NHS
The Leeds Teaching Hospitals
NHS Trust

Annual Accounts
2023-2024

Financial Review 2023/24

The financial year ending on 31st March 2024 has been another challenging year for the Trust with the on-going impact of consultants', nurses' and junior doctors' strikes, the impact of high levels of bed occupancy and the impact of inflation resulting from events worldwide.

The year has seen further changes in the NHS Financial Regime. While payments by results was introduced for elective recovery funding, West Yorkshire ICS adopted a local model approved by NHS England.

Despite these pressures and changes, the year has seen continued strong results from a finance perspective. The Trust's Finance Directorate; encompassing Finance and Procurement have been integral to the Trust's delivery of a record Waste Reduction Programme of £131.8m.

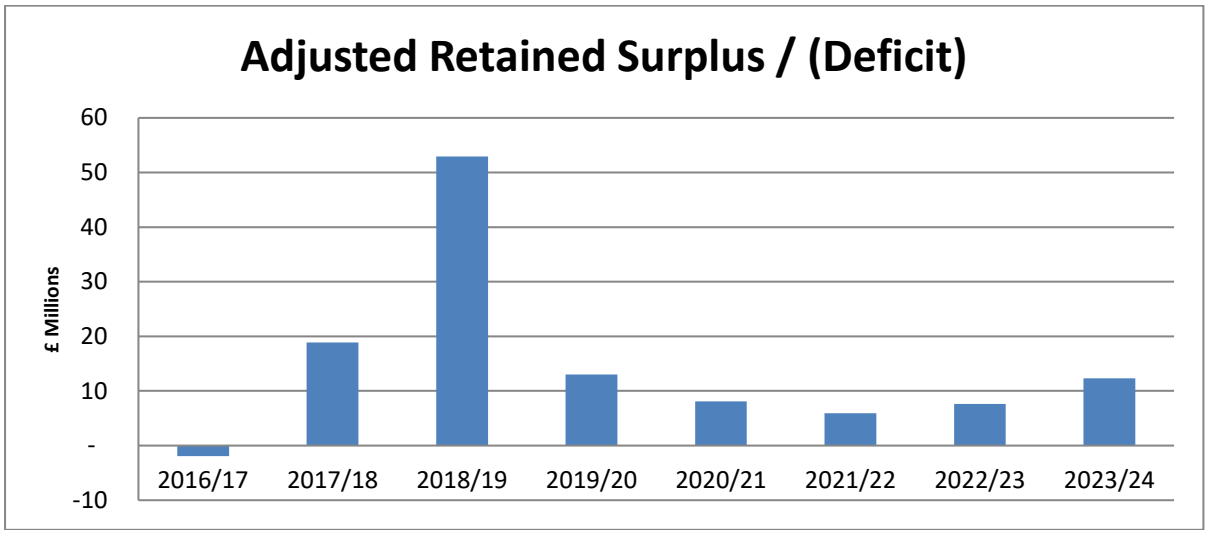
Overall, 2023-24 was another year of financial success and achievement for the Trust.

Highlights of 2023/24 from a financial point of view are:

- A revenue surplus, after technical adjustments, of £12.3m. The seventh consecutive year of surplus (see table 1 below);
- Significant level of capital investment of £99m (see table 7);
- Delivery of a record mitigation and Waste Reduction Programme of £131.8m, significantly overachieving against national expectations and in comparison to previous years;
- Cash balance of £48m;
- Maintained achievement against the Better Payments Practice Code for paying suppliers promptly of 97%, the highest level achieved (see table 6);
- Confirmation from the Secretary of State for Health and Social Care for funding and delivery of Leeds's New Hospitals Programme.
- The NHS Finance Leadership Council agreed that Leeds Teaching Hospitals NHS Trust should be re-awarded One NHS Finance Towards Excellence Accreditation, at level 3, with effect from 10 May 2023. This is the highest accreditation level possible and Level 3 organisations demonstrate an influential NHS finance function that extends beyond their own organisation based on exceptional finance skills development culture and practices.
- The collaborative Pathology MSC Steering Group was honoured with the 'Close Partnering and Collaboration Award' by the Yorkshire and Humber HFMA for their outstanding work on the Pathology MSC contract. This contract is projected to deliver over £30 million in savings across three WYAAT Trusts of Leeds Teaching Hospitals NHS Trust, Calderdale & Huddersfield NHS Foundation Trust and Mid Yorkshire Teaching NHS Trust.
- Finance has achieved recognition at the Health Care Supplies Association (HCSA) 2023 annual awards in the categories of: HCSA Procurement Excellence Award; HCSA Logistics Excellence Award; and the above Pathology MSC contract was shortlisted in the HCSA Cross Functional Collaboration Award.
- At the Annual Healthcare Finance Managers Association Awards, Leeds Teaching Hospitals NHS Trust secured the Environmental Sustainability Award.

None of this would have been possible without the tremendous contribution of all members of staff across the Trust, not least those in the Finance CSU.

Table 1



Income and Expenditure Summary

One of the Trust's strategic goals is financial sustainability, with the aim of becoming the most efficient teaching hospital in England. Achieving a sustainable revenue surplus is a clear measure of success against this goal in addition to meeting the statutory duty to achieve breakeven.

A sustainable surplus is important because the cash generated can be invested in subsequent years as capital expenditure to maintain and improve our estate, purchase medical equipment or develop our digital infrastructure to provide modern healthcare to our patients in safe surroundings.

The Trust has delivered an adjusted financial performance surplus of £12.3m. The performance contributed to the West Yorkshire ICB achieving its control target for 2023/24.

For 2023/24, the Trust was contracted via the Aligned Payment Incentive Approach (APIA). The majority of the income received under this revised National contractual approach was fixed. The main variable elements to the income received into the Trust were related to NHS England commissioned drugs and devices. For elective activity commissioned by the West Yorkshire ICB and NHSE Specialised Commissioning, the Trust varied from the National Payment System and instead agreed a local payment mechanism based on the number of 52-week wait patients where the Trust would earn additional funding if we performed better than the agreed target. The Trust exceeded our best case position for 52 week breaches despite Industrial Action, which earned an additional £2.3m. The Trust also secured additional funding via the Elective Recovery Framework from the Integrated Care Board's (ICB's) and NHS England Specialised Commissioning of £51.8m based on the commissioner allocations increasing.

Table 2 illustrates the income received over the year from different sectors.

Table 2

	2017/18 Actual £000	2018/19 Actual £000	2019/20 Actual £000	2020/21 Actual £000	2021/22 Actual £000	2022/23 Actual £000	2023/24 Actual £000
NHS England	498,293	515,025	589,857	619,924	702,831	816,560	817,726
Clinical Commissioning Groups/ Integrated Care Board	522,806	543,232	588,855	652,340	778,854	772,150	816,412
Non-NHS: Private Patients	5,857	4,907	5,535	3,706	3,845	1,437	1,386
Other income from patient care activities	7,266	20,448	8,739	6,234	7,375	8,337	9,647
Other operating income	204,045	252,235	221,754	314,591	235,040	245,504	255,345
Total operating income	1,238,267	1,335,847	1,414,740	1,596,795	1,727,945	1,843,988	1,900,516

Included in “Other Operating” income above is £2.9m in respect of donations from a number of charities and organisations who generously support our services by funding equipment purchases, research activity, specialist staffing or environmental enhancements. The Trust is grateful to all the charities from which it receives support.

The Leeds Hospitals Charity (formerly Leeds Cares) is the official charity partner of the Trust. It has continued to raise funds on our behalf and worked closely with our staff to raise the profile of our services.

Table 3 below gives a summarised breakdown of expenditure during 2023/24.

Table 3

	2017/18 Actual £000	2018/19 Actual £000	2019/20 Actual £000	2020/21 Actual £000	2021/22 Actual £000	2022/23 Actual £000	2023/24 Actual £000
Employment related costs	702,958	745,032	830,372	924,569	985,758	1,088,351	1,126,477
Drug costs	178,445	188,170	200,947	237,243	266,116	285,106	301,554
Clinical supplies and services	155,889	153,668	156,404	164,594	182,293	191,325	205,857
Premises	42,348	54,594	68,597	78,021	74,831	70,769	66,035
Other operating expenses	172,962	117,297	113,883	199,182	189,850	136,191	157,567
Total operating expenses	1,252,602	1,258,761	1,370,203	1,603,609	1,698,848	1,771,742	1,857,490

- The expenditure position has increased due to an increase in costs from inflation, drugs costs and staffing costs, including strike costs.

- Employment costs have increased during the year. There has been an increase of 556 WTE (£41m) in the number of permanent staff employed by the Trust, including 177 nurses, 67 scientist/technical staff and 28 additional doctors. The cost of the pay award for agenda for change and medical staff was £52m.
- To achieve its surplus the Trust delivered a mitigation and waste reduction programme of £131.8m, of which £53.5m came from programmes across our Clinical Services Units. A further £23.9m was delivered from strategic cost base reviews across the organisation. The balance was delivered from other Trust wide

cost savings programmes. These programmes were and continue to be, built on the principles of our Leeds Improvement Method. The Leeds Improvement Method seeks to identify and remove wasteful practices, procedures or delays which impede great patient experience. Financial savings being a by-product of introducing improvements in the way we communicate with and treat patients in our care. Each year, more and more of our staff are receiving training in the Leeds Improvement Method.

The two charts below give some further information on where our income comes from and how we use it to deliver our full range of services to patients.

Table 4

Where Each £1 Comes From

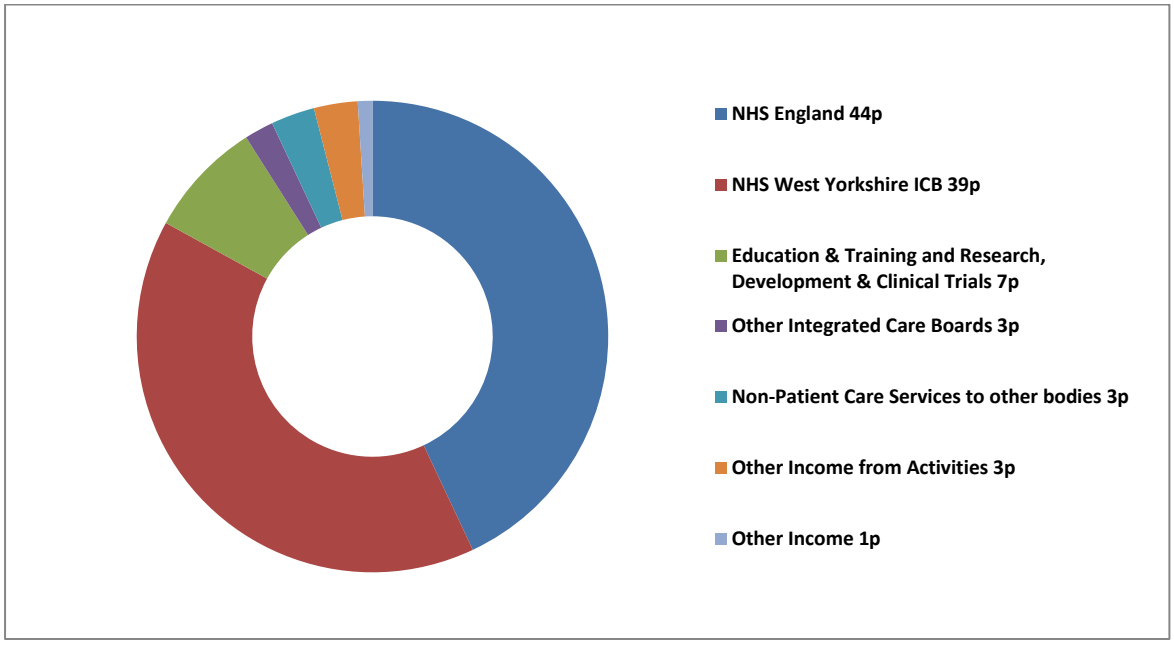
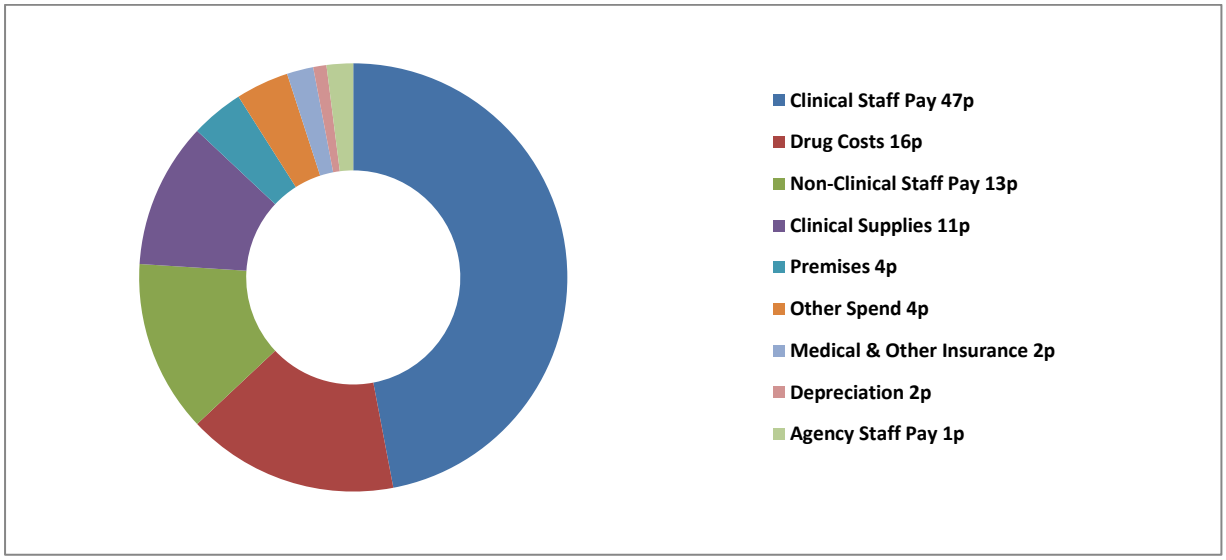


Table 5

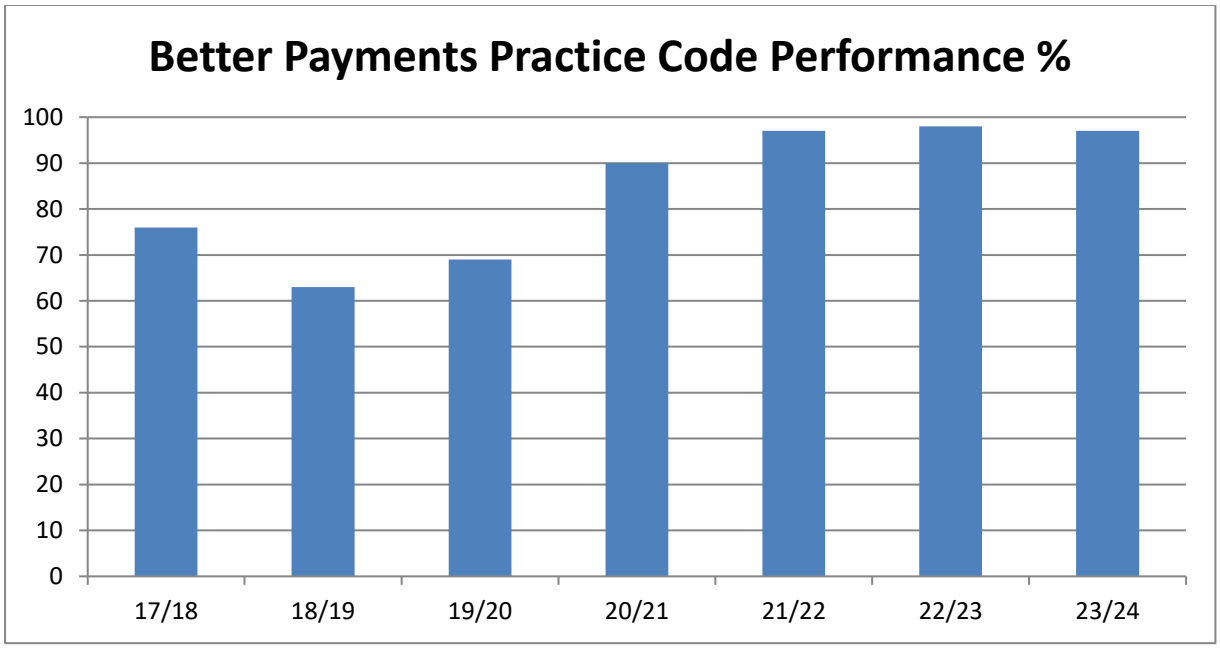
How Each £1 is Spent



Better Payments Practice Code

The change in the NHS finance regime and the move to block contract payments, alongside better invoicing and debt collection processes has helped to improve our liquidity position. One of the innovations mentioned earlier has been the move to twice weekly supplier payment runs. The result has been an improvement in our Better Payments Practice Code compliance percentage with 98% of valid supplier invoices now being paid within 30 days or their due date (if later). This achievement was recognised with a letter of commendation from Julian Kelly, NHS England's Director of Finance. The table below shows the improvement over the past few years. In challenging economic times it is particularly important to support our suppliers and local businesses by ensuring prompt payments are made to them so it is particularly pleasing to see the improvement.

Table 6



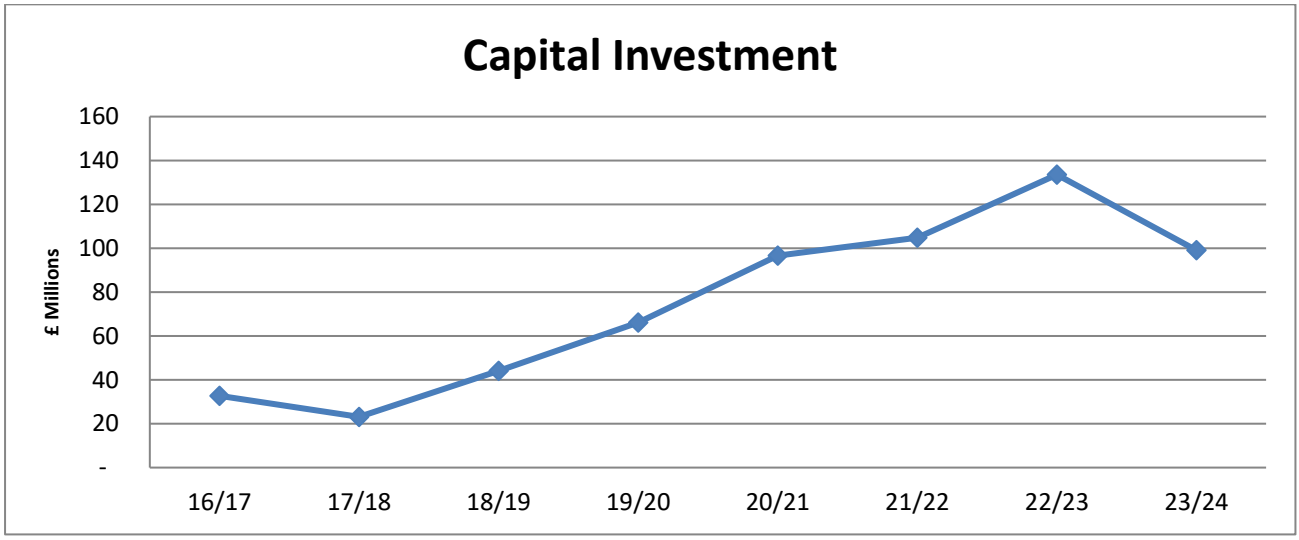
It is also pleasing to note that no late payment of commercial debt charges have been incurred during the year. If interest had been levied under the terms of the Public Contract Regulations on the small number of invoices that were not paid within terms, the maximum liability would have been £173k (22/23- £142k) - money which if incurred would no longer be available for patient care.

