The new Substrategy aims to improve on the quality of care centred on patients and their family's needs and to reduce avoidable harm. It will be informed through the concerns and risks identified through the Care Quality Commission (CQC) inspection in 2019, reported 'never events', intelligence data and consultation with patients, staff and key stakeholders. The Board of Directors will be assured on progress of delivery of the Quality Substrategy through regular reports throughout the year and via the Chair's key issues report from Quality Committee.

The work of the Quality Committee is informed by outputs from a number of management groups including; Quality and Patient Safety Group, Clinical Effectiveness and Services Group, Safeguarding Group, Health, Safety and Security Group, Infection Prevention and Control Committee, Patient Experience Group and Equality, Diversity and Inclusion Group.

Quality is a central element of all Board meetings. Either a patient, family or staff story is used to open each meeting of the Board of Directors, to ensure that the focus on quality of patient and family-centred care remains at the heart of all Board activity and decision making. The Board of Directors receives assurance from Quality Committee about all aspects of care for example through a quarterly governance report that contains details of serious incidents which includes near misses, serious case reviews, claims and coroners' inquests. The Quality Committee also reviews regular reports on all aspects impacting patient care such as complaints and concerns, safeguarding and infection prevention and control as well

as any external assessments of care at the Trust. Learning is disseminated via divisional risk and governance meetings which consider both clinical and non-clinical issues.

The Trustwide daily safety huddle supports the escalation of risk as it has representation from all specialties within the organisation. Meetings are held each weekday morning to ensure that issues and risks relating to the quality of care and the experience of both patients and staff can be escalated. The meetings are chaired by the Chief Nurse or a member of the Senior Nursing Team.

The Trust has a Raising Concerns at Work Policy in place, the content of which is consistent with national guidance in this area. Staff are aware of the policy and have direct access to the Freedom to Speak Up Guardian and a number of champions. The Guardian reports concerns and themes to the Board of Directors and also meets regularly with the Freedom to Speak Up Non-Executive Director Champion to ensure that any matters that may relate to the Chair or Chief Executive can be addressed if required in addition to understanding any changes in culture or significant concerns.

There were no Never Event in 2022/23 (as defined by national guidance). All serious incidents, including Never Events are investigated using the Trust's Root Cause Analysis serious incident investigation template. These investigations are monitored, reviewed and approved by the Trusts Serious Incident Review Group. Recommendations made from the investigations are tracked through the relevant divisional governance groups. All approved investigations are submitted to the commissioners for review. Feedback or queries from the commissioners are managed by the Trust's Serious Incident Review Group. Data pertaining to never events is also shared with the Care Quality Commission and discussed quarterly, noting lessons learnt.

### **Care Quality Commission (CQC) registration**

The Trust is required to register with the CQC and its current registration status is registered without conditions for the Health and Social Care Act 2008. The Trust is fully compliant with the registration requirements of the CQC. It monitors this compliance through its governance structure.

At the last CQC inspection of the Trust in 2019, the Trust was rated as 'Outstanding' overall and achieved 'Good' in the Well Led domain. The actions arising from this have formed the basis of an improvement plan agreed by the Board which was monitored by the Quality Committee until actions were complete or had become part of business as usual and was then closed off during 2022/23. The full report is available on the CQC website <https://www.cqc.org.uk/provider/RET>.

The Chief Nurse meets with the CQC on a quarterly basis. The Trust continues to ensure that the requirements set out within the Health and Social Care Act (Regulated Activities) Regulations 2015 are being met and annual assurance that the Trust is fully compliant is provided to the Audit Committee.

### **Data security**

The Data Security Protection Toolkit (DSPT) is a national data security standard set by NHS Digital which all NHS organisations are required to meet. The DSPT currently consists of 110 mandatory evidence items and provides assurances in multiple areas of data security including those related to the GDPR and cyber security standards. In 2021/22, the DSPT added requirements from the Cyber Essential Plus certification which provided enhanced assurance in this area. The DSPT consists of an annual online self-certification based on the 10 NHS Data Security Standards, as well as an external audit of several pre-defined key areas. The Trust's DSPT status is published by NHS Digital and is shared with the CQC, as well as being made available for commissioners, partner organisations and the public.

In 2022/23, the Trust reached the standards required and was able to make a satisfactory “standards met” submission. The DSPT is a Trust-wide responsibility with every member of staff and department having a part to play in the Trust meeting the standard. Progress on the DSPT is monitored through the Trust’s Information Governance structure and the Data Security and Protection Toolkit Subgroup. The Trust’s internal auditors are required to assess key elements of the DSPT each year and rated the Trust’s submission as providing ‘Substantial’ Assurance. The Trust was also assessed against the National Data Guardian standards and received ‘Moderate’ Assurance which is in line with most NHS organisations.

Data quality and data security risks are managed and controlled via the operational risk register. Risks to data quality and data security are continuously assessed and added to the relevant section of the Risk Register and reviewed by the Information Governance and Security Forum with key updates provided to the Business Performance Committee through a Chair’s key issues report.

Cyber security remains a high priority for the Trust and a principal risk. A greater number of Cyber security events in 2022/23 have increased the potential external threat and the Trust has continued to work to mitigate this threat.

The Trust has again maintained its ISO 27001 certification in information security with no additional risks or actions needing to be added following the external annual audit. The Trust’s Digital Team are also part of the Cheshire and Merseyside Cyber Collaboration Group and the national Cyber Associate Network, giving the Trust access to information, warnings and tools quickly and efficiently to be as proactive as possible.

The Business Performance Committee have received regular updates through the year and the Audit Committee have a role in ascertaining that the right systems of control are in place and receive an annual report to this effect.

### **Strategic risks 2022/23**

The principal risks to delivery of the Trust’s strategic objectives in 2022/23 were identified by the Board of Directors in May 2022 following the launch of the Trust’s new Strategy for 2022-25. The principal risks were identified as:

- **Quality** - If the Trust does not deliver high quality care for all patients, then this will lead to adverse clinical outcomes for patient and a deterioration of patient experience which would reduce staff morale and impact on the reputation of the Trust
- **Collaborative Pathways** - If the Trust does not succeed in developing and leading well led high quality standardised regional care pathways and networks then patient care and experience may deteriorate and the Trust will not achieve its ambition of providing outstanding and equitable patient care
- **Financial Performance** - If the Trust does not deliver its financial plan for 2022-23 the Trust’s standing and influence in the system will be diminished and this may result in less resource and opportunities in the future for the Trust to grow and meet its strategic ambitions
- **Performance** - If the Trust does not deliver its agreed activity for the year and meet pre-pandemic levels of activity then patient care and experience will be impacted and there will be financial and reputational impacts for the Trust
- **Learning and Development** – If the Trust does not provide the right environment or opportunities for staff to develop, learn and progress the organisation will not have well led services or experienced staff. This will reduce the Trust’s ability to provide well led, high quality services and lead to poor staff

experience, higher vacancy rates and the requirement for additional resource to recruit and train new staff

- **Health Inequalities** - If the Trust does not support its local community to prevent adverse health outcomes and prioritise wellbeing work for staff, then it will require more resource in the long-term to address the issues that arise from health inequalities for our staff and population
- **Capital Finance** - If the Trust does not maximise its opportunities to acquire capital funding then it may not have enough resource to deliver its estates strategy and provide a fit for purpose environment for staff and patients leading to poor staff morale, poor patient experience and the risk of increased backlog maintenance
- **Cyber security** - If Cyber Security attacks continue to evolve and grow then the Trust may be subject to a successful attack which may lead to service disruption, loss of data, sanctions, financial penalties and a loss of public confidence
- **Medical Education Offer** - If the Trust does not have the right staff with the right skills and the right processes, it will not be able to deliver its ambition of developing a national training offer in medical education in Neurosciences and will not deliver its strategic ambitions
- **Research and Development** - If the Trust does not develop the research department business model it will not attract the right staff or the research projects necessary for the Trust to become a world-class centre for Neurosciences and innovation
- **Innovation** – If the Trust does not develop a culture where staff are able to innovate, develop solutions and put patient care first then it will not attract the right staff to support the ambitions of the Trust
- **Digital** - If the Trust fails to deliver the benefits of the Digital Aspirant funding, then the Trust may fail to secure digital transformation leading to poor staff experience, a deterioration of patient safety, reputational damage, financial penalties and missed opportunity.

The Board of Directors closed the 2022/23 BAF on 6 April 2023 and set new principal risks for 2023/24.

The Board Committees receive delegated powers by the Board of Directors, as specified in their Terms of Reference, to provide assurance to the Board that each risk is being managed effectively and safely, through the scrutiny of operational and principal risks. The Committees review their assigned principal risks including any identified gaps in controls and assurance and monitor actions identified to mitigate and reduce these risks. This assurance framework is reviewed each year by the internal auditors and the required standards were met in 2022/23. In addition, in 2022/23 the Trust commissioned an external Well Led review which has a wide remit including assessing how risk is managed within the Trust. Recommendations made will be actioned in 2023/24. Further detail on this review is provided on page 32.

The principal risks are allocated to Board Committees to provide assurance as follows:

- Business Performance Committee - operational, financial and workforce performance. The Committee maintains an overview of the strategic business environment in which the Trust operates to identify strategic business risks and opportunities.
- Quality Committee focuses - all aspects of quality in respect of clinical care and regulatory standards of quality and safety. This includes infection prevention and control and the experience of patients and families.
- Research, Innovation and Medical Education (RIME) Committee - Research, Innovation and Medical Education

- Audit Committee - overall responsibility for the Trust's systems of internal control by means of an objective review of corporate governance and risk management arrangements and structure, including compliance with legislation, regulation and guidance governing the NHS
- Board of Directors – responsibility for Health Inequalities and social value.

### **Compliance with NHS Foundation Trust Condition 4 (FT Governance)**

The Trust has a governance structure in place to support compliance with NHS Foundation Trust Condition 4(8)(b) (Foundation Trust Governance). The Board of Directors recognises its accountabilities and provides leadership within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board has not identified any significant risks to compliance with provider licence condition FT4. This condition relates to the effectiveness of governance structures, the responsibilities of directors and committees and the reporting lines and accountabilities between the Board, its committees, and the Executive Team. The Board is satisfied with the timeliness and accuracy of information to assess risks to compliance with its NHS Provider Licence and the degree of rigour of oversight it has over performance.

As required under NHS Foundation Trust Condition 4(8), the Board of Directors assures itself of the validity of its Corporate Governance Statement through the review of supporting evidence and details of the risks and mitigations. The Statement is reviewed and approved by the Board of Directors annually; the statement evidences the current arrangements in place to mitigate risks to compliance and to ensure that there were no material risks. The Trust is also able to assure itself of the validity of the Annual Governance Statement through its regular meetings and papers such as reports of assurance committees, reports from internal and external auditors and reviews of the Trust's performance against national and local standards.

The Chair leads the Board of Directors and Council of Governors and ensures that the Board develops vision, strategies and objectives and that Directors understand their own accountability for governing the Trust. Directors' responsibilities are set out in their job descriptions which identify reporting lines and accountabilities.

The Board of Directors maintains oversight of the Trust's performance by consideration of an Integrated Performance Report (IPR) at each meeting. Quality Committee and Business Performance Committee, routinely review relevant aspects of Trust performance in accordance with terms of reference approved by the Board. The Board set the strategic direction for the Trust and monitor progress against that.

The Chair and Chief Executive provide visible leadership in developing a healthy culture for the organisation and ensure this is reflected and modelled in the individual Directors' and the Board's behaviour and decision making.

Non-Executive Directors are responsible for bringing independence, external perspective and constructive challenge. They hold the Executive Directors to account for delivery of the Trust's strategy, offer purposeful scrutiny and challenge and chair or participate as members of the Board Committees that support accountability. Non-Executive Directors are held to account individually and collectively by the Council of Governors for the performance of the Board of Directors.

