NHS

The Dudley Group

NHS Foundation Trust

Annual Report & Accounts 2021/22

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About The Dudley Group

We are the main provider of hospital and adult community services to the population of Dudley, parts of the Sandwell borough and smaller but growing communities in South Staffordshire and Wyre Forest. Achieving Foundation Trust status in 2008, we provide a wide range of medical, surgical and rehabilitation services to a population

of over 450,000 people from three main sites – Russells Hall Hospital and Guest Outpatient Centre in Dudley, and Corbett Outpatient Centre in Stourbridge – and in people's homes from our community sites.

In 2021, we established an Imaging Diagnostics Centre based at Corbett Outpatient Centre, with a satellite centre at Guest Outpatient Centre.

We also provide a range of specialist services, some of which are accessed by patients from across the UK. These include vascular surgery, endoscopic procedures, stem cell transplants, endometriosis and specialist genitourinary reconstruction.

Our staff are our greatest asset and, with a workforce of around 5,548 substantive staff, we provide a range of secondary and tertiary services:

- Adult community services including community nursing, end of life care, podiatry, therapies and outpatient services are delivered from a range of community venues across the borough.

- Russells Hall Hospital in Dudley, which has more than 650 beds, including intensive care beds and neonatal cots, provides secondary and tertiary services such as maternity, critical care and outpatients and an Emergency Department (ED) with an Emergency Treatment Centre.

- The Guest Outpatient Centre in Dudley and Corbett Outpatient Centre in Stourbridge provide a range of outpatient, therapy and day case services.

We are also proud to be the vascular services hub for the Black Country and have an active research and development team.

Our vision is to be a healthcare provider that provides 'excellent health care – improved health for all'.

Welcome from our chairman and chief executive

Welcome to the Trust's Annual Report for 2021/22 and, as always in the NHS, it's been another busy year, with many incredible highs and, of course, the challenges brought about by the global pandemic and restoration of our services.

This report aims to take you through the journey we have been on, and continue on, as the borough's biggest employer. We employ over 5,000 people; we purchase millions of pounds worth of goods and services and our actions impact on the environment. We are committed to using this influence to have a positive effect by widening access to employment, working with local businesses to increase the amount of goods and services we purchase locally and to minimise the harmful effects our activities have on the environment. We take pride in providing a stable workplace for our communities and opportunities for students and work experience placements too. As a Trust, we recognise that the impact we have on the communities we serve goes beyond the health services we provide.

Dame Yve Buckland, chairman

Diane Wake, chief executive

Our Trust board has seen a few changes this year with Katherine Sheerin, director of strategy, and Liam Nevin, board secretary, moving on. We had the opportunity to make Lowell Williams into full non-executive director from that of an associate effective from 1st January 2022. Adam Thomas, our chief information officer, was confirmed as a voting executive. We welcomed our new director of strategy and partnerships Kat Rose in April 2022.

Work has continued with providers across Dudley to redefine the clinical model for integrated care. The aim is to provide better accessibility in a more joined-up way to all our patients across primary, secondary and community care.

The Black Country provider collaborative has also really taken off this year with Jonathan Odum from Royal Wolverhampton NHS Trust, and me as Dudley Group CEO, leading this important work. You can find out more about this on page 39.

Of course, we give thanks to our wonderful workforce who have had significant challenges thrown at them during this pandemic. Not least of which restoring services that were placed on hold during the peaks of COVID-19, the challenges of social distancing and additional infection control measures. Catching up on the work that had to be stopped has been no mean feat. We continue to work collaboratively with partners across the Black Country to restore all services and provide excellent patient care to all of our patients.

We are particularly fortunate that we have an amazing team of volunteers who never cease to amaze us with their tenacity, resilience and commitment to the Trust and our patients and staff – a huge thank you to every volunteer that supports us. The pandemic and its associated restrictions of social distancing and management of patients, which are easing as we write, has brought into even sharper focus just how much the NHS values its volunteers and workforce alike.

As part of the COVID-19 response, the Trust is the lead employer for the vaccination programme for the Black Country and West Birmingham. Our core role is to provide the workforce capacity required to deliver the vaccination programme across the patch. This involves recruiting, training, rostering and paying the vaccination workforce that is required for the hospital vaccination hubs, vaccination centres and providing workforce capacity to the Primary Care Networks (PCNs).

It really doesn't seem long ago that we were setting up the vaccine centre in the Action Heart Centre at Russells Hall Hospital for the very first time – yet that was 15 months ago, back at Christmas 2020. Since then we have administered more than 29,240 vaccines – around 25,000 COVID-19 vaccines and, of course, the rest being flu.

The vaccine roll-out has been one of the most remarkable things about the NHS response to this awful pandemic. We are extremely proud of what we have achieved here, and I hope you are too. Thanks to the commitment of our staff we have been able to provide life-saving jabs to so many of our friends and colleagues – even Santa! Thanks also go to the team at Action Heart for all their support and for putting up with us disrupting their gym for so long! They have been gracious hosts and we are very grateful. We don't know what the future holds, or what the pandemic may yet have in store for us, but the vaccines have been a real game-changer in our battle against COVID-19.

One of our key challenges is workforce and ensuring we have the right skills mix and number of staff to treat and care for our patients. Increased demand on our services and high levels of sickness due to COVID-19 brought this into even sharper focus. We have undertaken some really targeted recruitment in those hard to recruit to posts and been successful. We have recently seen the arrival of our first cohort of international nurses from Nigeria. Twenty-one nurses joined us at the end of March 2022 and are busy spending time being inducted and getting to know Dudley.

We are so proud of the achievements of our workforce and it's always exciting when people realise national roles such as Sharon Petford, a clinical nurse specialist in

rheumatology at the Trust, who will serve two years as chair of the Royal College of Nursing Rheumatology Nursing Forum. She will represent rheumatology nurses from across the UK to promote member engagement in the specialism.

Another thing that is top of everyone's priorities is ensuring we keep patients flowing through our hospital and services to keep our Emergency Department functioning well. When we struggle to discharge people who are medically fit to leave, it has a knock-on effect on our emergency services and our partners in the ambulance service as we struggle to move people to the right place for their treatment. As part of our work to improve flow across the Trust, we opened a new £15.6m acute medical unit at Russells Hall Hospital.

The first patients moved into the new unit, called the Rainbow Unit on the suggestion of our staff, on Wednesday 10th November 2021. As well as providing extra bed space, the new unit sees patients receive early, single assessment by medical teams, avoiding duplication of work in ED.

Our staff inclusion networks have really taken off and become the powerful forces we hoped they would be. The networks all have good membership levels and passionate chairpersons and committee members who are raising awareness of important issues and helping to shape our workforce policies. You can read more about the work of our networks on page 72.

We were pleased to see our charitable events taking place again when COVID-19 restrictions were lifted, with a hugely successful 'Glitter Ball' which encouraged local businesses to find out more about the services we provide and, importantly, how they can support those 'added extras' for patients and staff. Some really great relationships with our local community and businesses are taking off as a result and we will be building on these throughout the year. Thanks also go to our five runners who supported our charity with fundraising by running the Virgin Virtual London Marathon – if you'd like to support us this year by taking a place, please contact dgft.fundraising@nhs.net

Key achievements during 2021/2022

In this section, you can read more about some of the great things that have happened across the Trust.

Black Country Vascular Hub reaches number one

Russells Hall Hospital is the home to the Black Country vascular hub and we are thrilled that it was rated number one in the country for ensuring patients with abdominal aortic aneurysm (AAA) get potential life-saving surgery in a timely manner.

Thanks to the incredible hard work of members of the Black Country Vascular Network, we have been ranked as the best performing out of 38 other AAA screening programmes for meeting standard pathway time to surgery following initial

identification.

Rezum steam treatment

A ground-breaking new procedure now being used in Dudley is sparing men with a prostate problem from having more invasive surgery – improving their quality of life and saving them days of staying in hospital.

The revolutionary steam treatment is being used at Russells Hall Hospital for non-cancerous prostate gland enlargement, which is common in men aged over 50. Symptoms like needing to pass urine more frequently, trouble starting to urinate and loss of bladder control affect more than a third of men over that age.

The urology team at The Dudley Group NHS Foundation Trust, led by consultant David Mathews, has begun treating patients with male benign prostate hyperplasia (BPH) as day cases. Previously, men having moderate to severe symptoms which did not respond to medication had to have a bigger operation and stay in hospital for several days to recover.

New treatment for managing type 1 diabetes

We are so pleased and excited to be able to offer the new closed loop system to eligible patients, including both adults and young people with type 1 diabetes. The new device can completely transform patients' lives as it monitors glucose levels and automatically delivers the correct dose of basal insulin – saving patients having to make calculations and give themselves injections throughout the day.

Audiology service retains national accreditation

The kindness and empathy of our healthcare staff has been praised in a report by a national body into the audiology service located at Brierley Hill Health and Social Care Centre. The service has retained its certification by the United Kingdom Accreditation Service (UKAS) following an on-site assessment and submission of evidence. The audiology service provides adult and paediatric audiological assessment and rehabilitation, although the accreditation is for adult services only.

Breast screening video for deaf women

Two videos produced in partnership with the Trust, the deaf community and the Ron Grimley Undergraduate Centre at Russells Hall Hospital are set to alleviate fears of deaf women ahead of breast screening appointments. **How to be breast aware** and **A guide to the breast screening appointment** feature interpreters using sign language to get across vital, potentially life-saving information on how to be breast aware, and to help deaf and hard of hearing women understand what to expect during a mammogram. They were commissioned by the charity Zebra Access to ease fears and anxieties during breast screening appointments because women in the deaf community often feel isolated and frustrated when accessing healthcare. This has been particularly difficult during COVID-19.

ReSPECT launch

This year saw the launch of ReSPECT, a national process led by Resuscitation Council UK. It stands for Recommended Summary Plan for Emergency Care and Treatment, and it is a process where the patient and their healthcare professional talk together to work out a personalised plan for potential future emergency treatment.

This plan is to be used in emergency situations where the patient is unable to express their wishes, and it will ensure that patients receive the best possible treatment for their individual situation.

You will find much more on the vast array of services we provide and how they are recovering and restoring services, plus how we have managed the money throughout this report. These achievements demonstrate our teams' continued hard work, dedication and resourcefulness to put patients at the centre of everything they do. Their ability to adapt and innovate even with the backdrop of the pandemic has been truly inspiring.

On page 25, you can find out more of the exciting achievements we have made in the section ‘year in review’.

Launching ReSPECT

The new Acute Medical Unit – Rainbow Unit

Overview

Our strategy and objectives

In September 2021, our Board of Directors formally approved the new Trust strategic plan. The strategic plan, called 'Shaping #OurFuture', outlines how the Trust will operate in the new environment in which we find ourselves.

Our vision is: 'Excellent health care, improved health for all'

Our values remain: Care, Respect and Responsibility

We now have five goals:

- Deliver right care every time
- Be a brilliant place to work and thrive
- Drive sustainability, financial and environmental

- Build innovative partnerships in Dudley and beyond
- Improve health and wellbeing

Underpinning implementation of the new strategic plan are three programmes:

- Black Country system service transformation including work to improve elective and emergency services and the collaboration between the acute trusts in the Black Country
- Local leadership to address health inequalities
- Research and development, education and innovation

Risks to delivering our objectives

As with any organisation, there are risks to the Trust's ability to deliver its goals and ensure patient safety. The Trust has to ensure it defines these risks, analyses them and identifies how to mitigate against them, and this is key to how the Trust manages risk.

The most significant risks are reported to board each month, along with actions to manage them, and this information is available in the Trust's board papers on its website www.dgft.nhs.uk. The most recent reporting period at the time of production of this annual report was May 2022.

In relation to achievement of goals, the Trust faced the following major risks during the year which includes clinical and longer-term risks:

- Inability to discharge patients in a timely manner to support emergency patient flow and restoration of planned services.
- NHS national level of control of work priorities within provider organisation through National Escalation Level 4.
- Increased demand and high levels of sickness in our workforce due to COVID-19 resulting in the inability to deliver safe, effective services.
- Reputational and financial damage caused through the CQC court proceedings.
- Financial viability risks caused by legislative changes in the national and local health economy and in particular the potential implications of the ICP in Dudley.
- Failure of the IT infrastructure/cyber incident causing widespread operational capability issues.

The Trust has clearly identified the primary risks facing the organisation, and management and mitigation are set out in the Annual Governance Statement as well as under sections relating to clinical, operational and financial performance.

Incident management and Never Events

The Trust actively encourages its staff to report incidents, believing that to improve safety it first needs to know what problems exist. This reflects the National Patient Safety Organisation which has stated:

‘‘Organisations that report more incidents usually have a better and more effective safety culture. You can't learn and improve if you don't know what the problems are.’’

As a Trust, we are committed to learning from incidents. This is supported by an open culture which encourages any incident regardless of the level of harm (including ‘near misses’) to be reported through the Trust’s electronic incident management system, Datix.

During 2021/2022, the Weekly Meeting of Harm has continued to meet with a multidisciplinary team to hear presentations of incidents that have been identified as potentially requiring a higher level of investigation. The learning from these incidents is presented at the Risk and Assurance Group once investigations are complete.

Serious incident investigation reports continue to be written by the patient safety team, with the support of independent clinical specialists. The Trust continues to see many investigations being closed on first review by the Clinical Commissioning Group.

Incidents reports, which include detail of serious incidents, yellow incidents and green incidents, are completed on a monthly basis and these are presented by a member of the patient safety team at the divisional, directorate and specialty governance meetings.

The Trust has not reported any Never Events during 2021/22.

How we manage our services

The overall day-to-day management of our hospitals and services is the responsibility of the team of executive directors, under the leadership of the chief executive and supported directly by other senior managers in various departments.

Our operational structure is formed from three divisions supported by corporate services: Surgery, Women’s and Children; Medicine and Integrated Care; and Clinical Support Services, and these are closely linked through patient pathways. Each clinically led division has a management team comprising a chief of, a deputy director of operations and a head of nursing. These, in turn, are managed by the deputy chief operating officer who reports to the chief operating officer.