Capital Investment

In 2023/24, capital investment, continues to be underpinned by our previous year's surpluses. Capital expenditure was £99m, which was lower than 2022/23 primarily due to nearing completion of the new Centre for Laboratory Medicine and the Public Sector Decarbonisation schemes. The table and graph below show how, with an improving revenue position we have been able to build and sustain our level of capital expenditure over the last six years.

Table 7

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Building and Engineering	10,633	28,440	29,061	39,587	27,135	39,943	39,585
Medical and Surgical Equipment	7,286	8,963	22,978	16,434	23,607	10,415	10,157
Information Technology	5,210	6,746	14,110	20,048	40,059	44,770	26,214
Building the Leeds Way				14,092	14,002	35,786	11,311
Leased Assets						2,606	11,761
Covid				6,396			
Total	**23,129**	**44,149**	**66,149**	**96,557**	**104,803**	**133,520**	**99,028**



Capital expenditure during the year included the following higher value schemes:

	£000
✓ End User Compute Modernisation Programme	11,731
✓ Public Sector Decarbonisation Scheme	8,132
✓ Opthalmology Gledhow Wing SJUH	7,242
✓ Digital Pathology Infrastructure	5,413
✓ Digital Pathology Research PACS	4,070
✓ National Pathology Imaging Collaborative - Wave 2	2,995
✓ LIMS and Interoperability	2,701
✓ Network Infrastructure Refresh	2,623
✓ Electronic Health Record	2,180
✓ Diagnostic Workstations	2,046

Looking to the Future

The national planning guidance issued in March 2024 outlined the continued challenge for the NHS to tackle service recovery, to deliver the key ambitions in the NHS Long Term Plan and to continue to transform the NHS for the future.

The financial position in 2024/25 will be impacted by the continued financial pressures across the NHS, continued higher inflation due to worldwide events and the potential impact of ongoing strike action. 2024/25 will see the Trust adopt the national system of Payment by Result for elective recovery funding, with work undertaken to prepare for this change. As a result of the above it is clear that there is going to be huge financial pressure in the system in 2024/25. The Trust is working to deliver its plan of a balanced financial position.

Capital investment for 2024/25 is planned at £84.1m. While some risk to delivery of the full programme from inflation and supply chain concerns must be acknowledged, there is every reason to be confident of another high-level year of expenditure on our infrastructure.

Building work on the new Centre for Laboratory Medicine, a pathology laboratory servicing the Trust and hospitals in West Yorkshire and Harrogate is completed with commissioning work on the project due to complete this year. It will provide a full range of “state of the art” pathology services to patients across the region.

Following the Secretary of State’s commitment in May 2023 confirming full funding of Hospitals of the Future, the Trust’s scheme to build a new adults’ hospital, a new home for Leeds Children’s Hospital and the largest single-site maternity centre in the UK, delivered by 2030, the Trust is moving forward by finalising enabling works business cases. These will support delivery of the build on the Leeds General Infirmary site. Confirmation of next steps from the New Hospital Programme is expected by the end of May, after which the Trust anticipates work to begin at pace to move towards the build.

The outlook for finance as described above is uncertain. However, the Trust’s history of financial delivery, its history of identifying Waste Reduction, and strong partnership working put it in the best possible place to meet these challenges. Delivery of the Financial Plan is one of the Trust’s seven core commitments for 2024/25.

Annual Governance Statement

1. Scope of responsibility

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

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Leeds Teaching Hospitals NHS Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Leeds Teaching Hospitals NHS Trust for the year ended 31 March 2024 and up to the date of approval of the annual report and accounts.

3. Capacity to handle risk

The Board of Directors provides leadership on the overall governance agenda. The Board of Directors is supported by a range of Committees that scrutinise and review assurances on internal control. Our Assurance Committees; Audit, Quality Assurance, Finance & Performance, Digital & IT, Workforce, Building Development and Research & Innovation Committee (noting its merger with the Innovation District Committee during the year). The Research & Innovation Committee is supported by Management Groups for the operational oversight. In addition to the establishment in Q4 of a Workforce Management Group reporting to the Assurance Committee.

The Risk Management Committee reports directly to the Board of Directors. These Committees have all provided an annual report detailing how they have discharged their duties, with attendance of the respective Committee Chair at the Audit Committee meetings 2 and 24 May 2024 and were received at the 30 May 2024 Board meeting.

The Board has a number of overarching principles and procedures related to governance defined within our risk appetite, underpinned by policies and procedures, with means of monitoring and assurance. Our approach to risk identification, assessment and control, and the management and investigation of incidents is aligned to the values and behaviours set out in the Leeds Way, and a culture of accountability and transparency.

3.1 The Risk Management Committee focuses on the most significant risk exposures and oversees risk treatment to ensure: (a) the correct strategy is adopted for identifying and managing risk; (b) appropriate controls are present and operating

effectively: and (c) action plans are robust to mitigate risks to remain within tolerance. The Risk Management Committee is Chaired by me, as Chief Executive, and comprises all Executive Directors. Senior Managers, Specialist Advisors are in attendance and the Audit Committee Chair routinely attends each meeting as an observer. The Trust has kept under review and updated risk management policies during the year. Whilst the Risk Management Committee reports directly to the Board through me, it also works closely with front line Clinical Service Units (CSUs) and all Committees of the Board in order to identify, triangulate and prioritise risk, working together to continuously enhance risk treatment. Chairs of Board Committees escalate, as appropriate, issues to the Risk Management Committee.

3.2 The Board commissioned a Task and Finish Group in October 2020 to further develop the Risk Management Framework, focusing specifically on the Trust's approach to setting and embedding its risk appetite and risk categories, supported by a Non-Executive Director and working in collaboration with commercial partners at YBS. The work of the Task and Finish Group was presented to Trust Board in March 2021, including the revised risk categories and risk appetite statements, which were approved by the Board. A document was published; Risk Appetite 2021/22, to be used as a resource for staff working in the Trust to support them in adopting the risk appetite categories and risk appetite statements, to implement this in practice.

The Risk Management Framework has continued to be developed, including agreeing the Trust's risk appetite statements and level 1 and level 2 risk categories, to help guide Executive Directors, senior managers and clinicians in the assessment and prioritisation of risk within the organisation. The risk categories have also been subject to a programme of reviews at Audit Committee, for assurance. The Accountable Executive for each risk category provides an overview of the assurance regarding each level 2 risk category to the Audit Committee on an annual basis.

The risk categories and the risk appetite statements have been cross referenced and incorporated into the Trust's Corporate Risk Register (CRR), to establish a fully integrated Risk Management Framework based on the work that has been undertaken to date. Executive Directors have supported CSU's and corporate leads to implement the Risk Management Framework, providing oversight through the monthly Risk Management Committee. The risk categories and risk appetite statements were reviewed again at a Board time-out in 2022/23, led by Board Committee chairs, to provide opportunity to consider these and agree whether any changes were needed, which was presented to January 2023 Board. A revised framework was published in April 2023, to support the further development during 2023/24.

The work related to the Trust's Risk Management Framework was acknowledged by NHS Providers, a membership organisation that represents NHS Providers and was presented at the NHS Providers conference on 11 May 2022. The Trust has provided advice and support to partner organisations on implementing the framework in Leeds. The risk appetite framework was subject to an internal audit review (PwC) in Q4 2022/23, which highlighted the good progress that had been made in its implementation, with a report classification and overall conclusion of low risk.

Risk-Appetite-2023-24-Second-Edition.pdf (leedsth.nhs.uk)

3.3 Training and support is provided to relevant staff on, incident reporting, assessment of risks related to patient safety incidents and incident investigation to meet the requirements for staff training to control key risks. A training needs analysis informs the Trust's mandatory training requirements and has been kept under review; this sets out the training requirements for all members of staff and includes the frequency of training in each case.

3.4 Incidents, complaints and patient feedback are routinely analysed to identify learning opportunities and improve control. Lessons for learning are disseminated to staff using a variety of methods, including Quality and Safety briefings, Learning Points Bulletins and personal feedback where required. The Trust is leading a network with West Yorkshire Association of Acute Trusts (WYAAT) partners to share learning from serious incidents, including Never Events and it was an early adopter of the Patient Safety Incident Response Framework, implementing the Patient Safety Incident Response Plan (PSIRP) in 2022/23. This has been revised and updated in 2023/24 in conjunction with staff, partners and service user representatives and approved by the March 2024 Board. The Quality Assurance Committee provides oversight on this process, with a complaints annual report presented to the Board of Directors each July and a six-month update in January.

3.5 I have ensured that all significant risks of which I have become aware are reported to Board of Directors and Risk Management Committee. All new significant risks are escalated to me as Chief Executive and validated by the Executive Team and Risk Management Committee. The residual risk score determines the escalation of risk.

3.6 The Board of Directors regularly scan the horizon for emergent opportunities or threats and considers the nature and timing of the response required in order to ensure risk is appropriately managed at all times. Collectively the Board reviews the Board Assurance Framework (BAF) and our risk management appetite statement each year. The Board Assurance Framework has been revised and updated in 2023/24 to reflect the five strategic priorities and annual commitments.

4 The risk and control framework

(i) Determine priorities

The Board of Directors determines corporate objectives annually (from 2023/24 onwards these are defined as annual commitments) and these establish the priorities for Executive Directors and clinical services.

(ii) Risk Identification

Risk is identified in many ways. We identify risk proactively by assessing corporate objectives, work related activities, analysing adverse event trends and outcomes, and anticipating external possibilities or scenarios that may require mitigation by the Trust.

(iii) Risk Assessment

Risk Assessment involves the analysis of individual risks, including analysis of potential risk aggregation, where relevant. The assessment evaluates the

severity and likelihood of each risk and determines the priority based on the overall level of risk exposure.

(iv) Risk Response (Risk Treatment)

For each risk, controls are ascertained (or where necessary developed), understood and documented. Controls are implemented to *avoid risk; seek risk* (take opportunity); *modify risk; transfer risk* or *accept risk*. Gaps in control are subject to mitigating actions that are implemented to reduce residual risk. The Board of Directors has considered its appetite for taking risk and reviewed its risk appetite to guide the management of risk throughout the Trust.

(v) Risk Reporting

Significant risks are reported at each formal meeting of the Board of Directors and Risk Management Committee. In addition, in the event of a significant risk arising, arrangements are in place to escalate a risk to the Chief Executive and Executive Team. The level at which risk must be escalated is clearly set out in the Risk Management Policy, which is reviewed every two years and was last updated and approved in March 2023. Risk reporting to the Board of Directors also details what actions are being taken, and by whom, to mitigate the risk and monitor delivery. The Audit Committee and Board of Directors have reviewed assurance on the effective operation of controls to manage the significant risks set out in the Corporate Risk Register and supporting report and undertake regular reviews of the Board Assurance Framework.

(vi) Risk Review

a. Those responsible for managing risk regularly review the output from the risk register to ensure it remains valid, reflects changes and supports decision making. In addition, risk profiles for all CSUs remain subject to detailed scrutiny as part of a rolling programme by the Risk Management Committee. The purpose of the Trust's risk review is to track how the risk profile is changing over time; evaluate the progress of actions to mitigate or reduce material risk; ensure controls are aligned to the risk; risk is managed in accordance with the Board's appetite; resources are reprioritised where necessary; and risk is escalated appropriately.

b. Incident reporting and investigation is openly encouraged as a key component of risk and its management to help us learn and take action in response to patient safety incidents. An electronic incident reporting system is operational throughout the organisation and is accessible to all staff. Incident reporting is promoted through induction and training, regular communications, leadership walk rounds or other visits that take place. Face to face Board Leadership visits were re-established in 2023/24 as the restrictions related to Covid-19 were lifted, following a programme of virtual leadership visits during the pandemic. A programme to support staff who have been involved in an incident is in place, and a process for sharing lessons across the organisation is established, overseen by the lessons learned group. In addition, arrangements are in place for staff to raise any concerns at work confidentially and anonymously through the Freedom to Speak Up process.

4.2 As at 31 March 2024, Leeds Teaching Hospitals NHS has identified a range of significant risks, which are currently being mitigated, whose impact could have a

direct bearing on requirements within the NHS Single Oversight Framework, CQC registration or the achievement of Trust policies, aims and objectives should the mitigation plans not be effective. Currently, the significant risks documented on the Corporate Risk Register at 31 March 2024 relate to the following areas:

Workforce Risk

- Insufficient staff to provide treatment, care and services to patients

Operational Risk

- Viral pandemic
- Power failure (electrical infrastructure) leading to disruption of clinical services
- Brotherton Wing infrastructure
- Violence towards patients and staff due to organic, mental health or behavioural reasons
- Staff absence, health, safety and wellbeing
- Cyber-attack leading to potential loss of IT systems and/or data
- Insufficient DIT resources to maintain Trust IT estate
- Delivery of the hospital of the future project (Building the Leeds Way)
- Delivery of the pathology project (Building the Leeds Way)
- Delivery of the LGI site Development Project (Building the Leeds Way)

Clinical Risk

- Exposure to health care associated infection
- Patient harm – falls and hospital acquired pressure ulcers
- Achieving the emergency care standard
- 18-Week Referral to Treatment target
- Patients waiting over 52 and 78 weeks for treatment across a range of services
- 62-day cancer target
- Cancelled operations not rebooked within 28 days
- Patients waiting longer than 6-weeks following referral for diagnostic tests

Capacity Planning Risk

- Patient flow and capacity for emergency admissions (health economy)
- Airedale hospital infrastructure: potential risk (patient transfers)

Financial Risk

- Failure to deliver financial plan 2023/24
- Reduction in operational capital allocation

4.3 Detailed risk registers are proactively used throughout the organisation. These set out arrangements for risk treatment, risk appetite thresholds and further mitigating actions planned. We have established arrangements to allow a review of significant risk exposures by the full Board at each formal meeting; the process for this is examined by the Audit Committee to underpin this Statement.

4.4 The NHS England Code of Governance defines best practice for corporate governance and within the supporting appendices has statements which the Trust has reviewed and reported against the requirement to comply or explain. This

report was received at the March 2024 public Board meeting where all but one statement was reported as compliant. There was one statement E-2.1 that the Trust is non-compliant with which relates to performance related elements of Executive Remuneration e.g. a bonus scheme (LTHT does not have any such scheme).

4.5 Equality impact assessments are integrated into core Trust business. All reports to Trust Board follow a standard reporting template, which includes an 'Equality Analysis' section where authors of the report are required to set out any negative equality-related impacts along with mitigation, and all Trust policies and procedures require an equality impact assessment to be completed before Executive Team approval. In organisational change projects, Senior HR Officers support Line Managers in undertaking their duty to prepare equality impact assessments on the proposed change and to then take this into consideration in implementing that change. The Trust is at present reviewing the process to provide assurance it is substantial, meaningful and sustainable, including the incorporation of the consideration of health inequalities.

4.6 The Trust has a Resource Management Group (RMG) with membership made up of the Trust's Professional Workforce Leads. This group leads and reports on activities with a focus on strategic and operational workforce planning, alignment of workforce planning with Finance & Performance; initiating and overseeing projects that support workforce planning for the short, medium and longer term such as initiatives to address recruitment and retentions hotspots.

4.7 RMG reports into the Workforce Management Group on a monthly basis which in turn provides assurance to the Workforce Committee which meets bi-monthly reporting to Board. This Committee seeks assurance on the six people priorities set out in our strategy; supports and reports on activities related to resource management with a focus to develop workforce resource plans; align the developed workforce resource plans with Finance & performance and seek assurance on projects that are in place to address specific workforce hotspots and issues.

4.8 The Trust has embedded a corporate workforce planning framework with each CSU producing their own operational workforce action plan. These plans align with the Long-term NHS Workforce Plan with a focus on retain, grow, transform and control. The plans identify and reduce high-cost agency fees, promote new roles to support skill mix reviews; effectively deploy staff and focus on learning and the sharing of best practice. We are now maturing our workforce planning process in order to support the delivery of our 2024/25 commitment to improve staff retention and support delivery of the financial plan. All workforce plans are signed off by the Deputy Director of HR and relevant CSU Associate Director of Operations. Our HR business partners work with the CSUs to co-produce effective workforce solutions supporting their short, medium and longer-term workforce planning.

4.9 In addition, our Resourcing Transformation Lead is reviewing the LTHT recruitment process to ensure a stronger focus on equality and diversity from advertisement to appointment. Stakeholders from across the organisation are involved in this work. As part of the review that has taken place during the year, a Recruitment and Selection Policy will be launched Trust-wide in June 2024 to

remove any bias and discrimination in our recruitment and selection process. The policy is underpinned by an inclusive recruitment toolkit that offers everyone involved in recruitment a framework, consistency, accountability and training. The training and toolkit are currently available to all staff.

5 Care Quality Commission (CQC) Registration

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

5.1 Compliance with the provisions of the Health & Social Care Act 2008 (Registration Regulations) 2010 is co-ordinated by the Director of Quality. The Director of Quality oversees compliance by:

- Reporting and keeping under review, matters highlighted within the Care Quality Commission's Acute Insights Report and inspections;
- Self-assessment against the Key Lines of Enquiry defined within the criteria of the Well-led review, and preparing the Trust for an external review;
- Liaising with the Care Quality Commission and Clinical Service Units to address specific concerns;
- Engaging with the Care Quality Commission on the inspection process, co-ordinating the Trust's response to inspections and recommendations/actions arising from this;
- Analysing trends from incident reporting, complaints, and patient and staff surveys to detect potential non-compliance or concerns in Clinical Service Units;
- Reviewing assurances on the effective operation of controls;
- Receiving details of assurances provided by Internal Audit, and being notified of any Clinical Audit conclusions which provide only limited assurance on the operation of controls; and
- Challenging assurances or gaps in assurance by attending meetings of the Risk Management, Quality Assurance and Audit Committees.

5.2 The Trust is registered with the Care Quality Commission, has no compliance actions in force and is fully compliant with the *Fundamental Standards*. The last inspection was undertaken by the Care Quality Commission in August and September 2018, focusing on four core services (critical care, medicine, urgent care and surgery), use of resources and well-led. Leeds Dental Institute was also inspected. The Trust received an overall Good rating when the final report was published in February 2019, and was rated outstanding for critical care, use of resources and Leeds Dental Institute. The Trust developed an action plan to address the recommendations in the report; this was followed up through the engagement process with the local Care Quality Commission inspectors and Quality Assurance Committee to provide assurance that the Trust was fully compliant with the regulations set out in the report. Work continues to progress to move from a Good to an Outstanding rating.

5.3 The Trust Chair holds and maintains the 'Fit and Proper Persons Test Register' for the Board. Annually checks are carried out to ensure all those listed are fit and proper against the requirements defined by the Care Quality Commission.

5.4 The CQC inspected the safe and well-led domains of Maternity Services at Leeds General Infirmary on 31 May 2023 and at St James's University Hospital on 1 June 2023. The inspection was part of CQC Maternity Services Inspection Programme, which aimed to give an overview of the quality and safety of maternity care across England. The inspection drew on sources of information and feedback on the service received via a maternity focused data request, interviews with key staff, site visits and through requesting patients that had used the service in the last year to share their experience. The CQC published the inspection reports on 16 August 2023. The CQC rated the service **good** for safe and **good** for well-led at both LGI and SJUH.

