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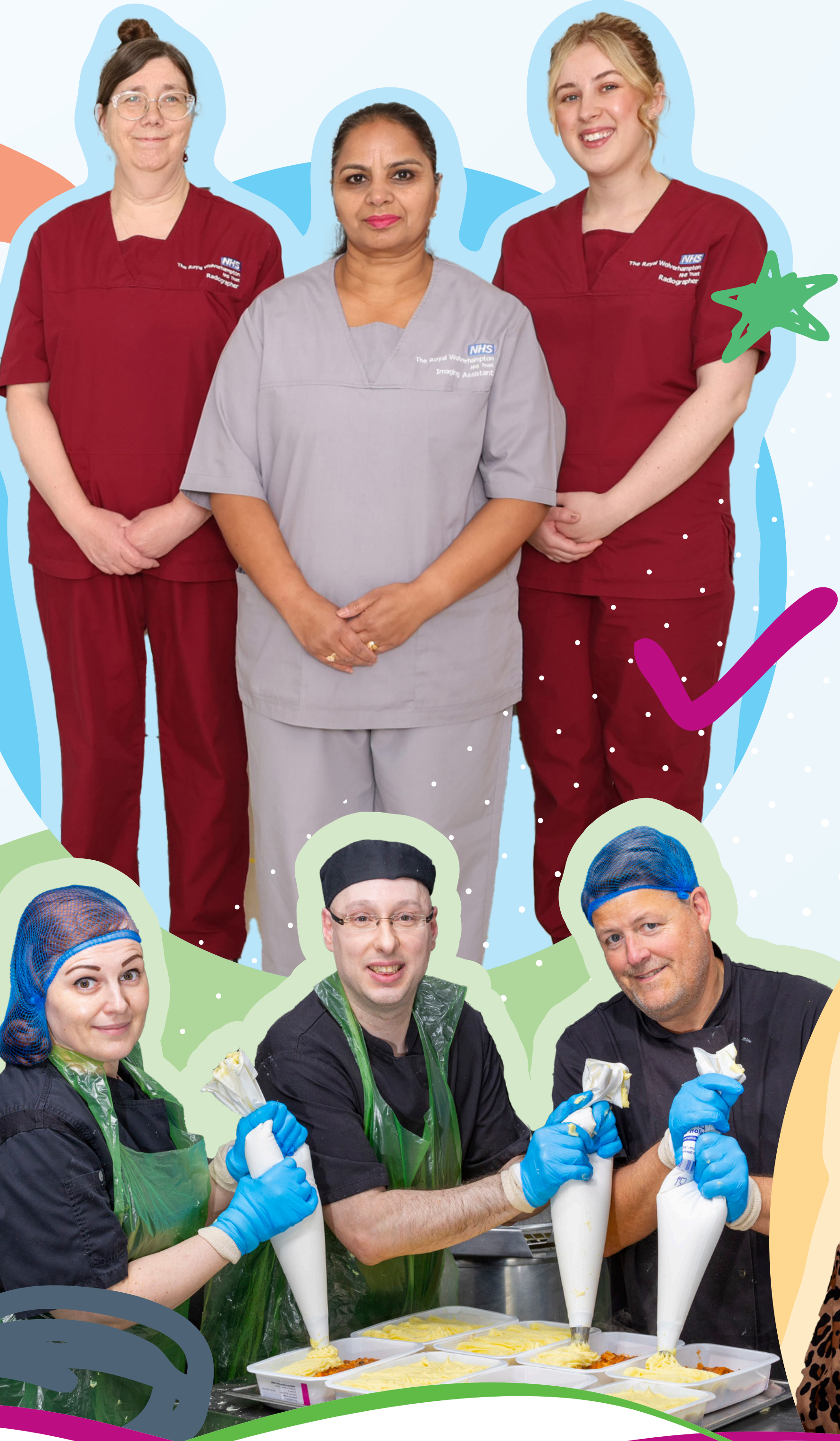


Annual Accounts 2023/24

Safe & Effective | Kind & Caring | Exceeding Expectation

The Royal Wolverhampton NHS Trust

Annual accounts for the year ended 31 March 2024

CONTENTS

Foreword to the Accounts

Financial Review - year ended 31 March 2024

The Financial results achieved by the Trust are shown in the table below. In common with all NHS trusts we are required to meet a number of financial targets

Financial Target	Actual Performance	
	2023-24	**2022-23**
To break even on income and expenditure, taking one year with another	Deficit of £18.1m	Surplus of £29.4m
To achieve a capital cost absorption rate of between 3% and 4%	3.5%	3.5%
To operate within an External Financing Limit set by the Department of Health and Social Care	Achieved	Achieved
To remain within a Capital Resource Limit set by the Department of Health and Social Care	Achieved	Achieved
To pay 95% of non-NHS trade creditors within 30 days	94%	94%

K. Stringer

Kevin Stringer
Group Chief Financial Officer
25 June 2024

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.

Caroline Walker, Group Chief Executive

25 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

C Walker

25 June 2024

Caroline Walker,
Group Chief Executive

K. Stringer

25 June 2024

Kevin Stringer, Group
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF THE ROYAL WOLVERHAMPTON NHS TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of The Royal Wolverhampton NHS Trust ("the Trust") for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Taxpayers Equity and Statement of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the 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 accounting policies directed by the Secretary of State for Health and Social Care with the consent of HM Treasury on 23 June 2022 as being relevant to NHS Trusts in England and included in the Department of Health and Social Care Group Accounting Manual 2023/24; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006 (as amended).

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of management, the Audit Committee and internal audit and inspection of policy documentation as to the Trust's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Trust's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected, or alleged fraud.
- Assessing the incentives for management to manipulate reported financial performance as a result of the need to achieve financial performance targets delegated to the Trust by NHS England
- Reading Board and Audit Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

As required by auditing standards, and taking into account possible pressures to meet delegated targets, we performed procedures to address the risk of management override of controls in particular the risk that Trust management may be in a position to make inappropriate accounting entries. On this audit we did not identify a fraud risk related to revenue recognition due to the block nature of the funding provided to the Trust during the year. We therefore assessed that there was limited opportunity for the Trust to manipulate the income that was reported.

We also identified a fraud risk related to expenditure recognition, particularly in relation to completeness of year-end expenditure and accruals.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual postings to expenditure, cash, borrowings and revenue.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.
- Inspecting a sample of transactions in the period post 31 March 2024 to verify expenditure had been recognised in the correct accounting period.
- Inspecting a sample of payments from the bank statement in the period post 31 March 2024 to verify payments relating to 2023/24 but paid in 2024/25 were completely accrued for.

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

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

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

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

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

Secondly, the Trust is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, recognising the nature of the Trust's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

Other information in the Annual Report

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

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

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

Annual Governance Statement

We are required by the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") to report to you if the Annual Governance Statement has not been prepared in accordance with the requirements of the Department of Health and Social Care Group Accounting Manual 2023/24. We have nothing to report in this respect.

Remuneration and Staff Reports

In our opinion the parts of the Remuneration and Staff Reports subject to audit have been properly prepared in all material respects, in accordance with the Department of Health and Social Care Group Accounting Manual 2023/24.

Directors' and Accountable Officer's responsibilities

As explained more fully in the statement set out on page 5, the directors are responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to either cease the services provided by the Trust or dissolve the Trust without the transfer of its services to another public sector entity. As explained more fully in the statement of the Chief Executive's responsibilities, as the

Accountable Officer of the Trust, on Page 4, the Accountable Officer is responsible for ensuring that annual statutory accounts are prepared in a format directed by the Secretary of State.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

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

Under the Code of Audit Practice, we are required to report if we identify any significant weaknesses in the arrangements that have been made by the Trust to secure economy, efficiency and effectiveness in its use of resources.

We have nothing to report in this respect.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

As explained in the statement set out on page 4, the Chief Executive, as the Accountable Officer, is responsible for ensuring that value for money is achieved from the resources available to the Trust. We are required under section 21(2A) of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We planned our work and undertook our review in accordance with the Code of Audit Practice and related statutory guidance, having regard to whether the Trust had proper arrangements in place to ensure financial sustainability, proper governance and to use information about costs and performance to improve the way it manages and delivers its services. Based on our risk assessment, we undertook such work as we considered necessary.

Statutory reporting matters

We are required by Schedule 2 to the Code of Audit Practice to report to you if we refer a matter to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.

We have nothing to report in this respect.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Board of Directors of The Royal Wolverhampton 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 Board of Directors of the Trust, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors of the Trust, as a body, for our audit work, for this report or for the opinions we have formed.

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of The Royal Wolverhampton NHS Trust for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

SBrown

Sarah Brown
for and on behalf of KPMG LLP
Chartered Accountants
One Snow Hill
Birmingham
B4 6GH

26 June 2024

Annual governance statement 2023/34
Organisation Code: RL4

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of The Royal Wolverhampton 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 The Royal Wolverhampton NHS Trust for the year ended 31 March 2024 and up to the date of approval of the annual report and accounts.

The governance framework of the organisation

We have a well-established framework for governance to inform the Trust Board of operational and strategic risks as well as to provide assurance on business performance and compliance. The framework sets in place, under the Trust Board, a high-level committee and management structure for the delivery of assured governance. Reporting to the Trust Board are a number of assurance committees constituted to ensure the delegated operation of effective risk management systems, processes, and outcomes. These committees inform and assure the Trust Board through the functioning and reporting of sub-groups and specialist working groups defined in their terms of reference.

Trust Board

The Trust Board is responsible for overseeing the strategy, managing strategic risks, providing leadership and accountability, and for shaping our culture. The Executive Team has delegated authority from the Board for the operational and performance management of clinical and non-clinical services of the Trust.

The Chair and Deputies meet regularly with the Chief Executive, Chief Strategy Officer, and Company Secretary to set the Board agenda. The Chair and deputies regularly invite comment and feedback regarding the time available and topics covered. It also includes the reporting by directors on their responsibilities.

The Chair reminds the Boards of the Nolan Principles, and that the organisation is run in line with these.

The Chair conducts the role in line with the Criteria set out in the Code of Governance, Section B. The roles of Chair and Chief Executive are separate, the Board has a Deputy Chair and a Senior Independent Director, (SID) the Chair does not sit on the Audit Committee, the Chair of Audit is not the Deputy Chair or SID.

The Deputy Chair and Company Secretary regularly reviews the Chairs and non-executive membership of the Board Committees, ensuring relevant experience where applicable. The Trust Board met six times in public in 2023/2024, with the agenda and papers available on the Trust website ahead of each meeting. Meetings were held virtually via Microsoft Teams from April 2023 and public meetings were advertised for virtual attendance.

In addition, the Trust Board took part in five development sessions which included discussions on roles and responsibilities of trustees in relation to charity legal duties, digital innovation, the Provider Collaborative, annual financial and activity planning. The Board received presentations and discussions on the CQC compliance internal self-assessment, Black and Ethnic Minority staff networks, equality, diversity, and inclusion updates including the Race Code Action Plan.

The Board also received: summary of the revised Code of Governance, presentations from Community services, safeguarding training for all Board members, updates on the FTSU Board Survey, discussions on end of year financial positions and planning, Staff Survey results for 2023 and Annual Plan 2024/25 priorities.

Board Evaluation

The most recent Board evaluation and CQC Well-led evaluations included contact with all Board members and provided comment on the composition of the Board that has been factored into future recruitment. Board members objectives include enacting the Policy on Equality, including disability and gender balance. Senior staff are included in the WRES data which is referred to by the Board as part of the Board Assurance Framework Risk NSR106.

The Trust Board held its Annual General Meeting virtually on the 28 September 2023.

The Trust Board has met virtually and bi-monthly as planned. Other than for matters requiring commercial confidence or having sensitive patient identifiable or staff identifiable human resources implications, it has conducted its business in public. As soon as possible, it made the virtual public Board meeting available to the Press, public and other observers. It has been open to questions posted for the Directors at each meeting with responses provided either in or post-meeting.