The Chief Executive is responsible for leading the strategy development process and the delivery of the strategy and acts as the Trust's Accountable Officer in the establishment of effective performance management arrangements. The Executive Directors take a lead role in developing strategic proposals,

leading strategy implementation in functional areas and managing performance in their areas of responsibility. Executive Directors seek to nurture good leadership at all levels.

The Executive Management Team meets weekly and is accountable for the operational management of the Trust. The primary functions of the Executive Management Team include, management of organisational governance, investment and disinvestment, performance delivery, horizon scanning, strategy and policy development, interpretation and implementation, and stakeholder and partner engagement.

The Board of Directors reviews its Scheme of Reservation and Delegation (SoRD) and Standing Financial Instructions (SFIs) on an annual basis and through this and through review of the Terms of Reference of its committees, confirms that the Trust discharges its statutory functions. The Trust is satisfied that it has been compliant with these functions during 2022/23.

### **Embedding risk management**

Risk management is embedded within the organisation in a number of ways. All departments within Divisions maintain up to date risk registers via the Datix System and risk is a key agenda item on all meeting agendas. Where new risks are identified, mitigation is considered and agreed and, where appropriate, an entry is made on the relevant risk register or Board Assurance Framework (BAF). Risks are escalated via departmental risk registers to the Corporate and Divisional Risk Registers in line with the Risk Management policy. The Board Committees regularly review high level risks i.e. those risks with a residual risk score of 12 and above, for their respective areas of responsibility.

Management and operational structures are in place to manage the risks that the Trust faces. All groups working within the governance structure are remitted to identify and, where appropriate, escalate risks emerging from the business transacted. All schemes identified for the Trust's Cost Improvement Programme are subject to rigorous Quality Impact Assessments (QIA) and Equality Impact Assessments (EIA). These assessments serve to identify any risk of a negative impact on patient safety and quality which may arise from individual schemes and completed assessments are subject to joint approval by the Chief Nurse and the Medical Director, prior to being confirmed by the Chief Finance Officer. In addition, Business Cases for proposed service developments must include a full risk assessment and Equality Impact Assessment (EIA) prior to being considered for approval.

The Board of Directors maintains a Board Assurance Framework (BAF) which reviews the principal risks to achieving the Trust's strategic objectives as set out above. Each principal risk is aligned to a Board Committee and that Committee provides oversight and scrutiny on the effectiveness of controls and assurances relating to the relevant risks. The BAF includes links to high-scoring operational risks on the corporate and divisional risk registers and provides an effective focus on strategic and reputational risk. Gaps in assurance or controls are highlighted which gives the Board confidence that systems and processes are operating in a way that is safe and effective. The complete Board Assurance Framework is a dynamic tool that is reviewed quarterly by the Board of Directors for consideration, challenge and assessment of the Trust's risk and control environment and any risks to compliance with the Trust's licence.

The Trust provides information and assurance to the public and external stakeholders on its performance against its principal risks and objectives in a number of different ways, including:

- Trust Members are represented by a Council of Governors that includes public, staff and stakeholder Governors

- The Council of Governors receives regular updates on the status of the Board objectives and uses these and other information such as CQC ratings, to hold the Non-Executive Directors to account for the performance of the Board
- Consultation with the public is undertaken when developing new services and where key changes are proposed to existing services which may impact on them
- The Trust has an agreed process to advise and engage with overview and scrutiny committees when there are proposed changes that might impact on service users
- Healthwatch is represented on the Trust's Patient Experience Group.

### **Workforce strategies**

The Trust has in place a new People Substrategy (2022-25) to drive focus and delivery in a number of areas such as workforce planning, retention, equality, diversity and inclusion, health and wellbeing, leadership, succession planning, innovation and research and development. The People Substrategy is aligned to both the NHS People Plan and the Trust's strategic priorities. Progress against the People Substrategy is reported directly to the Board of Directors via the Business Performance Committee.

Workforce planning is an annual process where the Trust reviews current establishment and incorporates any known changes. Adhering to the principles of safe staffing, as defined in NHS Improvement's 'Developing Workforce Safeguards' (2018), a combination of evidence-based tools and professional judgement are used to develop the workforce plan. Safe and appropriate rotas are then produced to ensure safe staffing in all areas. The Trust is mindful that changes in workforce models and skill mixes require a robust assessment of risk and quality to provide assurance that these changes within the workforce do not adversely impact on patient care.

The nursing workforce is reviewed on a six-monthly basis in line with national guidance using various tools and data that is triangulated with nurse sensitive indicators to ensure that staffing is appropriate and safe. A benchmarking exercise is also undertaken to ensure that our patient staffing ratios are in line with those of other trusts providing similar services. Outcomes of the reviews are presented to the Board of Directors on a bi-annual basis. The nursing establishment planned versus actual results are reviewed by the Chief Nurse and presented to relevant committees and Trust Board prior to their monthly submission to NHS England and then published on the Trust website. The unify return is cross referenced with Friends and Family data, registered nurse to patient ratio, nurse sensitive indicators and occupancy rates.

Supply figures for Junior Doctors are agreed centrally at Health Education England. The process is locally co-ordinated through a local Lead Employer, St Helens and Knowsley Teaching Hospitals NHS Trust. The Board of Directors receives reports providing assurance on arrangements for the Trust's junior doctors on a quarterly basis from the Guardian of Safe Working. Policies and processes are in place to enable any concerns to be raised in relation to safe staffing, including access to the Trust's Freedom to Speak Up Guardian if necessary.

Controls are in place to ensure that all the Trust's staff have the appropriate skills and expertise to perform their duties. Each member of staff will complete a training needs assessment as part of their annual appraisal. This includes the provision of appropriate training and knowledge of the relevant policies and guidance which ensure that the data used to assess the quality of the Trust's performance is reliably collected and prepared by staff. The Information and Data Quality Group supports the management and improvement of data quality across Trustwide clinical systems. In addition, an ongoing programme of work through internal audit systematically reviews the underlying data quality.

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 and 100% of decision-making staff have submitted a declaration in 2022/23.

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 take account of the 'Delivering a Net Zero Health Service' report under the Greener NHS programme*. The trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

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

The Trust secures the economy, efficiency and effective use of resources through a variety of means including:

- A well-established policy framework including Standing Orders, Standing Financial Instructions and a Scheme of Reservation and Delegation
- Established commissioning and planning processes and compliance with new planning arrangements being established by the forming Integrated Care Systems
- An organisational structure which ensures accountability and challenge
- Effective corporate functions supporting the planning and management of resources
- Detailed monthly financial reporting to the Board of Directors with established key performance indicators and metrics within the Integrated Performance Report
- Support by internal and external audit to ensure economic, efficient and effective use of resources.

The Trust invests significant time in improving systems and controls to deliver a more embedded range of monitoring and control processes such as the implementation in year of electronic rotas for all clinical staff. In-year use of resources is closely monitored by the Board of Directors and the Board Committees.

Day-to-day management of resources is monitored through the Executive Management Team meetings. The Executive Team takes the lead in planning, delivering and initiating actions for recovery to bring variances back to plan when needed. Throughout the year the Executive Team has regularly reviewed performance against clinical, performance, workforce and financial indicators and has maintained an oversight of high-level operational risks. In addition, the Executive Directors hold regular performance review meetings with the Clinical Divisions and escalate any matters of concern at Executive Management Team meetings.

The Hospital Management Group, chaired by the Chief Operating Officer, provides oversight of the implementation of Trust strategies and objectives, reviews business cases and provides assurance to the

Executive Team that effective performance management continues to ensure delivery of the Trust's plans and operational targets.

The Trust employs a number of approaches to ensure best value for money (VFM) in delivering its services. Benchmarking is used to provide assurance and to inform and guide service redesign to deliver improvements in the quality of services and patient experience as well as financial performance. Efforts to ensure value for money and the effective use of resources are supported by the Trust's internal audit service and the risk-based Internal Audit Plan for 2022/23. The outputs from this Plan provide the Audit Committee and Board of Directors with independent and objective assurance that the Trust's risk management, governance and internal control processes are operating effectively. Value for money is also supported through the engagement of a dedicated, qualified Local Counter Fraud Specialist.

The Trust notes that the ISAE 3402 Service Auditor Report for the Electronic Staff Record (ESR) was qualified in respect of controls over the segregation of duties for changes to the NHS Hub. The Walton Centre outsources elements of its transactional financial services to a third party supplier and assurance on the effective operation of the control environments is gained through various measures, including an internal audit report that received High Assurance.

### **Information governance**

The Trust has a nominated Senior Information Risk Officer (SIRO) at executive level, the Chief Finance Officer, who has nominated responsibility for information risk. The Data Protection Officer (DPO) oversees Data Protection compliance and provides independent advice to the Trust.

The Trust uses the Datix Incident Report Form to capture data breaches reported by all levels of staff.

During 2022/23, a total of 149 information governance incidents were reported. Of these, five were classed as externally reportable to the Information Commissioners' Office (ICO):

- May 2022 – Two appointment outcome letters containing confidential information relating to a patient were sent within the records of another patient that were released during a subject access request
- July 2022 – Patient A received a copy of Patient B's records along with their own on an electronic portal. The information divulged consisted of a copy of outcome letters and a consent form
- July 2022 – Secretary emailed a patient in error instead of the consultant. This included another patients' results and outcome letter following a consultation.
- September 2022 – a patient received a letter that related to patient B along with their own letter
- January 2023 – Six pages of a handover document that related to multiple patients were accidentally obtained and taken home by a patient's relative. The information was returned to the Walton Centre as soon as the relative realised. Changes were made on the wards following this incident to reinforce that only initials should be on this document and not full names. The process was also reviewed by the matrons and an electronic solution is under consideration.

In all cases the patients were informed and apologies were given. The shared information was deleted by the recipient. The sender was spoken to in all cases and learning shared with the immediate team and with the daily patient safety huddle or wider where appropriate.

The ICO notified the Trust that all cases were closed with no further action required due to the remedial actions already taken by the Trust.

The Information Governance team work throughout the year to raise awareness and to prevent incidents occurring, this includes newsletters, items on the monthly Team Brief and in the Walton weekly as well as through email. In addition, all staff must complete an annual information governance e-learning module.

### **Data quality and governance**

The Trust maintains effective processes to identify, investigate and resolve any issues that arise in relation to data quality across all of its systems and support users to avoid issues reoccurring. This involves regular monitoring and communication with staff so they are fully aware of their roles and responsibilities regarding Data Quality and are encouraged to follow best practice.

The Data Quality team ensure that data and information are monitored and reviewed regularly. There are data quality checks covering key areas of the patient's journey to ensure that data is accurate, valid and complete.

Data quality is monitored through a monthly Information and Data Quality Assurance Group (IDQAG) chaired by the Head of Information and Business Intelligence and includes representatives from key areas. It escalates by exception to the Business and Performance Committee (BPC) which reports to the Trust Board. The group monitors key performance indicators of the Data Quality Maturity Index (DQMI) and develops targeted action plans on key issues and monitors those plans through to completion. IDQAG ensures that best practice is followed for the recording and capture of Trust data.

The Trust has a Data Quality Maturity Index (DQMI) score of 99.4% (November 2023) which reflects the strong culture of data quality management within the organisation.

Referral to Treatment (RTT) validators work closely with service managers to proactively manage RTT pathways and ensure that pathways are recorded accurately in the Patient Administration System (PAS). Pathways are reviewed by exception at weekly assurance meetings to escalate any issues. In terms of data submissions, the Information Team extracts data from PAS, via a data warehouse, and the data is collated prior to submission in accordance with RTT guidance. Data is then submitted following completion of further checks undertaken by Information and RTT validators.

Data Quality is regularly reviewed by Internal Audit as part of their annual cycle of audits. In 2021/22 the focus of this audit was the reporting of Pressure Ulcers and Health Care Acquired Infections (HCAI). A rating of moderate assurance was given and a number of recommendations were made which will be responded to mitigate any risks.