5.5 The CQC conducted an announced inspection of compliance with the Ionising Radiation (Medical Exposure) Regulations 2017 (IR(ME)R) of the Radiotherapy Service at St James's University Hospital on 22 June 2023. The Trust received an Improvement Notice issued under the Health and Safety at Work etc. Act 1974 and the Ionising Radiation (Medical Exposure) Regulations 2017 ('IR(ME)R') for breach of Regulation 8, Employer's duties: accidental or unintended exposure as statutory notifications to the enforcing authority were not submitted or fully completed in accordance with the Significant Accidental and Unintended Exposure (SAUE) guidance. The Trust submitted a post inspection action plan to the CQC, which outlined the actions to address the breach in regulations. CQC confirmed they were satisfied with the action taken and closed the file on the inspection on 15 August 2023.

5.6 The CQC conducted an announced inspection of compliance with the Ionising Radiation (Medical Exposure) Regulations 2017 (IR(ME)R) of the Nuclear Medicine Service at St James's University Hospital on 17 January 2024. On 31 January 2024 the Trust received the inspection report. The report found nuclear medicine department had some examples of good practice, for example, licence management, carers and comforters and clinical audit, with some areas for improvement identified. The Trust submitted a post inspection action plan to the CQC which addressed the breach in regulations and areas for improvement noted in the inspection report. CQC confirmed they were satisfied with the action taken and closed the file on the inspection on 26 March 2024.

6. Register of Interests, Including Gifts and Hospitality

The Trust publishes 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. The register for the Board can be found at https://leedsth.mydeclarations.co.uk/reports/GroupReport and the full staff report at

https://www.leedsth.nhs.uk/about-us/freedom-of-information/publication-scheme/lists-and-registers/declarations/

7. Pensions

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.

8. Sustainability

The Trust has undertaken risk assessments on the effects of climate change and severe weather and has developed a Green Plan following the guidance of the Greener NHS programme. The trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

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

9.1 As Accountable Officer, I am responsible for ensuring that the Trust has arrangements in place for securing value for money in the use of its resources. To do this I have maintained systems to:

- Set, review and implement strategic and operational objectives;
- Engage actively with patients, staff, members and other stakeholders to ensure key messages about services are received and acted upon;
- Monitor and improve organisational performance; and
- Establish plans to deliver waste reduction programmes.

9.2 The five year integrated plan is refreshed each year and used to develop the annual operational plan for the Trust. The Trust actively engages Commissioners, regulators (NHS England), system functions (West Yorkshire Integrated Care System (WYICS) and West Yorkshire Acute Association of Trusts (WYAAT), staff and others as necessary to develop and agree detailed financial and operational plans. Planning takes account of system initiatives and their impact to ensure that planning within the broader ICS is aligned. These detailed operational plans and budgets are approved by the Board.

9.3 The Trust approved its annual plan in December 2023 and submitted its draft Operational Plan for 2024/25 in February 2024 to West Yorkshire Integrated Care Board.

9.4 Updates to the plans include revisions to our operational, financial, workforce and strategic plans. These submissions contain a variety of technical documents prepared by members within the Trust and an overall narrative which describes these submissions and their associated risks. This informs the detailed operational plans and budgets which are also approved by the Board.

9.5 The Trust is a key member of West Yorkshire Association of Acute Trusts (WYAAT) provider collaborative which in the year has continued to make good progress with the Committee in Common (CiC) meeting four times for the governance and accountability of work streams to support transformation across West Yorkshire, reporting and accountable to each sovereign Board. The CiC has membership from each provider organisation with both Executive and Non-Executive membership from each, usually by the Chief Executive and Chair.

9.6 The Board agrees annually a set of objectives known as annual commitments for the following year which are communicated to colleagues and the public via my Chief Executives report in the March prior to the start of the year. This provides the basis for performance reviews at CSU level. Operational performance is kept under constant review by the Executive Team, Finance & Performance Committee and the Board of Directors. In order to keep under review the delivery of the annual Objectives (commitments moving forward), the Board reviews at each formal meeting an Integrated Quality & Performance Report covering patient safety, quality, access and experience metrics, and a Finance Performance Report. At the March 2024 Board meeting following work with the Executive Team and the Virginia Mason Institute we have set seven commitments for the coming financial year 2024/25 and through reports to the Board and our Committees will monitor progress.

9.7 The Trust continues to operate its Financial Management Framework to ensure that the Trust is meeting its strategic target of financial sustainability. Each quarter a fundamental review takes place of the financial position, and this is reviewed by the Board and relevant action plans developed. Each month reports are prepared for the Finance & Performance Committee on the financial position, alongside monthly finance reports issued to CSUs that show performance against budget. These reports contain both financial and non-financial information.

9.8 The Trust has a PMO Team in place to support CSUs and corporate functions in achieving their Waste Reduction Programme targets, and through the Leeds Improvement Method increase performance and overarching quality. This is supported by other initiatives within the Trust such as GIRFT and benchmarking against the model hospital.

9.9 Assurances on the operation of controls are commissioned and reviewed by the Audit Committee and, where appropriate, other Committees of the Board of Directors as part of their annual cycle of business.

9.10 The Trust has outsourced its internal audit function to PwC.

Mazars were appointed in 2015 by the Audit Commission for a period of two years. They were subsequently reappointed by the Trust in 2017 and with the closure of the 2020/21 accounts completed six years. NHSE guidance states that Trusts should put the external audit contract out to tender every five years, noting that the same auditors can be reappointed up to a maximum of 20 years. During 2023/24 the Trust re appointed the external Auditors for one year during 2023/24 with a full tender process to be carried out during 2024/25.

The Audit Committee annually reviews the independence and performance of internal and external audit, with a report presented at the December Audit Committee. The implementation of recommendations made by Internal and External Audit is overseen by the Audit Committee.

10. Information governance

Information Governance incidents within the Trust are managed through rigorous and standardised processes with an appointed Caldicott Guardian and Deputy, a qualified Senior Information Risk Owner and the Data Protection Officer for the Trust. During 2023/24, there were seven SIRI's or near-miss incidents that required reporting, of

which three were reported to the Information Commissioners Office (ICO). The Trust Information Governance (IG) Team has investigated all of the cases and has worked with all concerned parties to ensure that the appropriate governance and information security procedures have been implemented. The IG Team has also provided advice and guidance on the way in which staff should handle information, in particular the personal, sensitive and corporate data processed by the Trust. This ensures that information is dealt with legally, securely, efficiently and effectively, in order to deliver the best possible care.

11. Data quality and governance

11.1 The Data Security Protection Toolkit (DSPT) contains 34 assertions segregated into 10 specialist areas based on the National Data Guardian Standards. Of these 34 assertions, 32 assertions are mandatory. A total of 108 pieces of evidence are required for the Toolkit. The Trust's Senior Information Risk Owner (SIRO) has requested that all non-mandatory assertions are completed as good practice. The Trust's Internal Audit (PwC) conducted a high-level review of a sample of Data Security Standards and the evidence uploaded was deemed as meeting the requirements of the DSPT. The Trust was able to successfully submit its DSPTv5 Submission for 2022/23 on 21 June 2023 with all mandatory and non-mandatory evidence items being successfully completed, achieving a 100% compliance.

The IG Team are currently on target to meet the 2023/24 DSPTv6 submission.

11.2 The Trust reports on elective waiting times throughout the year, in nationally mandated submissions and in regular updates to the Finance & Performance Committee and Trust Board. Data validation is required of CSU teams to confirm the waiting time data recorded for patients waiting for treatment. Training is provided to teams by the PAS Team and additional support and training is provided by the performance and development team where concerns are identified, or requests are made for additional support. A number of reports are available to identify potential data quality concerns and identify areas for improvement. The Trust also uses a well-established clinical harm process to assess the extent of any harm associated with long waits and the risks of extended waits are recorded on the Trust's risk register. The Trust also contributes data to the LUNA health system run by NECS which assesses performance for all Trusts in relation to confidence in data and potential pathway issues to strengthen the accuracy of key data quality performance indicators.

12. Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the Executive Directors, my direct reports, Clinical Directors of the CSUs, and Committee Chairs within the NHS Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the information provided in this annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee, our

assurance and management Committees reporting to Board and a plan to address weaknesses and ensure continuous improvement of the system is in place.

12.1 **The Board of Directors**

The Board has set out the governance arrangements including the Committee structure within the Standing Orders. These Assurance Committees, Chaired by Non-Executive Directors and reporting to Board are; Audit, Quality Assurance, Finance & Performance, Digital & IT, Workforce, Building Development and Research & Innovation Committee (noting its merger with the Innovation District Committee during the year). The Research & Innovation Committee is supported by Management Groups for the operational oversight. In addition the Workforce Assurance Committee is also underpinned with operational oversight via the establishment of a Management Group during Q4. The Risk Management Committee reports directly to the Board of Directors.

Chairs of the Board's Committees report to the Board at the first available Board meeting after each Committee meeting and urgent matters are escalated by the Committee Chair to the Board as deemed appropriate.

In line with the CQC requirement for an independent external review of their Well-led criteria to be carried out every three years, the Board commissioned a review by AQUA. The report was received at the public Board in January 2022 with a very positive outcome. A few advisory recommendations were made that have been implemented during the year.

During the year the Executive Team have revisited these recommendations to ensure they are closed and embedded and have commenced preparatory work towards the new requirements of the CQC Well-led criteria with the shift from KLOE to quality statements. This is in preparation for an external Well-led review to be commissioned during 2024/25.

12.2 **Internal Audit**

As at 19 June 2024, 19 internal audit reviews had been carried out with three underway (two at draft report stage and one at completion stage). This had resulted in the identification of zero critical, two high and 35 medium, 12 low and two advisory risk findings reported to the Trust. The two high rated findings related to Fire Safety which related to access to reports, and Recruitment of Overseas Medical Staff with gaps in process**.** Both recommendations have now been actioned.

Five audits of the 'Building the Leeds Way' were completed in 2023/24 against a plan of ten. Three reviews are on hold subject to clarity from the National Hospitals Programme and two reviews have been deferred to 2024/25.

The Audit Committee has considered the outputs of this work when endorsing the 2023/24 AGS.

Head of Internal Audit opinion states; ' We are satisfied that sufficient internal audit work has been undertaken to allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and control. In giving this opinion, it should be noted that assurance can never be absolute.

The mots that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control'.

12.3 **External Audit**

External audit provides independent scrutiny on the accounts (including Value for Money), annual report, and the Annual Governance Statement reporting by exception if the Trust fails to comply with the guidance and as defined by NHSE. There was no requirement for assurance on the Annual Quality Report.

12.4 **Clinical Audit**

Quality Assurance Committee received and were assured by the Clinical Audit Annual Report for 2023/24. This summarised clinical audit activity across the Trust, adhering to the national requirement reflected in the Trust Clinical Audit Procedure, which reflects national best practice. Quality Assurance Committee received and approved the clinical audit programme for 2024/25 at the meeting on 18 April 2024.

12.5 **Health & Safety**

The Health and Safety Team maintain our usual Health and Safety core activities, working collaboratively with Clinical Support Units (CSUs), Human Resources (HR), Infection Prevention and Control (IPC), Estates & Facilities (E&F), Occupational Health and staff side union representatives amongst the wider Trust.

Health and Safety within Leeds Teaching Hospitals is overseen by the Risk Management Committee, alongside supporting assurance groups. Staff involvement and consultation is welcomed and encouraged, and information from the regular planned meetings of the Health and Safety Consultation Committee is posted on the Trust Health and Safety intranet pages.

Minimum risk specific performance standards have been set for all Health and Safety risks (Active Monitoring) and all departments participate in the annual Health and Safety Controls Assurance process which measures levels of compliance. An annual Health and Safety report publishes the results of this auditing process. This process has been subject to a recent review by Internal Audit (PwC) and the findings of that process will be reported in due course to the Audit Committee.

2024 represents the 50th anniversary of the Health and Safety at Work Act 1974. The Health and Safety Team will take opportunity to publicise and highlight this notable event as part of our usual Trust wide communications throughout the year.

We have conducted an audit of the previous year's performance and were extremely pleased that approximately 700 wards/departments participated which is consistent with previous years. In order to complement this process, the Health & Safety Team carry out H&S 'Genba' style site visits in order to support compliance, continuous improvement and implement lean working improvements where possible.

Processes continue to be in place to address all national safety alerts distributed for our attention via the Central Alerting System.

The Health & Safety Team continue to report notifiable incidents to the Health and Safety Executive (HSE). For an incident to be reportable there must be clear and reasonable evidence to confirm the link between the harm sustained and the work- related activity.

As Chief Executive I have received reports from the Trust Fire Safety Manager, at the Risk Management Committee, that set out our compliance against the Trust's statutory responsibilities under the Regulatory Reform (Fire Safety) Order. Assurance reports are reported twice yearly to the Risk Management Committee. During the year the Committee received a number of assurance reports that have included; a strategic fire safety management plan, three-year fire safety plan, an Annual Certificate of Fire Safety Compliance and various assurance documents. The Trust continues to receive updates and learning reflecting national fire safety issues that are relevant to healthcare and there is a programme of implementation of any changes. An Internal Audit was carried out in May 2023 and all actions raised have been closed.

12.6 **Promoting Safety**

We continued to be compliant with NHS England guidance and national safer staffing policy requirements. The Board have been assured in relation to safer nurse staffing requirements, including the nursing workforce response to the opening of additional surge capacity and assessment of quality indicators against any wards that have reported below their planned staffing levels. This is provided through the Nursing and Midwifery Quality and Safety Staffing report. This paper is a new paper developed in year, that triangulates key information and replaces the Trust Board's bi-monthly Nursing and Midwifery Quality and Safety Staffing Report and separate Perfect Ward Quality and Safety Assurance Group (QSAG) paper. Nursing and Midwifery workforce quality indicators, progress and assurance is well embedded and will continue to be monitored and reported through the appropriate governance and assurance groups from ward to Board.

The Trust has responded to operational pressures by opening additional wards over winter. To deliver the additional bed capacity we continued to grow our substantive registered and unregistered workforce. We have reduced the use of the external agencies and used temporary bank staff as required to safely staff our wards and departments.

Over the last year, the Trust's nursing and midwifery vacancy rates have consistently reduced and this represents the collaborative on-going recruitment and retention efforts of Teams across the Trust. We have continued to experience a sustained increase in the demand for enhanced care for patients on our wards. We have grown our Clinical Support Worker (CSW) workforce providing supportive, flexible and part-time opportunities to encourage more people into the profession and in particular local people who previously been unable to join due to rigid entry criteria and training requirements. The CSW workforce has increased now by 480 new posts.

In addition to the focus on increasing the workforce through new routes and successfully completing the Trust's Internationally Trained Nurse Recruitment programme, we also continued to review how we gain assurance in relation to

the quality of care delivered. This was achieved through several work streams including:

- Continuation of the Nursing Quality Review meetings, chaired by the Deputy Chief Nurse twice a year to review a range of nursing and midwifery quality and patient safety indicators.
- Bi-annual establishment reviews to ensure we have the right workforce, with the right skills, at the right time.
- Review of the Health Check metric audit questions for inpatient and ED areas (undertaken once a month) to ensure essential data is collected, including any recent changes to practice requirements, providing oversight and accountability.
- Continuation of the monthly Ward Assurance Review Meeting where wards in escalation in the Ward Health Check programme are discussed and collaborative support to areas of concern are planned.
- The Clinical Support Team conducted 61 ward assurance visits in response to wards in escalation, wards with red metrics or by exception at the request of the Chief Nurse. The Clinical Support Team additionally conducted five follow-up visits to ensure continuity of standards following local action plans and/or Clinical Support Team direct input.

The resilience and pastoral support of our workforce is essential to care delivery. Throughout 2023/24 we supported the training of 17 new Professional Nurse Advocates (PNA). The role of the PNA is to provide training and restorative supervision for nursing colleagues. The role has been in place at the Trust since February 2023 and in total 71 (head count) PNA's are trained, with a further 13 in training, providing support across the Trust.

In 2023/24 we received £1.8 million to support continuous professional development for our nurses, midwives, and allied health professionals. Investing in our workforce; ensuring we have the right skills, in the right place, at the right time to safely care for our patients.

12.7 **Freedom to Speak Up**

As Chief Executive I work with the 'Freedom to Speak-Up Guardian' to embed and promote a culture of openness for staff to express concerns about patient care and safety. I meet monthly with the FTSU Guardian to discuss the engagement with speaking up. The Guardian has set up a review group to assess and monitor trends in speaking up themes. The Board received the annual report at the May Board meeting, with a six-month update, in year in November. From the tragic events of the Letby case and the welcomed review commenced by the Thirlwall inquiry, as a Board we have reflected on the desire to encourage more of our staff to speak up. Thus, we have created a new Executive-led management group including the FTSU Guardian to have oversight of our organisational response to speaking up concerns raised and appropriate processes and added a new report to Board from the Executive to provide assurance or escalation in addition to the twice yearly objective report from our Guardian.

12.8 **Guardians of Safe Working**

The Chief Medical Officer works with the two Guardians of Safe Working (GoSW) to monitor junior doctors' working hours in line with national terms and

conditions. The Board of Directors is sighted on this work through reports through the Learning, Education & Training (LET) Committee, a mandatory annual report is received at the May public Board and information included as a statutory requirement within the Quality Account. Where there are increased reports in specific departments, the GoSW escalate this to the Associate Medical Director for Medical Education who works with the Chief Registrar to get a detailed trainee narrative regarding events, then works with the department to explore how we make improvements. Reporting is in most cases related to high workloads as regional units have diverted acute work into LTHT or care of specific groups of patients where senior cover of trainees continues to be a challenge.

12.9 **Staff Safety**

The Trust has put in numerous measures to continue to support our staff. These include but are not limited to:

- Regular review of absence management data in place with Clinical Service Units (CSUs) Triumvirates team / Human Resource Business Partners / Operational Human Resources /CSUs with actions agreed to support staff back to work.
- Management of risks to staff health and wellbeing through the corporate risk CRR04, with robust management of any gaps in mitigations.
- Review of the stress risk assessment process in progress, to ensure work related stress is managed effectively.
- Advice and support available for managers to support them to manage sickness absence available from Operational Human Resources and Occupational Health. Over 280 staff have attended Supporting Attendance workshops in the last 12 months.
- Occupational Health (OH) referrals prioritised to where OH can add most value. Significant work undertaken to provide written information as early as possible in interactions with OH, to enable managers to take local action. Flexible working and remote working policies have been developed to ensure the needs of the individual, team and service are met, alongside maximising staff availability. A formal project group has been established to ensure the remote working policy is consistently applied through projects including ongoing training and support for managers to ensure the principles in the policy are applied.
- Continued roll out of Mental Health First Aid (MHFA) training, with 638 MHFA trained and over 5,000 supportive conversations undertaken.
- Money Buddies one to one financial advice service commenced May 2022, with good usage, with over £500k of savings (of the staff's own money) identified for the staff utilising the service.
- Launch of the Leading the Leeds Way Managers Toolkit is complete.
- Range of support services available to support staff to return to work and stay well at work including Occupational Health, Staff Clinical Psychology, Staff Physiotherapy, Individual Risk Assessments and Vaccinations.