Divisions are supported by corporate services, which include communications, estates, finance, governance, human resources, information, organisational development, Dudley Improvement Practice, research, development and IT.

We operate a board committee structure to ensure that we are well governed, managed effectively and scrutinised appropriately. The Board of Directors is responsible for formulating strategy, ensuring accountability and shaping a healthy culture. The board meets monthly, and throughout the year it has met virtually as a result of the COVID-19 pandemic.

Key committees include finance and performance, audit, quality and safety, workforce and staff engagement, and Digital Trust and technology. Members of the board also form the trustees of The Dudley Group NHS Foundation Trust Charity.

We continually refine our governance arrangements, ensuring that they are suitable for the effective running of our Trust. A formal escalation framework is in operation to ensure that key issues and concerns are escalated through the committee structure for board attention where appropriate. In response to escalation to Incident Level 4 nationally, the Trust moved to reduced committee agendas for part of the year as a consequence of the intense operational pressures experienced from winter, COVID-19 and restoration of services. All committee meetings were virtual and board meetings started to happen in person.

Going concern

After making enquiries, the directors have a reasonable expectation that the services provided by the NHS foundation trust will continue to be provided by the public sector for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing the accounts, following the definition of going concern in the public sector adopted by HM Treasury's Financial Reporting Manual.

Dudley Clinical Hub

Performance summary

COVID-19 has changed many areas of work during 2021/22 and the impact on performance has been no less significant. Despite the challenges, the Trust continues to monitor delivery of performance targets weekly via a detailed operational performance report. During the year, Divisional Performance Reviews have continued, albeit less frequently, whilst Trust oversight groups and committees such as Financial Improvement Group, Finance and Performance Committee (F&P) and Board of Directors all continue to operate, ensuring performance oversight. During 2021/22, the Trust invested in additional performance capacity via the recruitment and introduction of an associate director of performance who will work with the senior operational team to strengthen performance management and reporting as the Trust begins delivery against the challenging national new Emergency Access Standards (EAS) and restoration and recovery targets during 2022/23.

Performance against the national targets

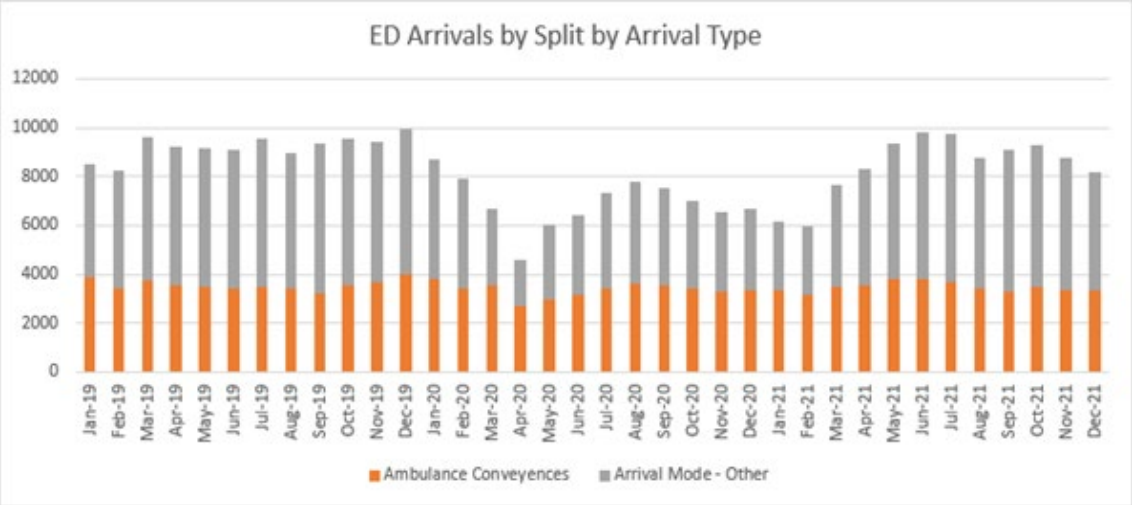
Elective activity remained below plan until November 2022 due to staff shortages in theatres, largely as a result of COVID-19. This meant that the number of patients waiting over 52 week has only just started to reduce during Q4 of 2022. Similarly the Referral to Treatment (RTT) standard has remained steady at around 77 per cent for several months, although this is set against a significantly higher waiting list.

Emergency Access Standards have remained under considerable pressure throughout 2021/22. While ambulance attenders were down on pre-COVID levels, higher numbers of walk-in patients were experienced which did cause pressure within the ED. During winter 2021/22, high levels of attenders presenting with Omicron also impacted on the Trust's Emergency Department.

Emergency Access Standards (EAS)

The Trust is required to continue to monitor timely access to emergency services. The key standards for the Trust are the four hour wait and the 12 hour trolley wait. In addition, and of particular concern over the last 12 months, has been the number of over the hour ambulance handover delays and crowding within ED.

Attenders by type



The four hour standard has not been achieved in any month during the year but ED has remained one of the best performing in the West Midlands for four hours in comparison to other trusts. The number of 12 hour breaches has remained a significant concern throughout the period and, while numbers reduced during the latter part of 2021 and early 2022, there has again been a rise in patients waiting longer than we would like.

Ambulance handovers have continued to be a challenge, largely driven by hospital flow issues resulting from COVID-19 and complex patients but more significantly in relation to the number of patients who are in hospital but waiting for social care. There have regularly been 15-20 per cent of acute trust beds blocked at any one time with patients classed as a Delayed Transfer of Care (DTOC).

The new standards for ED will be monitored in shadow form from April 2022.

Referral to Treatment (RTT)

The Referral to Treatment target ensures that patients can access consultant-led elective services within 18 weeks of referral by a GP to first treatment. This standard is one of the main constitutional performance standards in the NHS.

The Dudley Group prides itself on being one of the consistently best performing trusts in the delivery of RTT in the country and, despite COVID-19, we remain one of the better performing trusts both locally and nationally. However, during 2021, we have seen an increase in waiting times and in patients waiting over 52 weeks for treatment due to COVID-19.

As a result of COVID-19 and the impact it had on the Trust's ability to treat elective patients, The Dudley Group has failed to achieve the 92 per cent standard throughout 2020/2021. Over the whole year, the Trust achieved an average of 76.63 per cent against the target of 92 per cent, with the lowest percentages being in June

and July 2021.

Our RTT performance had started to improve during the autumn of 2021; however, the second wave of COVID-19 caused further deterioration. With social distancing measures and restrictions in place during the pandemic, all routine elective services had to be cancelled and the number of patients offered appointments at any given time was significantly reduced.

Our focus now is firmly on restoration and recovery as we implement plans to fully recover elective services as soon as possible. The Trust will fully utilise other providers where they are available, including the independent sector, to secure full recovery.

Cancer services

There are three main standards for cancer services:

1. Patients referred by a GP should be seen within two weeks of referral.
2. Patients diagnosed and told within 28 days of referral (28 Day Faster Diagnosis Standard).
3. All patients diagnosed with cancer, irrespective of how they were initially referred, should start treatment within 31 days of the diagnosis of cancer.
4. Patients referred directly by their GP to a cancer pathway who are then subsequently diagnosed with cancer should start treatment within 62 days of referral.

The achievement of cancer performance targets has been challenging during 2021/2022 in line with our peers, and the NHS as a whole, due to COVID-19. During the most recent wave of COVID-19, the Trust has continued to provide a cancer two week referral service. Cancer services have been adversely impacted by the need for social distancing which has reduced capacity to see patients. In addition, there has been a significant amount of staff absence which has further reduced capacity to see and treat patients. Breast and breast symptomatic services have been particularly affected.

Furthermore, the impact of COVID-19 on diagnostic services has also delayed treatment.

Going forward, we have brought as many clinics as possible back in line with pre-COVID templates allowing more patients to be seen in Rapid Access slots and we are regularly booking below day 14 for most tumour sites. We are working with the sites continually to improve waiting times and drive down the number of patients who have breached their 62 day target. Within this work we will aim to improve the pathways to achieve a higher volume of 62 day targets whilst still reducing the backlog currently on the patient tracking list (PTL).

Diagnostic performance

The constitutional performance standard for diagnostics measures the percentage of patients able to access diagnostic tests within six weeks. Achievement against this target has been challenging since April 2020 due to the need to prioritise inpatient, urgent and long waiting tests. The introduction of the Community Diagnostic Centre (CDC) at the Trust in August 2021 has been a huge support to improving patient waiting times for diagnostic tests. The introduction of the CDC has resulted in the number of patients waiting for an imaging diagnostic test reduce from 840 in February 2021 to 198 in January 2022. Overall, the number of people waiting over six weeks for a diagnostic test across the entire Trust was at 1,735 as at the end of January 2022.

Patient flow

Patient flow remains one of the biggest challenges for the organisation. The opening of the new Rainbow Unit (Acute Medical Unit) and Same Day Emergency Care (SDEC) service represented significant investment in the urgent and emergency care pathway. The unit has seen increasing numbers of patients treated via SDEC services and the new AMU unit is treating patients quickly and effectively with short lengths of stay, rather than admitting patients into a ward.

Delayed Transfer of Care (DTOC) remain a significant issue with over 100 patients per day in the Trust found to be medically fit for discharge but waiting for social care placement. This has meant that on some days DTOCs have taken up to 20 per cent of the Trust's entire bed stock.

The Trust has continued to promote the Home for Lunch discharge strategy as the main driver for early hospital discharge and it is now looking at refining ward and board round processes. Visits from the national ECIST (Emergency Care Improvement Support Team) and a local MADE event (Multi Agency Discharge Event) comprising Trust, West Midlands Ambulance Service, Local Authority and CCG (Clinical Commissioning Group) colleagues have been held to focus staff awareness around early and effective discharge planning which is needed to promote flow.

Equality of service delivery

The Trust delivers services for all who need it or are referred to our care and is working with primary care providers to ensure that referrals have due regard for equality.

There are also a number of provisions made within the Trust.

• A robust interpreting and translation service meets community languages needs as well as British Sign Language provision.

• As part of our Equality, Diversity and Inclusion action plans, the Trust is committed to ensuring its workforce reflects the population it serves and is thereby able to meet the diverse needs of service users.

• The Dudley Group has been awarded Disability Confident Leader Status reflecting the commitment to employing disabled staff across the Trust, enhancing the ability to meet the needs of disabled service users.

• The Trust has made a commitment to the Accessible Information Standard, which means the Trust is able to meet any request from service users requiring information in an alternative format.

• The Chaplaincy Department employs faith-based staff and volunteers to support service users from different faiths or none.

• The learning disability team helps improve the Trust's provision for patients with learning disabilities and their families, making it easier for patients with learning disabilities to access hospital services.

• Equality monitoring data of service users is collected which informs the Trust of uptake of services including screening services.

• A calendar of festivals and events celebrate diversity and support awareness and understanding of the diverse communities and groups served.

Patient experience indicators

The NHS Friends and Family Test (FFT) scores remain a national focus, provide valuable benchmarking information and drive improvement to the patient experience. The FFT is firmly embedded within the Trust with all patients given the opportunity to complete this during or after each episode of care and treatment in all areas of the organisation. Feedback is captured through a variety of methods (SMS, tablet, paper, online). The FFT is presented as the percentage of respondents that rate their experience very good/good and the percentage of respondents that rate their experience poor/very poor.

During 2021/2022, 44,507 people responded to the Friends and Family Test. In 2022, the number of patients rating their overall experience of their care and treatment as 'very good/good' was 80 per cent in comparison to 82 per cent in 2020/2021. The number of people rating their experience as 'very poor/poor' has increased to seven per cent in comparison to five per cent in 2020/2021. The Outpatient Department received the highest number of responses at 12,357. The Inpatient Department received the highest number of positive scores with 88 per cent of patients rating their overall experience of our services as 'very good/good' in 2021/2022.

Friends and Family Test percentage very good/good scores are monitored through the divisional updates at the Patient Experience Group for assurance and to highlight action taken to improve scores at ward/department level where required. Patients'

responses and feedback are shared with teams for learning and service improvement, comments and scores are sent to all members of staff and discussed in the daily huddles and You Said We Have actions are reported to the patient experience team.

In order to improve response rates, we have distributed posters throughout the hospital displaying the links to the FFT and we have seen an increase in the number of patients completing the survey online. We produced FFT stickers with online links/QR codes for the Maternity Department to put on patients' antenatal and postnatal notes to improve response rates and to ensure that the FFT is accessible to all, as SMS text messaging is not available within the service. Posters and paper surveys have been updated in the Antenatal Department.

Infection prevention and control

We take infection prevention and control extremely seriously and monitor performance against a range of infections including *Clostridium difficile* (CDI), Meticillin Resistant *Staphylococcus aureus* (MRSA), Meticillin sensitive *Staphylococcus aureus* (MSSA), *pseudomonas aeruginosa* and *Escherichia coli* blood stream infections.

The Trust adopts a zero tolerance of MRSA bacteraemias and reported one MRSA bacteraemia for the period 2021/22.

For 2021/22, the Trust reported 40 confirmed cases of hospital onset CDI against a threshold of 40. Of these cases, 18 were attributed to the Trust.

All bacteraemias are reviewed, and any learning is disseminated throughout the Trust via team huddles, meetings and service improvement plans.

Quality priorities

We had two quality priorities for 2021/22. Progress against the achievement of these has been negatively impacted on because of the COVID-19 pandemic and the unprecedented capacity and workload experienced.

Our first priority centred around patient experience. This included improving the way we communicate and engage with patients. Through monthly patient audits we achieved 98.17 per cent compliance against patients reporting that staff members introduced themselves. The target was 95 per cent. We achieved 90.5 per cent compliance against patients reporting that they knew what was going to happen to them each day (target 95 per cent). While most departments and teams booked Listening into Action events and several teams had already hosted these events, several were postponed due to lack of patient attendance or the cancellation of non-essential meetings due the pandemic. A policy has been produced which provides a framework that details the recruitment, support and governance arrangements in place to ensure patient voice volunteers and patient safety partners are inducted and supported to be effective in their roles.