A high attendance rate by Directors was recorded during the year. The Chair's term of office started from 1 April 2023. On 31 March 2023 the Board comprised five female and six male Executive Directors (Chief Officers), none from a minority ethnic background and six female and three male Non- Executive and Associate Non-Executive Directors, two from a minority ethnic background.

At each meeting, the Trust Board considered reports on:

- Quality and safety
- Serious incidents
- Operational performance
- Financial issues and productivity
- The progress of the Financial Recovery Group
- GP Vertical Integration, Innovation and Research
- Reports and minutes from the Trust Board's standing committees
- Cost improvement programme (financial and qualitative delivery – within the Finance Report)
- Mortality (within the Integrated Quality and Performance Report)
- Development of a potential acute collaborative arrangement
- Development of the Wolverhampton Place, the Black Country, and South-West Staffordshire Integrated Care Systems (ICS)

The Trust Board receives a bi-monthly Integrated Quality and Performance Report (IQPR) (including national performance measures and 12-month trends). This report includes workforce data such as staff turnover and appraisal rates, metrics relevant to patient experience (such as medication incidents, infection prevention, friends and family test scores and safety thermometer), and those relating to operational performance (such as targets for referral to treatment times, time spent in the Emergency Department, ambulance handover times, cancelled operations and cancer waiting times). The indicators within the report are reviewed annually and approved by the Trust Board. This is added to by the report of the Group Chief People Officer.

The Trust Board strives to maintain an appropriate balance between strategic matters and supervising the management of the Trust. Among the former in 2023-2024 were:

- the support of the Group senior team operationally
- the support for, and recognition of, closer working relationships with a wide range of stakeholders and partner organisations as part of the pandemic response including the City of Wolverhampton local authority and colleagues in the local Public Health team, commissioners, and provider partners
- the continued focus on recruitment of key staff particularly Doctors and Nurses,
- the continued development of innovation programmes and exploration of the use of artificial intelligence, data, robotics, and technology in improving healthcare,
- the continuation of the development of a clinical quality improvement programme,
- the five-year capital programme revisions and agile responses to changing

capital expenditure priorities, including significant investment in a solar farm,
- the continued development of the University of Wolverhampton Postgraduate Academic Institute of Medicine and partnerships with a range of other academic institutions
- the extension of the Trust's own clinical fellowship programme,
- the continued vertical integration of GP practices and development of the Primary Care Networks and Wolverhampton Place,
- the development of an accountable care organisation,
- the contributions to the development of the sustainability and transformation plans,
- and the ongoing financial challenges within the NHS.

The Trust Board has continued to build on strong relations with stakeholders, including local commissioners, Healthwatch, Public Health and local authority overview and scrutiny committees.

The Non-Executive Directors (NED) are committed to self-development and learning, as evidenced by virtual attendance at events arranged by NHS Improvement (NHSI), NHS Providers, Healthcare Financial Management Associate (HFMA) NED forum, Chair and NED events put on by the Health Services Management Centre, National Maternity Scheme, National Board Development team, and networking via private firms (particularly legal firms specialising in healthcare law).

Board Governance

- All voting positions substantively filled with considerable experience and continuity of Board members
- Senior Independent Director in position
- Clarity over who is entitled to vote at Trust Board meetings
- At least half of the voting Board of Directors comprises Non-Executive Directors who are independent
- Appropriate blend of NEDs from the public, private and voluntary sectors
- Three NEDs have clinical healthcare experience
- Board turnover during the year has resulted in a greater proportion of new non-executives who have been following induction and briefing regarding their roles and the Trust
- Directors are now mainly those who have served for longer
- Majority of the Trust Board are experienced Board members
- Chair has had previous Non-Executive Director experience
- Membership and terms of reference of Trust Board committees reviewed during the year
- Two members of the Audit Committee have recent and relevant financial experience
- Trust Board members have a good attendance record at all formal board and committee meetings, and at other board events.
- A positive result from the independent external review of governance reported in

previous year.

As well as meeting formally, the whole Trust Board meets every other month for a development session. This programme has covered a mixture of informal presentations around strategic and operational matters, as well as informal briefings and discussions, such as on financial pressures and service development opportunities in the Black Country. The NEDs also have a programme of Executive Briefings from the Group Chief Executive on a variety of matters.

Capacity to handle risk

The Trust has approved a Risk Management Framework that describes the overall systems, structures, processes, and reporting that underpins internal controls and the means by which assurance on risk management is provided to the Board. These key documents also describe the leadership, accountability, roles, and responsibilities that govern the management of risks across the organisation. More granular detail on the operation of the systems and processes at service, division, and Trust levels; as well as procedural instructions on incident management and investigation, risk identification and escalation, training requirements etc is provided in the Risk Management and Patient Safety Reporting Policy (OP10). An audit of fulfilment of key measures of the Risk Management Framework and Policy is conducted to provide assurance and to inform system, process review and training.

Bespoke Risk Management training packages are developed for all staff and for senior managers and regularly reviewed, compliance monitored and reported to maintain conformity and adequate levels of knowledge for implementation.

The risk and control framework

The Trust manages risk through a series of processes that identifies risks, assesses their potential impact, and implements action to reduce/control that impact. In practice this means:

- Interrogating internal sources of risk intelligence and activity to inform local and Trust level risk registers and assurance frameworks (e.g. incident, complaint, claim, audit, and compliance).
- Using committee/subgroup reporting to inform the risk registers.
- Reviewing external/independent accounts of Trust performance to inform risk status (e.g. Care Quality Commission standards, national benchmarks, external reviews, and internal audit reports).
- Integrating functions (strategic and operational) at all levels of the Trust to feed a risk register and escalation process.
- Using a standardised approach and categorisation matrix for risk grading and escalation.
- Monitoring controls through positive and negative assurance and treatment actions for each risk, to mitigate and manage residual risks.
- Developing and implementing a risk management and patient safety reporting policy (OP10) across the Trust.

- Refinement of risk management training made available to all staff (including senior managers).

The Trust operates three levels of risk register in order to identify and manage risks (the Board Assurance Framework, Corporate Risk Register/Trust Risk Register and local (service level) risk registers). This method of risk review allows a bottom up and top-down approach to inform the Assurance framework. The approach is holistic as it includes all risks to the organisation including strategic, corporate, clinical, Health and Safety, business, marketing, and financial risks; and standardised in the methods of assessment, grading, and escalation from local to Corporate/Trust level register for management.

Part of the Trust internal audit program is an annual review of the functioning of the Trust Risk Register and Board Assurance Framework.

The Trust has developed a CQC Compliance framework for assessing on-going compliance with CQC Fundamental standards of care and Core Service inspection tools based on the 5 key questions of Safe, Caring, Effective, Responsive and Well Led. The assessment of compliance uses a combination of quality performance indicators, clinical audits and observational ward and department visits to measure on-going compliance with care quality and standards. The Trust uses the CQC rating characteristics to make judgements about compliance with the fundamental standards of care and judgments are cross checked and challenged at Divisional Performance meetings and by Executives at Trust level groups. The CQC compliance framework allows for information to be triangulated between self-assessment, performance results and the observation of care standards, enabling the escalation of assurance and/or risks, action to be reported to Board. In addition, the Trust commissioned an externally led review against the Well Led standards and key lines of enquiry.
Data security risk are also managed in line with OP10, and documented and assessed following the Trust risk management process. All potential data security incidents are logged using the Trusts incident management system, scored, and investigated accordingly. Data security risks are also assessed for high risk processing in projects and services via the data protection impact assessment process and mitigated accordingly.

Current risks trends included increases patterns of information disclosed in error, due to increase in remote working and increased in cyber related activity which is a predominant across the NHS.

Under the NHS Provider License condition 4, the Trust self-assessment has identified a principle risk in relation to understanding and agreeing the system financial plan for 2024/25 as it affects the Trust, given recently issued guidance and final agreement of capital and revenue plans. A Financial Recovery Plan is in place and agreed as part of the system financial plan. Further detailed work is underway in relation to mitigating the potential risks.
Therefore, the Board is satisfied that:

a) The Trust operates efficiently, economically, and effectively and has received an unqualified value for money opinion from its External Auditors.
b) Timely and effective operational reports are received and dealt with through the Trust's Sub-Committee structure.

c) The Trust is compliant to the various standards and has no restrictions applied by any of these regulators.
d) The Trust remains a going concern and this is confirmed by External Audit.
e) Timely, up to date, comprehensive information is received by itself and the Sub-Committees.
f) There is a clear Board Assurance Framework and Trust Risk Register in place to identify and manage material risks and compliance.
g) There is regular, timely and comprehensive information on its business plans and contracts. The internal audit provider is external to the Trust and has an annual plan which is reported to the Audit Committee.
h) Complies with its legal requirements.
i) The External Auditors at the end of 2023/24 issued a report stating there were no significant weaknesses with regard to the Trust's processes on Value for Money. There is a risk on financial sustainability as this relates to the uncertainty of the medium term plans for the Black Country system. This will require future financial planning with other providers within the Black Country system and the ICB when it is established.

Risk statement and summary for 23/24.

The Board Assurance Framework provides a structure and process that enables the Board to focus on principle risks which might compromise achievement of the organisation's strategic objectives. The Board Assurance Framework maps out the key controls which are in place to support delivery of those objectives and to mitigate risk and provide a framework of assurance which the Board can draw upon when considering the effectiveness of those controls. These controls and assurances have been set out in line with the 'HM Treasury 3 lines of defence' model aiding the identification of areas of weakness.

The Board Assurance Framework is designed to provide the Board with a simple but comprehensive method for the effective and focused management of these key risks. The Board defines the principal risks and ensures that each is assigned to a Lead Director as well as to a Board committee:

- The Lead Director is responsible for assessing any principal risks assigned to them by the Board and for providing assurance as to the effectiveness of primary risk controls to the relevant Board committee
- The role of the Board committee is to review the Lead Director's assessment of their principal risks, consider the range of assurances received as to the effectiveness of primary risk controls, and to recommend to the Lead Director any changes to the Board Assurance Framework to ensure that it continues to reflect the extent of risk exposure at that time
- The Audit Committee is responsible for reviewing the whole Board Assurance Framework in order to provide assurance to the Board that principal risks are appropriately rated and are being effectively managed; and for advising the Board as to the inclusion within the Board Assurance Framework of additional risks that are of strategic significance.

The Board approved a revised template for the Board Assurance Framework in 2021/2022 which provides for details of the "three lines of defence" for controls and assurance and enables the Trust Board to have oversight of the actions in place to mitigate and manage risk. This also enables the Trust to direct resources in a more targeted fashion.

The Trust Board has received and reviewed the full Board Assurance Framework six times during the year. In addition, it has received the extract from the Board Assurance Framework for each strategic objective, and analysis of mitigations and management, in the Executives' monthly report to the Board. The Audit, Finance and Productivity, Quality and the People Committees have reviewed the Board Assurance Framework during the year, challenging the risk articulation, scoring and mitigation, together with controls and assurances.

The internal audit opinion for the BAF is rated as Substantial Assurance.

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

The Trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff within the past 12 months, as required by the 'Managing Conflicts of Interest in the NHS' guidance.

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme's rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations. Board biographies confirm if Board members are members of the NHS pension scheme or not.

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

The trust has undertaken risk assessments 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.

The Trust monitored BAF risks 15 Finance Resources, SR16 Performance Recovery, SR17 Equality Diversity and SR18 Data and Systems Loss Prevention (new).

The Board Sub Committees monitor the Trust Risk Register and advises or alerts the Board regarding new risks or developments in risks as well as requesting improvements in the articulation of risks and questioning risk ratings and the need for some risks to continue on the TRR. The Board Sub Committees continues to review and evolve a BAF and Trust Risk Register heatmap as a quick reference to highlight areas for Risk Management focus.