### **Review of effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on performance information available to me. My review is also informed by comments made by the external auditors in 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 of Directors, the Audit Committee, the Business Performance Committee, the Research, Innovation and Medical Education Committee and the Quality Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The process for maintaining and reviewing the effectiveness of the system of internal control is based on a governance structure with subject specific management groups at its foundations. Management groups, for example the Quality and Patient Safety Group or the Capital Management Group, report assurance, which may be positive or negative, and escalate issues to a Board Committee which initiate further management action where necessary and report outcomes of each meeting to the Board of Directors by means of a Chair's Report.

The Audit Committee has a specific remit in assessing the effectiveness of internal control systems and considers the outcomes of work undertaken by internal audit to test system effectiveness at each meeting. The Committee also reviews assurance reports from management on system effectiveness and actions taken to address audit recommendations.

The Audit Committee presents a Chair's Report to the Board following each meeting. The Board of Directors considers matters reported through the Committee Chair's Key Issues Report at each meeting and either acknowledges assurances provided or determines where remedial action may be required.

In describing the process that has been applied in maintaining and reviewing the effectiveness of the system of internal control I have detailed below some examples of the work undertaken during 2022/23. My review has been informed by:

- Board Committee reviews of the Board Assurance Framework (BAF), the review of key performance indicators and the receiving of escalations from committees and groups
- Positive Internal Audit review of the effectiveness of the overall system of internal control
- The Trust continues to be registered with the Care Quality Commission without conditions
- Committees within the Board's Committee structure having a clear timetable of meetings, agreed cycles of business and a clear reporting structure which enables matters to be reported and/or escalated in a timely manner
- Outcomes from the 2022/23 Clinical Audit programme
- The annual assurance provided to the Board in meeting the conditions of our Provider Licence
- Statements relating to the Trust accounts and financial position
- The substantial assurance audit relating to the NHS Data Protection and Security Toolkit

The Head of Internal Audit Opinion for the period 1 April 2022 to 31 March 2023 provides Substantial Assurance that there is a good system of internal control designed to meet the organisation's objectives and that controls are generally being applied consistently. The internal audit annual assessment of the BAF concluded that it is structured to meet NHS requirements, is visibly used by the organisation and clearly reflects the risks discussed by the Board. This provides me with assurance that there is an effective system of internal control to manage the principal risks identified by the organisation.

The Trust has a comprehensive risk-based internal audit plan in place and this programme was delivered in full during 2023/23 and an agreed plan for 2023/24 is in place. The outcomes from this programme provide me with further assurance on the effectiveness of internal controls.

Where recommendations were made as part of the reviews undertaken during 2022/23, most notably in relation to controlled drugs and IT Infrastructure Housekeeping, the Trust has made good progress in implementing these. The Audit Committee sought and gained assurance that management actions to

address these weaknesses would be progressed. It also received updates on overdue actions through the recommendations tracking process within the Trust keeping these at a low number through the year.

Progress against any recommendations made following reviews to further strengthen systems and controls is subject to regular monitoring by internal audit, the Executive Team and the Audit Committee. No 'Critical' recommendations were made in 2022/23. The provision of briefings, learning events and benchmarking reports by our internal audit service provider have also supported the Trust in strengthening internal control arrangements.

The Trust faced a number of challenges in 2022/23, not least the recovery of elective services that were impacted by the Covid-19 pandemic and supporting the workforce to move back into regular service provision. The Trust Board formally ended the changes that had been made to Standing Financial Instructions in recognition that the Trust might have to enter into arrangements at short notice during the pandemic. The level of industrial action within the health service across a number of different staff groups added to the challenge of reducing waiting times and through the last six months in particular the Trust has made significant inroads into reducing long waiting times. This included across spinal services which the Trust took over as the provider for in 2022/23. I am satisfied that if the Trust deviated from normal practice, this was driven by clinical need and was appropriate in the circumstances prevailing at the time. I am satisfied that Board members were sighted on the increased risks that may have been involved in these transactions and received information on a regular basis concerning significant transactions.

### **Conclusion**

My review confirms that The Walton Centre NHS Foundation Trust has a generally sound system of internal control that supports the achievement of its policies, aims and objectives. There were no significant control issues identified in 2022/23 and where weaknesses were noted, the Trust developed and implemented appropriate action plans to deliver the required improvements.



**Jan Ross**  
**Chief Executive**  
**19 June 2023**

# **Independent auditor's report to the Council of Governors of The Walton Centre NHS Foundation Trust**

## **Report on the audit of the financial statements**

### **Opinion on financial statements**

We have audited the financial statements of The Walton Centre NHS Foundation Trust (the 'Trust') and its subsidiary (the 'group') for the year ended 31 March 2023, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 7 of the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2022- 23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Trust as at 31 March 2023 and of the group's expenditure and income and the Trust's expenditure and income for the year then ended
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2022-23
- have been 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, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and 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**

We are responsible for concluding on the appropriateness of the Accounting Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the Trust to cease to continue as a going concern.

In our evaluation of the Accounting Officer's conclusions, and in accordance with the expectation set out within the Department of Health and Social Care Group Accounting Manual 2022-23 that the group and Trust's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group and Trust. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We

assessed the reasonableness of the basis of preparation used by the group and Trust and the group and Trust's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Grant Thornton UK LLP.

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 group's and 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 Accounting Officer with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Accounting Officer is responsible for the other information contained within the annual report. 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.

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 themselves. 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.

### **Opinion on other matters required by the Code of Audit Practice**

In our opinion:

- the parts of the Remuneration Report and the Staff Report to be audited have been properly prepared in accordance with NHS Foundation Trust annual reporting manual 2022/23
- based on the work undertaken in the course of the audit of the financial the other information published together with the 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:

- we issue a report in the public interest under Schedule 10 (3) of the National Health Service Act 2006 in the course of, or at the conclusion of the audit
- we refer a matter to the regulator under Schedule 10 (6) of the National Health Service Act 2006 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the incurring of unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.

We have nothing to report in respect of the above matters.

## **Responsibilities of the Accounting Officer**

As explained more fully in the Statement of the Chief Executive's responsibilities as the Accounting Officer, the Chief Executive, as Accounting Officer, is responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions included in the NHS foundation trust annual reporting manual 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the group's and the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer has been informed by the relevant national body of the intention to dissolve the Trust and the group without the transfer of the services to another public sector entity.

## **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 the 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Trust and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (international accounting standards and the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2022-23).
- We enquired of management and the Audit Committee, concerning the group and Trust's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations
  - the detection and response to the risks of fraud
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, internal audit and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the group and Trust's financial statements to material misstatement, including how fraud might occur, evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - Large and unusual journals that impacted the comprehensive income and expenditure statement made during the year and after the balance sheet date
  - Accounting estimates and critical judgements made by management

- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud
  - journal entry testing, with a focus on manual journals that were unusual and high risk journals
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and building valuations, asset lives, income and expenditure accruals
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue recognition, and the significant accounting estimates related to land and building valuations, asset lives and income and expenditure accruals.
- Our assessment of the appropriateness of the collective competence and capabilities of the group and Trust's engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the health sector and economy in which the group and Trust operates
  - understanding of the legal and regulatory requirements specific to the group and Trust including:
    - the provisions of the applicable legislation
    - NHS England's rules and related guidance
    - the applicable statutory provisions
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - The group and Trust's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, financial statement consolidation processes, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - The group and Trust's control environment, including the policies and procedures implemented by the group and Trust to ensure compliance with the requirements of the financial reporting framework.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Report on other legal and regulatory requirements – the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources**

### **Matter on which we are required to report by exception – the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources**

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves 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.

We have nothing to report in respect of the above matter.

### **Responsibilities of the Accounting Officer**

The Chief Executive, as Accounting 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 the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources**

We are required under paragraph 1 of Schedule 10 of the National Health Service Act 2006 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Trust plans and manages its resources to ensure it can continue to deliver its services
- Governance: how the Trust ensures that it makes informed decisions and properly manages its risks
- Improving economy, efficiency and effectiveness: how the Trust uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Trust has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

### **Report on other legal and regulatory requirements – Certificate**

We certify that we have completed the audit of the financial statements of The Walton Centre NHS Foundation Trust in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice.

### **Use of our report**

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Trust's Council of Governors 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 Trust and the Trust's Council of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

### ***Sarah L Ironmonger***

Sarah Ironmonger, Key Audit Partner  
for and on behalf of Grant Thornton UK LLP, Local Auditor Manchester  
29 June 2023

## **The Walton Centre NHS Foundation Trust**

### **Accounts for the period ending 31 March 2023**

The following presents the accounts for the Walton Centre NHS Foundation Trust for the period ending 31 March 2023.

The accounts have been prepared in accordance with the requirements as set out in paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006 (the 2006 Act) in the form which NHS Improvement, the Independent Regulator of NHS Foundation Trusts has, with the approval of the Treasury, directed.

A handwritten signature in black ink that reads "J Ross". The signature is written in a cursive style with a large, stylized 'J' and 'R'.

**Signed Jan Ross**

**Chief Executive 29 June 2023**

**STATEMENT OF  
COMPREHENSIVE INCOME**

2021/22			2022/23	
Foundation Trust £000	Group £000		Foundation Trust £000	Group £000
148,206	148,206	Operating income from patient care activities	173,143	173,143
7,790	7,924	Other operating income	8,419	8,755
<u>(154,025)</u>	<u>(154,447)</u>	Operating expenses	<u>(176,503)</u>	<u>(176,920)</u>
<b>1,971</b>	<b>1,683</b>	<b>OPERATING SURPLUS/(DEFICIT) FROM CONTINUING OPERATIONS</b>	<b>5,059</b>	<b>4,978</b>
		<b>Finance Costs</b>		
21	51	Finance income	857	885
(567)	(567)	Finance expenses	(550)	(550)
<u>(1,538)</u>	<u>(1,538)</u>	PDC Dividends payable	<u>(1,714)</u>	<u>(1,714)</u>
<b>(2,084)</b>	<b>(2,054)</b>	<b>Net Finance Costs</b>	<b>(1,407)</b>	<b>(1,379)</b>
19	19	Other gains/(losses)	(6)	(6)
<u>(94)</u>	<u>(352)</u>	<b>Surplus/(deficit) for the year from continuing operations</b>	<u><b>3,646</b></u>	<u><b>3,593</b></u>
<b>(94)</b>	<b>(352)</b>	<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>3,646</b>	<b>3,593</b>
		<b>Other comprehensive income Will not be reclassified to income and expenditure:</b>		
4,431	4,431	Revaluations	7,034	7,034
0	86	Fair value gains/(losses) on equity instruments designated at fair value through OCI	(35)	(35)
		<b>May be reclassified to income and expenditure when certain conditions are met:</b>		
<u><b>4,337</b></u>	<u><b>4,165</b></u>	<b>TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD</b>	<u><b>10,645</b></u>	<u><b>10,592</b></u>
		<b>Surplus/(deficit) for the period attributable to:</b>		
(94)	(352)	The Walton Centre NHS Foundation Trust	3,646	3,593
<u>(94)</u>	<u>(352)</u>	<b>TOTAL</b>	<u><b>3,646</b></u>	<u><b>3,593</b></u>
		<b>Total comprehensive income/(expense) for the period attributable to:</b>		
4,337	4,165	The Walton Centre NHS Foundation Trust	10,645	10,592
<u><b>4,337</b></u>	<u><b>4,165</b></u>	<b>TOTAL</b>	<u><b>10,645</b></u>	<u><b>10,592</b></u>