A second strand to this priority involved ensuring all complaints are responded to in accordance with the Trust's Complaints and Concerns Policy. There was initial improvement during Quarter 1 2021-2022, but this declined since for Quarters 2 and 3 due to challenges from the COVID-19 pandemic with staff absences within services and staff being required to work clinically to support colleagues, resulting in decreased administration time. The restrictions placed on visiting also impacted the ability to hold local complaints resolution meetings. Quarters 2 and 3 2021-2022 also received the highest number of new complaints and this added a further challenge to services to investigate and respond in a timely manner. The Complaints Department continues work with individual staff, teams and divisions, and meets each week to discuss any matters due to breach. In respect of learning, services continue to share complaints anonymously not only with those immediately involved but also on a wider basis during mandatory training sessions, ward and departmental meetings, so that staff can reflect, learn and make improvements to practice if appropriate.

Our second quality priority concerned discharge management. Our aim was to see 30 per cent of discharges to have left their bedded area by 12 noon, and 80 per cent by 5pm. Despite seeing some overall improvements in discharges before midday, the Trust did not achieve either of the targets.

Ockenden Report

At the end of March 2022, Donna Ockenden published her final report into the independent review of maternity services at The Shrewsbury and Telford Hospital NHS Trust. The first report, published in December 2020, outlined the Local Actions for Learning (LAfL) and Immediate and Essential Actions (IEAs) to be implemented at Shrewsbury and actions for the wider maternity system in England.

Significant progress has been made in The Dudley Group against the Ockenden IEAs. The initial feedback from the Ockenden assurance process was received from NHS England/Improvement by the Trust and the Local Maternity and Neonatal System at the end of October 2021 and our board has received several updates on progress throughout.

There is a robust framework in place to oversee the further improvements required by the second report and to ensure we have robust evidence and assurance.

A suite of role specific mandatory training is in place to address the requirements of Maternity Incentive scheme CNST, Saving Babies Lives and the ongoing requirements of the Ockenden recommendations.

Workforce is key to the safety of women in our care and further investment has been made to strengthen our medical workforce, as well as specialist roles within the midwifery workforce to provide a safe and high-quality service as well as to meet the requirements of Ockenden. A fetal monitoring lead obstetrician is now in post and engaging with the review of incidents and subsequent learning.

Monthly Ockenden assurance meetings are held in the Maternity Department, attended by the multidisciplinary team, each with allocated responsibility for providing assurance of progress on each IEA.

The Maternity Electronic Patient Record allows rapid access to data/audits, and the ability to ensure appropriate conversations with women are being prompted/documented. We have maternity and neonatal safety champions in place and they undertake regular visits to all teams and services.

Financial performance

The continuation of the COVID-19 pandemic resulted in an extension of the simplified financial regime into 21/22, ensuring that resources could be focused on managing the crisis.

A greater emphasis on collaborative working was driven by allocating funds across the wider Black Country and West Birmingham system, allowing constituent organisational partners to work together to determine the best use of resources.

Relationships with other external systems were streamlined via block contract sums that were nationally mandated, including adequate uplifts for inflation.

The Black Country and West Birmingham system set a breakeven plan for the year and this was mirrored in each individual organisation. A risk share remained in place to help alleviate specific financial pressures for any partner. Additional income was also earned by the system linked to the recovery of planned activity and this was distributed to cover the increased costs of delivery.

The COVID-19 vaccination programme remained in place throughout the year and The Dudley Group continued its role as lead employer for the system. This included the hosting of an employment bureau and the sourcing of staff for vaccination centres, including the rollout to different age groups and evolution of the booster programme.

Financial management across the system resulted in the identification of a likely surplus of c£22m, representing an improved financial outturn against the breakeven plan. This was shared between partners resulting in a final surplus position of £3.816m for The Dudley Group. This performance represents the third consecutive year of achieving a positive financial outcome. The system position shows an overall surplus of £21.694m for the year.

The numbers presented in the following table relate to The Dudley Group financial performance, not including the charity.

	2021-22			2020-21	
	PLAN £000	ACTUAL £000	VARIANCE £000	PLAN £000	ACTUAL £000
INCOME	£493,703	£518,285	£24,582	£419,964	£450,449
PAY	-£313,307	-£331,735	-£18,428	-£261,884	-£281,534
NON PAY	-£155,024	-£159,218	-£4,194	-£136,922	-£144,392
EBITDA	**£25,372**	**£27,332**	**£1,960**	**£21,158**	**£24,523**
DEPRECIATION & FINANCE COSTS*	-£25,372	-£25,575	-£203	-£23,199	-£22,822
NET SURPLUS/(DEFICIT)	**£0**	**£1,757**	**£1,757**	**-£2,041**	**£1,701**
Technical Adjustments	£0	£2,059	£2,059	£41	-£1,502
FINAL SURPLUS/(DEFICIT)	**£0**	**£3,816**	**£3,816**	**-£2,000**	**£199**

* Figure includes impairment of £1.877m in 21/22

Trust Long Service Awards – 50 years

The year in review

April 2021

In a fitting start to a new year in the life of our Trust, we teamed up with a local supermarket in a 'Seeds of Hope' initiative. Morrisons, Kingswinford donated packets of sunflower seeds to the children's ward at Russells Hall Hospital. Children were given the seeds when they went home from hospital to signify new beginnings. In another green move, our facilities management services provider Mitie signed a contract with an energy supplier to purchase electricity from renewable resources for our Trust.

May

There were celebrations for Eid, and the International Day of the Midwife. Our Ophthalmology Department featured on Central TV news, as our new glaucoma pathway led to the shortest waiting lists we have ever had. We held our annual awards ceremony, Committed to Excellence, virtually, for the very first time, honouring the work of exceptional staff.

June

Assistant therapy practitioner Lorraine Allchurch won a national 'Rising Star' Award. Lorraine, our lead allied health professional (AHP) support worker at the Trust, picked up the award at the virtual Advancing Healthcare Awards 2021. We welcomed two new associate non-executive directors, Dr Gurjit Bhogal and Dr Thuvarahan Amuthalingam. We marked Sustainability Month with a number of initiatives including meat free Mondays, signing up to green pledges, walks, webinars and providing staff with reusable bamboo cutlery.

July

In July, we celebrated the 73rd birthday of the NHS, joining in with the national Big Tea event, and free activities – a mindfulness webinar, virtual chat with our chief people officer, a competition to win a salsa lesson taken by one of our non-executive directors, and an outdoor gym session. This month also saw the launch of our Women's Staff Network.

August

A former nurse used thousands of sparkling diamantes to create an NHS superhero artwork as a tribute to the hard work of staff caring for patients, including herself, during COVID-19. We partnered with Mary Stevens Hospice on a project called 'No

Barriers Here', funded by NHS Charities Together, to improve care at the end of life for different cultures and communities within the Black Country.

September

In a major rollout, our Maternity Department went digital with Electronic Patient Records. Taking another step into the future of healthcare, our Community Diagnostics Centre at Corbett and Guest outpatient centres went into action. For patients, this means shorter waits, more convenient locations that are COVID secure and with easier parking, and a better experience all round.

October

This was a month of months – we marked both Black History Month and Freedom to Speak Up Month. Our new strategic plan was launched, with our vision 'Excellent health care, improved health for all'. It combines our desire to deliver excellent care for our patients but also recognises the impact that we have on the health of the wider population. A national network set up by Dr Janine Barnes MBE, our neurology specialist pharmacist, won a national award. The network educates and upskills pharmacists and other healthcare professionals in the management of Parkinson's.

November

Our 2022 charity calendars went on sale. These glossy, wall-hanging calendars feature photos taken by our staff and entered into a competition, with the winners chosen by our executive directors. This year our theme was 'animals' and profits go to the Trust charity. It was also World Antibiotic Awareness Week, with our pharmacy team increasing awareness of global antimicrobial resistance and encouraging best practices among the general public and health workers.

December

This was a busy month with lots of festive events including a Christmas Market for staff, featuring external stallholders and hot food. Midlands Today, the local BBC TV news, spoke to staff about pressures and the importance of vaccines, while the Sun newspaper featured the work of our Children's Department to make Christmas special for young patients, as part of their Joy to the Wards Appeal in conjunction with NHS Charities Together. We achieved the bronze award in the Defence Employer Recognition Scheme.

January 2022

Chief nurse Mary Sexton was interviewed on BBC Radio WM about the effect of COVID-19 on staffing numbers, and how our staff were working tirelessly in the face of the pandemic. Deputy chief nurse Jo Wakeman made a video for Dudley Public Health, talking from personal experience about the importance of having the COVID-19 vaccine to reduce the impact of the virus if you caught it. Away from the pandemic, we signed the Power of Youth Charter, showing our dedication to

empowering young people to make positive differences on issues that affect their lives, communities, and the broader society.

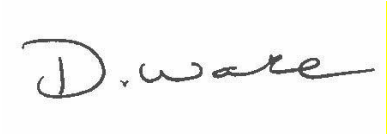
February

Sky News aired a moving film about life in the Trust as we faced COVID-19, winter pressures and the push to recover services. We had welcomed an award-winning film maker who spent a week with us, following and speaking to staff and patients. We paid tribute to a much-valued section of our workforce on Overseas Workers Day, and were treated to a lion dance from the Chinese Festival Committee Birmingham, who entertained us with a loud and colourful display for Chinese New Year.

March

The chair of NHS England, Richard Meddings, went to our Community Diagnostics Centre at Corbett Outpatient Centre as part of a visit to the Black Country. Our first patient started a new closed loop treatment for diabetes and says it transformed her life. The mum-of-one, expecting her second baby, began using a self-adjusting insulin pump system to manage Type 1 diabetes.

Chinese New Year



Signed: Diane Wake
Chief Executive
Date: 16 June 2022

Accountability report

New Rezum steam treatment for male benign prostate hyperplasia

Directors' report

The Board of Directors was established and constituted to meet the legal minimum requirements stated in the Health and Social Care (Community Health and Standards) Act 2003 and the requirements of the NHS Foundation Trust Code of Corporate Governance published by Monitor.

Non-executive director (NED) appraisals for 2020/2021 were conducted by the chairman on a one-to-one basis. The performance of each NED was assessed against agreed objectives, specific strengths or areas for improvement, to note that the principal corporate objectives were fully met subject to COVID-19 restrictions which had precluded some of the opportunities to engage with staff, patients and other stakeholders on site. The appraisal findings were considered by the Council of Governors in July 2021.

The Health and Social Care Act 2008 (Regulated Activities) Regulations 2014 deals with the Fit and Proper Persons Test which came into force in November 2014. We have complied with this requirement since May 2015 both upon appointment and with annual re-checks.

Non-executive directors can only be removed by a 75 per cent vote of the Council of Governors following a formal investigatory process, and the taking of independent legal advice, in accordance with guidance issued by our regulators.

We are confident that our board members do not have any interests or company directorships which could conflict with their management responsibilities. A Register of Directors' Interests is held by the board secretary and is published on the Trust's website www.dgft.nhs.uk

As an NHS foundation trust, no political or charitable donations have been made during 2021/2022. During the year, we were not charged interest under the Late Payment of Commercial Debts (Interest) Act 1998.

As far as the directors are aware, there is no relevant audit information of which the auditor is unaware. The directors have taken all of the necessary steps to make themselves aware of any relevant audit information, and to establish that the auditor is aware of that information.

Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) requires that the income from the provision of goods and services for the purposes of the health service in England must be greater than its income from the provision of goods and services for any other purposes. We confirm that we have met this requirement and that income received in 2021/2022 had no impact on our provision of goods and services for the purposes of the health service in England.

The Board of Directors is responsible for ensuring that we have effective governance arrangements supporting the delivery of our quality priorities. Reports on the Trust's progress against the established quality priorities are taken to both the board and the

Council of Governors by the chief nurse. Further information on progress against standards can be found on the Trust's website www.dgft.nhs.uk

You can find more information of how the Board of Directors has assessed itself against the NHS Improvement well led framework through the Annual Governance Statement on pages 100 to 121.

In the following pages you will find more information about the Board of Directors in post during the year 2021/22.

Own Bed Instead team members

Board of directors

As at 31st March 2022

Chief executive
Diane Wake

Chairman
Dame Yve Buckland

Medical director
Julian Hobbs

Chief nurse
Mary Sexton

Non-executive director
Julian Atkins

Non-executive director
Jonathan Hodgkin

Chief operating officer
Karen Kelly

Director of finance
Tom Jackson

Non-executive director
Catherine Holland

Non-executive director
Prof Liz Hughes

Chief people officer
James Fleet

Chief information officer
Adam Thomas

Non-executive director
Prof Gary Crowe

Non-executive director
Vij Randeniya

Non-executive director
Lowell Williams

Associate non-executive director
Gurjit Bhogal*

Associate non-executive director
Thuvarahan Amuthalingam*

*Non-voting

Our Board of Directors

Dr Thuvarahan Amuthalingham – associate non-executive director

Dr Amuthalingham is a general practitioner by training. Having completed his medical degree in London, he started his career as a junior doctor at The Dudley Group NHS Foundation Trust. He has since worked in the Black Country area. He has gone on to represent his colleagues in various roles both nationally and internationally.

Having led the Next Generation GP programme within the Midlands, he helped cultivate the next generation of compassionate leaders working in collaboration across primary and secondary care. Through his work on the RCGP Midland faculty board and as part of the Black Country and West Birmingham Training Hub, he supports newly qualified GPs within the locality. As the deputy chair of the British Medical Association West Midlands Regional Council, he aims to be a voice for all doctors across all branches of practice within the region.

Both in his clinical leadership roles and as a strategy consultant, he has advised start-ups, investors, third sector organisations, educational institutions, the NHS and government. He is experienced in strategy and business transformation with a focus on digital delivery. He develops key strategic alliances and cultivates collaborative partnerships to deliver innovation.