- Employed an Occupational Therapist in Occupational Health to provide input to staff most in need of support.
- Steering group established to plan for potential Industrial Action with staff from Emergency Preparedness, Human Resources, Corporate Nursing, Corporate Medical Team, Corporate Operations and CSUs Triumvirates representation. Set of task and finish groups established to ensure effective delivery.
- Incident Command Centre in place in the event of any Industrial action, with positive partnership working with Staff Side embedded. Standard work, including understanding what areas are derogated, established for how to manage the impact. Standard work processes are in place for deployment and staff mitigations and utilising agency workers to support essential services during industrial action.
- Robust data analysis to ensure understanding of staffing absence in place.
- FAQs, Ask the Expert, communications plan and guidance regularly updated to ensure understanding across the organisation as the situation develops.
- We continue to work closely with recognised professional bodies and Trade Unions and have ensured mechanisms are in place for Health & Safety representatives to raise any concerns.

13. Significant In-Year Matters

Activity

13.1 All trusts are required by law to deliver the constitutional standards. The impact of Covid has resulted in a backlog of patients, with NHS England setting out annual targets for providers to support recovery and achieve within year, and to make progress against this backlog.

The Board and its Committee structures receive reports on the performance of the organisation against its duties set out in the provider licence. Reporting information is supplied to provide insight to the actual performance position against constitutional standards, full year to date position displayed by Statistical Process Charts (SPC) and where appropriate agreed trajectories, to enable actual comparisons to be made year on year.

13.2 Through 2023/2024, the Trust's service delivery priority was to increase the number of people diagnosed and treated, through our priority areas of elective care, diagnostics, cancer, maternity, and Urgent and Emergency Care (UEC) in line with planning guidance requirements, however during the year the Trust was impacted by industrial action across the NHS that hampered our ability to deliver reductions in our non-urgent elective activity and this was noted across the delivery of all constitutional standards.

In 2023/2024, monitoring of the service delivery contract was reported through the Finance & Performance (F&P) Committee on a monthly basis, using the monthly Constitutional Standard Report, accompanied by a Constitutional Standards Assurance Report (CSAR) to ensure each standard was presented to F&P twice a year, and the Integrated Quality and Performance Report (IQPR) presented on a bi-monthly basis.

13.3 The Trust has continued to prioritise the most urgent patients for elective treatments and this prioritisation has been done in line with guidance developed by the Federation of Specialty Surgical Associations which categorised procedures as requiring treatment within specified time bands.

13.4 A key ambition during the year was to reduce the longest waits for treatment we had seen. Nationally, the priority was to ensure that no patients waited over 65 weeks for treatment during the year, building on the ambition the previous year to have no patients waiting over 78 weeks. The Trust was placed in tier two escalation by NHS England for elective activity in May 2023 until May 2024 when this was removed.

LTHT set out to deliver zero patients waiting 65 weeks by the end of March 2024 from a total number of 40,946 patients. This was revised to 300 by year end due to the impact of industrial action. During the course of 2023/2024, the number of patients waiting over 104 weeks reduced from 509 to zero. Those waiting over 78 weeks had reduced from 1,705 to 13. Processes were in place to ensure that those patients waiting over 78 weeks were waiting because the complexity of their care meant that it had not been possible to bring their treatment forward or because the patient had declined an offer of earlier treatment.

During 2023/24 it was the Trust's ambition to continue this work to reduce the longest waiting times for patients to below 65 weeks. The number of patients waiting in this cohort significantly reduced in the year from 2,618 to 348 patients. Ongoing monitoring and support of CSUs through an assurance framework of service delivery ensured early escalation of delivery challenges to enable early intervention.

The total number of patients waiting to start treatment at the start of the year was 89,470. This number grew during the course of the year and by August 2023 had reached 94,565 before beginning to fall. In Quarter 4 (January to March) this number stabilised at just under 92,000 and the Trust ended the year at 91,937. Reducing this number will be necessary to ensure that shorter waits can be delivered sustainably for our patients.

13.5 The 2023/24 Priorities and Operational Planning Guidance required the Emergency Care Standard (ECS) to be delivered at 76% by March 2024. ECS delivery for March 2024 at LTHT was 76.8%. This was an improvement on the same time last year when ECS delivery was 73.6%. The Trust was able to demonstrate an improving position when compared to the England national average for March 2024, which was 71.8%.

13.6 Attendance levels to the Emergency Department (EDs) remained high in 2023/2024 with 344,851 attendances across all our departments representing an increase of 1.6% over the course of the year. We have approximately 1,650 adult inpatient beds across the Trust. In March 2024, the average occupancy for the Trust overall was 96.5%. Although bed occupancy remains high, there has been an improvement in bed occupancy compared to March 2023 where average occupancy for adult beds at midnight was 99.3%.

The number of patients who remain in LTHT beds despite having 'no reason to reside' increases the overall occupancy rate, when patients awaiting bed placement in the EDs and Same Day Emergency Care (SDECs) are included.

Bed occupancy increased to 99.01% in March 2024 when patients in the ED awaiting a bed were included in the occupancy numbers.

13.7 The Trust delivered ahead of the 2023/24 National Planning Guidance ambition of 95% of patients receiving a diagnostic test within six weeks by March 2025. In March 2023, the Trust delivered tests to 94.1% of patients within six weeks of the request being made but this had improved to 95.9% by March 2024. Increased activity has also been seen across several modalities throughout the year, with 279,527 diagnostics tests delivered between April to March 2023/24, compared to 262,249 in the same period in 2022/23. In addition, the Trust opened the Seacroft Community Diagnostic Centre in April 2023, with a planned activity target of 61,707, but actually delivered 67,881, over delivering against the plan by 10%.

13.8 Although Cancer Waiting Times (CWT) improved at the start of 2023/24, there was a general reduction through the summer months due to industrial action and increased numbers of referrals. Recovery since November has been significant and CWT performance has improved again. Referral levels for two-week waits were greater across most specialities with a 5% increase in total for the year. The skin pathway saw a significant increase in the summer months, leading to challenges in delivering both triage and first Out Patient Appointment (OPA). The Trust was placed in tier two escalation by NHS England for cancer performance in September 2023 which is

13.9 The 28-day faster diagnosis standard achieved 75.4% in March 2024, above the required standard of 75%. This was despite a challenging year, predominantly due to long waits for first OPA on the skin pathway.

13.10 The measures for first and subsequent treatment were merged in October 2023 and are now reported as single figure. The Trust has faced significant challenge in delivering the 31-day first treatment, achieving 87% against a target of 96%, a reduced position on last year where the Trust reported 95.1%. The reduction in performance reflects the challenge of associated with some subsequent treatments not being urgent and the prioritisation of those patients requiring more urgent interventions.

13.11 The Trust delivered against both 31-day subsequent drugs, achieving 100% against the 98% standard and 31-day radiotherapy treatments achieving 83.6%, waiting times for subsequent drugs were maintained, but the waits for radiotherapy were longer than in March 2023. There are staffing issues in the Radiotherapy Department that have led to some waits beyond 31 days for all but the most clinically urgent treatments.

13.12 The Trust delivered 64.8% of first treatments within 62 days of referral by March 2024, an improvement on achievement throughout 2023/24. Industrial action and increasing referrals have impacted the pace of recovery within this standard. However, the Clinical Teams are determined to improve on this during 2024/25 and are working to understand how to improve the timeliness of all the different milestones within each pathway.

The total backlog of patients waiting over 62 days reduced from 818 in November 2023, to 276 on 31 March 2024, as significant improvement occurred within the skin pathway which contributes over 50% of the overall trust figure. By the end of March 2024 140 patients on a skin pathway were

waiting longer than 62 days to begin cancer treatment, but with further reductions predicted.

13.13 The Trust has delivered a number of initiatives to improve efficiency and support pathway changes including:

- Optimising Attendances

Implemented in outpatients to reduce the volume of patients who Do Not Attend (DNA) or Were Not Brought (WNB). Through implementation of Patient Hub and the Attendance Optimisation work plan, the Trust has delivered a reduction to DNA rates from 9% to 7.1%

- Leeds Community Diagnostics Centre

The Trust opened its first Community Diagnostic Centre (CDC) site at Seacroft Hospital in April 2023 delivering a phased onboarding of diagnostic tests including phlebotomy, ECG, blood pressure monitoring, ultrasound, echocardiogram and imaging comprising plain film, and mobile CT and MRI. The total planned activity target since go live in April 2023 was 61,707 with actual activity delivered of 67,881, over delivering against the plan by 10%. In March 2024, the Trust opened a second CDC site at Beeston Village Medical Centre providing a range of diagnostic tests including phlebotomy, blood pressure monitoring, echocardiogram and ultrasound.

- Pre-assessment Pathway

Maximising digital technology and staff roles, supporting an average of 3.5 day reduction of hospital length of stay for patients who have had robotic surgery.

- Skin Transformation Group

The group has focused on a large piece of work to reduce the times that patients wait to get their cancer diagnosis. The introduction of a direct to plastics pathway for skin cancer patients, where indicated, has helped deliver a reduction in the cancer backlog and provided a more patient focused, and timely care pathway.

- Remote Monitoring

The remote monitoring virtual ward is improving patient flow and facilitating earlier discharges at LTHT. The use of this technology is enabling each patient to spend five less days, on average, in a hospital bed. Pathways currently in place include General Surgery, Oncology, Urology and Neurosciences, with ongoing pathways being developed for Cardiology, Respiratory, AMS and TRS (Trauma Related Services).

Safety

13.14 LTHT has implemented the NHS Patient Safety Incident Response Framework (PSIRF), replacing the Serious Incident Framework. In 2023/24 There were 17 patient safety events that met the criteria for reporting under the LTHT Patient Safety Incident Response Plan. Each case has been thoroughly investigated and reported to local commissioners and our Quality Assurance Committee. Detailed action plans have been developed and implemented in response to each specific case.

13.15 There were six incidents which qualified for reporting as a Never Event; retained foreign object following an interventional procedure (two), wrong site surgery (two), wrong implant and mis-selection of strong potassium solution. These incidents have been subject to a Patient Safety Incident

investigation; the findings and actions have been shared with staff across the organisation. These were reported to the Quality Assurance Committee.

13.16 There was one formal Prevention of Future Death Report (known as Regulation 28 Report) issued by the coroner. The Trust has addressed the concerns raised by the coroner in this case.

13.17 There were 78 (46 of those relating to staff) events that met the criteria for reporting to the Health & Safety Executive under the provisions of the Reporting *of Injuries, Diseases or Dangerous Occurrences* (RIDDOR) Regulations for the period 2023/24. The RIDDOR reports submitted result from Moving & Handling activities, Slip Trip & Falls, Inoculation Injuries and Physical Assault. In relation to staff groups the causes of Slip, Trip and Fall type incidents are varied with no specific trends being identified. Some of the common causes of these types of incidents are spillages of liquids/liquid residues after cleaning, defective equipment e.g., chairs, stepping up to a higher level to reach objects and falling as a result, stumbling on loose objects on the floor. The Health & Safety team also support the Falls Improvement Panel review meetings to examine the cause of patient falls.

13.18 Moving & Handling and Physical Assault type injuries arise when staff members are involved in activities which have the potential for significant risk e.g., assisting patients to mobilise or interactions which involve unpredictable patient behaviours e.g. post anaesthetic recovery, medical conditions.

13.19 Blood and bodily fluid contamination inoculation injuries can arise during and after patient interactions e.g., unpredictable patient movements during the procedure e.g., Phlebotomy, during disposal of a used sharp device if the safety mechanism hasn't been fully activated.

Infection Prevention & Control (IPC)

13.20 The reduction of Healthcare Associated Infections (HCAIs) remains a key priority at LTHT. In 2023/24 the launch of the Trust's seven commitments included a HCAI specific ambition which has enabled the Infection Prevention and Control Team (IPCT) to support clinical services to reframe, reset and re-evaluate core clinical IPC practices, with a 'back to basics' approach. This fresh approach has been reinforced by analysis of clinical data to identify patient risk factors and HCAI themes requiring intervention at LTHT.

13.21 Clinical Teams have focused on reducing infection in three areas; safe use of devices and procedures, improving Antimicrobial Stewardship and best-practice 'Essential IPC'. A Trust-wide 'Essentials of Infection Prevention' campaign delivered a variety of tools to support clear understanding of the actions all staff can take to reduce healthcare acquired infection. The recommendation 'its everyone's responsibility to prevent infection' has been embraced by all clinical and non-clinical staff groups and close working across the organisation has provided the opportunity to tailor IPC interventions to create the right conditions to reduce the spread of infection whilst supporting essential service delivery. More recently, new educational resources for 2024 are being promoted across the Trust including videos sharing HCAI stories from Leeds patients, 'Guidance at a Glance' to inform Teams about specific infections and dissemination of resources on 'water safety in healthcare' and education about antimicrobial resistance.

13.22 The number of *Clostridioides difficile* Infection (CDI) cases remained similar to last year with 193 cases identified in 2023/24. Rates remained high in the first three quarters of the year with a sustained reduction occurring in the last quarter. A weekly ward round and regular audit work has supported improvements to treatment and monitoring of CDI, with the specific aim of reducing recurrent infection. In addition, early signs show that the focussed quality improvement work driven through the annual commitments is also beginning to have an impact on CDI cases. Specific projects included the generation of the SIGHT plan and review of antimicrobial prescribing in the elderly CSU. The SIGHT project involved undertaking a staff survey and multidisciplinary focus groups to develop a targeted education programme around CDI prevention, followed by a 10-week programme focused on each letter of the Pneumonic S, I, G, H, T, several educational resources were developed to support the campaign.

13.23 There is no nationally set objective for Meticillin-sensitive *Staphylococcus aureus* (MSSA) and, as in previous years, LTHT set an internal quality improvement objective. In 2023/24 LTHT saw 116 cases of MSSA bloodstream infection which is an increase from 94 cases in 2022/23. There was a slight decrease in the number of Meticillin-resistant *Staphylococcus aureus* (MRSA) Blood Stream Infections (BSI), recording 10 MRSA bacteraemia's against a trajectory of zero, one case fewer than 2022/23. All cases were reviewed in detail by a multi-disciplinary Team and recurring themes were targeted for action; including improvements to surgical/procedural antimicrobial prophylaxis, MRSA screening and skin decolonisation pathways. The rise in MSSA/MRSA has also been seen regionally, and close working between the LTHT IPCT and colleagues at the West Yorkshire Integrated Care Board IPC group has improved our understanding of the problem. Data analysis has identified clinical risk factors for MSSA/MRSA infection which will be a focus for both community and hospital teams over the next 12 months.

13.24 LTHT recorded a total of 285 Escherichia coli (E. coli) BSI's which is a reduction from 2022/23 where 316 cases occurred. However, this is still higher than the national objective of no more than 246 cases. We have seen a reduction in the number of Klebsiella sp. BSI's of 126 for 2023/24 against 144 for 2022/23, although LTHT is still above the national objective of no more than 85. Again, data analysis for 2022-23 has identified key patient pathways and clinical risk factors relevant to Gram-negative BSI and the recent reduction in these infections suggests that interventions related to vascular access devices are beginning to have an impact. This will continue to be a focus for 2024/25 along with other targeted areas such as peri-operative infection prevention and reducing urinary tract infection. The innovative Trust-wide water safety approach has continued to support a decrease in the number of *Pseudomonas aeruginosa* BSI cases with 38 cases identified in 2023/24 against a national objective of 40 and a reduction of 12 cases from the 48 cases seen in 2022/23.

13.25 This year has seen an increase in the number of patients carrying Carbapenemase-Producing Organisms (CPO) at LTHT, though this may partly be a reflection of a dramatic increase in the number of patients tested for CPO (resulting from changes to national guidance). Acquisition of these antibiotic resistant bacteria can occur in patients who have received care in high-risk

hospitals for CPO, especially healthcare providers outside the UK, and this is a significant risk factor for some patients in Leeds. In addition, there has been a prolonged low-level CPO outbreak in LTHT elderly medicine patients. Early identification and isolation of cases has minimised transmission of CPO in LTHT, and clinical CPO infections continue to be very rare (i.e. the vast majority of CPO-positive patients carry the organism but do not require treatment). The collaborative approach between clinical teams, estates, facilities and laboratory teams has prioritised reducing clinical risk from CPO and our work has been complimented by UKHSA colleagues. Intense focus on CPO will continue given the risk posed by antimicrobial resistant bacteria to the safe delivery of healthcare in the future.

13.26 During the year we continued to strengthen medical IPC leadership with the appointment of a small Team of Deputy IPC doctors who will work alongside the Medical Lead for IPC, DIPC and Deputy DIPC providing medical leadership to reduce infection. The Team's focus will include specific areas such as preventing infection in surgical pathways, minimising risk from vascular access devices and improving safe antibiotic use. LTHT participated in the National HCAI point prevalence survey and is looking forward to using the Trust level data to inform key interventions in 2024/25. We have been extremely proud to have worked with the Trust's Kaizen Quality Improvement Team on the Implementation of the new Patient Safety Incident framework (PSIRF) for all HCAI reviews. This will strengthen our ability to hear our patients' voices and realise thematic learning from HCAIs to inform a system-level response.

Aging Estate

13.27 The Trust is mitigating on-going challenges associated with the historic legacy of a lack of basic capital and infrastructure investment. Hence the high-level risks within the Corporate Risk Register described as; insufficient capital resources, unserviceable critical IT infrastructure and resilience issues, power failure, limited and/ or dated ventilation systems (which become more pertinent during COVID-19), and lack of IPS/UPS resilience. Significant capital resources have also been diverted to repairing structural issues on Brotherton wing roof.

13.28 In 2019/20 the Trust Board approved the five-year financial plan including capital expenditure. Over the past three years, the Trust delivered a record-breaking capital programme in excess of £100m p/a, including investment in new catheter laboratory facilities, a new same day admissions unit and IPS/UPS and overall backlog.

Even with this level of investment, backlog maintenance has still grown significantly and is now in excess of £200m, largely due to inflation and aging infrastructure at the LGI.

Around 50% of our maintenance backlog will be addressed by the redevelopment of the LGI site, as part of our hospitals of the future scheme. Whilst formal approval was granted in May 2023, we await further instruction from the National Hospital Programme Team to commence. Delays on progressing this scheme is placing additional pressures on our limited capital resources, with an increasing need for us to repair and maintain older assets, no longer fit for purpose.

Compliance to other regulatory bodies

13.29 It is a legal requirement of all organisations sponsoring and hosting Clinical Trials of an Investigational Medicinal Products (CTIMPs) to comply with UK medicines for human use (clinical trials) regulations (2004). The Medicines and Healthcare Products Regulatory Agency (MHRA) carried out a Good Clinical Practice (GCP) system inspection of the Trust and University of Leeds in November 2022 which had no critical findings.

13.30 The quality of medical education was assessed in line with NHS England processes. The first Senior Leader Engagement (SLE) event was held in March 2024. This is a new annual multi-professional process. The Medical Education Management Team, through better quality intelligence, continued to proactively manage training issues, with early intervention before they had a chance to escalate. Progress was made against the three active training conditions that are in place, with NHS England satisfied with the situation.

13.31 Morale, health and wellbeing continue to be major issues concerning the trainee medical workforce. LTHT continues to provide a Professional Support and Wellbeing service for trainees, aimed specifically at supporting trainees experiencing difficulties in terms of their training. In addition, LTHT continues to engage the trainee workforce via the Junior Doctor Body (led by the Chief Registrar) and Junior Doctor Forum, which is run in collaboration with the Guardians of Safe Working. LTHT has a good track record in supporting trainees back into practice.