31-Mar-22

31-Mar-23

Foundation Trust £000	Group £000		Note	Foundation Trust £000	Group £000
1,025	1,025	<b>Non-current assets</b>			
95,147	95,147	Intangible assets	9	931	931
0	0	Property, plant and equipment	10.1	103,864	103,864
0	1,248	Right of use assets	10.5	955	955
434	434	Other investments/financial assets	11	0	1,213
<b>96,606</b>	<b>97,854</b>	Receivables	13.1	324	324
		<b>Total non-current assets</b>		<b>106,074</b>	<b>107,287</b>
		<b>Current assets</b>			
1,616	1,616	Inventories	12.1	1,038	1,038
5,005	5,008	Receivables	13.1	7,456	7,461
40,723	41,373	Cash and cash equivalents	14	47,719	48,249
<b>47,344</b>	<b>47,997</b>	<b>Total current assets</b>		<b>56,213</b>	<b>56,748</b>
<b>143,950</b>	<b>145,851</b>	<b>Total Assets</b>		<b>162,287</b>	<b>164,035</b>
		<b>Current liabilities</b>			
(31,099)	(31,311)	Trade and other payables	15	(35,600)	(35,747)
(1,619)	(1,619)	Borrowings	16.1	(1,757)	(1,757)
(66)	(66)	Provisions	17.1	(80)	(80)
(520)	(520)	Other liabilities	18	(1,064)	(1,064)
<b>(33,304)</b>	<b>(33,516)</b>	<b>Total current liabilities</b>		<b>(38,501)</b>	<b>(38,648)</b>
<b>110,646</b>	<b>112,335</b>	<b>Total assets less current liabilities</b>		<b>123,786</b>	<b>125,387</b>
		<b>Non-current liabilities</b>			
(22,283)	(22,283)	Borrowings	16.1	(21,503)	(21,503)
(699)	(699)	Provisions	17.1,17.2	(528)	(528)
<b>(22,982)</b>	<b>(22,982)</b>	<b>Total non-current liabilities</b>		<b>(22,031)</b>	<b>(22,031)</b>
<b>87,665</b>	<b>89,353</b>	<b>Total assets employed</b>		<b>101,755</b>	<b>103,356</b>
		<b>Financed by</b>			
		<b>Taxpayers' equity</b>			
34,617	34,617	Public Dividend Capital	24	38,028	38,028
7,378	7,378	Revaluation reserve	20	14,412	14,412
45,669	45,669	Income and expenditure reserve		49,315	49,315
0	1,689	<b>Others' equity</b>			
<b>87,664</b>	<b>89,353</b>	Charitable fund reserves	26	0	1,601
		<b>Total taxpayers' and others' equity</b>		<b>101,755</b>	<b>103,356</b>

The financial statements and notes on pages 86 to 129 were approved by the Board on 19th June 2023 and signed on its behalf by:



**Chief Executive**  
**29th June 2023**

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

	Total Group equity £000	Charitable fund reserves £000	Group Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total Taxpayers equity £000	Foundation Trust Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000
<b>Taxpayers' and others' equity at 1 April 2022 - brought forward</b>	<b>89,353</b>	<b>1,689</b>	<b>34,617</b>	<b>7,378</b>	<b>45,669</b>	<b>87,664</b>	<b>34,617</b>	<b>7,378</b>	<b>45,669</b>
Surplus for the year	3,593	26	0	0	3,567	3,646	0	0	3,646
Revaluations	7,034	0	0	7,034	0	7,034	0	7,034	0
Fair value gains/(losses) on equity instruments designated at fair value through OCI	(35)	(35)	0	0	0	0	0	0	0
Public dividend capital received	3,411	0	3,411	0	0	3,411	3,411	0	0
Other reserve movements	0	(79)	0	0	79	0	0	0	0
<b>Taxpayers' and others' equity at 31 March 2023</b>	<b>103,356</b>	<b>1,601</b>	<b>38,028</b>	<b>14,412</b>	<b>49,315</b>	<b>101,755</b>	<b>38,028</b>	<b>14,412</b>	<b>49,315</b>

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

	Total Group equity £000	Charitable fund reserves £000	Group Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total	Foundation Trust Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000
<b>Taxpayers' and others' equity at 1 April 2021 - brought forward</b>	<b>81,084</b>	<b>1,861</b>	<b>30,513</b>	<b>2,947</b>	<b>45,763</b>	<b>79,223</b>	<b>30,513</b>	<b>2,947</b>	<b>45,763</b>
Deficit for the year	(352)	(42)	0	0	(310)	(94)	0	0	(94)
Revaluations	4,431	0	0	4,431	0	4,431	0	4,431	0
Fair value gains/(losses) on equity instruments designated at fair value through OCI	86	86	0	0	0	0	0	0	0
Public dividend capital received	4,104	0	4,104	0	0	4,104	4,104	0	0
Other reserve movements	0	(216)	0	0	216	0	0	0	0
<b>Taxpayers' and others' equity at 31 March 2022</b>	<b>89,353</b>	<b>1,689</b>	<b>34,617</b>	<b>7,378</b>	<b>45,669</b>	<b>87,664</b>	<b>34,617</b>	<b>7,378</b>	<b>45,669</b>

## **Information on reserves**

### **Public dividend capital**

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

### **Revaluation reserve**

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

### **Income and expenditure reserve**

The balance of this reserve reflects balances formed on previous mergers of NHS bodies.

### **Charitable funds reserve**

This reserve comprises the ring-fenced funds held by the NHS charitable funds consolidated within these financial statements. These reserves are classified as restricted or unrestricted, a breakdown is provided in note 26.



## Accounting Policies

NHS England, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (DHSC GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the DHSC GAM 2022/23, issued by the Department of Health and Social Care. The accounting policies contained in the DHSC GAM follow International Financial Reporting Standards (IFRS) and HM Treasury's Financial Reporting Manual (FRoM) 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 DHSC GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the NHS Foundation Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

### 1.1 Going concern

The Walton Centre NHS Foundation Trust's annual report and 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.

The main factors in reaching this conclusion are:

- The Trust is in excellent financial health with good levels of reserves and has a track record of delivering surpluses
- The Trust has a robust governance structure which includes a Business Performance Committee, a sub-committee of the Board, which has responsibility to monitor financial performance and oversee the necessary corrective action on behalf of and in conjunction with the Board of Directors
- NHS England/Improvement have stated that the government has issued a mandate to NHSE/I for the continued provision of services in 2022/23. Providers can therefore continue to expect NHS funding to flow at similar levels to that previously provided where services are reasonably still expected to be commissioned
- The Trust has been prudent in its cash flow assumptions for 2022/23 incorporating the impact of capital expenditure, repayment of Public Dividend Capital, repayment of interest and capital on Department of Health and Social Care loans and the movement in working balances for the rest of the year
- Projected cash balances are sufficient to sustain the capital investment programme and meet short term operating costs. The Trust has sufficient cash headroom to support its plans
- The Trust has sufficient cash reserves to be able to operate for over 102.6 days if all income flows were to immediately cease
- There is no expectation for short term loans or overdraft facilities

- Auditors' opinions have provided assurance as to the accuracy and reliability of the Trust's financial systems and the robustness of the internal controls
- The Trust does not have evidence indicating that the going concern basis is not appropriate or that there is any prospect of intervention or dissolution within 12 months from the date of approval of these financial statements. In terms of the sustainable provision of services, there has been no indication from the Department of Health and Social Care that the Trust will not continue to be a going concern.

Consideration of risks to the financial sustainability of the organisation is a separate matter to the application of the going concern concept. Determining the financial sustainability of the organisation requires an assessment of its anticipated resources in the medium term. Any identified significant risk to financial sustainability is likely to form part of the risk disclosures included in the wider performance report but is distinct from the going concern assessment.

## **1.2 Accounting Convention**

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

## **1.3 Consolidation**

### **The Walton Centre Charity**

The Trust is the corporate trustee to The Walton Centre Charity (the Charity). The Trust has assessed its relationship to the Charity and determined it to be a subsidiary because the Trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the Charity and has the ability to affect those returns and other benefits through its power over the Charity.

The Charity's statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102. On consolidation, necessary adjustments are made to the Charity's assets, liabilities and transactions to:

- Recognise and measure them in accordance with the Trust's accounting policies
- Eliminate intra-group transactions, balances, gains and losses.

## **1.4 Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

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

### **1.4.1 Critical judgements in applying accounting policies**

In the process of applying the Trust's accounting policies, management has not been required to make any judgements, apart from those involving estimations, which has had a significant effect on the amounts recognised in the financial statements.

### **1.4.2 Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the Statement of Financial Position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. It is management's assumption that the estimates in the financial statements are unlikely to have a material change on the next 12 months.

Valuation and impairment of non-financial assets – the Trust assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The key area of uncertainty relates to the Trust's valuation of its land and buildings. Further details are provided in Note 8. The land and buildings were valued by Gerald Eve LLP as at 31 March 2023.

Whilst the impact of COVID-19 has reduced, we are currently in a period of high inflation caused by geo-political events such as the war in Ukraine, which are driving energy, food and other costs upwards, for people and businesses, creating a cost of living crisis in the UK. Markets have also reacted negatively to the former Chancellor's recent fiscal stimulus measures (the 'mini-budget'), resulting in considerable market volatility. Whilst the new Prime Minister has brought a degree of stability to the markets, the expectation of further significant increases in interest rates has reduced the availability and increased the cost of debt. This is feeding into increasing property yields across all asset classes, leading to falls in the value of real estate.

There is currently a lack of transactions which reflect the current funding environment and as such our valuation may carry a greater degree of uncertainty than would be the case under stable economic conditions. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

## **1.5 Operating Segments**

The Trust operates as a single operating segment. The board of directors, led by the Chief Executive is the chief operating decision maker within the Trust. The Trust is the UK's only specialist provider of neuroscience services and sees patients with neurological associated conditions referred from all over the country.

## **1.6 Revenue**

In the application of IFRS 15 a number of practical expedients offered in the Standard have been employed. These are as follows;

The Trust is not required to disclose information regarding performance obligations that are part of a contract that has an original expected duration of one year or less.

The Trust is not required to disclose information where revenue is recognised in line with the practical expedient offered in the Standard, where the right to consideration corresponds directly with value of the performance completed to date.

The FReM has mandated the exercise of the practical expedient offered in the Standard that requires the Trust to reflect the aggregate effect of all contracts modified before the date of initial application.

The main source of revenue for the Trust is contracts with commissioners in respect of healthcare services. Revenue in respect of services provided is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer and is measured at the amount of the transaction price allocated to that performance obligation. At the year end, the Trust accrues income relating to performance obligations satisfied in that year.

Where income is received for a specific performance obligation that is to be satisfied in the following year, that income is deferred.

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 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 a provision for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

#### ***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.

### **1.7 Employee Benefits**

#### ***Short-term employee benefits***

Salaries, wages and employment-related payments, including payments arising from 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 the employees are permitted to carry forward leave into the following period where it is deemed to be material.

## ***Pension costs***

Past and present employees are covered by the provisions of the NHS Pensions Scheme (the Scheme). The Scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. It is not possible for the Trust to identify its share of the underlying Scheme assets and liabilities. Therefore, the Scheme is accounted for as a defined contribution scheme. The cost to the Trust of participating in the Scheme is equal to the contributions payable to the Scheme for the accounting period.

Employer's pension cost contributions are charged to the Statement of Comprehensive Income 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. The Scheme is subject to a full actuarial valuation every four years and an accounting valuation every year.

## **1.8 Expenditure on Other Goods and Services**

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

### **1.8.1 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.

## **1.9 Property, Plant and Equipment**

### ***Capitalisation***

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; and
- The cost of the item can be measured reliably.

The asset must:

- Individually have a cost of at least £5,000; or
- Collectively have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, have broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or

- Form part of the initial equipping and setting-up cost of a new building, ward or unit irrespective of their individual or collective cost.

## **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.

Land and buildings used for the Trust's services or for administrative purposes are measured subsequently at current value in existing use. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the Statement of Financial Position date. Current values in existing use are based on modern equivalent assets basis for existing use on an alternative site valuation. The freehold property known as the Walton Centre NHS Foundation estate was valued as at 31 March 2023 by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the requirements of the RICS Valuation – Global Standards 2022 and the national standards and guidance set out in the UK national supplement (November 2018), the International Valuation Standards, and IFRS as adapted and interpreted by the Financial Reporting Manual (FReM). The valuations of specialised properties were derived using the Depreciated Replacement Cost (DRC) method.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

An item of property, plant and equipment which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 or IFRS 5.