Julian Atkins, non-executive director and deputy chair

Julian joined the Trust in January 2016 as a non-executive director and is currently deputy chair. He has experience in both the public and private sectors, having worked at organisations such as Alliance & Leicester, Marks & Spencer, Solihull Health Authority and the Thomas Cook Group. Prior to joining the Trust, he was part of the executive leadership team and head of human resources at Coventry Building Society, where he worked for nearly 25 years.

Julian is a Fellow of the Institute of Financial Services and the Chartered Institute of Personnel and Development. He is board chair of Coventry and Warwickshire Chamber of Commerce's subsidiary training company, a non-executive director at ENTRUST in Leamington Spa and is a past president of the Coventry and Warwickshire Institute of Financial Services.

Julian chairs the Charitable Funds and Workforce & Staff Engagement committees and is a member of the Audit and Clinical Quality, Safety & Patient Experience

committees. Julian is passionate about delivering excellent customer service through skilled individuals and effective teams.

Dr Gurjit Bhogal – associate non-executive director

Gurjit has enjoyed a portfolio medical career across primary care, secondary care and within elite sports medicine organisations. He is a consultant in musculoskeletal, sport and exercise medicine appointed to the Centre of Musculoskeletal Medicine at The Royal Orthopaedic Hospital, Birmingham in 2015, and is an active Sessional General Practitioner within the West Midlands. He sees physical activity as a vital tool that promotes health and wellbeing for the patients he cares for.

He also works part-time for Aston Villa Football Club and was previously on the medical panel for the England and Wales Cricket Board and worked as a lead physician for the England Men's Cricket Team. He was also appointed as the chief medical officer for the 2017 ICC Champions Trophy and the highly successful 2019 Cricket World Cup, where he developed his strategic, governance and leadership skills.

He is a school governor of a primary school in Solihull and trustee of the charity 'Mencap Heart of England'.

Dame Yve Buckland, chairman

Dame Yve Buckland joined us as interim chair of the Dudley Group in March 2019 and was asked by the governors to take up the role formally in December 2020.

She started her professional life as an archivist, having completed a history degree and archives training at Leeds and Liverpool universities. She went on to have a series of managerial roles in local government, working for Cheshire and Birmingham councils, and in the early 1990s was appointed city secretary by Nottingham City Council, the first female chief officer in the council.

In 2000, Yve was appointed by the government to a national role, to set up the Health Development Agency, a body which put together the evidence base for tackling key public health problems such as childhood obesity and smoking-related diseases. She was awarded a DBE for her work in this area.

Yve went on to become chair of the NHS Institute for Innovation and Improvement based at Warwick University, a post she held from 2005 to 2010 and also, between 2005 and 2015, was chair of the Consumer Council for Water. She was chair of the Royal Orthopaedic Hospital until January 2021 and a trustee at the Tessa Jowell Foundation until February 2022.

Yve is also currently the chairman designate of Birmingham and Solihull Integrated Care System, and Pro-Chancellor of Aston University.

Gary Crowe, non-executive director

Gary was most recently a university professor of innovation leadership at Keele University Management School. He previously held senior commercial positions in strategy, business transformation and risk and financial management as a director and management consultant in the financial services sector.

Gary holds a number of external board appointments, and has served as an independent non-executive director with another NHS trust since 2015. He is a qualified chartered banker and fellow of a number of professional organisations and learned societies.

James Fleet, chief people officer

James joined the Trust as interim director of strategy and transformation in January 2020 and became our chief people officer in March 2020. He has over 20 years' experience in designing, delivering and leading major healthcare improvement. This has included work on transformation strategies and interventions for a wide range of NHS organisations and systems across the UK.

James is an experienced healthcare director and HR/OD leader, having held leadership roles within the NHS, before taking the role as director for a leading healthcare advisory service. Most recently James co-founded Four Eyes Insight Ltd, where he was the executive lead for their national team of workforce and clinical transformation specialists, supporting NHS organisations to optimise clinical and workforce capacity.

James has a robust knowledge and experience of the regulatory framework, having worked closely with the regulatory bodies at national and regional levels.

A Fellow of the Chartered Institute of Personnel and Development, James has worked with a wide range of NHS executive teams and boards, to advise and guide them in developing and implementing far-reaching strategic change and improvement across clinical, quality, performance and workforce measures. James is passionate about harnessing clinical engagement, organisational development and workforce transformation, as key levers for sustainable change within providers and wider systems.

James also led a national two-year clinical productivity programme with NHS England/Improvement, which involved more than 100 NHS provider trusts.

Julian Hobbs, medical director

Julian joined the Trust from Royal Liverpool where he had been deputy medical director. Julian has also been deputy medical director and lead for mortality for Cheshire and Merseyside area team at NHS England.

Julian is a consultant cardiologist by background and has worked at Liverpool Heart and Chest Hospital alongside his current roles. He has had extensive experience in medical management roles for several years. Julian undertook his research at Manchester Royal Infirmary with support from the British Heart Foundation. He is a keen sportsman and beekeeper.

Jonathan Hodgkin, non-executive director

Jonathan is an economist by training and has extensive experience of working at the interface of the public and private sectors as a consultant, regulator and company director in the utilities sector.

He has held many director positions throughout his career. As a business consultant Jonathan has advised governments, regulators and companies around the world on industry restructuring, strategy and regulation.

Catherine Holland, non-executive director

Catherine is a writer, speaker, coach/mentor and facilitator, developing the practice of senior leaders. A member of the Golden Egg Academy, she is currently writing children's books, and is chair of the Icelandic Horse Society of Great Britain.

Catherine is an associate consultant with Amara Collaboration, a contributing author to Street Smart Awareness and Inquiry in Action, and co-designer and facilitator in transformational leadership development retreats.

A former social worker and trainer and assistant director in social services, Catherine worked for 14 years in the Probation Service, first as a director for corporate services and later as chief executive of Staffordshire and West Midlands Probation Trust, the second largest probation trust in the UK.

Catherine designed and led West Midlands Probation through a successful performance and culture turnaround programme, and project managed the merger with Staffordshire Probation, the new trust going on to be recognised for excellence and awarded four stars by the British Quality Foundation.

Catherine led SWM Probation Trust through extensive and challenging changes brought about by the government's Transforming Rehabilitation programme, becoming chief executive of Staffordshire and West Midlands CRC, and later the newly formed Reducing Reoffending Partnership.

Liz Hughes MBE, non-executive director

The Dudley Group welcomed Liz to its board in December 2019. Liz is deputy medical director for Health Education England and a consultant in chemical pathology and metabolic medicine at Sandwell and West Birmingham Hospitals NHS Trust and honorary professor at the University of Birmingham, University of Warwick and University of Aston and visiting professor at Worcester University.

Professor Hughes established the physician associate role in the NHS, a role that many hospitals now have within their workforce, securing the first ever non-medical faculty at the Royal College of Physicians. She is proud that when it first began in 2015 there were 183 and now there are nearly 3,000 physician associates employed in the NHS.

Medical education and training is a passion for Professor Hughes who has also established a GP training scheme with the Chinese government and developed speciality medical training within the Middle East.

Liz is a national expert in the treatment of inherited lipid disorders and is one of the founder members of the national charity HEARTUK with which she has worked extensively with multi professional healthcare professionals and patients.

In 2016, the aviation profession honoured Liz for her contribution towards training doctors in aerospace-related medicine. She was the winner of the Improving Safety in Medicines Management category in the Patient Safety Awards 2013. She was awarded an MBE for services to healthcare education and training in 2020.

She has held a number of national roles including chair of Academic Careers and Research Evidence and is HEE's disability champion.

Tom Jackson, finance director

Tom is a career NHS finance professional with 30 years' service. For the last 13 years he has operated at board level in a range of organisations including community, acute, primary care and commissioning.

A Fellow of the Chartered Institute of Public Finance, Tom is motivated by adding value and transformation to his finance leadership role.

Karen Kelly, chief operating officer

Karen joined us as chief operation officer (COO) in January 2018 from Barnsley Hospital NHS Foundation Trust where she held the post of executive director of operations.

A graduate of Keele University, Karen qualified as a nurse in 1993 and worked for more than 23 years at the University Hospital of North Staffordshire where she held a variety of roles including the first matron role for Urgent and Emergency Care before moving into managing the Directorate of Emergency Care.

Prior to joining us as a COO, Karen had been involved in overseeing a range of large-scale service developments and improvement projects. She became part of the transformation team tasked with turning around Mid Staffordshire NHS Foundation Trust – becoming head of nursing there in 2010. Following this, she held the post of medical nurse director, followed by deputy director of operations at The Royal Liverpool and Broadgreen University Hospital Trust.

Karen is passionate about leadership development and working alongside people to promote quality of care being delivered that ensures our patients are safe.

Vij Randeniya, non-executive director

Vij is an experienced non-executive director within the health service. He is deputy chairman of Birmingham Women's and Children's NHS Foundation Trust and sits as the vice chair on the governing body of Aston University. He is also the chair for one of DEFRA's committees for the Environment Agency. Vij is a former trustee and vice chair of the Royal Society for Public Health and former chief fire officer for West Midlands Fire Service. Vij has substantial experience of large-scale project management, leadership and change management. Vij was awarded the OBE in 2006.

Mary Sexton, chief nurse

Mary joined the Trust as interim chief nurse in January 2019 and became substantive in November 2019. An experienced corporate lead for nursing, quality and governance, she brought with her more than 15 years' experience at executive level.

Mary is an experienced nurse leader, with a wealth of experience in providing robust oversight of the nursing, midwifery and Allied Health Professional workforce resulting in an improved patient

and staff experience. She has extensive experience in service transformation and professional standards as well as the delivery of compliance with regulatory standards and effective governance to support learning.

Mary, who began her career as a nurse at East Surrey Hospital in 1983, has worked in a variety of settings including acute, community and mental health at local and regional level.

In addition to her chief nurse role Mary is the Trust's director of infection prevention and control and our executive lead for safeguarding and is our maternity safety champion.

Adam Thomas, chief information officer

Adam rejoined the Trust in 2009 and brings more than 15 years of NHS experience in clinical and senior management positions to his executive role.

A graduate of Aston University, Adam qualified as a pharmacist and proceeded to undertake postgraduate qualifications in clinical pharmacy, independent prescribing and digital healthcare leadership. He worked in medical oncology at The Dudley Group and brings a special clinical interest in improving cancer outcomes for the Black Country. He is also a registered IT professional, holding a Fellowship of the British Chartered Institute for IT professionals. Adam is currently undertaking a Masters degree in Digital Health Leadership, focussing on how intelligence can address population health inequality.

He is established as a digital leader within the region and a strong advocate for collaborative connected care systems. He continues to support strategic agendas as well as quality improvement. Adam is the provider collaborative board lead for digital, data and technology. He speaks at a national level on digital leadership, as well as digital-data strategy in health and care.

Diane Wake, chief executive

A nurse by background, Diane has worked in the NHS for 38 years. She has been a chief executive in the NHS for 10 years. She joined The Dudley Group NHS Foundation Trust as chief executive in April 2017.

Diane trained as a nurse between 1984-1987 and has an extensive background in nursing, occupying senior leadership positions in surgical specialities of urology, colorectal, vascular and breast.

Diane has a wealth of experience in both clinical practice and leadership roles. She was previously chief executive at Barnsley Hospitals NHS Foundation Trust from 2013 to 2017 and interim chief executive at Royal Liverpool and Broadgreen University Hospitals NHS Trust, where she also worked as chief operating officer and executive nurse from 2007.

Diane's experience made her an ideal candidate to become a reviewer as part of the Keogh Trusts in 2013 and then part of the CQC inspection process, chairing CQC inspections in East Kent, University Hospitals North Midlands, BARTS and Leeds Teaching Hospitals.

Diane has a passion for patient safety and high-quality care and has knowledge and expertise in implementing robust governance processes.

She is committed to system working both within place and at Integrated Care System level. She is the SRO (senior responsible officer) for the ICS leading on cancer, elective and diagnostics. Diane is also the SRO for provider collaborative across the Black Country system where collaboration and partnership working has never been stronger.

Lowell Williams, non-executive director

Lowell was the chief executive officer of Dudley College of Technology from 2008-2019 and led the college to an Ofsted Outstanding rating in the 2017 inspection. In January 2018, he was named as one of seven appointments to the government's advisory group, the National Leaders of Further Education, which is made up of principals from colleges who have been rated good or outstanding. Lowell led the creation of Dudley's Academies Trust.

Board of Directors' attendance

Position	Name	Commencing	End	Board meeting attendance out of 11*
Chief executive	Diane Wake	03/04/17		10
Director of finance	Tom Jackson	01/02/18		11
Chief operating officer	Karen Kelly	02/01/18		9
Medical director	Dr Julian Hobbs	02/10/17		9
Chief nurse	Mary Sexton	29/11/19		10
Chief people officer	James Fleet	10/03/20		10
Director of strategy & transformation	Katherine Sheerin	07/07/20	30/11/21	7/7
Chief information officer	Adam Thomas***	01/09/19		11
Trust secretary	Liam Nevin**	19/08/19	31/10/21	6/6
Chairman	Dame Yve Buckland	20/11/20	31/05/23	10
Non-executive director	Prof Liz Hughes	15/11/19	15/11/22	10
Non-executive director	Julian Atkins	04/01/16	31/05/23	11
Non-executive director	Catherine Holland	01/09/18	31/08/24	10
Non-executive director	Lowell Williams	01/12/19	31/03/23	9
Non-executive director	Prof Gary Crowe	01/07/19	01/07/22	10
Non-executive director	Vij Randeniya	20/11/20	31/03/24	11
Non-executive director	Jonathan Hodgkin	01/04/18	31/03/24	8
Associate non-executive director	Thuvarahan Amuthalingham****	13/05/21	12/05/23	9/10
Associate non-executive director	Gurjit Bhogal****	13/05/21	12/05/23	10/10

*There was no meeting held in August 2021
**non voting
***Became voting effective from 01/01/22
****associate non-executive directors are non voting

Notice periods – the notice period for all executive directors is three months. Non-executive directors do not have a notice period.