13.32 We continue to develop partnerships with institutions in other parts of the world, which open up alternative supply routes for our medical workforce. Our relationships with Jordan, Malta and Pakistan continue to thrive with increasing numbers of Fellows being placed in Leeds. A new relationship has been forged with Chulalongkorn University in Thailand (in partnership with the University of Leeds).

13.33 Post pandemic, there has been an increase in the number of learners with additional learning needs and the Medical Education Team has been proactive in providing early support. Clinical Teaching Fellows, themselves doctors taking a year out of practice to develop educational skills and experience, are well placed to work alongside students experiencing difficulties. The ‘Book-a-Teacher’ scheme, launched in 2022, continues to be successful, as does the self-directed study area in the Undergraduate Hub at St James’s.

14. Conclusion

I confirm that there are no significant breaches of internal control that have been brought to my attention in respect of the financial year ended 31 March 2024. This statement aims to capture the priorities of risks and controls for Leeds Teaching Hospitals NHS Trust. The Trust has delivered a surplus financial position, substantial progress in delivery of backlogs to waiting lists for our patients, with a positive improvement in our staff survey heading towards pre covid feedback, with ongoing industrial action.

Date 27 June 2024

Prof Phil Wood, Chief Executive

Statement of the Chief Executive's responsibilities as the accountable officer of the Trust

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

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

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

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

Signed 

Professor Phil Wood, Chief Executive

27 June 2024

Statement of Directors' responsibilities in respect of the accounts

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

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

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

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

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

By order of the Board

Date 27 June 2024  **Professor Phil Wood, Chief Executive**

Date 27 June 2024  **Simon Worthington, Finance Director**

Independent auditor's report to the Directors of The Leeds Teaching Hospitals NHS Trust

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of The Leeds Teaching Hospitals NHS Trust ('the Trust') for the year ended 31 March 2024, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows, and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual 2023/24 as contained in the Department of Health and Social Care Group Accounting Manual 2023/24, and the Accounts Direction issued by the Secretary of State with the approval of HM Treasury as relevant to NHS Trusts in England.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2024 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with the Department of Health and Social Care Group Accounting Manual 2023/24; and
- have been properly prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Directors and the Accountable Officer for the financial statements
As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. The Directors are required to comply with the Department of Health and Social Care Group Accounting Manual 2023/24 and prepare the financial statements on a going concern basis, unless the Trust is informed of the intention for dissolution without transfer of services or function to another public sector entity. The Directors are responsible for assessing each year whether or not it is appropriate for the Trust to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

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

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

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

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

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- inquiring with management and the Audit Committee, as to whether the Trust is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;

- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Trust which were contrary to applicable laws and regulations, including fraud.

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

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

- making enquiries of management and the Audit Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

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

We are also required to conclude on whether the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the Comptroller and Auditor General in February 2023.

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

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

Matter on which we are required to report by exception

We are required to report to you if, in our opinion, we are not satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in this respect.

Responsibilities of the Accountable Officer

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

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

We are required under section 21 of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and

effectiveness in its use of resources, and to report where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in May 2024.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Code of Audit Practice

In our opinion:

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

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

We are required to report to you if:

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

We have nothing to report in respect of these matters.

Use of the audit report

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

Certificate

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

Suresh Patel, Key Audit Partner 27 June 2024

For and on behalf of Mazars LLP

30 Old Bailey, London, EC4M 7AU

The Leeds Teaching Hospitals NHS Trust

Annual accounts for the year ended 31 March 2024

Statement of Comprehensive Income for the year ended 31 March 2024

	Note	2023/24 £000	2022/23 £000
Operating income from patient care activities	3	1,645,171	1,598,484
Other operating income	4	255,345	245,504
Operating expenses	6, 8	(1,857,490)	(1,771,742)
Operating surplus from continuing operations		**43,026**	**72,246**
Finance income	10	5,655	2,348
Finance expenses	11	(44,901)	(18,671)
PDC dividends payable		(6,876)	(9,276)
Net finance costs		**(46,122)**	**(25,599)**
Other gains / (losses)	12	269	(208)
(Deficit)/Surplus for the year		**(2,827)**	**46,439**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Other reserve movements		-	1,593
Total comprehensive (expenditure)/income for the year		**(2,827)**	**48,032**

***The adjusted financial performance for 2023/24 is a surplus of £12.3m (2022/23 surplus of £7.6m) and is disclosed in note 38.**

Statement of Financial Position as at 31 March 2024

	Note	31 March 2024 £000	31 March 2023 £000
Non-current assets			
Intangible assets	13	12,880	12,688
Property, plant and equipment	14	795,947	742,488
Right of use assets	17	30,759	21,359
Receivables	20	8,291	5,872
Total non-current assets		**847,877**	**782,407**
Current assets			
Inventories	19	28,565	24,641
Receivables	20	89,794	96,011
Cash and cash equivalents	21	48,178	90,925
Total current assets		**166,537**	**211,577**
Current liabilities			
Trade and other payables	22	(207,659)	(235,827)
Borrowings	24	(22,538)	(10,305)
Provisions	25	(6,436)	(16,989)
Other liabilities	23	(26,309)	(25,935)
Total current liabilities		**(262,942)**	**(289,056)**
Total assets less current liabilities		**751,472**	**704,928**
Non-current liabilities			
Borrowings	24	(302,938)	(170,958)
Provisions	25	(9,310)	(7,767)
Total non-current liabilities		**(312,248)**	**(178,725)**
Total assets employed		**439,224**	**526,203**
Financed by			
Public dividend capital		597,442	557,967
Revaluation reserve		-	143
Income and expenditure reserve		(158,218)	(31,907)
Total taxpayers' equity		**439,224**	**526,203**

The notes on pages 5 to 49 form part of these accounts.

The accounts were approved by the Board of Directors at its meeting on 27 June 2024 and signed on its behalf by:

Name	**Professor Phil Wood**	**Simon Worthington**
Position	**Chief Executive**	**Director of Finance**
Date	**27 June 2024**	

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2024

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2023 - brought forward	**557,967**	**143**	**(31,907)**	**526,203**
Application of IFRS 16 measurement principles to PFI liability on 1 April 2023	-	-	(123,627)	**(123,627)**
Surplus/ (deficit) for the year	-	-	(2,827)	**(2,827)**
Other transfers between reserves	-	(143)	143	**-**
Public dividend capital received	39,475	-	-	**39,475**
Taxpayers' and others' equity at 31 March 2024	**597,442**	**-**	**(158,218)**	**439,224**

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

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2022 - brought forward	**491,286**	**143**	**(80,557)**	**410,872**
Implementation of IFRS 16 on 1 April 2022	-	-	618	**618**
Surplus/(deficit) for the year	-	-	46,439	**46,439**
Public dividend capital received	67,166	-	-	**67,166**
Public dividend capital repaid	(485)	-	-	**(485)**
Other reserve movements	-	-	1,593	**1,593**
Taxpayers' and others' equity at 31 March 2023	**557,967**	**143**	**(31,907)**	**526,203**

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 and Social Care as the public dividend capital dividend.

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

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

Statement of Cash Flows for the year ended 31 March 2024

	Note	2023/24 £000	2022/23 £000
Cash flows from operating activities			
Operating surplus		43,026	72,246
Non-cash income and expense:			
Depreciation and amortisation	6.1	39,632	35,216
Net impairments	7	(1,027)	(26,112)
Income recognised in respect of capital donations	4	(2,925)	(14,420)
Decrease/(increase) in receivables		5,976	(36,693)
(Increase) in inventories		(3,924)	(1,668)
(Decrease) /increase in payables and other liabilities		(23,848)	29,534
(Decrease)/increase in provisions		(11,674)	9,802
Net cash flows from operating activities		**45,236**	**67,905**
Cash flows from investing activities			
Interest received		5,655	2,348
Purchase of intangible assets		(1,978)	(555)
Purchase of property, plant and equipment		(94,890)	(121,214)
Sales of property, plant and equipment		275	134
Initial direct costs or up front payments in respect of new right of use assets (lessee)		(149)	(58)
Receipt of cash donations to purchase assets		9,202	20,142
Net cash flows (used in) investing activities		**(81,885)**	**(99,203)**
Cash flows from financing activities			
Public dividend capital received		39,475	67,166
Public dividend capital repaid		-	(485)
Movement on loans from DHSC		(2,056)	(2,056)
Capital element of finance lease rental payments		(4,183)	(3,694)
Capital element of PFI payments		(15,039)	(8,711)
Interest on loans		(464)	(529)
Interest paid on finance lease liabilities		(890)	(635)
Interest paid on PFI obligations		(13,284)	(17,542)
PDC dividend paid		(9,657)	(8,400)
Net cash flows (used in) / from financing activities		**(6,098)**	**25,114**
(Decrease) in cash and cash equivalents		**(42,747)**	**(6,184)**
Cash and cash equivalents at 1 April - brought forward		**90,925**	**97,109**
Cash and cash equivalents at 31 March	21.1	**48,178**	**90,925**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

The Department of Health and Social Care has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2023/24 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

Accounting convention

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

Note 1.2 Going concern

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

Note 1.3 Interests in other entities

The Trust has no interest in other entities.

Note 1.4 Revenue from contracts with customers

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

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

Note 1.4 Revenue from contracts with customers (continued)

Revenue from NHS contracts

The main source of income for the Trust is from contracts with commissioners of healthcare services. Funding envelopes are set at an Integrated Care System (ICS) level for secondary care and a regional level with NHS England for specialised services. The majority of the Trust's NHS income is earned from NHS commissioners under the NHS Payment Scheme (NHSPS) which replaced the National Tariff Payment System on 1 April 2023. The NHSPS sets out rules to establish the amount payable to trusts for NHS-funded secondary and specialised healthcare services.

Aligned payment and incentive ("API") contracts form the main payment mechanism under the NHSPS. In 2023/24 API contracts contain both a fixed and variable element. Under the variable element, providers earn income for elective activity (both ordinary and day case), out-patient procedures, out-patient first attendances, diagnostic imaging and nuclear medicine, and chemotherapy delivery activity. The precise definition of these activities is given in the NHSPS. Income is earned at NHSPS prices based on actual activity. The fixed element includes income for all other services covered by the NHSPS assuming an agreed level of activity with 'fixed' in this context meaning not varying based on units of activity. Elements within this are accounted for as variable consideration under IFRS 15 as explained below.

High costs drugs and devices excluded from the calculation of national prices are reimbursed by NHS England based on actual usage or at a fixed baseline in addition to the price of the related service.

In 2023/24 a local pilot system variation was allowed which set income against a target of waiting list reduction to a specified number of patients on waiting lists was allowed over a set time period of 52 weeks. Where the allowed number was exceeded then a potential clawback of funding would be applied determined by a locally agreed price times the number of patients. If the Trust delivered an improved position on the 52 week wait target, then this would be funded via the ERF National allocation to ensure equal treatment for providers on the National system. The allowable number of patients was adjusted in year to account for strike action over which the Trust had no control. The local scheme only applied to West Yorkshire patients across both West Yorkshire ICB and NHSE Specialised Commissioning.

In 2022/23 fixed payments were set at a level assuming the achievement of elective activity targets. These payments were accompanied by a variable-element to adjust income for actual activity delivered on elective services and advice and guidance services. Where actual elective activity delivered differed from the agreed level set in the fixed payments, the variable element either increased or reduced the income earned by the Trust at a rate of 75% of the tariff price.

The Trust also receives income from commissioners under Commissioning for Quality Innovation (CQUIN) and Best Practice Tariff (BPT) schemes. Delivery under these schemes is part of how care is provided to patients. As such CQUIN and BPT payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the overall contract with the commissioner and accounted for as variable consideration under IFRS 15. Payment for CQUIN and BPT on non-elective services is included in the fixed element of API contracts with adjustments for actual achievement being made at the end of the year. BPT earned on elective activity is included in the variable element of API contracts and paid in line with actual activity performed.

For 2022-23, the Trust agreed with commissioners a more local approach to the API rules ensuring achievement and quality were maintained whilst supporting the sustainability of services and achievement of waiting list reductions.

Elective recovery funding provides additional funding to integrated care boards to fund the commissioning of elective services within their systems. In 2023/24, trusts do not directly earn elective recovery funding, instead earning income for actual activity performed under API contract arrangements as explained above. The level of activity delivered by the Trust contributes to system performance and therefore the availability of funding to the Trust's commissioners. In 2022/23 elective recovery funding for providers was separately identified within the aligned payment and incentive contracts.

Where the relationship with a particular integrated care board is expected to be a low volume of activity (annual value below £0.5m), an annual fixed payment is received by the provider as determined in the NHSPS documentation. Such income is classified as 'other clinical income' in these accounts.

Revenue from research contracts

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

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

Note 1.5 Other forms of income

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

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

Note 1.6 Expenditure on employee benefits

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

Pension costs

NHS Pension Scheme

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

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

National Employment Savings Trust ("NEST") Pension Scheme

The Trust provides certain employees, who are not enrolled into the NHS Pensions Scheme, with cover from the defined contributions scheme which is managed by the National Employment Savings Trust (NEST). The cost to the Trust is taken as equal to the contributions payable to the scheme for the accounting period.

Note 1.7 Expenditure on other goods and services

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

Note 1.8 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

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

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

Subsequent expenditure

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

Measurement

Valuation

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

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

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

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

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

Valuation guidance issued by the Royal Institute of Chartered Surveyors states that valuations are performed net of VAT where the VAT is recoverable by the entity. This basis has been applied to the Trust's Private Finance Initiative (PFI) scheme where the construction is completed by a special purpose vehicle and the costs have recoverable VAT for the Trust.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Private Finance Initiative (PFI) transactions

PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's *FReM* , are accounted for as 'on-Statement of Financial Position' by the Trust. Annual contract payments to the operator (the unitary charge) are apportioned between the repayment of the liability including the finance cost, the charges for services and lifecycle replacement of components of the asset.
Initial recognition

In accordance with HM Treasury's FReM, the underlying assets are recognised as property, plant and equipment, together with an equivalent liability. Initial measurement of the asset and liability are in accordance with the initial measurement principles of IFRS 16 (see leases accounting policy).

Subsequent measurement

Assets are subsequently accounted for as property, plant and equipment and/or intangible assets as appropriate.

The liability is subsequently reduced by the portion of the unitary charge allocated as payment for the asset and increased by the annual finance cost. The finance cost is calculated by applying the implicit interest rate to the opening liability and is charged to finance costs in the Statement of Comprehensive Income. The element of the unitary charge allocated as payment for the asset is split between payment of the finance cost and repayment of the net liability.

Where there are changes in future payments for the asset resulting from indexation of the unitary charge, the Trust remeasures the PFI liability by determining the revised payments for the remainder of the contract once the change in cash flows takes effect. The remeasurement adjustment is charged to finance costs in the Statement of Comprehensive Income.

The service charge is recognised in operating expenses in the Statement of Comprehensive Income.

Initial application of IFRS 16 liability measurement principles to PFI liabilities

IFRS 16 liability measurement principles have been applied to PFI and other service concession arrangement liabilities in these financial statements from 1 April 2023. The change in measurement basis has been applied using a modified retrospective approach with the cumulative impact of remeasuring the liability on 1 April 2023 recognised in the income and expenditure reserve.

Comparatives for PFI and other service concession arrangement liabilities have not been restated on an IFRS 16 basis, as required by the DHSC Group Accounting Manual. Under IAS 17 measurement principles which applied in 2022/23 and earlier, movements in the liability were limited to repayments of the liability and the annual finance cost arising from application of the implicit interest rate. The cumulative impact of indexation on payments for the asset was charged to finance costs as contingent rent as incurred.

Useful lives of property, plant and equipment

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

	Min life Years	Max life Years
Land	-	-
Buildings, excluding dwellings	2	80
Dwellings	2	80
Plant & machinery	5	18
Transport equipment	5	10
Information technology	3	11
Furniture & fittings	5	10

Note 1.9 Intangible assets

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

Internally generated intangible assets

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

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

Software

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

Measurement

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

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

Intangible assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

Amortisation

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

Useful lives of intangible assets

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

	Min life Years	**Max life Years**
Information technology	5	7
Software licences	2	7

Note 1.10 Inventories
Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method.

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

Note 1.11 Investment properties
The Trust does not hold investment properties.

Note 1.12 Cash and cash equivalents

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

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

Note 1.13 Financial assets and financial liabilities

Recognition

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

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

Classification and measurement

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

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

Financial assets and financial liabilities are classified as subsequently measured at amortised cost.

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

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

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

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets, the Trust recognises an allowance for expected credit losses.

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

HM Treasury has ruled that central government bodies may not recognise stage 1 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 and 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 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 estimated future cash flows discounted at the financial asset's original effective interest rate.

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

Derecognition

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

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

Note 1.14 Leases

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

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

The Trust as a lessee

Recognition and initial measurement

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

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

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

Where an implicit rate cannot be readily determined, the Trust's incremental borrowing rate is applied. This rate is determined by HM Treasury annually for each calendar year. A nominal rate of 3.51% applied to new leases commencing in 2023 and 4.72% to new leases commencing in 2024.

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

Also, the Trust has not applied the above recognition requirements where the lease or rental arrangements do not meet the right of use IFRS16 criteria such as substitution.

Subsequent measurement

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

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

The Trust as a lessor

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

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

Finance leases

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

Operating leases

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

The Trust as lessee

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

No adjustments were made on initial application in respect of leases with a remaining term of 12 months or less from 1 April 2022 or for leases where the underlying assets had a value below £5,000. No adjustments were made in respect of leases previously classified as finance leases.

The Trust as lessor

Leases of owned assets where the Trust was lessor were unaffected by initial application of IFRS 16. For existing arrangements where the Trust was an intermediate lessor, classification of all continuing sublease arrangements was been reassessed with reference to the right of use asset.

Note 1.15 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective from 31 March 2024:

		Nominal rate	Prior year rate
Short-term	Up to 5 years	4.26%	3.27%
Medium-term	After 5 years up to 10 years	4.03%	3.20%
Long-term	After 10 years up to 40 years	4.72%	3.51%
Very long-term	Exceeding 40 years	4.40%	3.00%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective from 31 March 2024:

	Inflation rate	Prior year rate
Year 1	3.60%	7.40%
Year 2	1.80%	0.60%
Into perpetuity	2.00%	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's post-employment benefits discount rate of 2.45% in real terms (prior year: 1.70%).

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at Note 25.2 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to NHS Resolution and in return receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses when the liability arises.

Note 1.16 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in Note 26 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 26, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

• possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or

• present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Note 1.17 Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

The Secretary of State can issue new PDC to, and require repayments of PDC from, the Trust. PDC is recorded at the value received.

A charge, reflecting the cost of capital utilised by the Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, with certain additions and deductions as defined by the Department of Health and Social Care.

This policy is available at https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts.

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

Note 1.18 Value added tax

Most of the activities of the Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

Note 1.19 Corporation tax

The Trust does not have any Corporation Tax liability.

Note 1.20 Climate change levy

Expenditure on the climate change levy is recognised in the Statement of Comprehensive Income as incurred, based on the prevailing chargeable rates for energy consumption.

Note 1.21 Foreign exchange

The functional and presentational currency of the Trust is sterling.