## **Subsequent expenditure**

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

## **Depreciation**

Items of property, plant and equipment are depreciated over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated. Assets in the course of construction are not depreciated until the assets are brought into use. The estimated useful lives and residual values are reviewed each year-end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over their estimated useful lives or, where shorter, the lease term, unless the Trust expects to acquire the asset at the end of the lease term, in which case the asset is depreciated in the

same manner as for owned assets. Property, plant and equipment which has been reclassified as 'held for sale' ceases to be depreciated upon the reclassification.

### **Revaluation gains and losses**

Revaluation gains are taken to the revaluation reserve except where, and to the extent that, they reverse a revaluation decrease for the same asset previously recognised in the Statement of Comprehensive Income, in which case it is credited to the Statement of Comprehensive Income. A revaluation loss that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, is charged to the Statement of Comprehensive Income.

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 Statement of Financial Position date, the Trust reviews its tangible and intangible non-current assets to determine whether there is an indication that any have suffered impairment due to a loss of economic benefits or service potential. If there is an indication of an impairment loss, 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 DHSC GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; or (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefits 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 expenses 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 must be taken to the revaluation reserve to the extent that the impairment does not exceed the amount in the revaluation reserve for the asset in question, and thereafter to income and expenditure. Reversals of 'other impairments' are treated as revaluation gains.

### **De-recognition**

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

Following reclassification, the assets are measured at the lower of their existing carrying amount and their fair value less costs to sell. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the

carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

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

### **Donated, government grant and other grant funded assets**

Donated and grant funded property, plant and equipment assets are capitalised at current value in existing use if they will be held for their service potential, or otherwise at their fair value on receipt. The donation/grant is credited to the Statement of Comprehensive 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.

### **1.10 Intangible Assets**

#### ***Recognition***

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

Expenditure on research activities is recognised as an expense in the period in which it is incurred and is not capitalised. Intangible assets are capitalised when they have a cost of at least £5,000.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- The project is technically feasible to the point of completion and will result in an intangible asset for sale or use
- The Trust intends to complete the intangible asset and sell or use it
- The Trust has the ability to sell or use the intangible asset
- How the intangible asset will generate probable future economic or service delivery benefits, e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset
- Adequate technical, financial and other resources are available to the Trust to complete the development and sell or use the asset
- The Trust can measure reliably the expenditure attributable to the intangible asset during its development.

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

### ***Measurement***

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

Subsequently, intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of amortised replacement cost (modern equivalent asset basis) and the value in use where the asset is income generating. Revaluation 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 under IFRS 13, if it does not meet the requirements of IAS 40 or IFRS 5. Internally-developed software is held at historic cost to reflect the opposite effects of development costs and technological advances.

Intangible assets not yet available for use are tested for impairment annually.

### ***Amortisation***

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

## **1.11 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.

IFRS 16 Leases is effective across the public sector from 1 April 2022. The transition to IFRS 16 has been completed in accordance with paragraph C5 (b) of the Standard, applying IFRS 16 requirements retrospectively recognising the cumulative effects at the date of initial application.

In the transition to IFRS 16 a number of elections and practical expedients offered in the Standard have been employed. These are as follows:

The Trust has applied the practical expedient offered in the Standard per paragraph C3 to apply IFRS 16 to contracts or arrangements previously identified as containing a lease under the previous leasing standards IAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease and not to those that were identified as not containing a lease under previous leasing standards.

On initial application the Trust has measured the right of use assets for leases previously classified as operating leases per IFRS 16 C8 (b)(ii), at an amount equal to the lease liability adjusted for accrued or prepaid lease payments.

No adjustments have been made for operating leases in which the underlying asset is of low value per paragraph C9 (a) of the Standard.

The transitional provisions have not been applied to operating leases whose terms end within 12 months of the date of initial application has been employed per paragraph C10 (c) of IFRS 16. Hindsight is used to determine the lease term when contracts or arrangements contain options to extend or terminate the lease in accordance with C10 (e) of IFRS 16.

Hindsight is used to determine the lease term when contracts or arrangements contain options to extend or terminate the lease in accordance with C10 (e) of IFRS 16.

Due to transitional provisions employed the requirements for identifying a lease within paragraphs 9 to 11 of IFRS 16 are not employed for leases in existence at the initial date of application. Leases entered into on or after the 1st April 2022 will be assessed under the requirements of IFRS 16.

There are further expedients or election that have been employed by the Trust in applying IFRS 16. These include; The measurement requirements under IFRS 16 are not applied to leases with a term of 12 months or less under paragraph 5 (a) of IFRS 16.

The measurement requirements under IFRS 16 are not applied to leases where the underlying asset is of a low value which are identified as those assets of a value of less than £5,000, excluding any irrecoverable VAT, under paragraph 5 (b) of IFRS 16. The Trust will not apply IFRS 16 to any new leases of intangible assets applying the treatment described in section 1.10 instead.

HM Treasury have adapted the public sector approach to IFRS 16 which impacts on the identification and measurement of leasing arrangements that will be accounted for under IFRS 16.

The Trust is required to apply IFRS 16 to lease like arrangements entered into with other public sector entities that are in substance akin to an enforceable contract, that in their formal legal form may not be enforceable. Prior to accounting for such arrangements under IFRS 16 the Trust has assessed that in all other respects these arrangements meet the definition of a lease under the Standard.

The Trust is required to apply IFRS 16 to lease like arrangements entered into in which consideration exchanged is nil or nominal, therefore significantly below market value. These arrangements are described as peppercorn leases. Such arrangements are again required to meet the definition of a lease in every other respect prior to inclusion in the scope of IFRS 16. The accounting for peppercorn arrangements aligns to that identified for donated assets. Peppercorn leases are different in substance to arrangements in which consideration is below market value but not significantly below market value.

The nature of the accounting policy change for the lessee is more significant than for the lessor under IFRS 16. IFRS 16 introduces a singular lessee approach to measurement and classification in which lessees recognise a right of use asset.

For the lessor leases remain classified as finance leases when substantially all the risks and rewards incidental to ownership of an underlying asset are transferred to the lessee. When this transfer does not occur, leases are classified as operating leases.

### ***The Trust as lessee***

At the commencement date for the leasing arrangement a lessee shall recognise a right of use asset and corresponding lease liability. The Trust employs a revaluation model for the subsequent measurement of its right of use assets unless cost 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 below market value, cost is not considered to be an appropriate proxy to value the right of use asset.

Lease payments are apportioned between finance charges and repayment of the principal. Finance charges are recognised in the Statement of Comprehensive Income.

Irrecoverable VAT is expensed in the period to which it relates and therefore not included in the measurement of the lease liability and consequently the value of the right of use asset.

The incremental borrowing rate of 3.51% has been applied to the lease liabilities recognised at the date of initial application of IFRS 16.

Where changes in future lease payments result from a change in an index or rate or rent review, the lease liabilities are remeasured using an unchanged discount rate.

Where there is a change in a lease term or an option to purchase the underlying asset the Trust applies a revised rate to the remaining lease liability.

Where existing leases are modified the Trust must determine whether the arrangement constitutes a separate lease and apply the Standard accordingly.

Lease payments are recognised as an expense on a straight-line or another systematic basis over the lease term, where the lease term is in substance 12 months or less, or is elected as a lease containing low value underlying asset by the Trust.

### ***The Trust as lessor***

A lessor shall classify each of its leases as an operating or finance lease. A lease is classified as finance lease when the lease substantially transfers all the risks and rewards incidental to ownership of an underlying asset. Where substantially all the risks and rewards are not transferred, a lease is classified as an operating lease.

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust 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.

Income from operating leases is recognised on a straight-line 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.

### ***2021/22 Comparatives***

Comparatives for leasing transactions in these accounts have not been restated on an IFRS 16 basis. Under IAS 17 the classification of leases as operating or finance leases still

applicable to lessors under IFRS 16 also applied to lessees. In 2021/22 lease payments made by the Trust in respect of leases previously classified as operating leases were charged to expenditure on a straight-line basis.

### **1.12 Inventories**

Inventories are valued at the lower of cost and net realisable value using the first-in, first-out cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

### **1.13 Cash and Cash Equivalents**

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of any bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management. Cash, bank and any overdraft balances are recorded at current values.

### **1.14 Provisions**

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount as a result of a past event; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the discount rates published and mandated by HM Treasury.

Early retirement provisions are discounted using HM Treasury's pension discount rate of 1.70% (2021/22: negative 1.30%) in real terms.

#### ***Clinical negligence costs***

NHS Resolution (the trading name of the NHS Litigation Authority NHSLA) operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. The contribution is charged to the Statement of Comprehensive Income. 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 in Note 17 but is not recognised in the Trust's accounts. The excess on these claims payable by the Trust is included in the accounts and disclosed in Note 17 as 'other legal claims.'

#### ***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 the Statement of Comprehensive Income when the liability arises.

## 1.15 Contingencies

Contingent liabilities are not recognised, but are disclosed in Note 19, 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 Trust's control; or
- Present obligations arising from past events but for which it is not probable that transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

## 1.16 Financial Instruments and Financial Liabilities

### *Recognition and de-recognition*

Financial assets and financial liabilities which arise from contracts for 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, are recognised when, and to the extent which, performance occurs (i.e. when receipt or delivery of the goods or services is made).

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 of the risks and rewards of ownership. Financial liabilities are de-recognised when the obligation has been discharged, cancelled or expires.

### *Classification and measurement*

IFRS 9 requires the Trust to classify financial assets and financial liabilities in accordance with how they are subsequently measured. Financial assets must be classified as subsequently measured at:

- 'Amortised cost';
- 'Fair value through other comprehensive income'; or
- 'Fair value through profit and loss'.

The classification is determined by the cash flow and business model characteristics of the financial assets, as set out in IFRS 9, and is determined at the time of initial recognition.

Simple debt instruments such as trade receivables and loans, where these are held in order to collect the amount owing and any interest charge, will be classified as subsequently measured at amortised cost. As such, 'amortised cost' is the only category relevant to the Trust.

The Charity investments are measured at fair value.

Financial assets and financial liabilities are initially recognised at fair value plus or minus directly attributable transaction costs for financial assets and financial liabilities not measured at fair value through profit or loss. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices, where possible, or by valuation techniques.

Financial liabilities are classified as subsequently measured at:

- 'Amortised cost'; or
- 'Fair value through profit or loss.'

All of the Trust's financial liabilities are categorised as subsequently measured at 'amortised cost.'

#### ***Financial assets at amortised cost***

Financial assets measured at amortised cost are those held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and where the cash flows are solely payments of principal and interest. This includes most trade receivables, loans receivable, and other simple debt instruments. They are included in current assets.

The Trust's financial assets at amortised cost comprise:

- Current investments
- Cash and cash equivalents
- NHS receivables
- Accrued income
- Other receivables.

After initial recognition, these financial assets are measured at amortised cost using the effective interest method, less any impairment. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the life of the financial asset to the gross carrying amount of the financial asset.

#### ***Financial liabilities at amortised cost***

Financial liabilities at amortised cost are recognised in the Statement of Financial Position when the Trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received.

After initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability to the amortised cost of the financial liability. In the case of DHSC loans that would be the nominal rate charged on the loan.

They are included in current liabilities except for amounts payable more than 12 months after the Statement of Financial Position date, which are classified as long-term liabilities.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to finance costs.

#### ***Impairment of financial assets***

For all financial assets measured at amortised cost or at fair value through other comprehensive income (except equity instruments designated at fair value through other comprehensive income), lease receivables and contract assets, the Trust recognises a loss allowance representing expected credit losses on the financial instrument.

The Trust adopts the simplified approach to impairment, in accordance with IFRS 9, and measures the loss allowance for trade receivables, contract assets and lease receivables at an amount equal to lifetime expected credit losses. For other financial assets, the loss allowance is measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition (stage 2), and otherwise at an amount equal to 12-month expected credit losses (stage 1).