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

The Trust has a robust governance structure in place ensuring monitoring and control of the effective and efficient use of the Trust's resources. Financial monitoring, service performance, quality and workforce information is scrutinised at meetings of the Trust Board, F&PC, TMC and at Divisional Team meetings.

The Trust did not deliver all of its statutory financial targets due to delivering an end of year deficit of £25.3m. However, the Trust still has a cumulative surplus position of £39.7m. The Trust did deliver the Capital Programme within its Capital Resource Limit and achieved its External Funding Limit. The Trust has arrangements in place for setting objectives and targets on a strategic and annual basis. These arrangements include ensuring the financial strategy is affordable and scrutiny of cost savings plans to ensure achievement, with regular monitoring of performance against the plans.

This is done through:

- Approval of the annual budget by the Trust Board
- Monthly reporting to the Trust Board on key performance indicators covering finance, activity, governance, quality, and performance
- Monthly reporting to the Finance and Productivity Committee, Regular reporting at Operational and Divisional meetings on financial performance
- Finance and Recovery Group meetings to oversee the Lord Carter economies work streams, and the Cost Improvement Programme

Internal Audit has provided assurance on internal controls, risk management and governance systems to the Audit Committee and to the Trust Board. Where scope for improvement in controls or value for money was identified during their review, appropriate recommendations were made, and actions were agreed with management for implementation. The implementation of these actions is monitored by the Audit Committee

Information governance and data security

The table below details the incidents **reported** on the NHS Digital incident reporting tool and to the Information Commissioner's Office (ICO), within the financial year 2023/24. Any incidents that are still being investigated for the period 2023/24 are not included. The incidents listed below are for the Royal Wolverhampton NHS Trust and GP partnerships that have joined the Trust as listed below.

Date incident occurred (Month)	Nature of incident	No. of data subjects	Description/ Nature of data involved	Further action on information risk
June 2023	Unauthorised access	<10	Member staff has access record pertaining to family members. Following a complaint received and audit of the records the access was seen to have occurred on numerous occasions without a clear	HR investigation has been carried out

			justification. Staff member was questioned and confirmed unauthorised access.	
July 2023	Unauthorised disclosure	1	Staff member shared information about a patient with their family member and the family member happened to be a work colleague of the patient. Family member made direct contact with the patient regarding their health and discussed the patient's health with other work colleagues	HR investigation has been carried out

Overview of incidents classified at lower severity level - Incidents classified at severity level 1 or below are aggregated and provided in table below. Please note this is not all incidents, just level ones and below against the below listed categories:

SUMMARY OF OTHER PERSONAL DATA RELATED INCIDENTS IN 2023/24		
Category	**Breach Type**	**Total**
A	Corruption or inability to recover electronic data	1
B	Disclosed in Error	109
C	Lost in Transit	1
D	Lost or stolen hardware	0
E	Lost or stolen paperwork	19
F	Non-secure Disposal – hardware	0
G	Non-secure Disposal – paperwork	1
H	Uploaded to website in error	0
I	Technical security failing (including hacking)	67
J	Unauthorised access/disclosure	2
		200

Data Protection and Security Toolkit Return 2022/23 – final submission

The Royal Wolverhampton NHS Trust	RL4 Standards Met
Alfred Squire	
West Park Surgery	
Thornley Street	M92028 - Standards Met
Lea Road	
Penn Manor	M92011- Standards Met
Coalway Road	
Warstones	
Oxley Surgery	
Tettenhall Road Medical Practice	M92640- Standards Met

An internal audit of the DSP toolkit in March 2023 had provided substantial assurance of the processes and evidence for this year so far 2023/24, the final submission for which is due in June 2024.

Looking forward to 2024/25 Data security and Protection

The Trust continues to monitor patterns and trends of data security incidents and implementing measures to reduce these to the lowest level practicable. Current risks include continued and increasing risk of external threats in relation to cyber security, particularly via email phishing. Other risks to data security include disclosure in error via various means, and this is attributed to the ways of working in health, with increased remote working.

The Trust remains focused on embedding principles of privacy by design into Trust processes, from procurement to digital innovation and service redesign. This programme of work will be monitored though the committees below.

- The Trust has several committees dedicated to reviewing assurance in relation to DSPT and GDPR, chaired by senior board members.
- The Chief Medical Officer is the Trust's trained Caldicott guardian and is responsible for protecting the confidentiality of patient and service-user information and enabling appropriate information-sharing. The Guardian plays a key role in ensuring that Trust satisfies the highest practical standards for handling patient identifiable information and Chairs the IG Steering group.
- The Chief Financial Officer is the Trust's Senior Information Risk Officer (SIRO) and is responsible for monitoring the Trust's overall information risk, ensuring we have a robust incident reporting process for information risks. The SIRO reports to the Trust Board and provides advice on the matter of information risk. The SIRO is also a member of the IG steering Group and co-chair of the GDPR implementation group.
- The Trust has an assigned Data Protection Officer who acts independently to ensure compliance with the GDPR as well as monitoring its application across the Trust. The DPO has a reporting line into the Caldicott Guardian through to the Trust board.
- The Trust is in the process of implementation a robust asset management system and defining establishing clear responsibilities for Information Asset Owners across the Trust to facilitate robust and timely escalation of information risk escalation to the SIRO.

- All trust staff receive appropriate annual training to ensure data security and protection principles are embedded within their understanding.
- This year the Trust has introduced a mandatory cyber training package for all staff.
- The Trust board and its members have also received specialist cyber training.

Review of Effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Trust who have responsibility for the development and maintenance of the internal control framework.

I have drawn on the information provided in this annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Trust Board, the Audit Committee, Quality Committee, Finance and Productivity Committee, Investment Committee, People Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board has maintained applied and reviewed the effectiveness with its system of internal control in relation to the Trust Board and its Committees including the commissioning of an externally led review. The Audit Committee has maintained applied and reviewed its functioning and audit programme. All Board Committees have reviewed their effectiveness.

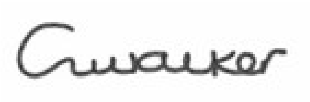
- The Annual Internal Audit opinion for the period 1 April 2023 to 31 March 2024 stated that the organisation has an adequate and effective framework for risk management, governance, and internal control. However, it has been identified further enhancements to the framework of risk management, governance, and internal control to ensure that it remains adequate and effective.

Conclusion

It is recognised that the Trust has made significant improvements to internal control systems during the financial year 2023/24, however we acknowledge that there are still weaknesses that require improvement.

A number of control issues classified as partial assurance by our core internal audit processes were noted during the year. It is worth noting that the Freedom of Information Act Audit, Key Financial Controls Cash Management Audit, CQC Action Plan Audit, Maternity and Neonatal Single Delivery Action Plan and the Trust Board Assurance Framework/Risk Management internal audits all received ‘substantial assurance’ with four low priority improvement actions required for the Freedom of Information Audit and six low priority actions for the Key Financial Controls Cash Management audit and one Medium priority action required for the Trust Board Assurance Framework / Risk Management Audit.

In total eleven internal audit reports were issued in 2023/24 of which five reports were issued with ‘substantial assurance’, two were issued with ‘reasonable assurance’, three were issued with ‘partial assurance’ and one was assessed as Moderate Risk Assurance.



Accountable Officer: Caroline Walker, Group Chief Executive Officer
Organisation: The Royal Wolverhampton NHS Trust,
Date: 25 June 2024

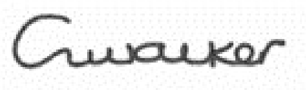
Statement of Comprehensive Income

	Note	**2023/24**	2022/23
		£000	£000
Operating income from patient care activities	3	**783,232**	732,589
Other operating income	4	**157,454**	167,302
Operating expenses	7, 9	**(941,721)**	(857,919)
Operating (deficit) / surplus from continuing operations		**(1,035)**	41,972
Finance income	11	**2,975**	1,991
Finance expenses	12.1	**(7,300)**	(2,723)
PDC dividends payable		**(12,784)**	(11,918)
Net finance costs		**(17,109)**	(12,650)
Other gains / (losses)	13	**45**	97
(Deficit) / surplus for the year from continuing operations		**(18,099)**	29,419
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Revaluations	17	**5,027**	13,060
Fair value gains/(losses) on financial assets mandated at fair value through OCI	19	**0**	(149)
Total comprehensive (expense) / income for the period		**(13,072)**	42,330

Statement of Financial Position

	Note	31 March 2024 £000	31 March 2023 £000
Non-current assets			
Intangible assets	14	**7,473**	5,860
Property, plant and equipment	15	**504,646**	472,740
Right of use assets	18	**13,176**	13,999
Other investments / financial assets	19	**12**	12
Receivables	21	**2,710**	6,049
Total non-current assets		**528,017**	498,660
Current assets			
Inventories	20	**9,049**	8,347
Receivables	21	**44,893**	59,603
Cash and cash equivalents	22	**29,457**	69,264
Total current assets		**83,399**	137,214
Current liabilities			
Trade and other payables	23	**(94,741)**	(114,267)
Borrowings	25	**(7,316)**	(6,047)
Provisions	26	**(2,173)**	(4,109)
Other liabilities	24	**(8,892)**	(10,424)
Total current liabilities		**(113,122)**	(134,847)
Total assets less current liabilities		**498,294**	501,027
Non-current liabilities			
Trade and other payables	23	**(179)**	(287)
Borrowings	25	**(28,392)**	(12,885)
Provisions	26	**(1,436)**	(1,780)
Total non-current liabilities		**(30,007)**	(14,952)
Total assets employed		**468,287**	486,075
Financed by			
Public dividend capital		**316,202**	305,676
Revaluation reserve		**114,224**	109,197
Financial assets reserve		**(1,418)**	(1,418)
Other reserves		**190**	190
Income and expenditure reserve		**39,089**	72,430
Total taxpayers' equity		**468,287**	486,075

The notes on pages 29 to 64 form part of these accounts.



Name	Caroline Walker
Position	Group Chief Executive
Date	25 June 2024

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

	Public dividend capital	Revaluation reserve	Financial assets reserve	Other reserves	Income and expenditure reserve	Total
	£000	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2023 - brought forward	**305,676**	**109,197**	**(1,418)**	**190**	**72,430**	**486,075**
Application of IFRS 16 measurement principles to PFI liability on 1 April 2023	**0**	**0**	**0**	**0**	**(15,242)**	**(15,242)**
Surplus/(deficit) for the year	**0**	**0**	**0**	**0**	**(18,099)**	**(18,099)**
Revaluations	**0**	**5,027**	**0**	**0**	**0**	**5,027**
Public dividend capital received	**10,526**	**0**	**0**	**0**	**0**	**10,526**
Taxpayers' and others' equity at 31 March 2024	**316,202**	**114,224**	**(1,418)**	**190**	**39,089**	**468,287**

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

	Public dividend capital	Revaluation reserve	Financial assets reserve	Other reserves	Income and expenditure reserve	Total
	£000	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2022 - brought forward	286,653	96,137	(1,269)	190	43,011	424,722
Surplus/(deficit) for the year	0	0	0	0	29,419	29,419
Revaluations	0	13,060	0	0	0	13,060
Fair value gains/(losses) on financial assets mandated at fair value through OCI	0	0	(149)	0	0	(149)
Public dividend capital received	19,023	0	0	0	0	19,023
Taxpayers' and others' equity at 31 March 2023	305,676	109,197	(1,418)	190	72,430	486,075

Information on reserves

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

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

Financial assets reserve
This reserve comprises changes in the fair value of financial assets measured at fair value through other comprehensive income. When these instruments are derecognised, cumulative gains or losses previously recognised as other comprehensive income or expenditure are recycled to income or expenditure, unless the assets are equity instruments measured at fair value through other comprehensive income as a result of irrevocable election at recognition.

Merger reserve
This legacy reserve reflects balances formed on previous mergers of NHS bodies.