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

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

Note 1.22 Third party assets

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

Note 1.23 Losses and special payments

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

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

Note 1.24 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

Note 1.25 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2023/24.

Note 1.26 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 17 Insurance contracts

IFRS 17 Insurance contracts - Application required for accounting periods beginning on or after 1 January 2021, with adoption of the standard by the 25/26 FREM: with limited options for early adoption. It is not anticipated that adoption of this standard will have a material impact on the financial statements of the Trust.

Note 1.27 Critical judgements in applying accounting policies

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

● Bexley Wing and Wharfedale Hospital, constructed under the Private Finance Initiative (PFI), meet the criteria for inclusion in the financial statements as Finance leases as the Trust bears the risks and rewards of ownership. See Note 1.8 and Note 28 PFI transactions.

As part of the Private Finance Initiative, the Trust is required to pay the operator for lifecycle replacement assets. A judgement was made in the preparation of these accounts of the payment for these assets and this is accounted for annually as a revenue expense. The lifecyle is not charged to revenue on a smoothed basis, but is charged based on the judgement regarding replacement at the time the financial model was developed.

● The Energy Centre development at St James's University Hospital site has been judged to contain a lease. The site was developed under a 15 year contractual arrangement with Vital Energy and following an assessment under IFRIC 4, the arrangement assessed as containing a lease.

● The Trust has decided to follow the Department of Health and Social Care guidance that specifies that the Trust's land and buildings should be valued on the basis of depreciated replacement cost, applying the Modern Equivalent Asset (MEA) concept. The MEA is defined as "the cost of a modern replacement asset that has the same productive capacity as the property being valued." Therefore, the MEA is not a valuation of the existing land and buildings that the Trust holds, but a theoretical valuation for accounting purposes of what the Trust could need to spend in order to replace the service potential that those assets have. In determining the MEA, the Trust has to make assumptions that are practically achievable, however the Trust is not required to have any plans to make such changes.

The Trust is satisfied that the assumptions underpinning the MEA valuation are practically achievable, would not change the services provided by the Trust, and would not impact on service delivery or the level and volume of service provided. This is because all staff are contracted to work across all sites, and the catchment area for patients using the services has been taken into account when deciding on an appropriate alternative site.

For the purposes of the MEA valuation, the Trust has assumed that the modern equivalent asset would be the provision of services from the St James's site.

The MEA valuations used by the Trust have been provided to the Trust by the external valuers, Cushman and Wakefield. The Trust has used component lives based upon contractual information provided by the Cushman and Wakefield to depreciate buildings and dwellings on a component basis. See note 1.8 and 16.

● Leases have been reviewed in line with IFRS16 to determine whether the Trust has a right of use asset. Note 1.14 describes how the Trust determines the lease term of a right of use asset with reference to the non-cancellable period and any options to extend or terminate the lease which the Trust is reasonably certain to exercise. The Trust leases a number of building from various landlords for the provision of services. In assessing the lease term to apply in relation to IFRS 16, the Trust has reviewed the future planned service delivery for the purpose of calculation of borrowings and the Right of Use valuation. The Right of use valuation is disclosed in note 16.

Note 1.28 Sources of estimation uncertainty

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

- Valuation of Plant, Property and Equipment - Note 1.8 and Note 16

The Trust has used valuations carried out at 31 March 2024 and 31 March 2023 by its expert independent professional valuer (Cushman & Wakefield) to determine the value of property. These property valuations and useful lives are based on the Royal Institute of Chartered Surveyors valuation standards insofar as these are consistent with the requirements of HM Treasury and the Department of Health and Social Care.

Cushman and Wakefield highlight in their report that the desktop valuation of the Trust's land and buildings is based on the RICS Building Costs Information Service 'All In' Tender Price Index and location factors in deriving the valuation. As such, a degree of uncertainty exists, and a relatively small variation could have a material impact on the accounts. For every 5% change, the valuation could differ by £23.1m, with a consequent effect on the PDC dividend payable which would affect the values shown in note 16.

Depreciation of equipment is based on asset lives, which have been estimated upon recognition of the assets. Managers have adjusted estimated lives at the end of the accounting period, where their estimate of useful life is significantly different to the original. The estimate of asset lives may differ to the actual period the Trust utilises the asset but any difference would not be material.

Note 2 Operating Segments

The Trust has determined that the Chief Operating Decision Maker (as defined by IFRS 8) is the Board of Directors on the basis that all strategic decisions are made by the Board.

The Trust engages in its activity as a single operating segment i.e. the provision of healthcare. Financial results are reported to the Board under the single segment of healthcare. Whilst the Trust operates a number of different clinical services via its clinical service units, they each provide essentially the same service (patient care), have the same customers (commissioners), use similar processes and services and face fundamentally the same risks.

Note 3 Operating income from patient care activities

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

Note 3.1 Income from patient care activities (by nature)	2023/24 £000	2022/23 £000
Acute services		
Income from commissioners under API contracts - variable element*	320,459	-
Income from commissioners under API contracts - fixed element*	934,772	1,164,819
High cost drugs income from commissioners	328,818	307,129
Other NHS clinical income	6,747	3,294
All services		
Private patient income	1,386	1,437
Elective recovery fund*	-	41,207
National pay award central funding**	872	33,239
Additional pension contribution central funding***	44,620	40,617
Other clinical income	7,497	6,742
Total income from activities	**1,645,171**	**1,598,484**

*Aligned payment and incentive contracts are the main form of contracting between NHS providers and their commissioners. More information can be found in the 2023/24 NHS Payment Scheme documentation. https://www.england.nhs.uk/pay-syst/nhs-payment-scheme/

The nature of the income from commissioners changed between 2022/23 and 2023/24. For more detail see accounting policy 1.4.

** Additional funding was made available by NHS England in 2023/24 and 2022/23 for implementing the backdated element of pay awards where government offers were made at the end of the financial year. 2023/24: In March 2024, the government announced a revised pay offer for consultants, reforming consultant pay scales with an effective date of 1 March 2024. Trade Unions representing consultant doctors accepted the offer in April 2024. 2022/23: In March 2023, the government made a pay offer for staff on agenda for change terms and conditions which was later confirmed in May 2023. The additional pay for 2022/23 was based on individuals in employment at 31 March 2023.

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

Note 3.2 Income from patient care activities (by source)	2023/24 £000	2022/23 £000
Income from patient care activities received from:		
NHS England*	817,726	816,560
Clinical commissioning groups**	-	184,126
Integrated care boards**	816,412	588,024
Department of Health and Social Care	-	13
Other NHS providers	561	166
NHS other	1,590	1,429
Non-NHS: private patients	1,386	1,437
Non-NHS: overseas patients (chargeable to patient)	1,793	1,221
Injury cost recovery scheme	4,610	4,758
Non NHS: other	1,093	750
Total income from activities	**1,645,171**	**1,598,484**
Of which:		
Related to continuing operations	1,645,171	1,598,484

*Income from NHS England includes £44.6m (2022/23 £40.6m) to cover the increase in the cost of employers contributions to the NHS Pension Scheme (see Notes 8 and 9).

**On 30 June 2022, Clinical Commissioning Groups were disbanded and their function taken over by Integrated Care Boards from 1 July 2022.

Note 3.3 Overseas visitors (relating to patients charged directly by the provider)

	2023/24	2022/23
	£000	£000
Income recognised this year	1,793	1,221
Cash payments received in-year	516	350
Amounts added to provision for impairment of receivables	925	718
Amounts written off in-year	378	325

Note 4 Other operating income

	2023/24			2022/23		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	43,562	-	**43,562**	35,001	-	**35,001**
Education and training	104,257	3,855	**108,112**	91,546	3,518	**95,064**
Non-patient care services to other bodies	52,669	-	**52,669**	50,613	-	**50,613**
Reimbursement and top up funding	-	-	**-**	4,100	-	**4,100**
Income in respect of employee benefits accounted on a gross basis	16,051	-	**16,051**	15,862	-	**15,862**
Receipt of capital grants and donations and peppercorn leases	-	2,925	**2,925**	-	14,420	**14,420**
Charitable and other contributions to expenditure	-	2,578	**2,578**	-	5,335	**5,335**
Revenue from operating leases	-	3,366	**3,366**	-	2,040	**2,040**
Other income*	26,082	-	**26,082**	23,069	-	**23,069**
Total other operating income	**242,621**	**12,724**	**255,345**	**220,191**	**25,313**	**245,504**
Of which:						
Related to continuing operations			255,345			245,504

*Other income incorporates income received for goods and services which are incidental to the Trust's core activity of healthcare, for example, creche fees and catering.

Note 5 Operating leases - The Leeds Teaching Hospitals NHS Trust as lessor

This note discloses income generated in operating lease agreements where The Leeds Teaching Hospitals NHS Trust is the lessor.

The Generating Station Complex at Leeds General Infirmary is licenced to Engie Ltd who supply the Trust and University of Leeds with electricity. Other leases relate to various retail facilities provided across the Trust's sites.

Note 5.1 Operating lease income

	2023/24	2022/23
	£000	£000
Lease receipts recognised as income in year:		
Minimum lease receipts	3,366	2,040
Total in-year operating lease income	**3,366**	**2,040**

Note 5.2 Future lease receipts

	31 March 2024	31 March 2023
	£000	£000
Future minimum lease receipts due in:		
- not later than one year	2,324	2,034
- later than one year and not later than two years	2,061	2,021
- later than two years and not later than three years	1,094	1,790
- later than three years and not later than four years	604	915
- later than four years and not later than five years	469	431
- later than five years	1,218	1,528
Total	**7,770**	**8,719**

Note 6.1 Operating expenses

	2023/24	2022/23
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	80	62
Purchase of healthcare from non-NHS and non-DHSC bodies	17,280	23,681
Staff and executive directors costs	1,094,930	1,061,315
Remuneration of non-executive directors	241	222
Supplies and services - clinical (excluding drugs costs)*	205,857	191,325
Supplies and services - general	9,723	9,495
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	301,554	285,106
Consultancy costs	423	620
Establishment	6,527	8,382
Premises	66,035	70,769
Transport (including patient travel)	6,639	5,935
Depreciation on property, plant and equipment	37,846	32,899
Amortisation on intangible assets	1,786	2,317
Net impairments**	(1,027)	(26,112)
Movement in credit loss allowance: contract receivables / contract assets	1,069	1,531
Change in provisions discount rate(s)	(106)	(548)
Fees payable to the external auditor:		
audit services- statutory audit***	150	122
Internal audit costs	296	434
Clinical negligence	44,157	39,416
Legal fees	386	579
Insurance	871	816
Research and development	32,702	29,078
Education and training	7,888	9,370
Expenditure on short term leases	280	278
Expenditure on low value leases	-	82
Redundancy	596	162
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI)	9,206	10,954
Car parking & security	497	328
Hospitality	172	95
Losses, ex gratia & special payments	70	44
Other services,	1,549	2,044
Other****	9,813	10,941
Total	**1,857,490**	**1,771,742**
Of which:		
Related to continuing operations	1,857,490	1,771,742

*Supplies and services expenditure in 2023/24 includes the use of donated PPE that was purchased by the DHSC and issued to the Trust of £1.4m (2022/23 £4.4m).

**Detail on the impairments can be found at Note 7

***Audit fees include irrecoverable VAT (see Note 1.18)

****Other expenses incorporates the costs for goods and services which are incidental to the Trust's core activity, for example, hosted services or childcare vouchers and lease cars (both recovered through income).

Note 6.2 Other auditor remuneration

There was no other remuneration paid to the external auditor during 2023/24 or 2022/23.

Note 6.3 Limitation on auditor's liability

There is no limitation on auditor's liability for external audit work carried out for the financial years 2023/24 or 2022/23.

Note 7 Impairment of assets

	2023/24	2022/23
	£000	£000
Net impairments credited to operating surplus resulting from:		
Changes in market price	(1,027)	(26,112)
Total net impairments credited to operating surplus	**(1,027)**	**(26,112)**
Impairments charged to the revaluation reserve	-	-
Total net impairments	**(1,027)**	**(26,112)**

The impairment reversals in 2023/24 and in 2022/23 arise following the valuation of the Trust's estate undertaken by an independent valuer. Full details can be found in note 16.

Note 8 Employee benefits

	2023/24	2022/23
	Total	Total
	£000	£000
Salaries and wages	868,369	839,174
Social security costs	87,062	78,177
Apprenticeship levy	4,404	4,013
Employer's contributions to NHS pensions	144,269	132,581
Pension cost - other	835	-
Termination benefits	596	162
Temporary staff (including agency)	25,383	38,040
Total staff costs	**1,130,918**	**1,092,147**
Of which		
Costs capitalised as part of assets	4,681	3,796

Note 8.1 Retirements due to ill-health

During 2023/24 there were 28 early retirements from the Trust agreed on the grounds of ill-health (18 in the year ended 31 March 2023). The estimated additional pension liabilities of these ill-health retirements is £2,429k (£1,039k in 2022/23).

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

Note 9 Pension costs

Past and present employees are covered by the provisions of the NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both the 1995/2008 and 2015 schemes are accounted for, and the scheme liability valued, as a single combined scheme. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2024, is based on valuation data as at 31 March 2023, updated to 31 March 2024 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.

For 2024/25, the expected pension cost of the Trust would be £150.1m.

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 2020. The results of this valuation set the employer contribution rate payable from April 2024. The Department of Health and Social Care has recently laid Scheme Regulations confirming the the employer contribution rate will increase to 23.7% of pensionable pay from 1 April 2024 (previously 20.6%). The core cost cap cost of the scheme was calculated to be outside of the 3% cost cap corridor as at 31 March 2020. However, when the wider economic situation was taken into account through the economic cost cap of the scheme, the cost cap corridor was not similarly breached. As a result, there was no impact on the member benefit structure or contribution rates.

c) National Employment Savings Trust Pension

Under the terms of the Pensions Act 2008 the Trust is required to provide a pension scheme for employees who are not eligible for membership of the NHS Pension Scheme. Qualifying employees are enrolled in the National Employment Savings Trust (NEST) managed scheme.

NEST is a defined contribution scheme managed by a third party organisation. It carries no possibility of actuarial gain or loss to the Trust and there are no financial liabilities other than payment of the 3% employers contribution of qualifying earnings. Employer contributions are charged directly to the Statement of Comprehensive Income and paid to NEST monthly. At 31 March 2024 there were 1,982 employees enrolled in the scheme (2,107 at 31 March 2023). Further details of the scheme can be found at www.nestpensions.org.uk.

Note 10 Finance income

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

	2023/24	2022/23
	£000	£000
Interest on bank accounts	5,655	2,348
Total finance income	**5,655**	**2,348**

Note 11 Finance expenditure

Note 11.1 Finance expenditure

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

	2023/24	2022/23
	£000	£000
Interest expense:		
Interest on loans from the Department of Health and Social Care	463	525
Interest on lease obligations	890	635
Finance costs on PFI service concession arrangements:		
Main finance costs	13,283	6,619
Contingent finance costs*	-	10,923
Remeasurement of the liability resulting from change in index or rate*	30,235	-
Total interest expense	**44,871**	**18,702**
Unwinding of discount on provisions	30	(31)
Total finance costs	**44,901**	**18,671**

* From 1 April 2023, IFRS 16 liability measurement principles are applied to PFI liabilities. Increases to imputed lease payments arising from inflationary uplifts are now included in the liability, and contingent rent no longer arises. More information is provided in Note 29.

Note 11.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

The Trust has not made any payments under this legislation in either the current or preceding financial year.

Note 12 Other gains / (losses)

	2023/24	2022/23
	£000	£000
Gains on disposal of assets	275	134
Losses on disposal of assets	(6)	(342)
Total other gains / (losses)	**269**	**(208)**

Obsolete and surplus items of equipment were also sold during the current and preceding financial year. This resulted in an overal surplus of £269k (2022/23 loss of £208k).

Note 13.1 Intangible assets - 2023/24

	Software licences £000	Internally generated information technology £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2023 - brought forward	**3,258**	**17,349**	**6,766**	**27,373**
Additions	460	380	1,138	**1,978**
Reclassifications	615	1,488	(2,103)	**-**
Valuation / gross cost at 31 March 2024	**4,333**	**19,217**	**5,801**	**29,351**
Amortisation at 1 April 2023 - brought forward	**2,207**	**12,478**	**-**	**14,685**
Provided during the year	330	1,456	-	**1,786**
Amortisation at 31 March 2024	**2,537**	**13,934**	**-**	**16,471**
Net book value at 31 March 2024	**1,796**	**5,283**	**5,801**	**12,880**
Net book value at 1 April 2023	**1,051**	**4,871**	**6,766**	**12,688**

Note 13.2 Intangible assets - 2022/23

	Software licences £000	Internally generated information technology £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2022 - brought forward	**2,736**	**24,082**	**-**	**26,818**
Additions	522	33	-	**555**
Reclassifications	-	(6,766)	6,766	**-**
Valuation / gross cost at 31 March 2023	**3,258**	**17,349**	**6,766**	**27,373**
Amortisation at 1 April 2022 - brought forward	**1,796**	**10,572**	**-**	**12,368**
Provided during the year	411	1,906	-	**2,317**
Amortisation at 31 March 2023	**2,207**	**12,478**	**-**	**14,685**
Net book value at 31 March 2023	**1,051**	**4,871**	**6,766**	**12,688**
Net book value at 1 April 2022	**940**	**13,510**	**-**	**14,450**

Note 14.1 Property, plant and equipment - 2023/24

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2023 - brought forward	**12,011**	**442,719**	**945**	**151,503**	**259,569**	**532**	**91,947**	**1,368**	**960,594**
Additions	-	11,961	-	46,112	9,033	-	18,183	-	**85,289**
Impairments	-	(476)	-	-	-	-	-	-	**(476)**
Reversals of impairments	-	-	23	-	-	-	-	-	**23**
Reclassifications	-	7,048	-	(44,982)	330	-	38,203	-	**599**
Disposals / derecognition	-	-	-	-	(2,190)	-	-	-	**(2,190)**
Valuation/gross cost at 31 March 2024	**12,011**	**461,252**	**968**	**152,633**	**266,742**	**532**	**148,333**	**1,368**	**1,043,839**
Accumulated depreciation at 1 April 2023 - brought forward	**-**	**-**	**-**	**-**	**158,152**	**532**	**58,054**	**1,368**	**218,106**
Provided during the year	-	14,434	30	-	9,813	-	9,173	-	**33,450**
Reversals of impairments	-	(1,450)	(30)	-	-	-	-	-	**(1,480)**
Disposals / derecognition	-	-	-	-	(2,184)	-	-	-	**(2,184)**
Accumulated depreciation at 31 March 2024	**-**	**12,984**	**-**	**-**	**165,781**	**532**	**67,227**	**1,368**	**247,892**
Net book value at 31 March 2024	**12,011**	**448,268**	**968**	**152,633**	**100,961**	**-**	**81,106**	**-**	**795,947**
Net book value at 1 April 2023	**12,011**	**442,719**	**945**	**151,503**	**101,417**	**-**	**33,893**	**-**	**742,488**