HM Treasury has ruled that central government bodies may not recognise stage 1 or stage 2 impairments against other government departments, their executive agencies, the Bank of England, Exchequer Funds, and Exchequer Funds' assets where repayment is ensured by primary legislation. The Trust therefore does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies. Additionally, the Department of Health and Social Care provides a guarantee of last resort against the debts of its arm's length bodies and NHS bodies (excluding NHS charities), and the Trust does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies.

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 the estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

### **1.17 Public Dividend Capital**

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of the establishment of the predecessor NHS Trust. HM Treasury has determined that, being issued under statutory authority rather than under contract, PDC is not a financial instrument within the meaning of IAS 32.

An annual charge, reflecting the forecast cost of capital utilised by the Trust, is paid over as PDC dividend. The charge is calculated at the real 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, except for:

- Donated assets (including lottery funded assets);
- Average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits (excluding cash balances held in GBS accounts that relate to a short-term working capital facility);
- Approved expenditure on COVID-19 capital assets; and
- Any PDC dividend balance receivable or payable.

The average relevant net assets is calculated as a simple average of opening and closing relevant net assets.

In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the 'pre-audit' version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

### **1.18 Third Party Assets**

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. Details of third party assets are given in Note 25 to the accounts.

### **1.19 Losses and Special Payments**

Losses and Special Payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way each individual case is handled.

Losses and Special Payments are charged to the relevant functional headings in the Statement of Comprehensive Income on an accruals basis, including losses which would have been made good through insurance cover had the Trust not been bearing its own risks (with insurance premiums then being included as normal revenue expenditure).

Note 27 on Losses and Special Payments is compiled directly from the losses and compensations register which is prepared on a cash basis.

### **1.20 Accounting standards that have been issued but have not yet been adopted**

The DHSC GAM does not require the following Standards and Interpretations to be applied in 2022/23.

- IFRS 17 Insurance Contracts – application required for accounting periods beginning on or after 1 January 2023, but not yet adopted by the FReM: early adoption is not therefore permitted.



NHS other includes income for patients from Wales, Scotland and Northern Ireland. Non-NHS other includes income for patients from the Isle of Man and Overseas.

## Note 2.2 Operating income from patient care activities (by nature)

2021/2 2 £000	Foundation Trust and Group	2022/2 3 £000
	<b>Acute services</b>	
121,038	Aligned payment & incentive (API) contract income / system block income*	135,612
17,155	High cost drugs income from commissioners (excluding pass-through costs)	22,804
3,395	Other NHS clinical income	3,175
	<b>Community services</b>	
939	Aligned payment & incentive (API) contract income / system block income*	1,034
	<b>All trusts</b>	
33	Private patient income	131
2,335	Elective recovery fund	3,945
0	Agenda for change pay award central funding***	2,782
3,063	Additional pension contribution central funding**	3,272
248	Other clinical income	388
<b>148,206</b>	<b>Total income from activities</b>	<b>173,143</b>
	<b>Of which:</b>	
148,206	Related to continuing operations	173,143

\*As part of the coronavirus pandemic response, transaction flows were simplified in the NHS and providers and their commissioners moved onto block contract payments at the start of 2020/21. In the second half of the year, a revised financial framework built on these arrangements but with a greater focus on system partnership and providers derived most of their income from these system envelopes. Comparatives in this note are presented to be comparable with the current year activity.

\*\*The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. Since 2019/20, NHS providers have continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

\*\*\*In March 2023 the government announced an additional pay offer for 2022/23, in addition to the pay award earlier in the year. Additional funding was made available by NHS England for implementing this pay offer for 2022/23 and the income and expenditure has been included in these accounts as guided by the Department of Health and Social Care and NHS England. In May 2023 the government confirmed this offer will be implemented as a further pay award in respect of 2022/23 based on individuals in employment at 31 March 2023.

## Note 2.3 Analysis of Other Operating Income: Other

2021/22			2022/23	
Foundation			Foundation	
Trust	Group		Trust	Group
£000	£000		£000	£000
2	2	Car parking	9	9
12	12	Catering	6	6
0	0	Clinical Tests	2	2
216	216	Clinical excellence awards	128	128
367	367	Other	399	399
<b>597</b>	<b>597</b>	<b>Total</b>	<b>544</b>	<b>544</b>

## Note 2.4 Income from activities arising from commissioner requested services

Under the terms of its provider licence, the trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider licence and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	2021/22	2022/23
	£000	£000
Income from services designated as commissioner requested services	145,815	172,338
Income from services not designated as commissioner requested services	2,391	805
<b>Total</b>	<b>148,206</b>	<b>173,143</b>

The operating lease income relates to the lease of land to The Clatterbridge Cancer Centre NHS FT to build a radiotherapy and stereotactic surgery centre, the lease of the coffee shops to ISS, and the lease of part of the Sid Watkins building to Mersey Care NHS FT for their brain injury rehabilitation unit.

## Note 2.5 Operating lease income

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.

Foundation Trust and Group	2021/22	2022/23
	£000	£000
<b>Lease receipts recognised as income in year:</b>		
Minimum lease receipts	679	714
<b>Total in-year operating lease income</b>	<b>679</b>	<b>714</b>

## Note 2.6 Future lease receipts

	<b>31 March 2023</b>
	<b>£000</b>
<b>Future minimum lease receipts due at 31 March 2023:</b>	
- not later than one year	398
- later than one year and not later than two years	398
- later than two years and not later than three years	398
- later than three years and not later than four years	398
- later than four years and not later than five years	398
- later than five years	16,658
<b>Total</b>	<b>18,648</b>
	<b>31 March 2022</b>
	<b>£000</b>
<b>Future minimum lease receipts due at 31 March 2022:</b>	
- not later than one year;	374
- later than one year and not later than five years;	1,455
- later than five years.	16,593
<b>Total</b>	<b>18,422</b>

### Note 3.1 OPERATING EXPENSES (by type)

2021/22			2022/23	
Foundation Trust £000	Group £000		Foundation Trust £000	Group £000
81,497	81,662	Staff and executive directors costs	90,895	91,090
893	893	Employee expenses - research & development	1,220	1,220
348	348	Employee expenses - education & training	362	362
139	139	Remuneration of non-executive directors	124	124
21,645	21,645	Supplies and services – clinical (excluding drugs costs)	26,675	26,675
3,802	3,802	Supplies and services - general	4,040	4,040
22,022	22,022	Drugs costs (drugs inventory consumed and purchase of non-inventory drugs)	27,198	27,198
22	22	Consultancy costs	82	82
1,153	1,153	Establishment	1,303	1,303
7,383	7,383	Premises	8,153	8,153
266	266	Transport (including patient travel)	560	560
5,913	5,913	Depreciation on property, plant and equipment and right of use assets	7,147	7,147
182	182	Amortisation on intangible assets	248	248
58	58	Movement in credit loss allowance: contract receivables/assets	64	64
15	15	Change in provisions discount rate(s)	(27)	(27)
113	116	Audit services - statutory audit	113	116
75	75	Internal audit costs	69	69
5,949	5,949	Clinical negligence	5,705	5,705
45	45	Legal fees	58	58
45	45	Insurance	58	58
220	220	Research and development	200	200
713	713	Education and training	515	515
0	0	Lease expenditure - low value assets (<£5k, excluding short term leases)	135	135
104	104	Operating lease expenditure (net) - comparative only	0	0
605	605	Car parking and security	807	807
8	8	Losses, ex gratia & special payments	36	36
351	351	Other services (e.g. external payroll)	283	283
0	254	Other NHS charitable fund resources expended	0	219
459	459	Other	480	480
<b>154,025</b>	<b>154,447</b>	<b>TOTAL OPERATING EXPENSES</b>	<b>176,503</b>	<b>176,920</b>
		<b>Of which:</b>		
154,025	154,447	Related to continuing operations	176,503	176,920

The external auditors' liability is limited to £2,000,000. Audit fees are shown inclusive of VAT

## Note 3.2 EMPLOYEE BENEFITS

2021/22			2022/23	
Foundation Trust	Group		Foundation Trust	Group
£000	£000		£000	£000
61,869	61,869	Salaries and wages	69,096	69,096
6,007	6,007	Social security costs	6,888	6,888
283	283	Apprenticeship levy	322	322
10,058	10,058	Employer's contributions to NHS pensions	10,733	10,733
60	60	Pension cost - other	68	68
74	74	Termination benefits	357	357
5,141	5,141	Temporary staff (including agency)	6,353	6,353
0	165	NHS charitable funds staff	0	195
<b>83,492</b>	<b>83,657</b>	<b>Total gross staff costs</b>	<b>93,817</b>	<b>94,012</b>
<b>83,492</b>	<b>83,657</b>	<b>Total staff costs</b>	<b>93,817</b>	<b>94,012</b>
		<b>Of which</b>		
(754)	(754)	Costs capitalised as part of assets	(1,340)	(1,340)
<b>82,738</b>	<b>82,903</b>		<b>92,477</b>	<b>92,672</b>

## Note 4 Retirement Benefits

### Foundation Trust and Group

#### PENSION COSTS

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

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

#### Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial

assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial

reporting purposes. The valuation of the scheme liability as at 31 March 2023, is based on valuation data as 31 March 2022, updated to 31 March 2023 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FrEM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

#### **b) Full actuarial (funding) valuation**

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay.

The actuarial valuation as at 31 March 2020 is currently underway and will set the new employer contribution rate due to be implemented from April 2024.

#### **Note 5 Retirements due to Ill-health**

##### **Foundation Trust and Group**

During the period 1 April 2021 to 31 March 2022 there were no early retirements due to ill health.

#### **Note 6.1 Finance income**

<b>Foundation Trust</b>	<b>Group</b>		<b>Foundation Trust</b>	<b>Group</b>
<b>2021/22</b>	<b>2021/22</b>		<b>2022/23</b>	<b>2022/23</b>
<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>
0	30	NHS charitable fund investment income	0	28
21	21	Bank interest	857	857
<b>21</b>	<b>51</b>	<b>TOTAL</b>	<b>857</b>	<b>885</b>

## Note 6.2 Finance Expenditure

Foundation Trust	Group		Foundation Trust	Group
2021/22	2021/22		2022/23	2022/23
£000	£000		£000	£000
		<b>Interest expense</b>		
566	566	Interest on capital loans from the Department of Health and Social Care	532	532
4	4	Interest on finance lease obligations	19	19
0	0	Interest on late payment of commercial debt	1	1
<b>570</b>	<b>570</b>	<b>Total interest expense</b>	<b>552</b>	<b>552</b>
(3)	(3)	Unwinding of discount on provisions	(4)	(4)
0	0	Other finance costs	2	2
<b>567</b>	<b>567</b>	<b>TOTAL</b>	<b>550</b>	<b>550</b>

## Note 7 Gains/(Losses) on disposal

2021/22	Foundation Trust and Group	2022/23
£000		£000
138	Loss on disposal of property, plant and equipment	(6)
(119)	Loss recognised on return of donated COVID assets to DHSC	0
<b>19</b>	<b>Total gains / (losses) on disposal of assets</b>	<b>(6)</b>

## Note 8 Impairments

### Foundation Trust and Group

During the period 1 April 2022 to 31 March 2023 there were nil impairments (2021/22 nil).

## Note 9 Intangible assets

Foundation Trust and Group	Software licences (purchased)	
	2021/22	2022/23
	£000	£000
<b>Valuation/Gross cost at 1 April</b>	<b>1,448</b>	<b>1,786</b>
Additions – purchased	318	154
Additions – donations of physical assets (non-cash)	0	0
Additions – assets purchased from cash donations/grants	20	0
<b>Gross cost at 31 March</b>	<b>1,786</b>	<b>1,940</b>
<b>Amortisation at 1 April</b>	<b>579</b>	<b>761</b>
Provided during the year	182	248
<b>Accumulated amortisation at 31 March</b>	<b>761</b>	<b>1,009</b>
<b>Net Book Value at 31 March</b>	<b>1,025</b>	<b>931</b>

Software assets are carried at historic cost and amortised on a straight-line basis over a period of five years. Software assets in use at the Trust have economic lives of between five and ten years.