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

Statement of Cash Flows

	Note	**2023/24**	2022/23
		£000	£000
Cash flows from operating activities			
Operating (deficit) / surplus		**(1,035)**	41,972
Non-cash income and expense:			
Depreciation and amortisation	7.1	**32,431**	29,531
Net impairments	8	**431**	(788)
Income recognised in respect of capital donations	4	**(12,775)**	(29,253)
Decrease / (Increase) in receivables and other assets		**15,403**	(24,900)
(Increase) / decrease in inventories		**(702)**	(94)
(Decrease) / Increase in payables and other liabilities		**(17,584)**	7,208
(Decrease) / Increase in provisions		**(2,290)**	(3,856)
Net cash flows from / (used in) operating activities		**13,879**	19,820
Cash flows from investing activities			
Interest received		**2,975**	1,991
Purchase of intangible assets		**(3,095)**	(610)
Purchase of PPE and investment property		**(53,527)**	(64,114)
Sales of PPE and investment property		**54**	185
Receipt of cash donations to purchase assets		**12,702**	29,166
Net cash flows (used in) / from investing activities		**(40,891)**	(33,382)
Cash flows from financing activities			
Public dividend capital received		**10,526**	19,023
Capital element of finance lease rental payments		**(4,593)**	(4,055)
Capital element of PFI, LIFT and other service concession payments		**(3,761)**	(1,905)
Interest paid on finance lease liabilities		**(314)**	(124)
Interest paid on PFI, LIFT and other service concession obligations		**(1,477)**	(2,589)
PDC dividend (paid) / refunded		**(13,176)**	(12,443)
Net cash flows (used in) / from financing activities		**(12,795)**	(2,093)
(Decrease) / Increase in cash and cash equivalents		**(39,807)**	(15,655)
Cash and cash equivalents at 1 April - brought forward		**69,264**	84,918
Cash and cash equivalents at 31 March	22.1	**29,457**	69,264

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.

The Trust has prepared its financial plans and cash flow forecasts for the coming year on the assumption that funding will be received from the Department of Health and Social Care. These funds are expected to be sufficient to enable the Trust to meet its obligations as they fall due and will be accessed through the nationally agreed process published by NHS England and the Department of Health and Social Care.

The Board of Directors has therefore concluded that these financial statements should be prepared on a going concern basis as there is a reasonable expectation that the Trust will have adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements.

Note 1.3 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.

The main source of income for the Trust is contracts with commissioners in respect of health care services. The timing of the satisfaction of performance obligations is in line with typical timing of payment (i.e. 14-30 days dependant on credit terms agreed with customer).

Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for health care services. Funding envelopes are set at an Integrated Care System (ICS) level. The majority of the Trust's 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 healthcare.

Aligned payment and incentive 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 2022/23 fixed payments were set at a level assuming the achievement of elective activity targets within aligned payment and incentive contracts. These payments are 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 BTP 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.

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.

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.

The NHS Trust receives income from the National Institute for Health Research (NIHR) for the hosting of the West Midlands Clinical Research Network, which comprises the majority of the Trust's Research and Development Income.

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 1.4 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 grant 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 1.5 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 employer, 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 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.

Local Government Pension Scheme

Some employees are members of the Local Government Pension Scheme which is a defined benefit pension scheme. The scheme assets and liabilities attributable to these employees can be identified and are recognised in the Trust's accounts. The assets are measured at fair value, and the liabilities at the present value of future obligations.

The increase in the liability arising from pensionable service earned during the year is recognised within operating expenses. The net interest cost during the year arising from the unwinding of the discount on the net scheme liabilities is recognised within finance costs. Remeasurements of the defined benefit plan are recognised in the income and expenditure reserve and reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

Note 1.6 Expenditure on other goods and services

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

Note 1.7 Discontinued operations
Discontinued operations occur where activities either cease without transfer to another entity, or transfer to an entity outside of the boundary of Whole of Government Accounts, such as private or voluntary sectors. Such activities are accounted for in accordance with IFRS 5. Activities that are transferred to other bodies within the boundary of Whole of Government Accounts are 'machinery of government changes' and treated as continuing operations.

Note 1.8 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. This is the most significant estimate in the accounts and is based on the professional judgement of the Trust's independent valuer; Avison Young with extensive knowledge of the physical estate and market factors. 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 location requirements of the services being provided. Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements.
The value does not take into account potential future changes in market value which cannot be predicted with any certainty.
The majority of the Trusts estate is considered to be specialised assets as there is no open market for an acute hospital. The modern equivalent asset valuation is based on the assumption that a replacement hospital would be built on an alternative site, within the surrounding area of Wolverhampton .

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 have 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 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) and Local Improvement Finance Trust (LIFT) 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 and LIFT liabilities

IFRS 16 liability measurement principles have been applied to PFI, LIFT 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, LIFT 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**
Buildings, excluding dwellings	1	70
Dwellings	4	31
Plant & machinery	5	15
Transport equipment	5	7
Information technology	4	5
Furniture & fittings	7	10

The minimum useful economic life of 1 year is applied to any component part or a building as part of the valuation process, when the Trust has an intention to dispose, or has declared a building element vacant.

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 is shown in the table below:

	Min life Years	**Max life Years**
Software licences	4	5

Note 1.10 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the weighted average cost method.

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

Note 1.11 Cash and cash equivalents

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

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

Note 1.12 Financial assets and financial liabilities

Recognition

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

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

Classification and measurement

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

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

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

Financial liabilities 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.

Financial assets measured at fair value through other comprehensive income

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

The Trust has irrevocably elected to measure the following equity instruments at fair value through other comprehensive income:

- Arcturis Data Limited (formerly known as Sensyne Health Limited) Shares on the basis the Trust are holding these shares as an investment and not for trading. Any subsequent fair value movements from initial recognition will therefore be a reserves movement .

Impairment of financial assets

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

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

At the end of the reporting period, the Trust assesses whether any financial assets, other than those held at 'fair value through profit and loss' require an allowance for an expected credit loss. Lifetime credit losses are recognised if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset and that have an impact on the estimated future cash flows of the asset. However NHS bodies are not allowed to recognise any impairments against intra-DHSC balances as it is expected that they will be recoverable, therefore no lifetime credit losses are made against NHS bodies.

When estimating lifetime credit losses in relation to Injury Cost Recovery (ICR) receivables, the GAM instructs the Trust to include an amount within the credit loss allowances for contract receivables to reflect income that is not expected to be recoverable. Each year, the Compensation Recovery Unit (CRU) advises a percentage probability of not receiving the income. For 2023/24 this is 23.07% (2022/23 24.86%).

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

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

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

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

Note 1.13 Leases
A lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration. An adaptation of the relevant accounting standard by HM Treasury for the public sector means that for NHS bodies, this includes lease-like arrangements with other public sector entities that do not take the legal form of a contract. It also includes peppercorn leases where consideration paid is nil or nominal (significantly below market value) but in all other respects meet the definition of a lease. The trust does not apply lease accounting to new contracts for the use of intangible assets.

The Trust determines the 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 or other systematic basis. Irrecoverable VAT on lease payments is expensed as it falls due.

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

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

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

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

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

Operating leases

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

Initial application of IFRS 16 in 2022/23
IFRS 16 Leases as adapted and interpreted for the public sector by HM Treasury was applied to these financial statements with an initial application date of 1 April 2022. IFRS 16 replaced *IAS 17 Leases*, *IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations.

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

The Trust as lessee
For continuing leases previously classified as operating leases, a lease liability was established on 1 April 2022 equal to the present value of future lease payments discounted at the Trust's incremental borrowing rate of 0.95%. A right of use asset was created equal to the lease liability and adjusted for prepaid and accrued lease payments and deferred lease incentives recognised in the Statement of Financial Position immediately prior to initial application. Hindsight 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 reassessed with reference to the right of use asset.

Note 1.14 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation.

Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective from 31 March 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 26.2 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

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

Note 1.15 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in Note 27 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 27, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

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

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

Note 1.16 Public dividend capital

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

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

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

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

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

Note 1.17 Value added tax

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

Note 1.18 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 1.19 Foreign exchange

The functional and presentational currency of the trust is sterling.

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

Where the trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

• monetary items are translated at the spot exchange rate on 31 March
• non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction and
• non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

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

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

Note 1.20 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 1.21 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 1.22 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 1.23 Transfers of functions from other NHS bodies

For functions that have been transferred to the trust from another NHS body, the transaction is accounted for as a transfer by absorption. The assets and liabilities transferred are recognised in the accounts using the book value as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition.

For property, plant and equipment assets and intangible assets, the cost and accumulated depreciation / amortisation balances from the transferring entity's accounts are preserved on recognition in the trust's accounts. Where the transferring body recognised revaluation reserve balances attributable to the assets, the trust makes a transfer from its income and expenditure reserve to its revaluation reserve to maintain transparency within public sector accounts.

Note 1.24 Early adoption of standards, amendments and interpretations

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

Note 1.25 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 17 Insurance Contracts:

Application required for accounting periods beginning on or after 1 January 2023, but not yet adopted by the FReM: early adoption is not therefore permitted. This would be applicable from 1st April 2025 and replaces *IFRS 4 Insurance Contracts on accounting for insurance contracts*. This standard is expected to have no material impact on the NHS Trusts' financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements:

IFRS 18 was issued in April 2024 and applies to periods beginning on or after 1 January 2027. The standard has not yet been adopted by FRAB for inclusion within the FREM and therefore it is not yet possible to confirm how this will impact on our accounts in the future.

Note 1.26 Critical judgements in applying accounting policies

In the application of the NHS Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Note 1.27 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:

-Useful Economic Lives

"The Trust exercises judgement to determine the Useful Lives and residual values of property, plant and equipment and computer software. Depreciation and amortisation is provided so as to write down the value of these assets to their residual value over their estimated Useful Lives. Every care is taken to ensure that estimates are robust however factors such as unforeseen obsolescence or breakdown may impact on the actual life of the asset held.

-Provisions

When considering Provisions for events such as pension payments, NHS Resolution claims and other legal cases The Trust uses estimates based on expert advice from agencies such as NHS Resolution, legal advice from Trust advisors and the experience of its managers.

-Valuation of Non-Current Assets

Valuation of Non-Current Assets - The fair value of land and buildings is determined by valuations carried out by a Professional Valuer GVA Grimley Limited trading as Avison Young. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) and Valuation Manual in so far as these terms are consistent with the agreed requirements of the Department of Health and Social Care and HM Treasury. A desktop valuation (excluding assets under construction/work in progress) was carried out as at 31 March 2024 and assets lives were also reviewed by GVA Grimley Limited trading as Avison Young as at this date. This valuation was based on published data from the Building Cost Information Service (BCIS) which provides a level of consistency in reporting and forecasting future trends. Prior to 22/23, the valuation and the associated data was based on all in forecast Tender Price Index (TPI) as at 31 March. In 22/23 a change was made so the valuer considered both the BCIS All-in Tender Price Index (TPI), the General Building Cost Index (BCI), along with the PUBSEC TPI Index which is a smoothed version of the All-in TPI specifically referencing public sector construction projects. This was agreed with a number of consultancy firms, with an indexation factor of 3.39% utilised in 23/24 (7.5% 22/23). Future revaluations of the Trust's property may result in further material changes to the carrying value of non-current assets.

Note 2 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Trust Board that makes strategic decisions.

The Trust has identified two operating segments:-

Healthcare Services

This is the core activity of the Trust. It is primarily the provision of NHS Healthcare services to patients, paid for by the relevant NHS Commissioner. Income for this segment is disaggregated in Note 3.1 and Note 4 except for Research and Development which includes Clinical Research Network to which the proportion relating to Clinical Research Network within Research and Development is shown in this Note.

Clinical Research Network

The Trust hosts the West Midlands Clinical Research Network, which has a separate Chief Operating Officer and is separately accounted for, so is an operating segment for the Trust. It receives funds from the National Institute for Health Research and pays for research provided by 25 NHS Trusts (including this Trust), 6 Integrated Care Boards plus 3 Universities. The total income for the Network is c.£32.3m. The Network operates on a break even basis. Income for this segment derives from Research and Development (contract) as disclosed in Note 4 of the accounts.