Board committee structure

Patient experience

Complaints handling

There was an increase in complaints activity from 2020/21 (711) to 2021/2022 (935), an increase of 31.5 per cent. There was an increase of 4.86 per cent for the number of complaints received from 2019/2020 to 2020/2021 and therefore 31.5 per cent is much higher than anticipated. The COVID-19 pandemic impacted on the number of complaints received during 2020/21. Complainants delayed raising complaints during the first, second and third waves of COVID-19, and there were later increased concerns about visiting and waits for appointments and procedures affected by COVID-19 and the recovery of services.

The focus remains on responsiveness, engaging with users and proactively encouraging patients and their families to give feedback.

The Trust received 3,715 informal concerns and comments to the Patient Advice and Liaison Service (PALS) in 2021/2022, which is an increase from the previous year (2020/21) figure of 3,362. This is an increase of 353 cases (10.5 per cent). This is a reflection on the restrictions to visiting to the Trust during the COVID-19 pandemic and, again, issues with the recovery of services and delay in appointments and procedures. Relatives were contacting PALS to assist in communicating with their loved ones as an inpatient.

The Trust has made several changes and improvements in response to patient complaints. Complaints are reviewed monthly to identify themes and trends across the Trust. These are then shared with the divisions. Improvement actions and learning is put into practice and reported to the Patient Experience Group, the Quality and Safety Committee and the Board of Directors.

Patient panels/focus groups

We have hosted a number of virtual patient panels and supported several departments and teams to deliver Listening into Action events throughout the year to capture people’s views and experiences on what we did well and what we could improve to help us shape future service planning and development.

Patient experience champions

We have implemented the Patient Experience Champions role within the Trust and teams have identified a Patient Experience Champion for their area. The champions will promote patient experience within their areas to help to drive Trust-wide improvements, share good practice and provide the best patient experience and care.

Patient Voice Volunteers

In partnership with the Trust's patient safety team, we have developed a framework for the implementation of our new Patient Voice Volunteers (PVVs) to use their experiences of using services to inform and influence the delivery, planning and quality of services we provide.

Patient Experience Strategy

The Patient Experience Strategy 2021-2023 is a two-year plan which builds on the work we have been undertaking with our patients, their relatives and carers. We are committed to actively engaging and involving patients, their relatives and carers to listen and act on the information we receive. This strategy will promote working together and will set out how we will do this to ensure maximum involvement and engagement. The aim of the strategy is to ensure that all patients, relatives, carers and visitors have a positive experience in our care, ensuring their emotional and physical needs and expectations are met.

Experience of Care Week

We celebrated Experience of Care Week 2021, which is an annual event that celebrates healthcare staff impacting patient experience every day. With the support of NHS England and NHS Improvement, it offered us the chance to celebrate the work that's happening to improve experiences of care with our staff, patients and their families and carers. Throughout the week we shared feedback from our patients to highlight the importance of what matters most to patients, and to celebrate successes to demonstrate the great work that our staff do every day to ensure the best patient experience.

Staying Connected

We set up the Staying Connected initiative which allowed relatives to send 'a letter to a loved one' and 'virtual flowers' to patients on the wards while there were restrictions on visiting. Staying Connected posters are displayed on the Patient Experience boards throughout the Trust and have been promoted through the Trust's internal communications for staff and on the external website for patients to be able to stay in contact with their loved one during the pandemic.

Training

We have continued to deliver customer care training to newly qualified nurses and other staff within the Trust to raise the profile of patient experience and to highlight the importance of what matters most to patients.

Local survey development

We have designed and facilitated a number of local surveys via online links and QR codes to improve the accessibility of giving feedback to allow patients to provide feedback on their experience of services. These are promoted on the new Patient Experience boards and tablets.

Encouraging patient feedback and sharing success

Feedback is received via a number of mechanisms that have been designed to enhance the patient experience and improve learning, including complaints, PALS, national and local surveys, focus groups, Listening into Action events and the Friends and Family Test. Throughout 2021/2022, we have continued to build on our 'What Matters To You' campaign across the Trust and via social media channels. This campaign aims to raise the profile of patient experience across the Trust, capture feedback and share successes.

Stakeholder relations

Integrated care

The Dudley Group is proud to join 14 other health and care organisations as part of the Healthier Futures Integrated Care System (ICS) serving the 1.5 million people in the Black Country and West Birmingham. Working with other key partners, people and communities, the partnership aims to improve the health and wellbeing of local people by working together to:

- improve the health of our population by reducing inequalities in health outcomes and improving the quality of and access to services;
- attract more people to work in health and care in our region through new ways of working, better career opportunities, support, and the ability to balance work and home lives; and
- work together to build a sustainable health system that delivers safe, accessible care and support in the right locations in order to get the greatest value from the money we spend.

During the last 12 months, the partnership has played a key role in responding to COVID-19 and our focus now shifts to supporting our communities, staff and the wider system of health and care to recover from it.

Acute collaboration

The Trust has worked closely with the three other acute trusts in the Black Country and West Birmingham on how we should collaborate to improve the services we offer to patients. A programme of clinical change has been agreed, with a

programme board established comprising the chairs, chief executives and lead directors from all four organisations. System clinical leads have been appointed for some services and these include consultants from the Trust. Clinical summits have been held to determine ways to improve clinical outcomes, effectiveness and accessibility of services with active engagement from Trust staff.

Black Country Pathology Services (BCPS)

BCPS comprises the four pathology laboratories in the Black Country for the sustainability and transformation partnership (STP). It provides the pathology services for the acute hospitals and also local GPs. Some of the laboratories offer specialist services to the wider NHS and also work on research studies.

Black Country & West Birmingham STP Cancer Board

The Black Country and West Birmingham STP Cancer Board is established to drive delivery of the National Cancer Strategy through aligning commissioning responsibilities across the cancer pathway and enabling collaborative working across providers.

It provides a critical link between the Black Country and West Birmingham STP and West Midlands Cancer Alliance (WMCA) and will ensure that emerging cancer plans are consistent with wider STP transformation programmes, as appropriate.

The group reports to the STP Health Partnership Board. The Trust's chief executive Diane Wake is chair of the cancer board.

Healthier futures partnership - statement from the independent chair

This year, we have once again seen real strength in the health and care services locally. Despite providing hospital care for more than 8,500 people affected by COVID-19, NHS services have continued to provide other emergency and routine care and treatment. There have been over 7.4 million primary care appointments, over 18,000 babies born, more than 1,200 urgent heart surgeries, over 2,400 hip/knee operations and around 700,000 mental health contacts. Our partners in West Midlands Ambulance Service have responded to over 650,000 999 and 111 calls. Many services have had to adjust the way that they have worked to respond to demands and to keep staff and patients safe. I recognise how hard some of these changes have been for those using services, but they have been necessary in these unprecedented times, and they have ensured we have been able to be there for those most at need, when they need us most.

Health and care services have been working tirelessly to keep people safe in their own homes, promoting independence, supporting rehabilitation and preventing emergency admissions by wrapping care around people as close to home as

possible. These efforts have not only protected those who have been receiving this excellent care but also protected services from becoming overwhelmed, thus protecting others who need them too. We have over 300 care homes in the Black Country and West Birmingham and many more carers visiting people at home. My thanks go to all of those working in care for their fantastic work.

Our thriving community and voluntary sector have continued to work tirelessly to provide essential companionship and support to communities to remain strong throughout the pandemic. All four community and voluntary sector councils have come together to form an alliance which will provide resilience to their offer of support and allow them to grow stronger over the coming years.

With over 2.5 million doses delivered since December 2020, perhaps the greatest example of our partnership working has been our vaccination programme. We have opened over 100 vaccination sites, ranging from GP surgeries and pharmacies, to community halls, places of worship and of course some of our larger centres. There have been over 70 volunteers helping these sites to work well and many, many more clinical leaders, vaccinators, administrative staff and others supporting the roll-out. Recognising the hesitancy and some areas of low uptake, this year we have adopted a grass roots level of engagement. Community COVID-19 Champions have worked with local authority, voluntary and community groups and NHS staff to reach communities and take a targeted approach to getting the right information to people who need it. This network of trusted voices has undoubtedly made a difference and it is a model which has been highlighted in several national reports as best practice. I am pleased to see that through partnership working we are seeing those hesitant continuing to come forward and get the lifesaving vaccine.

Another highlight for me this year has been the collective work of our people board. The collective expertise of health and care leaders in this space has resulted in over 600 international nurses joining our system, many apprentice opportunities being created across all our partner organisations, many training opportunities, awareness sessions to support those with protected characteristics, a raft of health and wellbeing support for our workforce and events put on that celebrate those working so hard on the frontline, including a really successful event to mark Black History Month. This is an area which will continue to gather momentum over the coming year as we combine efforts to make the Black Country the best place to work.

This last year has affected us all in many ways and we have seen the far-reaching terrible impact of COVID-19 on local people and communities. There is, however, a positive that we should take from the fact that this pandemic has bought public health issues to the forefront and the positive impact we can have when we work better together. Across the Black Country and West Birmingham, we have some the country's most deprived neighbourhoods, some of the worst health outcomes and poorer than average life expectancy. It is no coincidence that we have seen a bigger impact than many areas from COVID-19 but it is something which we indisputably need to work together to address. This pandemic has focused our partnership's

attention on the inequalities that exist for some of our communities such as those who are black, Asian and minority ethnic. As we focus on restoring services we are looking to ensure that we create a system which is weighted to support those most vulnerable, improves access and reduces these inequalities. We are committed to working with partners and communities to create an environment in which local people can live healthier lives and to make a concerted effort to reach out to those with poorer access to improve health outcomes and reduce the inequality gap.

Throughout the last 12 months, much like the previous year, the strong relationships across our partnership have ensured we have been in the best position to tackle the COVID-19 pandemic. It is true though that our partnership is only as great as the people within it and, despite the most tumultuous of years, those working across health and care have dug deep to keep services going and to protect those most vulnerable. On behalf of our partnership, I want to recognise the strength, compassion, commitment and determination of our people and say thank you to each and every one of them for all they have done, and continue to do.

Looking to the future, we have made good progress towards establishing the future Integrated Care Board (ICB) and our new Integrated Care Partnership (ICP) ready for the Health and Care Bill to be enacted in July 2022. These changes will also see the movement of West Birmingham Place to the Birmingham and Solihull Integrated Care System. Our commitment is to work with colleagues in Bsol to make that transition a smooth one and for there to be minimal disruption for the people in West Birmingham. I am delighted to say that we have recruited new board members for the ICB; these new appointments, with their strong personal motivations and experiences, will bring different ideas, perspectives and backgrounds to create a stronger and more creative environment, forge ever stronger partnerships across our area and deliver a healthier future in the Black Country.

Our strength comes from the relationships we have with each other, and this will continue to grow as our system builds new partnerships and collaboratives. Together we exist to benefit local people, and through our continued collaboration, I am confident we can deliver truly integrated health and care services of which everyone in the Black Country can be justifiably proud.

Jonathan Fellows
Independent chair
Black Country and West Birmingham Healthier Futures Partnership

Audit Committee

During the year, the Audit Committee operated in accordance with its responsibilities as set out in its terms of reference, which included:

- To agree the audit plan, audit fee and approach (including areas of risk, fraud risk, misstatement and materiality), and receive findings of the external auditor in relation to the financial statements, value for money opinion, the Quality Accounts (where applicable), the report to those charged with governance and to consider the implications of and management's responses to their work. More specifically, the Audit Committee considered the auditor's identified significant risks as part of their plan in relation to fraud in revenue recognition, management override of controls, and the valuation of property, plant and equipment. It has commented on its approach and attitude to fraud to the external auditor.

- To receive and approve the Annual Report and Accounts.

- To review, monitor the integrity (including the application of accounting principles and policies) and approve the financial statements and other reports when delegated by the board or in conjunction with the board and to provide assurance to the board.

- To review the systems which underpin the Trust's reporting including the establishment and maintenance of an effective system of integrated governance (including budgetary control), risk management and internal controls (including counter fraud measures) across the whole of the Trust's activities, both clinical and non-clinical, that support the achievement of the Trust's objectives, and in so doing;

- To ensure that there is an effective internal audit and Local Counter Fraud function that meets Government Internal Audit Standards and that provides appropriate independent assurance to the Audit Committee, chief executive and Board of Directors.

The key issues that the Audit Committee considered during the year were in relation to the following:

- Internal Audit identified some internal control weaknesses regarding audits in the areas of payments to vaccination centre staff, nurse staffing finance and workforce data validation, Governance Framework and the governance arrangements within the Maternity Department. Management has implemented action plans in respect of each of these areas and progress on the implementation of the recommendations of Internal Audit is being overseen by the Audit Committee.

- Internal Audit will have finalised their reports in respect of charitable funds and procurement, both with substantial assurance.

- The process by which the Board Assurance Framework was updated to reflect the management of risks related to the Trust's new strategic goals was considered and challenged during the year, resulting in improvements being made to provide greater analysis and oversight of key risks.

- The progress of the Trust's Consultant Job Planning programme against the plan was considered during the year to receive assurance that completion compliance was being checked and monitored.

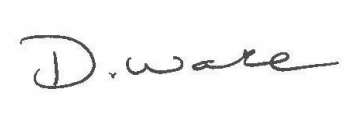
In each case, the Audit Committee considered the information and explanations from management, and sought assurance that actions were put in place to address the issues raised. More detail on some of these areas is included in the Annual Governance Statement.

The external auditor, Grant Thornton, provides a progress report to each Audit Committee meeting set against the audit plan. The Audit Committee measures the effectiveness of the external audit process, its timing and outputs against this plan.

The external auditor is appointed by the Council of Governors for a maximum five-year term following a competitive tender process against a set of quality and value for money criteria and following the recommendation of a tender committee which includes executive, non-executive and governor representation. The most recent tender process in 2019 resulted in the appointment of Grant Thornton who have been the Trust's external auditors for the period covered by this Annual Report.