## Note 10.1 Property, Plant and Equipment - 2022/23

Foundation Trust and Group	Total £000	Land £000	Buildings Excluding Dwellings £000	Assets Under Construction £000	Plant & Machinery £000	Information Technology £000	Furniture & Fittings £000
<b>Valuation/gross cost at 1 April 2022</b>	<b>125,971</b>	<b>1,700</b>	<b>69,414</b>	<b>55</b>	<b>41,534</b>	<b>12,529</b>	<b>739</b>
IFRS 16 implementation - reclassification to right of use assets	(435)	0	0	0	(435)	0	0
Additions	8,893	0	479	2,273	2,764	3,377	0
Revaluations	5,016	320	4,696	0	0	0	0
Reclassifications *	0	0	1,475	(1,475)	0	0	0
Disposals / derecognition	(1,824)	0	0	0	(1,565)	(139)	(120)
<b>Valuation/Gross cost at 31 March 2023</b>	<b>137,621</b>	<b>2,020</b>	<b>76,064</b>	<b>853</b>	<b>42,298</b>	<b>15,767</b>	<b>619</b>
<b>Accumulated depreciation at 1 April 2022 - brought forward</b>	<b>30,824</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,373</b>	<b>6,960</b>	<b>491</b>
IFRS 16 implementation - reclassification to right of use assets	(330)	0	0	0	(330)	0	0
Depreciation at start of period as FT							
Provided during the year	7,090	0	2,018	0	3,147	1,893	32
Revaluations	(2,018)	0	(2,018)	0	0	0	0
Disposals / derecognition	(1,809)	0	0	0	(1,565)	(139)	(105)
<b>Accumulated depreciation at 31 March 2023</b>	<b>33,757</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,625</b>	<b>8,714</b>	<b>418</b>
<b>Net book value at 31 March 2023</b>	<b>103,866</b>	<b>2,020</b>	<b>76,064</b>	<b>853</b>	<b>17,674</b>	<b>7,054</b>	<b>201</b>
<b>Net book value at 1 April 2022</b>	<b>95,149</b>	<b>1,700</b>	<b>69,414</b>	<b>55</b>	<b>18,162</b>	<b>5,570</b>	<b>248</b>

\* The reclassification in 2022/23 is relating to a replacement heating scheme that was brought into use at the end of the financial year.

## Note 10.2 Property, Plant and Equipment - 2021/22

Foundation Trust and Group	Total £000	Land £000	Buildings excluding dwellings £000	Assets Under Construction £000	Plant & Equipment £000	Information Technology £000	Furniture & fittings £000
<b>Valuation / gross cost at 1 April 2021 - as previously stated</b>	<b>112,968</b>	<b>1,380</b>	<b>65,118</b>	<b>0</b>	<b>37,358</b>	<b>8,373</b>	<b>739</b>
Additions	10,603	0	2,010	55	4,382	4,156	0
Revaluations	2,606	320	2,286	0	0	0	0
Disposals / derecognition	(206)	0	0	0	(206)	0	0
<b>Valuation/gross cost at 31 March 2022</b>	<b>125,971</b>	<b>1,700</b>	<b>69,414</b>	<b>55</b>	<b>41,534</b>	<b>12,529</b>	<b>739</b>
<b>Accumulated depreciation at 1 April 2021 - as previously stated</b>	<b>26,804</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,543</b>	<b>5,810</b>	<b>451</b>
Provided during the year	5,913	0	1,825	0	2,898	1,150	40
Revaluations	(1,825)	0	(1,825)	0	0	0	0
Disposals / derecognition	(68)	0	0	0	(68)	0	0
<b>Accumulated depreciation at 31 March 2022</b>	<b>30,824</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,373</b>	<b>6,960</b>	<b>491</b>
<b>Net book value at 31 March 2022</b>	<b>95,149</b>	<b>1,700</b>	<b>69,414</b>	<b>55</b>	<b>18,162</b>	<b>5,570</b>	<b>248</b>
<b>Net book value at 1 April 2021</b>	<b>86,164</b>	<b>1,380</b>	<b>65,118</b>	<b>0</b>	<b>16,814</b>	<b>2,563</b>	<b>288</b>

### Note 10.3 Property, plant and equipment financing

Foundation Trust and Group Net book value 31 March 2023	Total £000	Land £000	Buildings excluding dwellings £000	Assets Under Construction £000	Plant & Equipment £000	Information Technology £000	Furniture & Fittings £000
Owned	102,685	2,020	76,029	853	16,529	7,054	200
Owned – donated	1,179	0	35	0	1,128	0	16
<b>Total net book value at 31 March 2023</b>	<b>103,864</b>	<b>2,020</b>	<b>76,064</b>	<b>853</b>	<b>17,657</b>	<b>7,054</b>	<b>216</b>
<b>Net book value 31 March 2022</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Owned	93,625	1,700	69,372	55	16,699	5,570	229
Finance lease	105	0	0	0	105	0	0
Owned – donated	1,417	0	42	0	1,356	0	19
<b>Total net book value at 31 March 2022</b>	<b>95,147</b>	<b>1,700</b>	<b>69,414</b>	<b>55</b>	<b>18,160</b>	<b>5,570</b>	<b>248</b>

### Note 10.4 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2023

Group	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant & machinery £000	Information technology £000	Furniture & fittings £000	Total £000
Subject to an operating lease	131	583	0	0	0	0	714
Not subject to an operating lease	1,889	75,481	853	17,657	7,054	216	103,150
<b>NBV total at 31 March 2023</b>	<b>2,020</b>	<b>76,064</b>	<b>853</b>	<b>17,657</b>	<b>7,054</b>	<b>216</b>	<b>103,864</b>

### Note 10.5 Right of use assets – 2022/23

#### Foundation Trust and Group

IFRS 16 implementation – reclassification of existing leased assets from PPE or intangible assets

Additions

#### Valuation/gross cost at 31 March 2023

IFRS 16 implementation – reclassification of existing leased assets from PPE or intangible assets

Provided during the year

#### Accumulated depreciation at 31 March 2023

#### Net book value at 31 March 2023

Plant & machinery £000	Total £000
435	435
907	907
<b>1,342</b>	<b>1,342</b>
330	330
57	57
<b>387</b>	<b>387</b>
<b>955</b>	<b>955</b>

### Note 10.6 Economic life of property, plant and equipment

#### Foundation Trust and Group

	Min Life Years	Max Life Years
Buildings excluding dwellings	41	50
Plant & machinery	3	35
Information technology	3	15
Furniture & fittings	5	25

## Note 11 Other investments

<b>31-Mar-22</b>	<b>Foundation Trust and Group</b>	<b>31-Mar-23</b>
<b>£000</b>		<b>£000</b>
1,162	Carrying value of investments at 1 April	1,248
86	Movement in fair value through OCI	(35)
<u>1,248</u>	<b>Carrying value of investments at 31 March</b>	<u>1,213</u>

## Note 12.1 Inventories

<b>31-Mar-22</b>	<b>Foundation Trust and Group</b>	<b>31-Mar-23</b>
<b>£000</b>		<b>£000</b>
1,616	Consumables	1,038
<u>1,616</u>	<b>TOTAL Inventories</b>	<u>1,038</u>

## Note 12.2 Inventories Recognised in Expenses

<b>31-Mar-22</b>	<b>Foundation Trust and Group</b>	<b>31-Mar-23</b>
<b>£000</b>		<b>£000</b>
11,838	Inventories recognised in expenses	13,669
<u>11,838</u>	<b>TOTAL Inventories recognised in expenses</b>	<u>13,669</u>

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 £183k of items purchased by DHSC (£228k 2021/22) and £13,486k of items purchased by other providers (£11,610k 2021/22).

## Note 13.1 Trade receivables and other receivables

31-Mar-22			31-Mar-23	
Foundation Trust £000	Group £000		Foundation Trust £000	Group £000
4,136	4,136	<b>Current</b>		
		Contract receivables	6,539	6,539
(396)	(396)	Allowance for impaired contract receivables / assets	(460)	(460)
914	914	Prepayments (non-PFI)	736	736
351	351	Other receivables	641	641
0	3	NHS charitable funds receivables	0	5
<b>5,005</b>	<b>5,008</b>	<b>Total current receivables</b>	<b>7,456</b>	<b>7,461</b>
		<b>Non-current</b>		
434	434	Other receivables	324	324
<b>434</b>	<b>434</b>	<b>Total non-current receivables</b>	<b>324</b>	<b>324</b>
		<b>Of which receivable from NHS and DHSC group bodies:</b>		
		Of which are receivables from NHS and DHSC group bodies	1,455	1,455
3,454	3,454	Non-current	324	324
434	434			

## Note 13.2 Allowances for credit losses - 2022/23

### Foundation Trust and Group

#### Allowances as at 1 Apr 2022 - brought forward

Reversals of allowances

#### Allowances as at 31 Mar 2023

### Contract receivables and contract assets £000

396

64

**460**

## Note 13.3 Allowances for credit losses - 2021/22

### Foundation Trust and Group

#### Allowances as at 1 Apr 2021 - brought forward

New allowances arising

Utilisation of allowances (write offs)

#### Allowances as at 31 Mar 2022

### Contract receivables and contract assets £000

347

58

(9)

**396**

## Note 14 Cash and cash equivalents

31-Mar-22			31-Mar-23	
Foundation			Foundation	
Trust	Group		Trust	Group
£000	£000		£000	£000
35,689	36,369	<b>At 1 April</b>	40,723	41,373
5,034	5,004	Net change in year	6,996	6,876
<b>40,723</b>	<b>41,373</b>	<b>At 31 March</b>	<b>47,719</b>	<b>48,249</b>
		<b>Comprising:</b>		
240	890	Cash at commercial banks and in hand	59	589
40,483	40,483	Cash with the Government Banking Service	47,660	47,660
<b>40,723</b>	<b>41,373</b>	<b>Cash and cash equivalents as in SoFP</b>	<b>47,719</b>	<b>48,249</b>
<b>40,723</b>	<b>41,373</b>	<b>Cash and cash equivalents as in SoCF</b>	<b>47,719</b>	<b>48,249</b>

## Note 15 Trade and other payables

31-Mar-22			31-Mar-23	
Foundation			Foundation	
Trust	Group		Trust	Group
£000	£000		£000	£000
		<b>Current</b>		
2,556	2,556	Trade payables	3,870	3,870
6,000	6,000	Capital payables (including capital accruals)	2,491	2,491
16,649	16,649	Accruals (revenue costs only)	21,252	21,252
861	861	Social security costs	926	926
236	236	VAT payables	42	42
861	861	Other taxes payable	1,064	1,064
154	154	PDC dividend payable	47	47
991	991	Pension contributions payable	1,065	1,065
2,791	2,791	Other payables	4,843	4,843
0	212	NHS charitable funds: trade and other payables	0	147
<b>31,099</b>	<b>31,311</b>	<b>TOTAL CURRENT TRADE AND OTHER PAYABLES</b>	<b>35,600</b>	<b>35,747</b>
4,077	4,077	Of which payable to NHS and DHSC group bodies	3,742	3,742

## Note 16.1 Borrowings

31-Mar-22 £000	Foundation Trust and Group	31-Mar-23 £000
	<b>Current</b>	
1,557	Capital loans from the Department of Health	1,548
62	Obligations under leases	209
<u>1,619</u>	<b>TOTAL CURRENT BORROWINGS</b>	<u>1,757</u>
	<b>Non-current</b>	
22,240	Capital loans from the Department of Health and Social Care	20,844
43	Obligations under leases	659
<u>22,283</u>	<b>TOTAL OTHER NON CURRENT LIABILITIES</b>	<u>21,503</u>