Note 14.2 Property, plant and equipment - 2022/23

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2022 - brought forward	**12,535**	**401,210**	**889**	**68,529**	**247,191**	**532**	**87,181**	**1,387**	**819,454**
IFRS 16 implementation - reclassification of existing finance leased assets to right of use assets	-	(531)	-	-	-	-	-	-	**(531)**
Additions	-	16,880	-	95,104	13,425	-	4,950	-	**130,359**
Impairments	(524)	(6,845)	-	-	-	-	-	-	**(7,369)**
Reversals of impairments	-	19,691	56	-	-	-	-	-	**19,747**
Reclassifications	-	12,314	-	(12,130)	-	-	(184)	-	**-**
Disposals / derecognition	-	-	-	-	(1,047)	-	-	(19)	**(1,066)**
Valuation/gross cost at 31 March 2023	**12,011**	**442,719**	**945**	**151,503**	**259,569**	**532**	**91,947**	**1,368**	**960,594**
Accumulated depreciation at 1 April 2022 - brought forward	**-**	**-**	**-**	**-**	**149,389**	**532**	**51,791**	**1,387**	**203,099**
Provided during the year	-	13,624	28	-	9,468	-	6,263	-	**29,383**
Reversals of impairments	-	(13,624)	(28)	-	-	-	-	-	**(13,652)**
Disposals / derecognition	-	-	-	-	(705)	-	-	(19)	**(724)**
Accumulated depreciation at 31 March 2023	**-**	**-**	**-**	**-**	**158,152**	**532**	**58,054**	**1,368**	**218,106**
Net book value at 31 March 2023	**12,011**	**442,719**	**945**	**151,503**	**101,417**	**-**	**33,893**	**-**	**742,488**
Net book value at 1 April 2022	**12,535**	**401,210**	**889**	**68,529**	**97,802**	**-**	**35,390**	**-**	**616,355**

Note 14.3 Property, plant and equipment financing - 31 March 2024

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	12,011	312,199	968	128,880	80,214	-	81,069	-	**615,341**
On-SoFP PFI contracts and other service concession arrangements	-	128,544	-	-	7,563	-	-	-	**136,107**
Owned - donated/granted	-	7,525	-	23,753	13,184	-	37	-	**44,499**
Total net book value at 31 March 2024	**12,011**	**448,268**	**968**	**152,633**	**100,961**	**-**	**81,106**	**-**	**795,947**

Note 14.4 Property, plant and equipment financing - 31 March 2023

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	12,011	304,775	945	128,295	80,102	-	33,845	-	**559,973**
On-SoFP PFI contracts and other service concession arrangements	-	129,750	-	-	9,430	-	-	-	**139,180**
Owned - donated/granted	-	8,194	-	23,208	11,885	-	48	-	**43,335**
Total net book value at 31 March 2023	**12,011**	**442,719**	**945**	**151,503**	**101,417**	**-**	**33,893**	**-**	**742,488**

Note 15 Donations of property, plant and equipment

During the year the Trust received grants and donations to fund capital assets from the following:

	2023/24 £000	2022/23 £000
Leeds Hospitals Charity (previously Leeds Cares)	924	1,166
Northern Pathology Imaging Co-operative	306	3,363
NIHR	707	-
Health Education England	9	379
Department of Health & Social Care	-	168
Salix	(235)	9,070
NE&Y Genomics Hub	736	-
Others	478	274
Total donations for property, plant and equipment	**2,925**	**14,420**

The grants received from Northern Pathology Imaging Co-operative are funding digital pathology investment. The Salix grant was awarded to fund de-carbonisation investments across the Trust, which have now been completed.

Note 16 Revaluations of property, plant and equipment

A full 5 yearly cyclical valuation of the Trust's entire estate was carried out during 2019/20. For 2023/24, a desk top valuation was conducted by Cushman and Wakefield, who issued their reports dated 31 March 2024. In 2022/23 an interim valuation was performed. The valuations were on depreciated replacement cost on a modern equivalent asset basis. The report for 2022/23, completed in accordance with guidance issued by Royal Institution of Chartered Surveyors ("RICS"), gave a value of the estate of £456.3m. For 2023/24, the report completed in accordance with guidance issued by RICS, gave a value of the estate of £461.2m.

Note 17 Leases - The Leeds Teaching Hospitals NHS Trust as a lessee

The Trust has operating leases for items of medical and non-medical equipment, vehicles and short-term property lets. None of these are individually significant.

Note 17.1 Right of use assets - 2023/24

	Property (land and buildings) £000	Plant & machinery £000	Transport equipment £000	Total £000	Of which: leased from DHSC group bodies £000
Valuation / gross cost at 1 April 2023 - brought forward	**16,138**	**8,041**	**682**	**24,861**	**9,095**
Additions	9,749	401	412	**10,562**	71
Remeasurements of the lease liability	1,046	187	(34)	**1,199**	836
Movements in provisions for restoration / removal costs	2,634	-	-	**2,634**	250
Reclassifications	(599)	-	-	**(599)**	-
Disposals / derecognition	(319)	(56)	(54)	**(429)**	-
Valuation/gross cost at 31 March 2024	**28,649**	**8,573**	**1,006**	**38,228**	**10,252**
Accumulated depreciation at 1 April 2023 - brought forward	**2,343**	**926**	**233**	**3,502**	**1,231**
Provided during the year	2,835	1,259	302	**4,396**	1,362
Disposals / derecognition	(319)	(56)	(54)	**(429)**	-
Accumulated depreciation at 31 March 2024	**4,859**	**2,129**	**481**	**7,469**	**2,593**
Net book value at 31 March 2024	**23,790**	**6,444**	**525**	**30,759**	**7,659**
Net book value at 1 April 2023	**13,795**	**7,115**	**449**	**21,359**	**7,864**
Net book value of right of use assets leased from other NHS providers					4,842
Net book value of right of use assets leased from other DHSC group bodies					2,817

Note 17.2 Right of use assets - 2022/23

	Property (land and buildings) £000	Plant & machinery £000	Transport equipment £000	Total £000	Of which: leased from DHSC group bodies £000
Valuation / gross cost at 1 April 2022 - brought forward	**-**	**-**	**-**	**-**	**-**
IFRS 16 implementation - reclassification of existing finance leased assets from PPE or intangible assets	531	-	-	**531**	-
IFRS 16 implementation - adjustments for existing operating leases / subleases	14,509	6,405	667	**21,581**	9,095
Additions	672	1,636	-	**2,308**	-
Remeasurements of the lease liability	283	-	15	**298**	-
Movements in provisions for restoration / removal costs	75	-	-	**75**	-
Reversal of impairments	68	-	-	**68**	-
Valuation/gross cost at 31 March 2023	**16,138**	**8,041**	**682**	**24,861**	**9,095**
Accumulated depreciation at 1 April 2022 - brought forward	-	-	-	**-**	-
Provided during the year	2,357	926	233	**3,516**	1,231
Reversal of impairments	(14)	-	-	**(14)**	-
Accumulated depreciation at 31 March 2023	**2,343**	**926**	**233**	**3,502**	**1,231**
Net book value at 31 March 2023	**13,795**	**7,115**	**449**	**21,359**	**7,864**
Net book value at 1 April 2022	**-**	**-**	**-**	**-**	**-**
Net book value of right of use assets leased from other NHS providers					5,834
Net book value of right of use assets leased from other DHSC group bodies					2,030

Note 17.3 Reconciliation of the carrying value of lease liabilities

Lease liabilities are included within borrowings in the Statement of Financial Position. A breakdown of borrowings is disclosed in note 24.1.

	2023/24	2022/23
	£000	£000
Carrying value at 31 March	**28,026**	**9,802**
IFRS 16 implementation - adjustments for existing operating leases	-	20,963
Lease additions	10,413	2,250
Lease liability remeasurements	1,199	298
Interest charge arising in year	890	635
Lease payments (cash outflows)	(5,073)	(4,329)
Other changes	-	(1,593)
Carrying value at 31 March	**35,455**	**28,026**

Lease payments for short term leases, leases of low value underlying assets and variable lease payments not dependent on an index or rate are recognised in operating expenditure.

These payments are disclosed in Note 6.1. Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above.

Note 17.4 Maturity analysis of future lease payments

	Total	Of which leased from DHSC group bodies:	Total	Of which leased from DHSC group bodies:
	31 March 2024	31 March 2024	31 March 2023	31 March 2023
	£000	£000	£000	£000
Undiscounted future lease payments payable in:				
- not later than one year;	5,437	1,508	4,597	1,188
- later than one year and not later than five years;	17,735	4,220	15,499	4,442
- later than five years.	16,409	2,156	11,626	2,556
Total gross future lease payments	**39,581**	**7,884**	**31,722**	**8,186**
Finance charges allocated to future periods	(4,126)	(246)	(3,696)	(286)
Net lease liabilities at 31 March 2024	**35,455**	**7,638**	**28,026**	**7,900**
Of which:				
Leased from other NHS providers		4,928		5,861
Leased from other DHSC group bodies		2,710		2,039

Note 18 Disclosure of interests in other entities

The Trust has no interest in other entities.

Note 19 Inventories

	31 March 2024 £000	31 March 2023 £000
Drugs	10,359	8,952
Work In progress	-	-
Consumables	17,400	14,826
Energy	806	863
Other	-	-
Total inventories	**28,565**	**24,641**

Inventories recognised in expenses for the year were £467,897k (2022/23: £437,141k). Write-down of inventories recognised as expenses for the year were £0k (2022/23: £0k).

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 2023/24 the Trust received £1,410k of items purchased by DHSC (2022/23: £4,100k).

These inventories were recognised as additions to inventory at deemed cost with the corresponding benefit recognised in income. The utilisation of these items is included in the expenses disclosed above.

Note 20 Receivables

Note 20.1 Receivables analysis

	31 March 2024 £000	31 March 2023 £000
Current		
Contract receivables	72,718	77,167
Capital receivables	900	7,177
Allowance for impaired contract receivables / assets	(4,580)	(4,169)
Prepayments (non-PFI)	9,331	9,539
PFI lifecycle prepayments	4,970	500
PDC dividend receivable	2,046	-
VAT receivable	4,160	5,232
Other receivables	249	565
Total current receivables	**89,794**	**96,011**
Non-current		
Contract receivables	4,831	3,684
Allowance for impaired contract receivables / assets	(1,115)	(916)
PFI lifecycle prepayments	2,749	810
Other receivables	1,826	2,294
Total non-current receivables	**8,291**	**5,872**
Of which receivable from NHS and DHSC group bodies:		
Current	42,791	49,939
Non-current	1,826	2,294

The majority of trade is with NHS England and Integrated Care Boards post 30 June 2022 (Clinical Commissioning Groups up to 30 June 2022). As NHS bodies are funded by Government to buy NHS patient care services, credit scoring of them is not considered necessary.

Non-current other receivables represent costs to be reimbursed by NHS England in relation to the Clinicians' Pension Tax provision (Note 25.1).

Note 20.2 Allowances for credit losses

	2023/24	2022/23
	Contract receivables and contract assets	Contract receivables and contract assets
	£000	£000
Allowances as at 1 April - brought forward	**5,085**	**3,922**
New allowances arising	1,069	1,531
Utilisation of allowances (write offs)	(459)	(368)
Allowances as at 31 Mar 2024	**5,695**	**5,085**

Note 20.3 Exposure to credit risk

Since the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2024 are in receivables from customers, as disclosed in the contracts receivables note (Note 20.1)

Note 21 Cash and cash equivalents

Note 21.1 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	2023/24	2022/23
	£000	£000
At 1 April	**90,925**	**97,109**
Net change in year	(42,747)	(6,184)
At 31 March	**48,178**	**90,925**
Broken down into:		
Cash at commercial banks and in hand	18	18
Cash with the Government Banking Service	48,160	90,907
Total cash and cash equivalents as in SoCF	**48,178**	**90,925**

Note 21.2 Third party assets held by the Trust

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

	31 March 2024	31 March 2023
	£000	£000
Bank balances	1	3
Total third party assets	**1**	**3**

Note 22 Trade and other payables

	31 March 2024 £000	31 March 2023 £000
Current		
Trade payables	69,636	54,745
Capital payables	28,505	31,697
Accruals	68,643	112,558
Social security costs	12,394	11,588
Other taxes payable	13,300	11,298
PDC dividend payable	-	735
Pension contributions payable	14,618	12,915
Other payables	563	291
Total current trade and other payables	**207,659**	**235,827**
Of which payables from NHS and DHSC group bodies:		
Current	2,208	4,259

Note 23 Other liabilities

	31 March 2024 £000	31 March 2023 £000
Current		
Deferred income: contract liabilities	26,309	25,935
Total other current liabilities	**26,309**	**25,935**

Deferred income: Contract Liabilities includes, amongst other elements, research projects. In line with IFRS 15 where income is received that relates to a performance obligation that is to be satisfied in a future period the income is deferred and recognised as a contract liability until the performance obligation is delivered.

Note 24 Borrowings

Note 24.1 Borrowings

	31 March 2024 £000	31 March 2023 £000
Current		
Loans from Department of Health and Social Care	2,075	2,076
Lease liabilities	4,739	1,117
Obligations under PFI contracts	15,724	7,112
Total current borrowings	**22,538**	**10,305**
Non-current		
Loans from Department of Health and Social Care	11,282	13,338
Lease liabilities	30,716	26,909
Obligations under PFI contracts	260,940	130,711
Total non-current borrowings	**302,938**	**170,958**

Note 24.2 Reconciliation of liabilities arising from financing activities

	Loans from DHSC	Lease Liabilities	PFI schemes	Total
	£000	£000	£000	£000
Carrying value at 1 April 2023	**15,414**	**28,026**	**137,823**	**181,263**
Cash movements:				
Financing cash flows - payments and receipts of principal	(2,056)	(4,183)	(15,039)	**(21,278)**
Financing cash flows - payments of interest	(464)	(890)	(13,284)	**(14,638)**
Non-cash movements:				
Application of IFRS 16 measurement principles to PFI liability on 1 April 2023	-	-	123,627	**123,627**
Additions	-	10,413	-	**10,413**
Lease liability remeasurements	-	1,199	-	**1,199**
Remeasurement of PFI liability resulting from change in index or rate	-	-	30,235	**30,235**
Application of effective interest rate	463	890	13,283	**14,636**
Other changes	-	-	19	**19**
Carrying value at 31 March 2024	**13,357**	**35,455**	**276,664**	**325,476**

	Loans from DHSC	Lease Liabilities	PFI schemes	Total
	£000	£000	£000	£000
Carrying value at 1 April 2022	**17,474**	**9,802**	**146,533**	**173,809**
Cash movements:				
Financing cash flows - payments and receipts of principal	(2,056)	(3,694)	(8,711)	**(14,461)**
Financing cash flows - payments of interest	(529)	(635)	(6,618)	**(7,782)**
Non-cash movements:				
Impact of implementing IFRS 16 on 1 April 2022		20,963		**20,963**
Additions	-	2,250	-	**2,250**
Lease liability remeasurements	-	298	-	**298**
Application of effective interest rate	525	635	6,619	**7,779**
Other changes	-	(1,593)	-	**(1,593)**
Carrying value at 31 March 2023	**15,414**	**28,026**	**137,823**	**181,263**

Note 25 Provisions for liabilities and charges

Note 25.1 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Restructuring	Other	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2023	**2,487**	**1,696**	**12,498**	**3,400**	**4,675**	**24,756**
Change in the discount rate	-	(106)	-	-	(403)	**(509)**
Arising during the year	303	185	75	-	2,974	**3,537**
Utilised during the year	(257)	(125)	(193)	(300)	(90)	**(965)**
Reversed unused	-	(63)	(6,767)	(2,959)	(1,435)	**(11,224)**
Unwinding of discount	-	30	-	-	121	**151**
At 31 March 2024	**2,533**	**1,617**	**5,613**	**141**	**5,842**	**15,746**
Expected timing of cash flows:						
- not later than one year;	250	120	5,541	141	384	**6,436**
- later than one year and not later than five years;	1,000	480	72	-	907	**2,459**
- later than five years.	1,283	1,017	-	-	4,551	**6,851**
Total	**2,533**	**1,617**	**5,613**	**141**	**5,842**	**15,746**

Pensions related provisions represent amounts payable to the NHS Business Services Authority - Pensions Division to meet the costs of early retirements and industrial injury benefits. Amounts are determined by the NHS Business Services Authority - Pensions Division based on actuarial estimates of life expectancy and there is therefore, a degree of uncertainty regarding the value of future payments.

Legal claims relate to personal injury and other claims where the Trust has received advice that settlement is probable. The final amounts and timings of payments remain subject to negotiation or legal judgement. Included are claims with a value of £288k (£309k in 2022/23) which are being handled on behalf of the Trust by NHS Resolution who have advised on their status. The value represents amounts which the Trust may bear as its share of any settlement. The balance of claims are being dealt with directly by the Trust as they represent settlement values likely to fall below NHS Resolution's excess level. Legal claims also includes provision for contractual disputes which are subject to on-going legal discussions.

As part of waste reduction plans for 2023/24 developed during 2022/23 a restructuring provision was created by the Trust. The remaining provision relates to specific staff due to leave in 2024.

Other provisions include those for employment related claims where the Trust disputes liability but recognises some probability of payment.

Other provisions also include clinician's pension tax reimbursement. During 2019/20 a national decision was made to resolve a taxation issue linked to pensions relating to senior clinical staff. Under this interim arrangement, the NHS Trust incurs the additional tax charge which is then reimbursed by NHS England. This remains the case for 2023/24. A provision is recognised in the Trust's accounts with a corresponding receivable from NHS England (Note 20.1)

Other provisions includes a dilpaidations provision. During 2021/22, as part of the preparation for the introduction of IFRS16, a decision was made to assess the potential liability for dilapidation costs that that could arise in relation to properties leased by the Trust. Following the introduction of IFRS16 in 2022/23 further dilapidation provisions have been recognised for new property leases. The overall value of the provision for 2023/24 is £3.6m (2022/23 - £2m).

Note 25.2 Clinical negligence liabilities

At 31 March 2024, £503,331k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of The Leeds Teaching Hospitals NHS Trust (31 March 2023: £626,230k).

Note 26 Contingent assets and liabilities

	31 March 2024 £000	31 March 2023 £000
Value of contingent liabilities		
NHS Resolution legal claims	(148)	(111)
Other	(195)	(307)
Gross value of contingent liabilities	**(343)**	**(418)**
Amounts recoverable against liabilities	-	-
Net value of contingent liabilities	**(343)**	**(418)**
Net value of contingent assets	**-**	**-**

NHS Resolution contingent liabilities consist entirely of claims for personal injury where the probability of settlement is very low. The NHS Resolution have advised on their status. In all cases, quantum has been assessed on a "worst case scenario" and represents the maximum of any payment which may be made. "Other" contingencies relate to personal injury claims which are being managed internally by the Trust. In all cases, the potential payment values have been assessed on a "worst case scenario" basis by reference to independent advice. Settlement of these claims is considered highly improbable but the values quoted represent the Trust's maximum exposure to loss.

Note 27 Contractual capital commitments

	31 March 2024 £000	31 March 2023 £000
Property, plant and equipment	48,153	71,137
Intangible assets	363	658
Total	**48,516**	**71,795**

Capital commitments decreased to £49m as at 31 March 2024 and relate primarily to the Trust’s Building the Leeds Way programme. The reduction since last year is primarily driven by works nearing completion on the Pathology Lab at St James and the Elective Hub at Wharfedale. In addition, other major capital projects which have completed during 2023/24 are the Same Day Emergency Care Centre at St James and the Trust's Network and Telephony Modernisation Programme.