Audit Committee Membership		
Gary Crowe - chair	Non-executive director (committee chair)	6/6
Julian Atkins	Non-executive director	6/6
Gurjit Bhogal	Associate non-executive director	4/6
Vij Randeniya	Non-executive director	5/6
In attendance		
Tom Jackson	Director of finance	5/6
Liam Nevin	Trust secretary (left Nov '21)	4/4
Julian Hobbs	Medical director	3/6
Diane Wake	Chief executive officer	3/6
Julie Dawes	Interim trust secretary (Nov-Dec'21)	1/1
Helen Board	Deputy trust secretary	4/6

The Dudley Group NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012.



Signed: Diane Wake
Chief Executive
Date: 16 June 2022

ODP Day in theatres

Remuneration Report

Annual statement on remuneration (Information not subject to audit)

The Nominations and Remuneration Committee operates to review and evaluate the board structure and expertise, as well as to agree a job description and person specification for the appointments of the chief executive and audit executive directors. The committee also identifies and nominates suitable candidates for such vacancies and recommends its proposed appointment for chief executive to the Council of Governors.

Interview panels for executive director appointments are usually made up of existing directors, governors and external stakeholders. The committee determines the appropriate levels of remuneration for the executive directors. Remuneration levels are normally determined by reference to such factors as those applying in equivalent organisations in the NHS, changes in responsibility, performance, salary increases agreed for other NHS staff and guidance issued by the Secretary of State.
During the year, substantive appointments were made to the post of director of strategy and partnerships.

For the purpose of the Annual Report and Accounts, the chief executive has agreed the definition of a "senior manager" to be voting executive and non-executive directors only.

Evaluation of the Trust board

Executive directors were set objectives and were evaluated by the chief executive as part of the annual appraisal process and the chief executive's own performance was evaluated by the chairman. The non-executive directors' objectives were set by the chairman and their evaluations were carried out by the chairman. Objectives were set by the senior independent director for the chairman as part of the evaluation process.

Senior manager remuneration policy (Information not subject to audit)

Remuneration for executive directors does not include any performance-related elements and there are no plans for this in the future. No significant financial awards or compensation have been made to past senior managers during the reporting period. There is no provision for the recovery of sums paid to directors or for withholding payments of sums to senior managers. Senior managers' service contracts do not include obligations on the Trust which could give rise to or impact on remuneration payments for loss of office. Senior managers' individual service contracts mirror national terms and conditions of employment and include notice

periods and any termination arrangements. In the event of a contract being terminated, the payment for loss of office will be determined by the Nomination and Remuneration Committee. Payment will be based on contractual obligations. Payment for loss of office will not be made in cases where the dismissal was for one of the five 'fair' reasons for dismissal.

In setting the remuneration policy for senior managers, consideration was given to the pay and conditions of employees on Agenda for Change. The Trust uses benchmarking data to ensure all salaries, including those over £150,000, are reasonable and provide value for money.

The Trust has not consulted with employees when determining the senior managers' remuneration.

Nomination and Remuneration Committee (Information not subject to audit)

The Nomination and Remuneration Committee is a sub-committee of the board and holds at least one meeting per year. During 2021/2022, it held three meetings and attendance at meetings were as below. Executive directors also attend the Nomination and Remuneration Committee on occasion. The terms and conditions for the executive directors and senior managers of the Trust are included in their individual contracts of employment which includes notice periods and any termination arrangements.

The Trust has an Equal Opportunity and Diversity Policy in place which was approved in January 2020 and covers all aspects of the Trust's business. An Equality and Diversity Policy Statement in relation to the board was approved in March 2021.

Nomination and Remuneration Committee membership		Attendance (/3)
Jonathan Hodgkin	Non-executive director	2
Catherine Holland	Non-executive director	2
Vij Randeniya	Non-executive director, chair of committee	3
Lowell Williams	Non-executive director	2

Future policy tables

These set out the Trust's policy for future remuneration of senior managers.

Executive directors

	Salary and fees	Taxable benefits	Annual performance related bonuses	Long-term performance related bonuses	Pension-related benefits	Other remuneration
Description	Basic pay for executive role	Chief Executive and Finance Director have a lease car. The Finance Director also has home electronics. The taxable benefit associated with this is reported on yearly P11d's. .	N/A	N/A	NHS Pension Scheme membership: Chief People Officer, Chief Information Officer, Director of Governance/Board Sec and Chief Nurse The following are paid a payment in lieu of their pension through agreed Trust scheme: Chief Executive, Chief Operations Officer, Director of Finance, Medical Director	Medical Director paid under M&D terms and conditions. Medical Director remuneration paid as a pensionable responsibility allowance. Also in receipt of a working away from home allowance. Chief Operating Officer, Director of Finance, Chief Nurse and Chief People Officer receive a working away from home allowance.

	Salary and fees	Taxable benefits	Annual performance related bonuses	Long-term performance related bonuses	Pension-related benefits	Other remuneration
How that component supports the short and long-term strategic objectives of the foundation trust	To ensure the Trust is well-led and all short and long term objectives are met, the salary for senior managers must be competitive in order to recruit and retain talented individuals.	DGFT has historically needed to secure recruitment to key roles from outside of the region. On this basis, the Trust's Remuneration Committee has approved a working away from home allowance, which is applicable to all posts where recruitment from outside of the area is required (this is not a VSM allowance).	N/A	N/A	This enables the Trust to recruit sufficient talent at executive director level and accords with custom and practice in the rest of the NHS.	This is essential to ensure a medically qualified person can occupy the role of Medical Director.
An explanation of how that component operates	Executive director salaries are determined by the Remuneration Committee of the Trust, informed by benchmark salary derived from established national NHS pay surveys. Executive directors are appointed on a permanent basis under a contract of service at an agreed salary.	Trust Expenses Policy applies to all staff, including senior managers. Taxable benefits incurred fell within the scope of this policy. Levels of benefits reflect national terms and conditions for other staff groups to ensure consistency	N/A	N/A	This is determined in accordance with NHS Pension Scheme Benefits. No additional payments are made.	As determined by national terms and condition of employment.

	Salary and fees	Taxable benefits	Annual performance related bonuses	Long-term performance related bonuses	Pension-related benefits	Other remuneration
The maximum that could be paid in respect of that component	Fixed salary determined by Nominations & Remuneration Committee, in line with NHSE/I VSM pay guidance.	N/A	N/A	N/A	As determined by NHS Pension Scheme Entitlements.	As determined by national terms and condition of employment.
Where applicable, a description of the framework used to assess performance	The performance of executives is reviewed through a formal annual performance process, which is led by the Chief Executive and involves input/feedback on executive performance from non-executive directors.	N/A	N/A	N/A	N/A	N/A

Non-executive directors

	Fee payable	Any additional fees payable for any other duties to the foundation trust	Such other items that are considered to be remuneration in nature
Description	Fee for the chair, deputy chair, senior independent director, chair of Audit Committee, and other non-executive directors	N/A	Expenses incurred in the course of their duties such as public transport, mileage and subsistence as determined by Trust policy.
How that component supports the short and long-term strategic objectives of the foundation trust;	To ensure the Trust is well-led and all short and long term needs met, the fee for non-executive directors must be competitive in order to recruit and retain talented individuals	N/A	To ensure non-executive directors are appropriately compensated for those journeys they have undertaken on behalf of the Trust. The policy for non-executive director expenses is the same as that applying to other staff
An explanation of how that component operates	The chair and non-executive members are entitled to be remunerated by the Trust for so long as they continue to hold office as chair or non-executive member. They are entitled to receive remuneration only in relation to the period for which they hold office. There is no entitlement to compensation for loss of office. The level of remuneration is determined by the governors with due regard to the remuneration paid in other foundation trusts	N/A	Mileage and subsistence allowances for non-executive directors are set by the Council of Governors.
The maximum that could be paid in respect of that component	The rate of remuneration payable to the chairman of the Trust is £48,324 p.a**.** The senior independent director and deputy chair are remunerated at £15,230 p.a. and the chair of Audit Committee is remunerated at £15,079 p.a. The remuneration for the other non-executive directors is between £13,190 and £13,585 p.a.	N/A	N/A
Where applicable, a description of the framework used to assess performance	Performance of non-executive directors is assessed by the chairman annually, and for the chairman, by the senior independent director.	N/A	N/A

Salary and pension entitlements of senior managers (audited)

a). Remuneration

Name and Title	Note	Year Ended 31 March 2022					
		Salary (bands of £5,000)	* Expense payments (taxable) (to the nearest £100)	Performance pay and bonuses (bands of £5,000)	Long term performance pay and bonuses (bands of £5,000)	# All Pension Related Benefits (bands of £2,500)	Total (bands of £5,000)
		£000	£	£000	£000	£000	£000
Diane Wake, Chief Executive		210 - 215					210 - 215
Tom Jackson, Director of Finance		150 - 155				0	150 - 155
Julian Hobbs, Medical Director		225 - 230				20 - 22.5	250 - 250
Karen Kelly, Chief Operating Officer		150 - 155				15 - 17.5	165 - 170
Mary Sexton, Chief Nurse		145 - 150				152.5 - 155	295 - 300
Andrew McMenemy, Director of Workforce & OD	A						0
James Fleet, Chief People Officer	B	145 - 150				32.5 - 35	175 - 180
Adam Thomas, Chief Information Officer	C	30 - 35				12.5 - 15	40 - 45
Yve Buckland, Chair		45 - 50	2,900				50 - 55
Julian Atkins, Non Exec		15 - 20	800				15 - 20
Gary Crowe, Non Exec		15 - 20					15 - 20
Jonathon Hodgkin, Non Exec		10 - 15	700				10-15
Catherine Holland, Non Exec		15 - 20					15 - 20
Elizabeth Hughes, Non Exec		10 - 15					10-15
Ian James, Non Exec	D						0
Richard Miner, Non Exec	E						0
Vijith Randeniya, Non Exec	F	10 - 15					10-15

Notes:-

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

The Chief Executive and Director of Finance do not have any pension related benefits in 2021/22.

* Expense Payments relate to home to base travel reimbursement for Non Executive Directors

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

Changes to the Board

A Andrew McMenemy left 31 March 2020
B James Fleet started 19 March 2020
C Adam Thomas became a voting Director 1 January
D Ian James started 1 July 2019 and left 30 October
E Richard Miner left 31 March 2021
F Vijith Randeniya started 7 November 2019 and became Non Executive on 18 December 2020
G Gurjit Bhogal started 13 May 2021

b). Pension benefits

As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.

Name and Title	Real increase in pension at pension age (bands of £2,500)	Real increase in lump sum at pension age (bands of £2,500)	Total accrued pension at pension age at 31 March 2022 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2022 (bands of £5,000)	Cash Equivalent Transfer Value at 1 April 2021	Real Increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2022	Employer's contribution to stakeholder pension
	£000	£000	£000	£000	£000	£000	£000	£000
Diane Wake, Chief Executive	0	0	0	0	0	0	0	
Tom Jackson, Director of Finance	0 - 2.5	0	55 - 60	120 - 125	1,091	0	1,101	
Julian Hobbs, Medical Director	0 - 2.5	0	65 - 70	150 - 155	1,292	34	1,346	
Karen Kelly, Chief Operating Officer	0 - 2.5	0	60 - 65	155 -160	1,324	39	1,384	
Mary Sexton, Chief Nurse	7.5 - 10	0 - 2.5	55 - 60	120 - 125	1,095	48	1,180	
James Fleet, Chief People Officer	2.5 - 5	0	10 - 15	15 - 20	125	9	155	
Adam Thomas, Chief Information Officer	0 - 2.5	0 - 2.5	5 - 10	5 - 10	68	7	79	

Note:-
Figures shown reflect time in office during the year and include accrued benefits and contributions in respect of full salary, which will include both management and medical contributions.
The Chief Executive chose not to be covered by the pension arrangements during the reporting year.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a Real Increase in CETV - This reflects the increase in CETV effectively funded by the employer. The figure excludes any increase due to inflation, and takes account of contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.
The benefits and related CETVs in the above table do not allow for a potential future adjustment arising from the McCloud judgement.

Due to the lead time required to perform calculations and prepare annual reports, the CETV figures quoted in this report for members of the NHS Pension scheme are based on the previous discount rate and have not been recalculated.

The Trust is required to disclose the expenses paid to Directors, Non Executive Directors and Governors.
The band of the expenses paid for 2021/22 was £2,500 - £5,000 (2020/21 £2,500 - £5,000)

Fair pay disclosure (audited)

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

The banded remuneration of the highest paid Director in the Trust in the financial year 2021/22 was £225,000 - £230,000 (2020/21 £215,000 - £220,000). This is a change between years of 4.6%.

In 2020/2021 the Director occupying the position of the highest paid Director was due to payment of pay award arrears. In 2021/2 there are no arrears paid, hence there is a change to the Director occupying this role following an increase in salary.

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

For employees of the Trust as a whole, the range of remuneration in 2021/2022 was from £12 to £507,000 (2020/21 £10 to £488,000). The percentage change in average employee remuneration (based on total for all employees on an annualised basis divided by full time equivalent number (FTE) of employees) between years is 4.45%. This is in line with the national pay awards issued and employee progression through pay scales.

2021/22	% change for highest paid director	% change for employees as a whole
Salary and allowances	4.6	4.45

Performance pay/bonuses	0	0

The remuneration of the employee at the 25th percentile, median and 75th percentile is set out below. The pay ratio shows the relationship between the total pay and benefits of the highest paid director (excluding pension benefits) and each point in the remuneration range for the trust's workforce. 10 employees received remuneration in excess of the highest paid Director (2020/21, 8).

2021/22	25th Percentile	Median	75th percentile
	£	£	£
Total Remuneration	8,619	25,639	40,354
Salary component of total remuneration	4,026	21,777	36,121
Pay ratio	28.1 : 1	9.4 : 1	6.0 : 1

2020/21	25th Percentile	Median	75th percentile
	£	£	£
Total Remuneration	6,754	24,526	38,890
Salary component of total remuneration	2,093	20,901	34,692
Pay ratio	33.7 : 1	9.3 : 1	5.9 : 1

Staff numbers used in the calculation have increased by 746 from 2020/2021. However, 594 of the increase relates to zero hour contracts. This relates to increased bank staff that the Trust has taken on in its role of the employment hub for the Covid vaccination programme across the wider Black Country area. The magnitude of this change has resulted in a slight widening of the pay ratio between the highest paid director and each of the 25th percentile, median and 75th percentile. Generally, pay costs have also increased following the agreement of a 3 per cent pay award for 2021/2022.