## Note 16.2 Reconciliation of Liabilities Arising from Financing Activities

Foundation Trust and Group	Loans from DHSC £000	Finance leases £000	Total £000
<b>Carrying value at 1 April 2022</b>	<b>23,797</b>	<b>105</b>	<b>23,902</b>
<b>Cash movements:</b>			
Financing cash flows - payments and receipts of principal	(1,396)	(145)	(1,541)
Financing cash flows - payments of interest	(541)	(19)	(560)
<b>Non-cash movements:</b>			
Lease liability remeasurements	0	907	907
Application of effective interest rate (interest charge arising in year)	532	19	551
<b>Carrying value at 31 March 2023</b>	<b>22,392</b>	<b>867</b>	<b>23,259</b>

## Note 17.1 Provisions for liabilities and charges

Foundation Trust and Group	Current		Non-current	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
	£000	£000	£000	£000
Pensions - early departure costs	30	29	204	265
Other legal claims	44	35	0	0
Other	6	2	324	434
<b>Total</b>	<b>80</b>	<b>66</b>	<b>528</b>	<b>699</b>

## Note 17.2 Provisions for liabilities and charges analysis

Foundation Trust and Group	Total	Pensions -	Legal claims	Other
		early departure costs		
		£000		
<b>At 1 April 2022</b>	<b>765</b>	<b>294</b>	<b>35</b>	<b>436</b>
Change in the discount rate	(316)	(27)	0	(289)
Arising during the year	220	0	44	176
Utilised during the year - cash	(32)	(29)	(3)	0
Reversed unused	(32)	0	(32)	0
Unwinding of discount rate	3	(4)	0	7
<b>At 31 March 2023</b>	<b>608</b>	<b>234</b>	<b>44</b>	<b>330</b>
<b>Expected timing of cash flows:</b>				
- not later than one year	80	30	44	6
- later than one year and not later than five years	136	119	0	17
- later than five years	392	85	0	307
<b>TOTAL</b>	<b>608</b>	<b>234</b>	<b>44</b>	<b>330</b>

The pension provision relates to the anticipated costs for the enhanced element of ill-health pensions for former employees. These entitlements are explained in Note 4.

The provision for legal charges is in respect of legal claims accounted for as described in the accounting policies in Note 1. The figures are provided by NHS Resolution. £30,767,226 (2021/22: £35,496,262) is included in the provisions of NHS Resolution at 31 March 2023 in respect of clinical negligence liabilities of the Trust.

The other provision relates to clinician's pensions and relates to the potential liabilities arising from the 2019/20 clinicians pension scheme.

## Note 18 Other liabilities

31-Mar-22 £000	Foundation Trust and Group	31-Mar-23 £000
520	Deferred income	1,064
<b>520</b>	<b>TOTAL OTHER CURRENT LIABILITIES</b>	<b>1,064</b>

## Note 19 Contingencies

The Trust has £14,061 contingent liabilities relating to NHS Resolution cases as at 31 March 2023 (2021/22: £36,775). There have been no contingent assets or other contingent liabilities recognised at 31 March 2023 (2021/22: nil).

## Note 20 Revaluation Reserve

Foundation Trust and Group	Total revaluation reserve £000	Property, plant and equipment £000
Revaluation Reserve at 1 April 2022	7,378	7,378
Revaluations	7,034	7,034
<b>Revaluation reserve at 31 March 2023</b>	<b>14,412</b>	<b>14,412</b>
Foundation Trust and Group	Total revaluation reserve £000	Property, plant and equipment £000
Revaluation reserve at 1 April 2021	2,947	2,947
Revaluations	4,431	4,431
<b>Revaluation reserve at 31 March 2022</b>	<b>7,378</b>	<b>7,378</b>

The impairments, reversals and revaluations relate to the impact of the land and building valuations on The Walton Centre carried out by Gerald Eve LLP as at 31 March 2023.

## Note 21 Capital Commitments

At 31 March 2023 the Trust capital commitments were £504k (31 March 2022: nil) in relation to contractual commitments for capital items.

## Note 22.1 Financial instruments

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 its commissioners and the way those commissioners are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also, financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply.

The Trust has considered its exposure to the following financial risks:

- Currency Risk – the Trust has no overseas operations and the majority of transactions are sterling based. Foreign currency transactions arise from purchases of equipment and supplies from overseas providers and a small proportion of charitable investments. However, these are not significant in value or number of transactions and the Trust therefore has low exposure to currency rate fluctuations
- Interest Rate Risk – the Trust has loans for its capital expansion programme. However, these are at fixed rates with the Independent Trust Financing Facility. The Trust therefore has low exposure to interest rate fluctuations
- Credit Risk – the majority of the Trust’s revenue is from contracts with other public sector bodies. The Trust holds significant cash balances but these are also held through the Government Banking Service. Therefore the Trust has low exposure to credit risk. The Charity uses a commercial bank but its cash balances are not material to the Group. The Charity’s investments are managed through external investment managers. Investments are held in UK multi-asset pooled charity funds. The maximum exposure on receivables at 31 March 2023 is disclosed in Note 13.1 Trade Receivables and Other Receivables
- Liquidity Risk – the Trust’s operating costs are incurred principally under contracts with commissioners. Capital expenditure is funded principally for the provision of public sector services. The Trust is not exposed to significant liquidity risk.

#### **Note 22.2 Fair Value of Non-current Financial Assets**

The Charity held investments at 31 March 2023 with a fair value of £1,213,000 (31 March 2022: £1,248,000). The book value of these assets is £999,999.

## Note 22.3 Financial assets by category

	Foundation Trust and Group		
	Total	Held at amortised cost	Held at fair value through OCI
	£000	£000	£000
<b>Carrying values of financial assets as at 31 March 2023</b>			
Trade and other receivables excluding non financial assets	7,035	7,035	0
Cash and cash equivalents	47,719	47,719	0
Consolidated NHS Charitable fund financial assets	1,743	530	1,213
<b>Total at 31 March 2022</b>	<b>56,497</b>	<b>55,284</b>	<b>1,213</b>

	Foundation Trust and Group		
	Total	Held at amortised cost	Held at fair value through OCI
	£000	£000	£000
<b>Carrying values of financial assets as at 31 March 2022</b>			
Trade and other receivables excluding non financial assets	4,525	4,525	0
Cash and cash equivalents	40,723	40,723	0
Consolidated NHS Charitable fund financial assets	1,898	650	1,248
<b>Total at 31 March 2021</b>	<b>47,146</b>	<b>45,898</b>	<b>1,248</b>

## Note 22.4 Financial liabilities by category

	Foundation Trust and Group	
	Total	Held at amortised cost
	£000	£000
<b>Carrying values of financial liabilities as at 31 March 2023</b>		
Loans from the Department of Health and Social Care	22,392	22,392
Obligations under leases	867	867
Trade and other payables excluding non financial liabilities	33,325	33,325
Provisions under contract	608	608
<b>Total at 31 March 2023</b>	<b>57,192</b>	<b>57,192</b>

	Foundation Trust and Group	
	Total	Held at amortised cost
	£000	£000
<b>Carrying values of financial liabilities as at 31 March 2022</b>		
Loans from the Department of Health and Social Care	23,797	23,797
Obligations under finance leases	105	105
Trade and other payables excluding non financial liabilities	28,987	28,987
<b>Total at 31 March 2022</b>	<b>52,889</b>	<b>52,889</b>

## Note 23 Events after the Statement of Financial Position Date

The Directors are not aware of any event after the Statement of Financial Position date and up to the date that the financial statements were approved which will affect the accounts.

## **Note 24 Public Dividend Capital**

NHS Trusts are required to pay a dividend of 3.5% of their average net relevant assets to the Department of Health. This is calculated on a full financial year. The dividend is payable in two instalments in September and March.

## **Note 25 Third Party Balances**

At 31 March 2023 the Trust held £1,494.33 on behalf of patients (31 March 2022: £1,269.33).

## **Note 26 Related Party Transactions**

The Walton Centre NHS Foundation Trust is a public interest body authorised by NHS England and Improvement, the Independent Regulator for NHS Foundation Trusts. During the period none of the Board members or members of the key management staff, or parties related to them, has undertaken any material transactions with The Walton Centre NHS Foundation Trust.

The Department of Health and Social Care is a related party as the parent department of the Trust. During the period The Walton Centre NHS Foundation Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are listed below:

- NHS England
- Health Education England
- Liverpool Clinical Commissioning Group
- NHS Cheshire & Mersey Integrated Care Board (ICB)
- NHS Greater Manchester ICB
- NHS Lancashire & South ICB
- Liverpool University Hospitals NHS Foundation Trust
- NHS Resolution.

In addition the Trust has had material transactions with the following central government body:

- Welsh Assembly Government including all Welsh Health bodies.

In 2012/13, Liverpool Health Partners Ltd, a company limited by guarantee, was set up between the University of Liverpool, Liverpool University Hospital NHS FT, Alder Hey Children's NHS FT, The Clatterbridge Cancer Centre NHS FT, Liverpool Women's NHS FT, The Walton Centre NHS FT, Liverpool Heart and Chest NHS FT and Liverpool School of Tropical Medicine. The objects of the company are to advance education, health, learning and research by facilitating world class research among the partners. Each organisation has a single share in the company and the Chief Executives are ex-officio directors of the company. A contribution of £32,250 (2021/22: £104,040) was made to the company to enable it to carry out its objectives.

The Trust's Council of Governors comprise 19 elected Governors, 3 staff Governors, 5 appointed Partnership Governors and 11 public Governors. Governors are drawn from a range of stakeholders including patient groups, neurological charities, research and academic groups, NHS England, and Wales. Therefore, many, by the nature of their appointment, have interests in organisations with whom the Trust contracts. A register of interests is maintained and declarations of interests are given at each Governor meeting.

Since 2013/14 the Trust has included The Walton Centre Charity as a subsidiary because the Trust has the power to govern the financial and operating policies of the Fund so as to obtain benefits from its activities for itself, its patients or its staff. Transactions between the Trust and the Charity are not material and are eliminated on consolidation. Assets held by the Charity are to be used for charitable purposes only.

The financial activity of the Charity during 2022/23 and its balance sheet at 31 March 2023 are summarised as:

### Charitable Funds summary financial information prior to consolidation

Summary statement of financial activities	2021/22 £'000	2022/23 £'000
Operating income (incoming resources excluding investment income)	380	443
Operating expenditure	(638)	(496)
<b>Net (outgoing)/incoming resources before other recognised gains and losses</b>	<b>(258)</b>	<b>(53)</b>
Fair value gains/(losses) on equity instruments designated at fair value through OCI	86	(35)
<b>Net movement in funds</b>	<b>(172)</b>	<b>(88)</b>
Summary balance sheet	31-Mar-22 £'000	31-Mar-23 £'000
<b>Non-current assets</b>		
Other investments/financial assets	1,248	1,213
<b>Total non-current assets</b>	<b>1,248</b>	<b>1,213</b>
Receivables	3	5
Cash and cash equivalents	650	530
<b>Total current assets</b>	<b>653</b>	<b>535</b>
<b>Current liabilities</b>		
Trade and other payables	(212)	(147)
<b>Total current liabilities</b>	<b>(212)</b>	<b>(147)</b>
<b>Total net assets</b>	<b>1,689</b>	<b>1,601</b>
Unrestricted funds	1,689	1,601
<b>Total funds</b>	<b>1,689</b>	<b>1,601</b>

### Note 27 Losses and Special Payments

During the period the Trust made 6 (2021/22: 1) special payments with a total value of £14,460 (2021/22: £13). There were 4 payments in respect of 2022/23 at a value of £11,275 for claims by third parties by NHS Resolution (2021/22: nil payments). The Trust also wrote off nil (2021/22: 14) debts with a total value of nil (2021/22: £8,995). No items of stock were written off due to loss, damage or expiry.





**The Walton Centre**  
NHS Foundation Trust

*Excellence in Neuroscience* 