	Healthcare Services		**Clinical Research Network: West Midlands**		**Total**	
	2023-24	2022-23	**2023-24**	2022-23	**2023-24**	2022-23
	£000	£000	**£000**	£000	**£000**	£000
Income	**908,394**	870,422	**32,292**	29,469	**940,686**	899,891
Surplus/(Deficit)						
Segment surplus/(deficit)	**(4,325)**	(732)	**0**	0	**(4,325)**	(732)
Common costs	**(922,168)**	(840,271)	**(32,292)**	(29,469)	**(954,460)**	(869,740)
Surplus/(Deficit)	**(18,099)**	29,419	**0**	0	**(18,099)**	29,419
Net Assets:						
Segment net assets	**468,287**	486,075	**0**	0	**468,287**	486,075

Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.3

Note 3.1 Income from patient care activities (by nature)	**2023/24**	2022/23
	£000	£000
Acute services		
Income from commissioners under API contracts - variable element*	**164,342**	0
Income from commissioners under API contracts - fixed element*	**464,093**	545,593
High cost drugs income from commissioners	**61,257**	58,446
Other NHS clinical income	**974**	1,805
Community services		
Income from commissioners under API contracts*	**47,848**	46,684
Income from other sources (e.g. local authorities)	**9,046**	8,246
All services		
Private patient income	**866**	423
Elective recovery fund	**0**	21,394
National pay award central funding***	**401**	18,702
Additional pension contribution central funding**	**23,008**	20,779
Other clinical income	**11,397**	10,517
Total income from activities	**783,232**	732,589

*Aligned payment and incentive contracts are the main form of contracting between NHS providers and their commissioners. More information can be found in the 2023/25 NHS Payment Scheme documentation.

https://www.england.nhs.uk/pay-syst/nhs-payment-scheme/

**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.

*** 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.

Note 3.2 Income from patient care activities (by source)

	2023/24	2022/23
Income from patient care activities received from:	**£000**	£000
NHS England	**188,545**	200,913
Clinical commissioning groups	**0**	122,642
Integrated care boards	**568,935**	385,186
Other NHS providers	**1,714**	1,805
NHS other	**1,057**	894
Local authorities	**9,046**	8,476
Non-NHS: private patients	**866**	423
Non-NHS: overseas patients (chargeable to patient)	**209**	376
Injury cost recovery scheme	**1,146**	939
Non NHS: other	**11,714**	10,935
Total income from activities	**783,232**	732,589
Of which:		
Related to continuing operations	**783,232**	732,589

Clinical commissioning groups ceased to exist from 30th June 2022, and replaced on 1st July 2022 with Integrated care boards.

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

	2023/24	2022/23
	£000	£000
Income recognised this year	**209**	376
Cash payments received in-year	**63**	96
Amounts added to provision for impairment of receivables	**224**	325
Amounts written off in-year	**143**	52

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	**34,102**	**0**	**34,102**	30,264	0	30,264
Education and training	**25,054**	**1,276**	**26,330**	24,280	1,104	25,384
Non-patient care services to other bodies	**59,620**	**0**	**59,620**	52,054	0	52,054
Reimbursement and top up funding	**0**	**0**	**0**	4,737	0	4,737
Income in respect of employee benefits accounted on a gross basis	**10,268**	**0**	**10,268**	8,431	0	8,431
Receipt of capital grants and donations and peppercorn leases	**0**	**12,775**	**12,775**	0	29,253	29,253
Charitable and other contributions to expenditure**	**0**	**131**	**131**	0	1,454	1,454
Revenue from operating leases	**0**	**733**	**733**	0	716	716
Other income*	**13,366**	**129**	**13,495**	15,009	0	15,009
Total other operating income	**142,410**	**15,044**	**157,454**	134,775	32,527	167,302
Of which:						
Related to continuing operations			**157,454**			167,302

* Other contract income includes car parking income, catering income, pharmacy sales, staff accommodation rental and other income generation schemes (recognised under IFRS 15).

** Donated inventories of DHSC centrally procured consumables: personal protective equipment in support of Covid-19 pandemic

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

	2023/24	2022/23
	£000	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	**0**	0
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods	**0**	0

Note 5.2 Transaction price allocated to remaining performance obligations

	31 March 2024	31 March 2023
Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:	**£000**	£000
within one year	**0**	0
after one year, not later than five years	**0**	0
after five years	**0**	0
Total revenue allocated to remaining performance obligations	**0**	0

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

Note 5.3 Fees and charges

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

	2023/24	2022/23
	£000	£000
Income	**4,897**	4,969
Full cost	**(4,647)**	(4,008)
Surplus / (deficit)	**250**	961

The fees and charges income generated by the Trust include income from non-patient care income generation activities such as car parking, staff residences and catering. The objective is to ensure all costs associated with the operation of such activities are covered and that any surplus generated for the Trust is used to re-invest in the operation of its core services.

Note 6 Operating leases - The Royal Wolverhampton NHS Trust as lessor

This note discloses income generated in operating lease agreements where The Royal Wolverhampton NHS Trust is the lessor.

The Trust has applied IFRS 16 to account for lease arrangements from 1 April 2022 without restatement of comparatives. Comparative disclosures in this note are presented on an IAS 17 basis. This includes a different maturity analysis of future minimum lease receipts under IAS 17 compared to IFRS 16.

Included within this note are a number of third party services and retail outlets on site with whom the Trust have a leasing arrangement.

Note 6.1 Operating lease income

	2023/24	2022/23
	£000	£000
Lease receipts recognised as income in year:		
Minimum lease receipts	**733**	716
Total in-year operating lease income	**733**	716

Note 6.2 Future lease receipts

	31 March 2024	31 March 2023
	£000	£000
Future minimum lease receipts due in:		
- not later than one year	**703**	638
- later than one year and not later than two years	**96**	80
- later than two years and not later than three years	**96**	80
- later than three years and not later than four years	**96**	80
- later than four years and not later than five years	**95**	68
- later than five years	**105**	264
Total	**1,191**	1,210

Note 7.1 Operating expenses

	2023/24	2022/23
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	**4,577**	5,285
Purchase of healthcare from non-NHS and non-DHSC bodies	**6,509**	4,592
Staff and executive directors costs	**587,150**	535,511
Remuneration of non-executive directors	**174**	198
Supplies and services - clinical (excluding drugs costs)*	**102,863**	94,816
Supplies and services - general	**14,062**	11,566
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	**77,938**	72,304
Inventories written down	**4**	11
Consultancy costs	**0**	155
Establishment	**7,582**	8,121
Premises	**33,270**	28,874
Transport (including patient travel)	**2,991**	2,963
Depreciation on property, plant and equipment	**30,949**	28,319
Amortisation on intangible assets	**1,482**	1,212
Net impairments	**431**	(788)
Movement in credit loss allowance: contract receivables / contract assets	**238**	829
Change in provisions discount rate(s)	**(25)**	(145)
Fees payable to the external auditor		
audit services- statutory audit	**175**	121
Internal audit costs	**129**	143
Clinical negligence	**19,078**	17,380
Legal fees	**436**	570
Insurance	**221**	149
Research and development	**31,583**	28,109
Education and training	**12,195**	11,224
Redundancy	**7**	29
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	**2,709**	2,551
Car parking & security	**1,304**	1,170
Losses, ex gratia & special payments	**25**	97
Other services, eg external payroll	**2**	30
Other	**3,662**	2,523
Total	**941,721**	857,919
Of which:		
Related to continuing operations	**941,721**	857,919

* 2023/24 includes £186k (22/23 £1,552k) of donated inventories of DHSC centrally procured consumables: personal protective equipment in support of Covid-19 pandemic which have been consumed

** 2023/24 includes pay award accrual of £401k (22/23 £19,260k). During 23/24 £2,037k,(22/23 £9,578k) of annual leave accrual has been released due to significant reduction in annual leave carried forward into 2024/25, this release has been offset by additional staff costs.

Note 7.2 Other auditor remuneration

	2023/24	2022/23
	£000	£000
Other auditor remuneration paid to the external auditor:		
1. Audit of accounts of any associate of the trust	0	0
2. Audit-related assurance services	0	0
3. Taxation compliance services	0	0
4. All taxation advisory services not falling within item 3 above	0	0
5. Internal audit services	0	0
6. All assurance services not falling within items 1 to 5	0	0
7. Corporate finance transaction services not falling within items 1 to 6 above	0	0
8. Other non-audit services not falling within items 2 to 7 above	0	0
Total	**0**	**0**

Note 7.3 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £1 million (2022/23: £1 million).

Note 8 Impairment of assets

	2023/24	2022/23
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	431	(788)
Total net impairments charged to operating surplus / deficit	**431**	**(788)**
Impairments charged to the revaluation reserve	0	0
Total net impairments	**431**	**(788)**

The impairments relate to the impact of the desktop valuation of the Trusts land and buildings as at 31 March 2024 and 31 March 2023. Both valuations were undertaken by a Professional Valuer, GVA Grimley Limited trading as Avison Young. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) and Valuation Manual in so far as these terms are consistent with the agreed requirements of the Department of Health and Social Care and HM Treasury. Impairments are due to a reduction in the value of a number of the Trusts' building assets where no revaluation reserve balance exists.

Note 9 Employee benefits

	2023/24	2022/23
	Total	Total
	£000	£000
Salaries and wages	**473,238**	431,776
Social security costs	**49,156**	43,414
Apprenticeship levy	**2,435**	2,062
Employer's contributions to NHS pensions	**75,938**	68,507
Temporary staff (including agency)	**8,685**	7,639
Total gross staff costs	**609,452**	553,398
Recoveries in respect of seconded staff	**(2,341)**	(1,119)
Total staff costs	**607,112**	552,279
Of which		
Costs capitalised as part of assets	**1,504**	836

Note 9.1 Retirements due to ill-health

During 2023/24 there were 7 early retirements from the trust agreed on the grounds of ill-health (5 in the year ended 31 March 2023). The estimated additional pension liabilities of these ill-health retirements is £580k (£279k in 2022/23).

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

Note 10 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 for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

a) Accounting valuation

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

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 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 cost 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.

Note 11 Finance income

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

	2023/24	2022/23
	£000	£000
Interest on bank accounts	**2,975**	1,991
Total finance income	**2,975**	1,991

Note 12.1 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 lease obligations	**314**	124
Finance costs on PFI, LIFT and other service concession arrangements:		
Main finance costs	**1,477**	387
Contingent finance costs*	**0**	2,202
Remeasurement of the liability resulting from change in index or rate*	**5,499**	0
Total interest expense	**7,290**	2,713
Unwinding of discount on provisions	**10**	10
Other finance costs	**0**	0
Total finance costs	**7,300**	2,723

* From 1 April 2023, IFRS 16 liability measurement principles are applied to PFI, LIFT and other service concession 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 30.