The Trust believes that the median pay ratio is consistent with the pay, reward and progression policies for its employees taken as a whole.

Governor and director expenses (Information not subject to audit)

During 2021/2022, 17 individuals (2020/21, 16) were executive or non-executive directors for the Trust. Of these, 8 (2020/21, 9) received expenses in the reporting period and the aggregate sum of expenses paid was £4,631.15 (2020/21

£12,108/89). In addition 27 individuals (2020/21, 25) were governors for the Trust. Of these, one governor (2020/21, 0) received expenses in the reporting period and the aggregate sum of expenses paid was £110.00 (2020/21, £nil).

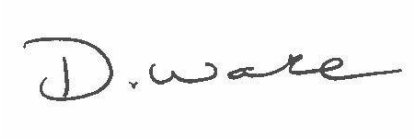
Better Payment Code of Practice

The Better Payment Code of Practice requires the Trust to aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later.

The Trust significantly improved its performance against the Better Payment Code of Practice in 2020-2021 and was able to improve further in 2021-22 as high levels of compliance against the code was achieved in each of the 12 months.

	2021/22 Number	2021/22 £000	2020/21 Number	2020/21 £000
Total non-NHS trade invoices paid in the year	52,103	282,419	45,617	254,545
Total non-NHS trade invoices paid within target	50,297	277,167	40,842	242,631
Percentage of non-NHS trade invoices paid within target	**97%**	**98%**	**90%**	**95%**
Total NHS trade invoices paid in the year	1,347	47,052	1,515	49,756
Total NHS trade invoices paid within target	1,309	46,534	775	41,378
Percentage of non-NHS trade invoices paid within target	**97%**	**99%**	**51%**	**83%**

The Trust can confirm that is has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance. This guidance discusses how public sector organisations should charge for information.



Signed: Diane Wake
Chief Executive
Date: 15th June 2022

Staff report

About our employees

In this section you will find a breakdown of the workforce profile, staff in post during the year and information about how the Trust promotes equality, diversity and inclusion and how it engages with its workforce.

The Trust employs 5,548 substantive staff by headcount as of 31st March 2022.

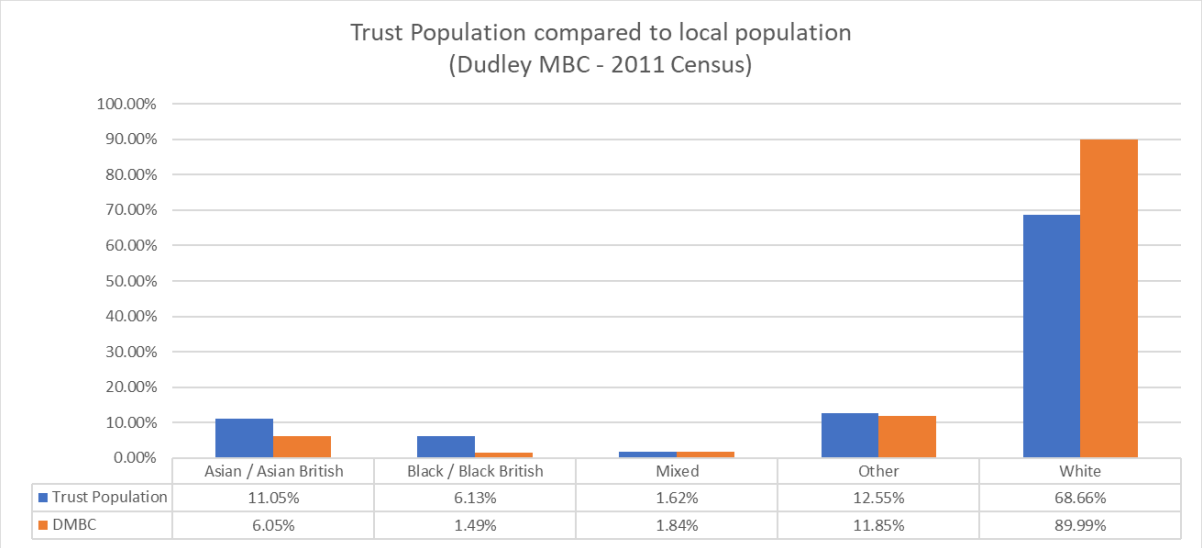
An analysis of workforce statistics indicates they are comparable with the local Dudley population although a greater proportion of people from BAME background choose to work at The Dudley Group NHS Foundation Trust. The higher proportion of female workers to male is typically reflected across other combined acute and community trusts, and across the NHS as an organisation

Staff in Post

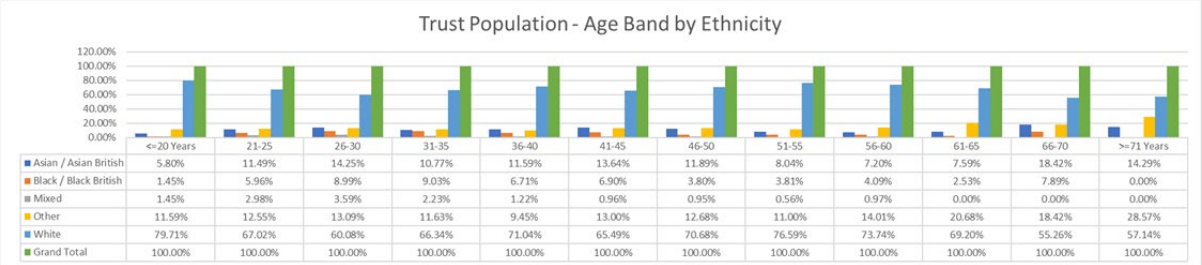
Staff Group	Headcount*	FTE**
Add Prof Scientific and Technic	214	195.40
Additional Clinical Services	1302	1118.79
Administrative and Clerical	1151	1028.26
Allied Health Professionals	439	380.24
Healthcare Scientists	55	48.71
Medical and Dental	584	560.13
Nursing and Midwifery Registered	1803	1567.65
Grand Total	5548	4899.18

* Primary Assignment Only
** Includes Secondary Assignments

Workforce Profile	2021	2022
Age Band		
<=20 Years	13.20%	1.24%
21-25	8.33%	8.47%
26-30	14.31%	14.04%
31-35	14.33%	14.56%
36-40	11.44%	11.82%
41-45	10.65%	11.23%
46-50	11.92%	11.37%
51-55	13.26%	12.78%
56-60	9.29%	9.26%
61-65	4.12%	4.27%
66-70	0.81%	0.68%
>=71 Years	0.24%	0.25%
Gender		
Female	81.83%	81.45%
Male	18.17%	18.55%
Ethnicity		
Bame	19.25%	20.55%
Not Stated	10.65%	10.80%
White	70.10%	68.66%
Disability		
No	60.89%	62.67%
Not Declared	35.40%	33.29%
Prefer Not To Answer	0.07%	0.07%
Yes	3.64%	3.97%
Religious Belief		
Atheism	10.61%	10.92%
Buddhism	0.31%	0.23%
Christianity	39.98%	39.33%
Hinduism	1.58%	1.57%
I do not wish to disclose my religion/belief	29.50%	28.19%
Islam	4.38%	4.52%
Jainism	0.07%	0.07%
Judaism	0.02%	0.02%
Other	5.44%	5.97%
Sikhism	1.82%	1.95%
No Response Provided	7.28%	7.23%
Sexual Orientation		
Bisexual	35.00%	0.40%
Gay or Lesbian	1.12%	1.14%
Heterosexual or Straight	65.12%	67.02%
Not stated (person asked but declined to provide a response)	26.06%	24.12%
Other sexual orientation not listed	0.09%	0.13%
Undecided	0.04%	0.02%
No Response Provided	7.19%	7.19%



	Asian / Asian British	Black / Black British	Mixed	Other	White
Trust Population	11.05%	6.13%	1.62%	12.55%	68.66%
DMBC	6.05%	1.49%	1.84%	11.85%	89.99%



	<=20 Years	21-25	26-30	31-35	36-40	41-45	46-50	51-55	56-60	61-65	66-70	>=71 Years
Asian / Asian British	5.80%	11.49%	14.25%	10.77%	11.59%	13.64%	11.89%	8.04%	7.20%	7.59%	18.42%	14.29%
Black / Black British	1.45%	5.96%	8.99%	9.03%	6.71%	6.90%	3.80%	3.81%	4.09%	2.53%	7.89%	0.00%
Mixed	1.45%	2.98%	3.59%	2.23%	1.22%	0.96%	0.95%	0.56%	0.97%	0.00%	0.00%	0.00%
Other	11.59%	12.55%	13.09%	11.63%	9.45%	13.00%	12.68%	11.00%	14.01%	20.68%	18.42%	28.57%
White	79.71%	67.02%	60.08%	66.34%	71.04%	65.49%	70.68%	76.59%	73.74%	69.20%	55.26%	57.14%
Grand Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Staff numbers (audited)

	Total 31-Mar-22 2021/22 No.	Permanently employed 31-Mar-22 2021/22 No.	Other 31-Mar-22 2021/22 No.	Total 31 Mar 2021 2020/21 No.	Permanently employed 31 Mar 2021 2020/21 No.	Other 31 Mar 2021 2020/21 No.
Medical and dental	781	675	106	599	512	87
Ambulance staff	20	19	1	0		
Administration and estates	442	395	47	1,036	957	79
Healthcare assistants and other support staff	2,162	1,735	427	1,484	1,337	147
Nursing, midwifery and health visiting staff	1,942	1,567	375	1,830	1,540	290
Nursing, midwifery and health visiting learners	4	4	0	5	5	
Scientific, therapeutic and technical staff	676	567	109	293	234	59
Healthcare science staff	53	50	3	0		
Social care staff	0	0	0	0		
Other	0	0	0	0		
Total average numbers	6,078	5,012	1,067	5,247	4,585	662

Staff costs (audited)

	Year Ended 31 March 2022			Year Ended 31 March 2021		
	Total	Permanent	Other	Total	Permanent	Other
	£'000	£'000	£'000	£'000	£'000	£'000
Salaries and wages	244,551	242,472	2,079	212,181	210,175	2,006
Social security costs	23,473	23,473	0	20,038	20,038	0
Apprenticeship Levy	1,206	1,206	0	1,039	1,039	0
Employer's contributions to NHS Pensions	24,984	24,984	0	22,431	22,431	0
Pension cost - employer contributions paid by NHSE on provider's behalf (6.3%)	10,886	10,886	0	9,689	9,689	0
Pension Cost - other	92	92	0	77	77	0
Termination Benefits	0	0	0	0	0	0
Temporary Staff (including agency)	26,543	0	26,543	16,079	0	16,079
NHS Charitable funds staff	101	101	0	59	59	0
Total	331,836	303,214	28,622	281,593	263,508	18,085

Sickness absence data

The detail of staff sickness / absence from work for the year are:

	For the Year 2021
Total Days Lost	51,767
Total Staff Years	10.7
Average Working Days Lost per whole time equivalent (WTE)	4,834

This sickness absence data represents the calendar year ended 31st December not the financial year.

Staff with disabilities

The Dudley Group is subscribed to the Disability Confident Scheme and was awarded Disability Confident Leader status in April 2021. This reflects our positive commitment to employing people with disabilities.

As part of the Trust's Equality, Diversity and Inclusion Plan, we have established a set of dynamic staff networks including one for colleagues with a disability or long-term condition. This has a dedicated and protected budget, a nominated chair and identified executive and non-executive sponsors. We have developed a suite of supportive guidelines to sit alongside our overarching Equal Opportunity and Diversity Policy. These include Supporting Colleagues with their Mental Health and

Supporting Colleagues with Disabilities which contain a Reasonable Adjustment passport for staff and managers to use.

Our Inclusive Recruitment Guidelines support managers to make adjustments for candidates and also to use more inclusive questions and encourage activities as well as competency-based questions. We continue to develop helpful, supportive guidelines and training for all of our colleagues to encourage diverse practice and thinking.

As part of our social responsibility, we will continue to strengthen our partnerships with Job Centre Plus and Remploy and continue to work with local partners in local authority, social care and the voluntary sector.

The Equality Act requires employers with 150 plus employees to produce and monitor data on their workforce to demonstrate that they can show compliance with the public sector equality duty. Workforce equality monitoring data is collected when an individual commences employment at The Dudley Group, although staff can opt out of this. The workforce profile is based on the Trust's staff in post data as at 31st March 2022. Staff survey information is based on the 2021 staff survey analysis.

Engaging with our workforce and communities

The Trust is committed to working in partnership with its employees to maximise its potential to deliver against its business objectives, through robust arrangements for joint working which include consultation and negotiation. We appreciate the need for collaborative working on the underpinning aims and values to ensure exemplary practice in the employment and treatment of staff. The Trust recognises the importance of proper representation by recognised trade unions, and we are committed to involving and engaging with Staff Side, trade unions and staff through our Joint Negotiating Committee to ensure that we maintain effective workplace employee relations.

Good communication and engagement across the Trust is a priority to ensure colleagues, patients and the public know what is happening in the Trust. We use many different channels to engage our workforce and community in service development.

The Hub

The Hub is the Trust’s intranet and enables us to share news and updates with all our staff. This includes health campaigns, finance information, workforce and recruitment updates. It shares successes such as award wins and innovations, and alerts staff to any operational changes. The Hub is also the central repository for all clinical and non-clinical procedural documents, links and essential information.

In the Know

In the Know is an email bulletin to all staff and our private finance initiative partners and is the go-to source of information in the Trust, allowing us to share key updates quickly.

Team Brief

Led by the chief executive each month, this online event enables staff to receive updates on Trust performance and developments, and to ask questions.