Note 28 On-SoFP PFI arrangements

Institute of Oncology at St James's Hospitals - Bexley Wing
This is a 30 year contract which expires in 2037. It provides for the construction, maintenance and partial equipping of Bexley Wing by the PFI partner in return for an annual charge to the Trust. The Trust has full use of the facilities to provide healthcare services and will take ownership of the building and equipment at the end of the contract period. The PFI partner is responsible for providing a managed maintenance service for the length of the contract after which the responsibilities revert to the Trust. The contract contains payment mechanisms providing for deductions from the annual charge for any poor performance or unavailability. Future charges to the Trust will be determined by reference to the Retail Price Index.

Wharfedale Hospital
This is a 30 year contract which expires in 2034. It provides for the construction and maintenance of Wharfedale Hospital by the PFI partner in return for an annual unitary charge to the Trust. The Trust has full use of the Wharfedale Hospital to provide healthcare services and will take ownership of the building at the end of the contract period. The PFI partner is responsible for providing a managed maintenance service for the length of the contract after which the responsibilities revert to the Trust. The contract contains payment mechanisms providing for deductions from the annual charge for any poor performance or unavailability. The unitary charge is subject for an annual uplift for future price increases determined by reference to the Retail Price Index.

Note 28.1 On-SoFP PFI arrangement obligations

The following obligations in respect of the PFI arrangements are recognised in the statement of financial position:

	31 March 2024 £000	31 March 2023 £000
Gross PFI liabilities	**375,739**	**190,814**
Of which liabilities are due		
- not later than one year;	28,323	13,375
- later than one year and not later than five years;	113,293	53,499
- later than five years.	234,123	123,940
Finance charges allocated to future periods	(99,075)	(52,991)
Net PFI obligation	**276,664**	**137,823**
- not later than one year;	15,724	7,112
- later than one year and not later than five years;	70,404	31,828
- later than five years.	190,536	98,883

Note 28.2 Total on-SoFP PFI arrangement commitments

Total future commitments under these on-SoFP schemes are as follows:

	31 March 2024 £000	31 March 2023 £000
Total future payments committed in respect of the PFI arrangements	**594,217**	**496,934**
Of which payments are due:		
- not later than one year;	44,844	33,275
- later than one year and not later than five years;	179,376	135,116
- later than five years.	369,997	328,543

Note 28.3 Analysis of amounts payable to service concession operator

This note provides an analysis of the unitary payments made to the service concession operator:

	2023/24	2022/23
	£000	£000
Unitary payment payable to service concession operator	**44,512**	**37,637**
Consisting of:		
- Interest charge	13,283	6,619
- Repayment of balance sheet obligation	15,039	8,711
- Service element and other charges to operating expenditure	9,206	10,954
- Capital lifecycle maintenance	6,984	430
- Contingent rent	-	10,923
Total amount paid to service concession operator	**44,512**	**37,637**

Note 29 Impact of change in accounting policy for on-SoFP PFI liabilities

IFRS 16 liability measurement principles have been applied to PFI liabilities from 1 April 2023. When payments for the asset are uplifted for inflation, the imputed lease liability recognised on the SoFP is remeasured to reflect the increase in future payments. Such increases were previously recognised as contingent rent as incurred.

The change in measurement basis has been applied retrospectively without restatement of comparatives and with the cumulative impact on 1 April 2023 recognised in the income and expenditure reserve. The incremental impact of applying the new accounting policy on (a) the allocation of the unitary charge in 2023/24 and (b) the primary statements in 2023/24 is set out in the disclosures below.

Note 29.1 Impact of change in accounting policy on the allocation of unitary payment

	IFRS 16 basis (new basis) 2023/24	IAS 17 basis (old basis) 2023/24	Impact of change 2023/24
	£000	£000	£000
Unitary payment payable to service concession operator	**44,512**	**44,512**	**-**
Consisting of:			
- Interest charge	13,283	6,264	**7,019**
- Repayment of balance sheet obligation	15,039	7,111	**7,928**
- Service element	9,206	9,206	**-**
- Lifecycle maintenance	6,984	6,984	**-**
- Contingent rent	-	14,947	**(14,947)**

Note 29.2 Impact of change in accounting policy on primary statements

Impact of change in PFI accounting policy on 31 March 2024 Statement of Financial Position:	**£000**
Increase in PFI liabilities	(145,934)
Decrease in PDC dividend payable	2,146
Increase in cash and cash equivalents (impact of PDC dividend only)	2,571
Impact on net assets as at 31 March 2024	**(141,217)**

Impact of change in PFI accounting policy on 2023/24 Statement of Comprehensive Income:	**£000**
PFI liability remeasurement charged to finance costs	(30,235)
Increase in interest arising on PFI liability	(7,019)
Reduction in contingent rent	14,947
Reduction in PDC dividend charge	4,717
Net impact on surplus / (deficit)	**(17,590)**

Impact of change in PFI accounting policy on 2023/24 Statement of Changes in Equity:	**£000**
Adjustment to reserves for the cumulative retrospective impact on 1 April 2023	(123,627)
Net impact on 2023/24 surplus / deficit	(17,590)
Impact on equity as at 31 March 2024	**(141,217)**

Impact of change in PFI accounting policy on 2023/24 Statement of Cash Flows:	**£000**
Increase in cash outflows for capital element of PFI	(7,928)
Decrease in cash outflows for financing element of PFI	7,928
Decrease in cash outflows for PDC dividend	2,571
Net impact on cash flows from financing activities	**2,571**

Note 30 Financial instruments

Note 30.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Due to the continuing service provider relationship that the NHS Trust has with commissioners and the way those commissioners are financed, the NHS 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 NHS Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NHS Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the Board of Directors. The Trust's treasury activity is subject to review by its internal auditors.

Currency Risk

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

Interest Rate Risk

The Trust borrows from government for capital expenditure, subject to approval by NHS England. The borrowings are for 1 – 25 years, in line with the life of the associated assets. Interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

Credit Risk

Since the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2024 are in receivables from customers, as disclosed in the contracts receivables note (Note 20.1).

Liquidity risk

The Trust's operating costs are incurred under contracts with NHS commissioning organisations, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its Capital Resource Limit. The Trust is not, therefore, exposed to significant liquidity risks.

Note 30.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2024	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	74,829	**74,829**
Cash and cash equivalents	48,178	**48,178**
Total at 31 March 2024	**123,007**	**123,007**

Carrying values of financial assets as at 31 March 2023	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	85,802	**85,802**
Cash and cash equivalents	90,925	**90,925**
Total at 31 March 2023	**176,727**	**176,727**

Note 30.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2024	Held at amortised cost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	13,357	**13,357**
Obligations under leases	35,455	**35,455**
Obligations under PFI contracts	276,664	**276,664**
Trade and other payables excluding non financial liabilities	173,367	**173,367**
Provisions under contract	5,214	**5,214**
Total at 31 March 2024	**504,057**	**504,057**

Carrying values of financial liabilities as at 31 March 2023	Held at amortised cost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	15,414	**15,414**
Obligations under leases	28,026	**28,026**
Obligations under PFI contracts	137,823	**137,823**
Trade and other payables excluding non financial liabilities	212,190	**212,190**
Provisions under contract	12,064	**12,064**
Total at 31 March 2023	**405,517**	**405,517**

Note 30.4 Maturity of financial liabilities

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

	31 March 2024 £000	31 March 2023 £000
In one year or less	214,795	244,746
In more than one year but not more than five years	139,699	78,409
In more than five years	253,690	140,911
Total	**608,184**	**464,066**

Note 30.5 Fair values of financial assets and liabilities

Due to the nature of the Trust's financial assets and finacial liabilities, book value (carrying value) is considered a reasonable approximation of fair value.

Note 31 Losses and special payments

	2023/24		2022/23	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Cash losses	5	2	4	-
Bad debts and claims abandoned	220	478	214	410
Total losses	**225**	**480**	**218**	**410**
Special payments				
Ex-gratia payments*	1,330	1,251	131	228
Total special payments	**1,330**	**1,251**	**131**	**228**
Total losses and special payments	**1,555**	**1,731**	**349**	**638**

* Ex gratia payments includes refund payments made to staff in relation to the VAT refund on lease cars.

Note 32 Related parties

During the year none of the Department of Health and Social Care Ministers, Trust board members or members of the key management staff, or parties related to any of them, have undertaken any material transactions with the Leeds Teaching Hospitals NHS Trust in either 2023/24 or 2022/23.

The Leeds Teaching Hospitals NHS Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These include NHS England, and NHS West Yorkshire ICB. In addition, the Trust has had a number of material transactions with other government departments, central and local government bodies (including Leeds City Council) and the University of Leeds.

The Trust's Chair, Dame Linda Pollard, is vice-Chair and Senior Independent Director of NHS Providers. During 2023/24 the Trust expended £22k with NHS Providers (22/23 - £79k). The Chief Executive, Professor Phil Wood, became a Director of Northern Health Science Alliance during the year. The Trust expended £25k with Northern Health Science Alliance during 2023/24.

The Trust has received revenue and capital funding from a number of charitable funds, including Leeds Hospitals Charity. Leeds Hospitals Charity have given £1m in revenue grants (22/23 - £2.2m) and £0.9m in capital donations (22/23 - £1.2m) of which £0.5m remained outstanding at 31 March 2024 (£0.4m at 31 March 2023). Dame Linda Pollard and Chris Schofield, a Non Executive Director, are both Trustees of Leeds Hospitals Charity. Leeds Hospitals Charity is independently managed but raises funds for, manages donations received on behalf of, and makes grants to the Trust.

Professor Laura Stroud, Non Executive Director to 30 September 2023, was the Deputy Dean and Director of the Institute of Medical Education at the University of Leeds. Professor Julia Brown, Non Executive Director from 1 October 2023, is Deputy Dean of the University of Leeds School of Medicine. During the year the Trust's income from the University was £12.5m (22/23 - £8.3m) of which £3.2m remained to be paid at 31 March 2024 (31 March 2023 - £2.2m). Expenditure with the University was £17.8m (22/23 - £15.1m) of which £0.6m remained to be paid at 31 March 2024 (31 March 2023 - £0.2m). Philomena Corrigan, Non Executive Director, is the Chair of Trustees of St Gemma's Hospice. During the year, the Trust received income of £93k from St Gemma's Hospice. Mike Baker, Non-Executive Director, is a Senior Advisor at University of York. During the year the Trust's expenditure with the University of York was £0.2m. Robert Simpson, Non-Executive Director, is a volunteer at Martin House Hospice. During the year, the Trust received £0.2m from the hospice of which £0.1m remained outstanding at 31 March 2024.

Note 33 Prior period adjustments

There are no prior period adjustments.

Note 34 Events after the reporting date

There are no events that have occurred after the reporting period which have a material impact on these financial statements.

Note 35 Better Payment Practice code

	2023/24	2023/24	2022/23	2022/23
Non-NHS Payables	**Number**	**£000**	**Number**	**£000**
Total non-NHS trade invoices paid in the year	252,336	766,846	248,629	782,229
Total non-NHS trade invoices paid within target	243,684	735,372	242,702	758,946
Percentage of non-NHS trade invoices paid within target	97%	96%	98%	97%
NHS Payables				
Total NHS trade invoices paid in the year	24,252	155,160	22,487	134,186
Total NHS trade invoices paid within target	23,640	151,832	21,920	132,226
Percentage of NHS trade invoices paid within target	97%	98%	97%	99%

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

Note 36 External financing limit

The Trust is given an External Financing Limit (EFL) against which it is permitted to underspend

	2023/24	2022/23
	£000	£000
Cash flow financing	60,944	58,404
Other capital receipts	-	-
External financing requirement	**60,944**	**58,404**
External financing limit (EFL)	60,944	58,404
Under / (over) spend against EFL	**-**	**-**

Note 37 Capital Resource Limit

The Trust is given a Capital Resource Limit (CRL) against which it is not permitted to exceed.

	2023/24	2022/23
	£000	£000
Gross capital expenditure	99,028	133,520
Less: Disposals	(6)	(342)
Less: Donated and granted capital additions	(2,925)	(14,420)
Charge against Capital Resource Limit	**96,097**	**118,758**
Capital Resource Limit	96,097	118,758
Under / (over) spend against CRL	**-**	**-**

Note 38 Breakeven duty financial performance

	2023/24	2022/23
	£000	£000
Adjusted financial performance surplus (control total basis)	12,304	7,632
Add back incremental impact of IFRS 16 on PFI revenue costs in 2023/24	(17,590)	-
IFRIC 12 breakeven adjustment	10,678	23
Breakeven duty financial performance surplus	**5,392**	**7,655**

	2023/24	2022/23
	£000	£000
Adjusted financial performance (control total basis):		
(Deficit) / Surplus for the period	(2,827)	46,439
Remove net impairments not scoring to the Departmental expenditure limit	(1,027)	(26,112)
Remove I&E impact of capital grants and donations	(1,490)	(12,984)
Remove impact of IFRS 16 on IFRIC 12 schemes	17,590	-
Remove net impact of inventories received from DHSC group bodies for COVID response	58	289
Adjusted financial performance surplus	**12,304**	**7,632**

Note 39 Breakeven duty rolling assessment

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	£000	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance		963	2,051	4,207	3,089	1,615	(24,386)	(30,194)
Breakeven duty cumulative position	3,868	4,831	6,882	11,089	14,178	15,793	(8,593)	(38,787)
Operating income		910,556	934,527	970,709	1,002,444	1,044,916	1,086,638	1,115,720
Cumulative breakeven position as a percentage of operating income		0.5%	0.7%	1.1%	1.4%	1.5%	(0.8%)	(3.5%)

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance	(1,901)	18,880	52,925	13,956	8,107	5,917	7,655	5,392
Breakeven duty cumulative position	(40,688)	(21,808)	31,117	45,073	53,180	59,097	66,752	72,144
Operating income	1,172,927	1,238,267	1,335,847	1,414,740	1,596,795	1,727,945	1,843,988	1,900,516
Cumulative breakeven position as a percentage of operating income	(3.5%)	(1.8%)	2.3%	3.2%	3.3%	3.4%	3.6%	3.8%

Glossary

Accruals basis of accounting
Under the accruals concept, expenses are recognised when incurred, not when the cash is actually paid out, and revenue is recognised when it is earned, not when the cash is actually received.

Amortisation
The term used for depreciation of intangible assets such as the annual charge in respect of some computer licences the NHS trust has purchased.

Asset
An asset is something the NHS trust owns such as buildings, equipment, consumables, cash or monies owed to it.

Assets held for sale
Assets are held for sale if their value will be recovered through a sale transaction rather than through continuing use.

Auto enrolment
Following the Pensions Act 2008 UK employers have to automatically enroll their staff into a workplace pension if they meet certain criteria as part of the government's aim to help people save more for their retirement.

Break even
A statutory duty of NHS trusts to achieve, taking one year with the next. Break even is deemed to be achieved if revenue is greater than or equal to expenditure.

Capital resource limit
A limit on capital expenditure set for the NHS trust by the Department of Health.and Social Care

Cash and cash equivalents
Cash includes cash held in bank accounts and cash in hand. Cash equivalents are assets that can be readily converted into cash such as deposits and short-term investments.

Clinical commissioning group
Organisations set up under the Health and Social Care Act 2012 covering GP practices within their local area. They are responsible for agreeing commissioning and monitoring the care that patients registered with their component GP practices require. CCGs ceased to exist om 30 June 2023 and were replaced by Integrated Care Boards.

Commissioners
Organisations that contract with the NHS trust to purchase healthcare. In the main these are NHS Clinical Commissioning Groups, Integrated Care Boards and NHS England.

Contingent asset or liability
An asset or liability that is not recognised in the accounts due to the level of uncertainty surrounding it but is disclosed as it is possible that it may result in a future inflow or outflow of resources.

Current asset or liability
An asset or liability that the NHS trust expects to hold or discharge for a period of less that one year from the balance sheet date.

Depreciation
The accounting charge representing the use of property, plant and equipment assets which spreads the cost or value of the asset over its useful life.

Elective recovery fund
A specific allocation of funding which is available to NHS providers linked to achievement of access and activity targets as set out by NHS England

Employee benefits
All forms of consideration given to employees for services rendered. These are salaries and wages, social security costs (national insurance), superannuation contributions, paid sick leave, paid annual and long service leave and termination payments.

External financing limit
A limit on cash movements and borrowings set for the NHS trust by the Department of Health and Social Care

Going concern basis
The underlying assumption used in producing the accounts that the NHS trust will continue to operate for at least 12 months from the balance sheet date.

Group Accounting Manual
The annual Department of Health and Social Care publication which sets out the detailed requirements for NHS trust accounts.

Health Education England
Organisation set up under the Health and Social Care Act 2012 which provides national leadership, oversight and funding in support of the planning and development of the NHS workforce. Health Education England became part of NHS England in April 2023.

Impairment
A fall in the value of an asset.

Integrated Care Boards
Statutory organisations established under the Health & Social care Act 2022 covering geographical areas. ICBs replaced clinical commissioning groups on 1 July 2023 and are responsible for planning and funding most NHS services in the area.

Integrated care system
Partnerships between the organisations that meet health and care needs across an area, to coordinate services and to plan in a way that improves population health and reduces inequalities between different groups.

Inventories
Stocks held by the NHS trust such as drugs, consumables etc.

Lease
An agreement where one party conveys the use of an asset for a specified period of time in return for a payment or series of payments.

Liability
An amount owing to a third party such as a loan or unpaid invoice from a supplier.

Net assets
Total assets less total liabilities.

NHS England
Organisation set up under the Health and Social Care Act 2012 which oversees the planning, delivery and day to day operation of the NHS in England. It also commissions specialised clinical services on behalf of the clinical commissioning groups and their patients.

Non Current asset/liability
An asset or liability that the NHS trust expects to hold or discharge for a period of more that one year from the balance sheet date.

Payables
An amount that the NHS trust owes to another party such as suppliers

Payment by results
This refers to the flow of money in the NHS. Under payment by results the money received by the NHS trust directly relates to the number of operations and other activity undertaken by it.

Private finance initiative
A partnership with private sector organisations to fund major investments without immediate recourse to public funds. Under PFI, the private sector will design, build and often manage major projects and lease them to the NHS trust over a long period, typically 30 years.

Provision
A liability which is probable but uncertain in terms of the timing and amount of its final settlement.

Public dividend capital
The taxpayers' stake in the NHS trust representing the government's initial investment in the Trust when it was established along with subsequent investments made by the Department of Health and Social Care such as central funding for capital expenditure.

Receivables
An amount that is owed to the NHS trust by another party such as primary care trusts

Reserves
Reserves represent the overall increase in the value of the net assets of the NHS trust since it was established.

Right of use asset
An asset that is leased rather than owned where the lessee such as the NHS trust controls the asset and obtains the benefits of using the asset over the period of the lease.

Statement of cash flows
A primary financial statement which shows the flows of cash in and out of the NHS trust during the financial year

Statement of change in taxpayers' equity
A primary financial statement showing the movements in public dividend capital and reserves during the financial year.

Statement of comprehensive income
A primary financial statement showing the revenue earned and expenditure in the financial year

Statement of financial position
A primary statement showing the assets and liabilities of the NHS trust at a particular date, along with how these have been funded

Tariff
The national price published annually by the Department of Health and Social Care which the NHS trust receives as income from its commissioners under the Payment by Results system for healthcare provided to its patients.

Unrealised gains and losses
Unrealised gains and losses are those which have been recognised by the NHS trust in its accounts but are only potential gains as they have yet to be realised such as rises and falls in the value of land and buildings due to changes in the property market. The gain or loss only becomes realised when the property is sold.

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