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

	2023/24	2022/23
	£000	£000
Total liability accruing in year under this legislation as a result of late payments	**0**	0

Note 13 Other gains / (losses)

	2023/24	2022/23
	£000	£000
Gains on disposal of assets	**45**	97
Total other gains / (losses)	**45**	97

Note 14.1 Intangible assets - 2023/24

	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2023 - brought forward	**10,845**	**1,282**	**12,127**
Additions	**20**	**3,075**	**3,095**
Reclassifications	**852**	**(852)**	**0**
Valuation / gross cost at 31 March 2024	**11,717**	**3,505**	**15,222**
Amortisation at 1 April 2023 - brought forward	**6,267**	**0**	**6,267**
Provided during the year	**1,482**	**0**	**1,482**
Amortisation at 31 March 2024	**7,749**	**0**	**7,749**
Net book value at 31 March 2024	**3,968**	**3,505**	**7,473**
Net book value at 1 April 2023	**4,578**	**1,282**	**5,860**

Note 14.2 Intangible assets - 2022/23

	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2022 - as previously stated	7,192	4,325	11,517
Additions	195	415	610
Reclassifications	3,458	(3,458)	0
Valuation / gross cost at 31 March 2023	10,845	1,282	12,127
Amortisation at 1 April 2022 - as previously stated	5,055	0	5,055
Provided during the year	1,212	0	1,212
Amortisation at 31 March 2023	6,267	0	6,267
Net book value at 31 March 2023	4,578	1,282	5,860
Net book value at 1 April 2022	2,137	4,325	6,462

Note 15.1 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	16,308	332,584	1,602	74,410	111,569	942	27,628	11,326	576,369
Additions	0	1,407	0	46,724	4,958	31	374	230	53,724
Impairments	0	(1,556)	0	0	0	0	0	0	(1,556)
Reversals of impairments	0	1,125	0	0	0	0	0	0	1,125
Revaluations	2	(9,124)	0	0	0	0	0	0	(9,122)
Reclassifications	0	9,846	0	(16,307)	4,020	0	1,713	728	0
Disposals / derecognition	0	0	0	0	(1,676)	(147)	0	0	(1,823)
Valuation/gross cost at 31 March 2024	16,310	334,282	1,602	104,827	118,871	826	29,715	12,284	618,717
Accumulated depreciation at 1 April 2023 - brought forward	0	0	0	0	75,441	673	20,681	6,834	103,629
Provided during the year	0	14,047	102	0	8,827	70	2,750	608	26,404
Revaluations	0	(14,047)	(102)	0	0	0	0	0	(14,149)
Disposals / derecognition	0	0	0	0	(1,666)	(147)	0	0	(1,813)
Accumulated depreciation at 31 March 2024	0	0	0	0	82,602	596	23,431	7,442	114,071
Net book value at 31 March 2024	16,310	334,282	1,602	104,827	36,269	230	6,284	4,842	504,646
Net book value at 1 April 2023	16,308	332,584	1,602	74,410	36,128	269	6,947	4,492	472,740

Note 15.2 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 - as previously stated	21,041	320,914	1,574	25,545	109,563	841	25,458	8,724	513,660
IFRS 16 implementation - reclassification of existing finance leased assets to right of use assets	0	0	0	0	(2,116)	0	0	0	(2,116)
Additions	0	1,172	0	62,875	2,858	122	596	305	67,928
Impairments	(677)	(344)	0	0	0	0	0	0	(1,021)
Reversals of impairments	0	1,809	0	0	0	0	0	0	1,809
Revaluations	(4,056)	4,088	28	0	0	0	0	0	60
Reclassifications	0	4,945	0	(14,010)	5,243	0	1,574	2,297	49
Disposals / derecognition	0	0	0	0	(3,979)	(21)	0	0	(4,000)
Valuation/gross cost at 31 March 2023	16,308	332,584	1,602	74,410	111,569	942	27,628	11,326	576,369
Accumulated depreciation at 1 April 2022 - as previously stated	0	0	0	0	72,468	638	17,898	6,374	97,378
IFRS 16 implementation - reclassification of existing finance leased assets to right of use assets	0	0	0	0	(1,127)	0	0	0	(1,127)
Provided during the year	0	12,906	94	0	7,991	56	2,783	460	24,290
Revaluations	0	(12,906)	(94)	0	0	0	0	0	(13,000)
Disposals / derecognition	0	0	0	0	(3,891)	(21)	0	0	(3,912)
Accumulated depreciation at 31 March 2023	0	0	0	0	75,441	673	20,681	6,834	103,629
Net book value at 31 March 2023	16,308	332,584	1,602	74,410	36,128	269	6,947	4,492	472,740
Net book value at 1 April 2022	21,041	320,914	1,574	25,545	37,095	203	7,560	2,350	416,282

Note 15.3 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	16,310	324,001	1,602	59,252	27,156	230	6,279	4,821	439,651
On-SoFP PFI contracts and other service concession arrangements	0	8,952	0	0	6,670	0	0	0	15,622
Owned - donated/granted	0	1,329	0	45,575	2,443	0	5	21	49,373
Total net book value at 31 March 2024	16,310	334,282	1,602	104,827	36,269	230	6,284	4,842	504,646

Note 15.4 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	16,308	322,234	1,602	41,510	29,333	269	6,941	4,467	422,664
On-SoFP PFI contracts and other service concession arrangements	0	9,017	0	0	3,871	0	0	0	12,888
Owned - donated/granted	0	1,333	0	32,900	2,924	0	6	25	37,188
Total net book value at 31 March 2023	16,308	332,584	1,602	74,410	36,128	269	6,947	4,492	472,740

Note 15.5 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 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
Not subject to an operating lease	16,310	334,282	1,602	104,827	36,269	230	6,284	4,842	504,646
Total net book value at 31 March 2024	16,310	334,282	1,602	104,827	36,269	230	6,284	4,842	504,646

Note 15.6 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2023

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Not subject to an operating lease	16,308	332,584	1,602	74,410	36,128	269	6,947	4,492	472,740
Total net book value at 31 March 2023	16,308	332,584	1,602	74,410	36,128	269	6,947	4,492	472,740

Note 16 Donations of property, plant and equipment

For the year ended 31 March 2024, The Department of Health and Social Care donated £0k (22/23 £0k) of assets to the Trust in response to the Covid-19 pandemic and The Royal Wolverhampton NHS Trust Charity donated £73k (22/23 £87k) of assets to the Trust.

Note 17 Revaluations of property, plant and equipment

All property, plant and equipment are measured initially at cost, representing the cost 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 that are held for their service potential and are in use are measured subsequently at their current value in existing use. Assets that were most recently held for their service potential but are surplus are measured at fair value under IFRS 13 where there are no restrictions preventing access to the market at the reporting date and if it does not meet the requirement of IAS 40 or IFRS 5.

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying amounts 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, modern equivalent asset basis.

The fair value of land and buildings is determined by valuations carried out by a Professional Valuer GVA Grimley Limited trading as Avison Young. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) and Valuation Manual in so far as these terms are consistent with the agreed requirements of the Department of Health and Social Care and HM Treasury. A desktop valuation (excluding assets under construction/work in progress) was carried out as at 31 March 2024 and assets lives were also reviewed by GVA Grimley Limited trading as Avison Young as at this date. This valuation was based on published data from the Building Cost Information Service (BCIS) which provides a level of consistency in reporting and forecasting future trends. In 2023/24 and 2022/23,the valuer has considered both the BCIS All-in Tender Price Index (TPI), the General Building Cost Index (BCI), along with the PUBSEC TPI Index which is a smoothed version of the All-in TPI specifically referencing public sector construction projects. This was agreed with a number of consultancy firms, with an indexation factor of 3.39% utilised in 23/24 (7.5% 22/23). Future revaluations of the Trust's property may result in further material changes to the carrying value of non-current assets.

The Trust has performed sensitivity analyses of reasonably possible changes in the significant assumptions. The sensitivity table is based on an illustrative % change, however the estimates may vary by greater amounts. The Trust considers the assets valuation to be a key estimate. The reported value of owned assets would change as follows should there be a change in these underlying assumptions on the basis that all other factors remain unchanged:

Assumption	Assumption value	Sensitivity (+ 1%) (£000)	Sensitivity (- 1%) (£000)
Build Cost Index	387.89	3,229	(3,229)
Obsolescence Factor for Sustainability and ESG	2.5%	(3,338)	3,338
Land value / acre	£450-900k	160	(160)

For 22/23:

Assumption	Assumption value	Sensitivity (+ 1%) (£000)	Sensitivity (- 1%) (£000)
Build Cost Index	375.18	3,209	(3,209)
Obsolescence Factor for Sustainability and ESG	2.5%	(3,344)	3,344
Land value / acre	£450-900k	160	(160)

The valuer has included an ESG factor as an element in the obsolescence which reflects that any new property build would consider enhanced carbon neutral requirements. This is an emerging issue and a judgemental 2.5% has been applied across the estate portfolio.

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, Borrowing Costs. Assets are revalued and depreciation commences when they are brought into use.

Note 18 Leases - The Royal Wolverhampton NHS Trust as a lessee

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

The Trust is a lessee for a number of NHS properties and various pieces of equipment, including equipment under Managed Service Contracts.

The Trust has applied IFRS 16 to account for lease arrangements from 1 April 2022 without restatement of comparatives.

Note 18.1 Right of use assets - 2023/24

	Property (land and buildings) £000	Plant & machinery £000	Total £000	Of which: leased from DHSC group bodies £000
Valuation / gross cost at 1 April 2023 - brought forward	**4,959**	**15,298**	**20,257**	**4,607**
Additions	**1,036**	**2,686**	**3,722**	**801**
Valuation/gross cost at 31 March 2024	**5,995**	**17,984**	**23,979**	**5,408**
Accumulated depreciation at 1 April 2023 - brought forward	**2,031**	**4,227**	**6,258**	**1,957**
Provided during the year	**2,086**	**2,459**	**4,545**	**2,021**
Accumulated depreciation at 31 March 2024	**4,117**	**6,686**	**10,803**	**3,978**
Net book value at 31 March 2024	**1,878**	**11,298**	**13,176**	**1,430**
Net book value at 1 April 2023	**2,928**	**11,071**	**13,999**	**2,650**
Net book value of right of use assets leased from other DHSC group bodies	**1,430**	**0**	**1,430**	**0**

Note 18.2 Right of use assets - 2022/23

	Property (land and buildings) £000	Plant & machinery £000	Total £000	Of which: leased from DHSC group bodies £000
Valuation / gross cost at 1 April 2022 - brought forward	0	0	0	0
IFRS 16 implementation - reclassification of existing finance leased assets from PPE or intangible assets	0	2,116	2,116	0
IFRS 16 implementation - adjustments for existing operating leases / subleases	4,959	7,625	12,584	4,607
Transfers by absorption	0	0	0	0
Additions	0	5,242	5,242	0
Remeasurements of the lease liability	0	(738)	(738)	0
Revaluations	0	1,102	1,102	0
Reclassifications	0	(49)	(49)	0
Valuation/gross cost at 31 March 2023	4,959	15,298	20,257	4,607
Accumulated depreciation at 1 April 2022 - brought forward	0	0	0	0
IFRS 16 implementation - reclassification of existing finance leased assets from PPE or intangible assets	0	1,127	1,127	0
Provided during the year	2,031	1,998	4,029	1,957
Revaluations	0	1,102	1,102	0
Accumulated depreciation at 31 March 2023	2,031	4,227	6,258	1,957
Net book value at 31 March 2023	2,928	11,071	13,999	2,650
Net book value at 1 April 2022	0	0	0	0
Net book value of right of use assets leased from other DHSC group bodies	2,650	0	2,650	0

Note 18.2 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 25.1.

	2023/24	2022/23
	£000	£000
Carrying value at 31 March	**13,927**	894
IFRS 16 implementation - adjustments for existing operating leases		12,584
Lease additions	**3,722**	5,242
Lease liability remeasurements	**0**	(738)
Interest charge arising in year	**314**	124
Lease payments (cash outflows)	**(4,907)**	(4,179)
Carrying value at 31 March	**13,056**	13,927

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

These payments are disclosed in Note 7.1. Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above.

Income generated from subleasing right of use assets in £0k and is included within revenue from operating leases in note 4.

Note 18.3 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;	**3,888**	**894**	4,329	2,099
- later than one year and not later than five years;	**8,824**	**1,229**	8,346	469
- later than five years.	**2,140**	**2**	2,045	0
Total gross future lease payments	**14,852**	**2,125**	14,720	2,568
Finance charges allocated to future periods	**(1,796)**	**(858)**	(793)	(16)
Net lease liabilities at 31 March 2024	**13,056**	**1,267**	13,927	2,552
Of which:				
Leased from other DHSC group bodies		**1,267**		2,552

Note 18.4 Leases - other information

IFRS 16 as adapted and interpreted for the public sector by HM Treasury has been applied to leases in these financial statements with an initial application date of 1 April 2022.

The standard has been applied using a modified retrospective approach without the restatement of comparatives. Practical expedients applied by the Trust on initial application are detailed in the leases accounting policy in note 1.13

Lease liabilities created for existing operating leases during 2023/24 were discounted using the weighted average incremental borrowing rate determined by HM Treasury as 3.51% (22/23 0.95%).

Note 19 Other investments / financial assets (non-current)

	2023/24	2022/23
	£000	£000
Carrying value at 1 April - brought forward	**12**	161
Movement in fair value through OCI	**0**	(149)
Carrying value at 31 March	**12**	12

The Trust received 1,428,571 ordinary shares in Sensyne Health plc representing 0.9% of the existing issued share capital of Sensyne on 4th May 2021 as consideration for signing a five-year non-exclusive Strategic Research Agreement (SRA) with Sensyne Health plc. The agreement was to enable the ethical application of clinical AI research to improve patient care and accelerate research into new medicines. Research was to be undertaken to the highest standards of information governance and data security in accordance with NHS principles, the UK Government Code of Practice and data protection legislation. All data supplied to Sensyne was to be anonymised by the Trust beforehand and the provision of the data will operate under an agreed Data Processing Protocol (“DPP”) under the Trust’s ethical oversight. By mutual legal agreement the Strategic Research Agreement was terminated on 2 August 2023. The deferred income in relation to this agreement was released in accordance with IFRS 15.

The Trust recognises Sensyne Plc shares as Fair Value through OCI. As at 31 March 2024 the Trust recognised the shares at the price provided by Sensyne (now named Arcturis Data Ltd) due to the delisting of the company (same as at 31 March 2023).

From 16th April 2024 Arcturis completed a consolidation of their ordinary shares to reduce the total number of ordinary shares in issue. This activity has resulted in the total number of shares in issue being reduced from 4.25 billion to 42.5 million through a consolidation of 100 ordinary shares for 1 new ordinary share. As part of this process, the nominal value of each ordinary share has been changed from £0.008 to £0.01. The current estimated market value of each ordinary share has changed from £0.008 to £0.80. The proportion of ordinary shares held by each shareholder immediately before and after the consolidation has, except for any fractional entitlements, remained unchanged. For the Trust, there is no change in the value of the Trust's shareholding in Arcturis, however the number of shares has reduced from 1,428,571 to 14,285 ordinary shares.

Note 20 Inventories

	31 March 2024	31 March 2023
	£000	£000
Drugs	**3,239**	2,827
Consumables	**5,385**	4,944
Energy	**224**	307
Other	**201**	269
Total inventories	**9,049**	8,347
of which:		
Held at fair value less costs to sell	**0**	0

Inventories recognised in expenses for the year were £85,323k (2022/23: £85,269k). Write-down of inventories recognised as expenses for the year were £4k (2022/23: £11k).

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 £131k of items purchased by DHSC (2022/23: £1,454k).

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.

These inventories at the year end have been measured at market prices, to reflect the net realisable value of the inventory. Where market prices are lower than the cost prices incurred by DHSC on Trusts' behalf, the difference has been recorded as a write-down of the inventory value.

Note 21.1 Receivables

	31 March 2024	31 March 2023
	£000	£000
Current		
Contract receivables	**35,876**	52,543
Allowance for impaired contract receivables / assets	**(2,500)**	(2,501)
Prepayments (non-PFI)	**6,173**	4,952
PDC dividend receivable	**1,116**	724
VAT receivable	**2,137**	2,340
Other receivables	**2,091**	1,545
Total current receivables	**44,893**	59,603
Non-current		
Prepayments (non-PFI)	**16**	18
PFI lifecycle prepayments	**1,596**	4,634
Other receivables	**1,098**	1,397
Total non-current receivables	**2,710**	6,049
Of which receivable from NHS and DHSC group bodies:		
Current	**27,096**	43,332
Non-current	**1,098**	1,397

Note 21.2 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	**2,501**	1,765
New allowances arising	**1,092**	1,035
Changes in existing allowances	**(298)**	7
Reversals of allowances	**(556)**	(213)
Utilisation of allowances (write offs)	**(239)**	(93)
Allowances as at 31 Mar 2024	**2,500**	2,501

Note 21.3 Exposure to credit risk

The Trust is recognising full lifetime credit losses on initial recognition. Balances with Department of Health and Social Care and associated agencies are assessed at zero credit risk, therefore are excluded from impairment calculation below.

	31 March 2024	31 March 2023
	other	other
Ageing of impaired financial assets	**£000**	£000
0-30 days	**34**	125
31-60 days	**73**	122
61-90 days	**9**	34
91-180 days	**452**	320
Over 181 days	**1,932**	1,900
Total	**2,500**	2,501

Ageing of non-impaired financial assets past their due date		
0-30 days	**3,757**	2,131
31-60 days	**150**	185
61-90 days	**90**	460
91-180 days	**302**	557
Over 181 days	**2,135**	2,059
Total	**6,434**	5,392

Note 22.1 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	**69,264**	84,918
Net change in year	**(39,807)**	(15,655)
At 31 March	**29,457**	69,264
Broken down into:		
Cash at commercial banks and in hand	**39**	42
Cash with the Government Banking Service	**29,418**	69,222
Total cash and cash equivalents as in SoFP	**29,457**	69,264
Total cash and cash equivalents as in SoCF	**29,457**	69,264

Note 22.2 Third party assets held by the trust

The Royal Wolverhampton 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
Monies on deposit	**62**	40
Total third party assets	**62**	40

Note 23.1 Trade and other payables

	31 March 2024	31 March 2023
	£000	£000
Current		
Trade payables	**16,779**	14,554
Capital payables	**16,785**	20,366
Accruals	**39,685**	60,274
Social security costs	**6,235**	5,961
VAT payables	**81**	90
Other taxes payable	**6,286**	5,784
Pension contributions payable	**7,479**	6,651
Other payables	**1,411**	587
Total current trade and other payables	**94,741**	114,267
Non-current		
Other payables	**179**	287
Total non-current trade and other payables	**179**	287
Of which payables from NHS and DHSC group bodies:		
Current	**8,801**	6,123
Non-current	**0**	0

Note 23.2 Early retirements in NHS payables above

The payables note above includes amounts in relation to early retirements as set out below:

	31 March 2024	**31 March 2024**	31 March 2023	31 March 2023
	£000	**Number**	£000	Number
- to buy out the liability for early retirements over 5 years	**0**		0	
- number of cases involved		**0**		0

Note 24 Other liabilities

	31 March 2024	31 March 2023
	£000	£000
Current		
Deferred income: contract liabilities	**8,892**	10,424
Total other current liabilities	**8,892**	10,424
Non-current		
Total other non-current liabilities	**0**	0

£1,429k has been released during 2023/24 in relation to Sensyne Strategic Research Agreement being terminated on 2 August 2023. This released the Trust from any future performance obligations therefore under IFRS 15 any remaining deferred income was released to income and expenditure financial statement.

Note 25.1 Borrowings

	31 March 2024	31 March 2023
	£000	£000
Current		
Lease liabilities	**3,342**	4,095
concession contracts	**3,974**	1,952
Total current borrowings	**7,316**	6,047
Non-current		
Lease liabilities	**9,714**	9,832
concession contracts	**18,678**	3,053
Total non-current borrowings	**28,392**	12,885

Note 25.2 Reconciliation of liabilities arising from financing activities

	Lease Liabilities	PFI and LIFT schemes	Total
	£000	**£000**	**£000**
Carrying value at 1 April 2023	**13,927**	**5,005**	**18,932**
Cash movements:			
Financing cash flows - payments and receipts of principal	**(4,593)**	**(3,761)**	**(8,354)**
Financing cash flows - payments of interest	**(314)**	**(1,477)**	**(1,791)**
Non-cash movements:			
Application of IFRS 16 measurement principles to PFI liability on 1 April 2023	**0**	**15,242**	**15,242**
Transfers by absorption	**0**	**0**	**0**
Additions	**3,722**	**667**	**4,389**
Remeasurement of PFI / other service concession liability resulting from change in index or rate	**0**	**5,499**	**5,499**
Application of effective interest rate	**314**	**1,477**	**1,791**
Carrying value at 31 March 2024	**13,056**	**22,652**	**35,708**

	Lease Liabilities	PFI and LIFT schemes	Total
	£000	£000	£000
Carrying value at 1 April 2022	894	6,682	7,576
Cash movements:			
Financing cash flows - payments and receipts of principal	(4,055)	(1,905)	(5,960)
Financing cash flows - payments of interest	(124)	(387)	(511)
Non-cash movements:			
Impact of implementing IFRS 16 on 1 April 2022	12,584	0	12,584
Additions	5,242	228	5,470
Lease liability remeasurements	(738)	0	(738)
Application of effective interest rate	124	387	511
Carrying value at 31 March 2023	13,927	5,005	18,932

Note 26.1 Provisions for liabilities and charges analysis

	Legal claims	Other	Total
	£000	**£000**	**£000**
At 1 April 2023	**207**	**5,251**	**5,889**
Change in the discount rate	0	(251)	**(276)**
Arising during the year	159	691	**871**
Utilised during the year	(107)	(815)	**(969)**
Reversed unused	(61)	(1,931)	**(1,992)**
Unwinding of discount	0	76	**86**
At 31 March 2024	**198**	**3,021**	**3,609**
Expected timing of cash flows:			
- not later than one year;	198	1,923	**2,173**
- later than one year and not later than five years;	0	1,098	**1,436**
- later than five years.	0	0	**0**
Total	**198**	**3,021**	**3,609**

Other includes: provisions for the possible return of money received by the Trust for contractual income, provisions for payments to be made regarding HR issues, clinicians pension tax and provisions for VAT payments to HMRC.

Note 26.2 Clinical negligence liabilities

At 31 March 2024, £216,982k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of The Royal Wolverhampton NHS Trust (31 March 2023: £265,121k).

Note 27 Contingent assets and liabilities

	31 March 2024	31 March 2023
	£000	£000
Value of contingent liabilities		
Net value of contingent liabilities	**0**	0
Net value of contingent assets	**448**	0

In 2023/24 the Trust submitted a VAT claim totalling £448k to H.M. Revenue and Customs inaccordance with the provisions of Regulation 35 of the Value Added Tax Regulations 1995/2518. The claim is in relation to car parking income that should not be treated as standard rated for VAT under NHS Brockenhurst claims.

In 2021/22 contingent assets also consisted of Fleming VAT reclaims. The Fleming VAT reclaims totalled approximately £700k (2013/14 £700k) to H.M. Revenue and Customs under s.121 of the Finance Act 2008. During the Financial Year 2018/19 £125k plus £275k interest was received in respect to one of the Fleming VAT reclaims. The appeal for any additional Fleming VAT reclaims, that the Trust were standing behind, lost their appeal in 2022/23 and the Trust’s advisor believed that any successful outcome was unlikely, hence the Trust withdrew their appeal.

Note 28 Contractual capital commitments

	31 March 2024	31 March 2023
	£000	£000
Property, plant and equipment	**27,068**	41,964
Total	**27,068**	41,964

Note 29 On-SoFP PFI, LIFT or other service concession arrangements

The Trust has one PFI scheme and this relates to the provision of Radiology services.

The Trust and Wolverhampton Radiology Limited Company No: 4235982 (formally trading as Impregilo Wolverhampton Limited) entered into a contract dated 20 March 2002 for the design, construction, financing and equipping of, and provision of certain services in connection with the provision of a new serviced radiology facility.

The agreement allows for Variations to the project. For example there were contract variations in 2004 and again in 2010 in line with service requirement.

Operational period of contract years is 30 years. The SPV is now Wolverhampton Radiology Limited (Company No: 4235982) of Third Floor, Broad Quay House, Prince Street, Bristol, BS1 4DJ.

Service payments are made to the operator monthly following the submission to the Trust of an invoice accompanied by a Payment Report and a Performance Monitoring Report which list any payment adjustments.

Under IFRIC 12, the substance of the contract is that the Trust has a finance lease and payments comprising of two elements - imputed finance lease charges and service charges. Details of the imputed finance lease charges are provided in the following tables.

From 1 April 2023, the measurement principles of IFRS 16 has been applied to the Trust’s PFI liabilities where future payments are linked to a price index representing the rate of inflation. The PFI liability will be remeasured when a change in the index causes a change in future repayments and that change has taken effect in the cash flow. Such remeasurements will be recognised as a financing cost. Under existing accounting practices, amounts relating to changes in the price index are expensed as incurred.

Initial application of these principles was on 1 April 2023 using a modified retrospective approach with the cumulative impact taken to reserves. This has resulted in an increased PFI liability on the statement of financial position.

Note 29.1 On-SoFP PFI, LIFT or other service concession arrangement obligations

The following obligations in respect of the PFI, LIFT or other service concession arrangements are recognised in the statement of financial position:

	31 March 2024	31 March 2023
	£000	£000
Gross PFI, LIFT or other service concession liabilities	**29,794**	6,147
Of which liabilities are due		
- not later than one year;	**3,974**	1,952
- later than one year and not later than five years;	**14,890**	3,363
- later than five years.	**10,930**	832
Finance charges allocated to future periods	**(7,142)**	(1,142)
Net PFI, LIFT or other service concession arrangement obligation	**22,652**	5,005
- not later than one year;	**3,974**	1,952
- later than one year and not later than five years;	**10,484**	2,681
- later than five years.	**8,194**	372

Note 29.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

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

	31 March 2024	31 March 2023
	£000	£000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	**64,962**	66,018
Of which payments are due:		
- not later than one year;	**8,120**	7,856
- later than one year and not later than five years;	**32,481**	27,646
- later than five years.	**24,361**	30,516

Note 29.3 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	**7,868**	7,023
Consisting of:		
- Interest charge	**1,477**	387
- Repayment of balance sheet obligation	**3,761**	1,905
- Service element and other charges to operating expenditure	**2,630**	2,529
- Contingent rent	**0**	2,202
Other amounts paid to operator due to a commitment under the service concession contract but not part of the unitary payment	**79**	22
Total amount paid to service concession operator	**7,947**	7,045

Note 30 Impact of change in accounting policy for on-SoFP PFI, LIFT and other service concession liabilities

IFRS 16 liability measurement principles have been applied to PFI, LIFT and other service concession arrangement 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 30.1 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	**7,868**	**7,868**	**0**
Consisting of:			
- Interest charge	1,477	318	**1,159**
- Repayment of balance sheet obligation	3,761	1,952	**1,809**
- Service element	2,630	2,630	**0**
- Contingent rent	0	2,968	**(2,968)**

Note 30.2 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 / LIFT and other service concession liabilities	(18,932)
Decrease in PDC dividend payable / increase in PDC dividend receivable	588
Impact on net assets as at 31 March 2024	**(18,344)**

Impact of change in PFI accounting policy on 2023/24 Statement of Comprehensive Income:	**£000**
PFI liability remeasurement charged to finance costs	(5,499)
Increase in interest arising on PFI liability	(1,159)
Reduction in contingent rent	2,968
Reduction in PDC dividend charge	588
Net impact on surplus / (deficit)	**(3,102)**

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	(15,242)
Net impact on 2023/24 surplus / deficit	(3,102)
Impact on equity as at 31 March 2024	**(18,344)**

Impact of change in PFI accounting policy on 2023/24 Statement of Cash Flows:	**£000**
Increase in cash outflows for capital element of PFI / LIFT	(1,809)
Decrease in cash outflows for financing element of PFI / LIFT	1,809
Net impact on cash flows from financing activities	**0**

Note 31 Financial instruments

Note 31.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Royal Wolverhampton NHS Trust has with commissioners and the way those commissioners are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Trust's 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. Trust treasury activity is subject to review by the Trust's internal auditors.

Credit risk

Because the majority of the Trust's income arises from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposure as at 31 March 2024 are in contract receivables, as disclosed in the Trade and Other Receivables note.

Liquidity risk

The Trust's operating costs are primarily 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 prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

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 the government for capital expenditure, subject to affordability as confirmed by the strategic health authority. The borrowings are for 1-25 years, in line with the life of the associated assets, and 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.

Market risk

The Trust is part of the NHS which is supported by the government and unless there is a major overall of healthcare provision, most importantly a reduction to access to free healthcare, then the Trust has low market risk.

Note 31.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2024	**Held at amortised cost**	**Held at fair value through OCI**	**Total book value**
	£000	**£000**	**£000**
Trade and other receivables excluding non financial assets	**35,402**	**0**	**35,402**
Other investments / financial assets	**0**	**12**	**12**
Cash and cash equivalents	**29,457**	**0**	**29,457**
Total at 31 March 2024	**64,859**	**12**	**64,871**

Carrying values of financial assets as at 31 March 2023	Held at amortised cost	Held at fair value through OCI	Total book value
	£000	£000	£000
Trade and other receivables excluding non financial assets	51,561	0	51,561
Other investments / financial assets	0	12	12
Cash and cash equivalents	69,264	0	69,264
Total at 31 March 2023	120,825	12	120,837

The Trust recognises Sensyne Plc shares as Fair Value through OCI. As at 31 March 2024 the Trust recognised the shares at the price provided by Sensyne (now named Arcturis Data Ltd) due to the delisting of the company. As at 31 March 2023 due to Sensyne delisting the Trust recognised shares at the price provided by Sensyne. There has been no change in the share price during 2023/24.

Note 31.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2024	**Held at amortised cost**	**Total book value**
	£000	**£000**
Obligations under leases	**13,056**	**13,056**
Obligations under PFI, LIFT and other service concession contracts	**22,652**	**22,652**
Trade and other payables excluding non financial liabilities	**74,839**	**74,839**
Total at 31 March 2024	**110,547**	**110,547**

Carrying values of financial liabilities as at 31 March 2023	Held at amortised cost	Total book value
	£000	£000
Obligations under leases	13,927	13,927
Obligations under PFI, LIFT and other service concession contracts	5,005	5,005
Trade and other payables excluding non financial liabilities	96,068	96,068
Total at 31 March 2023	115,000	115,000

Note 31.4 Maturity of financial liabilities

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

	31 March 2024	31 March 2023
	£000	£000
In one year or less	**82,522**	102,062
In more than one year but not more than five years	**23,893**	11,996
In more than five years	**13,070**	2,877
Total	**119,485**	116,935

Note 32 Losses and special payments

	2023/24		2022/23	
	Total number of cases	**Total value of cases**	Total number of cases	Total value of cases
	Number	**£000**	Number	£000
Losses				
Cash losses	**8**	**8**	13	8
Fruitless payments and constructive losses	**2**	**0**	0	0
Bad debts and claims abandoned	**40**	**238**	22	111
Stores losses and damage to property	**1**	**0**	1	51
Total losses	**51**	**246**	36	170
Special payments				
Ex-gratia payments	**46**	**122**	54	99
Special severance payments	**0**	**0**	1	20
Total special payments	**46**	**122**	55	119
Total losses and special payments	**97**	**368**	91	289
Compensation payments received				

Losses and special payments are charged to the relevant headings on an accrual basis, including losses which would have been made good through insurance cover had the Trust not been bearing its own risk.

Note 33 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, has undertaken any material transactions with The Royal Wolverhampton NHS Trust.

The Department of Health and Social Care is regarded as a related party. During the year 2023/24 the Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are listed below where income and/or expenditure has been in excess of £500,000.

Birmingham Community Healthcare NHS Foundation Trust
Birmingham Women's and Children's NHS Foundation Trust
Black Country Healthcare NHS Foundation Trust
Midlands Partnership NHS Foundation Trust
The Dudley Group NHS Foundation Trust
University Hospitals Birmingham NHS Foundation Trust
Sandwell And West Birmingham Hospitals NHS Trust
Shrewsbury and Telford Hospital NHS Trust
University Hospitals Coventry And Warwickshire NHS Trust
University Hospitals of North Midlands NHS Trust
Walsall Healthcare NHS Trust
Worcestershire Acute Hospitals NHS Trust
NHS Birmingham and Solihull ICB
NHS Black Country ICB
NHS Herefordshire and Worcestershire ICB
NHS Shropshire, Telford and Wrekin ICB
NHS Staffordshire and Stoke-on-Trent ICB
NHS England
UK Health Security Agency
NHS Resolution
Community Health Partnerships
Department of Health and Social Care
HM Revenue & Customs - Other taxes and duties and NI contributions
NHS Pension Scheme
Welsh Health bodies - Powys Local Health Board
NHS Blood and Transplant
DLUHC Trust Statement
Wolverhampton City Council

The Trust has also received revenue and capital payments from a number of charitable funds for which the Trust acts as the Corporate Trustee, under the umbrella of Royal Wolverhampton NHS Trust Charitable Funds. Charitable funds held by the Trust are a related party as the Trust is Corporate Trustee for the funds.

Note 34 Better Payment Practice code

Non-NHS Payables	**2023/24 Number**	**2023/24 £000**	2022/23 Number	2022/23 £000
Total non-NHS trade invoices paid in the year	**127,929**	**489,259**	127,805	454,826
Total non-NHS trade invoices paid within target	**121,510**	**468,834**	116,274	428,205
Percentage of non-NHS trade invoices paid within target	**95.0%**	**95.8%**	91.0%	94.1%
NHS Payables				
Total NHS trade invoices paid in the year	**4,263**	**67,324**	3,753	57,272
Total NHS trade invoices paid within target	**3,626**	**63,406**	2,656	49,798
Percentage of NHS trade invoices paid within target	**85.1%**	**94.2%**	70.8%	86.9%

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 35 External financing limit

The trust is given an external financing limit against which it is permitted to underspend

	2023/24 £000	2022/23 £000
Cash flow financing	**41,979**	28,718
External financing requirement	**41,979**	28,718
External financing limit (EFL)	**41,979**	28,718
Under / (over) spend against EFL	**(0)**	0

Note 36 Capital Resource Limit

	2023/24 £000	2022/23 £000
Gross capital expenditure	**60,541**	73,042
Less: Disposals	**(10)**	(88)
Less: Donated and granted capital additions	**(12,775)**	(29,253)
Charge against Capital Resource Limit	**47,756**	43,701
Capital Resource Limit	**47,756**	43,701
Under / (over) spend against CRL	**0**	0

For 23/24 and 22/23 CRL target was met with no under or over spend.

Note 37 Breakeven duty financial performance

	2023/24 £000
Adjusted financial performance surplus / (deficit) (control total basis)	**(26,657)**
Add back incremental impact of IFRS 16 on PFI revenue costs in 2023/24	**(3,085)**
IFRIC 12 breakeven adjustment	**4,422**
Breakeven duty financial performance (deficit)	**(25,320)**

Note 38 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		8,035	7,964	9,297	8,688	7,891	3,663	153
Breakeven duty cumulative position	(7,438)	597	8,561	17,858	26,546	34,437	38,100	38,253
Operating income		289,830	306,023	374,417	384,917	394,045	461,810	509,405
Cumulative breakeven position as a percentage of operating income		0.2%	2.8%	4.8%	6.9%	8.7%	8.3%	7.5%

	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	8,542	4,327	3,021	5,735	243	4,454	363	(25,320)
Breakeven duty cumulative position	46,795	51,122	54,143	59,877	60,121	64,574	64,937	39,617
Operating income	536,028	548,538	592,975	676,114	743,285	817,270	899,891	940,686
Cumulative breakeven position as a percentage of operating income	8.7%	9.3%	9.1%	8.9%	8.1%	7.9%	7.2%	4.2%

NHS England has provided guidance that the first year for consideration for the breakeven duty should be 2009/10. The Royal Wolverhampton NHS Trust is subject to a three year period for recovery of any deficit incurred.

Breakeven duty financial performance is determined as guided by NHS England, in a manner consistent with previous years in this note.