Live Chat

This takes place every two weeks and is led by the chief executive. It is a very popular online forum for staff to put questions and to receive an immediate response from the senior management team. They have the option to do this anonymously. This year has seen several 'themed' Live Chats with guest expert hosts, such as an opportunity to put questions on vaccines, home working, sustainability and our new Trust strategy.

Healthcare Heroes

Healthcare Heroes is an opportunity to recognise and reward the great work of our teams, individuals and volunteers. Staff and patients submit nominations each month and the winners, chosen by the chief executive, are paid a surprise visit and presented with a certificate and prize.

Patient Safety and Experience Bulletins

We continue to engage clinicians with important patient safety and experience information through weekly email bulletins on specific themes.

Long Service Awards

We feel that 10, 25, 30, 40 and 50 years are big milestones in an NHS career and we recognise this with our Long Service Awards. These events happen annually and we are looking forward to inviting staff to the 2022 awards ceremony at the Trust in December 2022. In 2021, we recognised 317 members of staff and celebrated a collective total of 6,620 years of service in the NHS. In April 2022, we held an additional ceremony to recognise staff that joined the NHS between 1982 and 1989, who didn't receive their 30-year recognition before it was introduced last year. We are also looking to introduce a first year letter of recognition, which will be a letter from the chief executive sent directly to staff on their first anniversary at the Trust.

Social media

We have a strong social media presence and regularly post news about the Trust, events, our services and health advice on Facebook and Twitter. We actively encourage staff to engage with us on Twitter and more and more departments now have their own Twitter accounts. We have around 14,300, total page followers on Facebook and nearly 6,700 followers on Twitter.

Dudley Improvement Practice (DIP)

The DIP method consists of a range of training, collaborative problem solving and facilitated workshops, which together support teams with a structured approach to their improvement journeys. This is underpinned by developing leadership behaviours that promote an improvement culture, and by a management system that links improvement activities to the Trust's true norths and strategic goals. DIP believes in three essential elements of Continuous Improvement:

1. Engagement – the power of collaboration is maximised by engaging the people who do the work every day and, therefore, have the most insight about how to improve it.
2. Equality – harnessing the great diversity in our people by treating everyone as 'thinking equals' drives innovation and creativity.
3. Empowerment – developing a coaching style of leadership to make our people feel valued and psychologically safe to propose new ways of working, to contribute and to learn together.

In 2022, two large workstreams are being supported for a full 12 months; Urgent and Emergency Care (UEC) and Women and Children Services (W&C). Both these launched with events in February and March where multi-disciplinary teams co-designed improvements to patient flow and experience through these services. UEC is starting with a focus on staff wellbeing, which is so important given the pressure these teams are under. The maternity team is prioritising improvement to its antenatal outpatient processes in order to reduce the time women spend in clinic.

DIP will continue to support the Imaging Department which has become a case study for improvements in their staff survey results over the last 12 months.

Over 1,200 members of staff have now undertaken improvement training and new, bite-sized eLearning modules have been developed by the in-house DIP team.

Corporate resilience

The corporate resilience team provides the means for the Trust to gain assurance on aspects of health and safety, fire, emergency planning and business continuity.

The aim of the team is to provide support to the Trust in the above with specific focus on the objectives which include the provision of resilience, ensuring its robustness is tested and meets the needs of the Trust and others it supports. The team aids in the requirement of the Trust to ensure the safe and smooth running of its daily activities and its legal and moral obligations.

The team's objectives extend to supporting the Trust in providing exemplary standard of care to its patients, while ensuring the health and safety of their staff.

During the 2021/2022 period the team has:

- Staffed the incident room as part of the COVID-19 response, acting as the accountable team to receive and disseminate data as and when required.
- Worked with and supported departments to ensure their business continuity plans, risk assessments and COSHH (Control of Substances Hazardous to Health Regulations 2002) assessments are not only in place, but are up to date, manageable and robust.
- Undertaken a successful surveillance visit with the HSE (Health & Safety Executive) with records taken as necessary.
- Worked with and supported departments to increase compliance with COSHH and risk assessments.
- Completed the fire risk assessments for all departments within the Trust, ensuring that ownership of these risk assessments is explained and accepted by all concerned.
- Provided competent support and advice with the building of the new AMU modular build, engaging with the estates teams and the contractors.
- Provided additional staff training, as required, for fire safety, risk assessment, COSHH and DSE (display screen equipment) assessor workshops.
- Increased communication with staff at all levels. The team now has slots on the divisional risk meetings, have created health and safety lead meetings and produce communication emails containing relevant information.
- Increased the number of trained fire leads from 59 to 112, which has led to increased reporting of hazards and damage through the fire lead checklist process.
- Increased the number of health and safety leads from 37 to 75 and provided support and training to these in relation to risk and COSHH assessments.
- Led on the social distancing audits and risk assessments through policy development and implementation.
- Provided initial support and advice in relation to face fit testing in response to COVID-19.

Moving forward, the team's objectives for 2022/2023 include:

- Providing more training to new fire and health and safety leads to ensure compliance.
- Continuing to work with and support departments on health and safety, fire and EPRR (Emergency Preparedness Resilience and Response) matters.
- Co-ordinating the audit of the use of non-safe sharps and needlestick incidents and reporting to the deputy director of nursing.
- Providing competent advice and support with the Emergency Department redesign.
- Continuing to lead with the Incident Response for the Trust.

Staff health and wellbeing

Ensuring our staff health and wellbeing is a key area of focus, linking to both the ongoing effects of the COVID-19 pandemic on our staff, and wider recruitment and retention work, which will ensure we deliver on one of our Trust aims to be ‘a brilliant place to work and thrive’. We are committed to ensuring that all members of staff at the Trust have access to health and wellbeing information, resources and professional support if required. We understand that there is no one size fits all approach to health and wellbeing, and we aim to embed a holistic and preventative approach. This approach will aim to help support staff to stay well in work and ensure wellbeing becomes part of daily working life, embedded in our culture and behaviours.

Over the past year, we have seen continued high levels of sickness absence due to COVID-19, anxiety, stress and depression which has led to more focused work to support staff wellbeing wider than our core occupational health service (SHAW – Staff Health and Wellbeing). There have been developments in both our SHAW service and our wider wellbeing service, as detailed below. Ongoing development is in progress to ensure our wellbeing offer and SHAW service is strengthened moving forwards.

Occupational Health (SHAW) service

- A new occupational health lead has been appointed and a review of the service is in development.
- Core occupational health services continued to be offered including pre-employment health assessments, immunisations and vaccinations, health surveillance, treatment and follow-up of inoculation injuries/sharps injuries, in-employment health assessments and health checks. Management referrals to the occupational health service are also offered to ensure that staff are cared for and supported when required.
- Physiotherapy service continues to be offered to staff who benefit from a fast-track service where they can self-refer and receive specialist musculoskeletal support.
- Access to face-to-face counselling via our Trust employed staff counsellor.

Wellbeing offer

The NHS People Plan outlines that all healthcare organisations should have a wellbeing guardian and a non-executive director has been appointed to this role in the Trust. The wellbeing guardian enables the independent challenge to the senior leadership team and can hold them to account for their corporate role in creating a culture of wellbeing for all employees. Recruitment of Trust wellbeing champions is in progress.

The Board of Directors continues to monitor the Trust activities to promote wellbeing through the newly formed Health and Wellbeing Steering Group and the Workforce and Staff Engagement Committee (WSEC). The steering group is responsible for the co-ordination and strategic leadership of all aspects of the wellbeing agenda and upward reports into the Workforce Staff Engagement Committee and finally to board.

Membership of the steering group and the committee includes key representatives from each of the departments and divisions and both are chaired by a non-executive director.

A wellbeing business partner (BP) has been recruited to oversee wellbeing at organisational level and develop the wellbeing offer further. This person has worked with the organisational development team to support development of three in-house training sessions focusing on wellbeing: Let's talk about wellbeing, Let's have a wellbeing conversation, and Let's be a wellbeing champion. The wellbeing BP has worked with other areas to ensure wellbeing is featured in the corporate induction and our organisational commitment to wellbeing is detailed in our job advertisements.

New staff wellbeing intranet pages have been developed to include signposting to additional information and resources at Trust, ICS and national level.

The new flexible working and supporting attendance policy has been informed by the wellbeing BP and lead for occupational health.

There is ongoing engagement with staff around the wellbeing offer including joining team meetings and highlighting the offer, as well as running ad hoc wellbeing sessions for staff as required.

We are supporting the development of a new staff wellbeing hub, which will offer a safe space for staff to relax and unwind during break times.

We are working towards the Bronze 'Thrive at Work' accreditation.

There is access for all staff to the BHSF RISE employee assistance programme, which offers counselling, wellbeing support, online GP service, legal and financial advice, as well as a range of bespoke resources to support our staff to stay well in work. Appointments are offered either virtually or via the phone and access is also available for adult family members of our staff.

Monthly webinars and educational wellbeing sessions are offered to staff, accessed via our interactive wellbeing calendar, and shared regularly via our internal communications and social media channels. Sessions have focused on a variety of topics including sleep, resilience, nutrition, stress, physical activity, self-care, mindfulness, financial wellbeing and menopause awareness. Topics link to national wellbeing awareness days/months, as well as areas of focus as detailed in the NHS E/I wellbeing diagnostic tool. Access to session recordings is later made available to staff via our wellbeing YouTube channel.

The Trust continues to offer additional wellbeing benefits to include free parking, access to the Action Heart gym, free access to our outdoor gym, a cycle to work scheme, flu vaccinations and COVID-19 vaccinations and Trust walks.

Additional wellbeing support services are also shared with our staff via the ICS and over the past year have included a series of menopause awareness sessions,

bereavement support sessions, the launch of an online health and wellbeing repository and access to the staff mental wellbeing hub, providing fast access to mental health support services.

The wider national offer is also available to staff and details of this is accessible via our Wellbeing intranet pages and shared with staff, including the 24/7 staff support helpline, and free mental wellbeing apps including Headspace and Unmind.

We have launched onsite yoga sessions for staff to take a pause as well as enjoy some exercise with colleagues. This is currently being developed further.

Training

Ensuring that staff have access to development opportunities to enable them to be at their best at Dudley has been a continuing commitment during 2021. Although the pandemic continued to impact on the ability to deliver some activities, all development programmes were re-launched during 2021 and some additional courses were developed. This includes leadership and management programmes, nurse and AHP development, apprenticeships and additional focused wellbeing training has expanded the offer available to staff. The Trust's Managers' Essentials programme for all line managers, launched in 2020, has continued to be delivered and provides a clear standard of compassionate leadership for all people and teams.

There are training opportunities for clinical and non-clinical staff which includes access to qualifications in English and Maths through to degrees and Masters qualifications. Performance and development is supported through the Trust's appraisal review process for all staff. The Board of Directors ensures that quality improvement is central to all activities. This is achieved by routine monitoring, participation in national improvement campaigns, celebrating success with our staff awards and proactively seeking patient views on our services.

Countering fraud

The Trust has continued to ensure its staff are aware of responsibilities towards fraud and bribery and have both a fraud and corruption policy and an anti-bribery policy to support staff, and takes its responsibility for countering these issues very seriously.

We have a Local Counter Fraud service and one of our key aims is to work together to promote an anti-fraud culture. Newsletters and alerts, including on COVID-19 related scams, are published and promoted regularly on the Hub to ensure staff understand that fraud against the NHS will not be tolerated.

Equality, diversity and inclusion (EDI)

The Dudley Group is fully committed to becoming a more inclusive organisation, ensuring equal opportunity, celebrating diversity, and encouraging and supporting the workforce we employ to reach their potential. Equality, diversity and inclusion (EDI) is enshrined in our vision and values of care, respect and responsibility that underpin the day-to-day activities and diverse communities of our workforce and the community we serve. We strive to be a brilliant place to work and thrive for everyone who works as part of our team.

The Trust is committed to raising awareness of diversity to ensure equality of opportunity across the broad range of differences that characterise individuals, and to establish a supportive working environment where everyone is valued equally, and treated with dignity and respect. The Trust believes that this commitment will lead to improved healthcare outcomes for our patients.

We continue to be members of the Stonewall champions programme and the Employers Network for Equality and Inclusion (enei), both of which support progress on being a workplace that truly values equality, diversity and inclusion.

The Trust is committed to utilising best practice benchmarking tools to self-assess and evaluate our approach and progress on equality, diversity and inclusion. TIDE (Talent Inclusion & Diversity Evaluation) is a benchmarking tool which the Employers Network for Equality and Inclusion (enei) has developed to assess organisational performance and progress in relation to diversity and inclusion. TIDE measures our organisation against eight different areas of diversity and inclusion practice and benchmarks us against other healthcare organisations.

In 2020, the Trust completed the self-assessment and achieved 36 per cent. Since then we have worked hard to improve our processes, policies and procedures. We have completed the self-assessment in 2021 and seen a significant improvement, achieving 72 per cent. The report also identified areas where improvements could be further made. After benchmarking was completed, the Trust was awarded a Silver level Tide mark by the Employers Network for Equality and Inclusion (enei). We are working through an action plan to enable us to further improve our TIDE mark performance in 2022.

The Trust had achieved the Disability Confident Employer status (level 2) some time ago. The Disability Confident journey can support organisations to recruit, retain and develop disabled people. The Disability Confident badge also is a sign to people with disabilities that the organisation recognises the value they can bring. During 2021, we embarked on our journey to become a Disability Confident Leader status (level 3) and in April 2021 we were awarded the status and now proudly display this on our job adverts and supporting material.

During the latter part of 2021, the Trust signed up to become early adopters of the RACE code. This work is ongoing and we will use the results of our assessment to improve the working lives of our Black, Asian and Minority Ethnics workforce. The Trust is committed in ensuring there is a golden thread throughout our Equality,

Diversity and Inclusion Strategy, plans, processes and polices to achieve race equity.

During 2020 and 2021, the Trust commenced a targeted campaign to gain interest in the development of different staff networks. As a result, our EmbRACE, disability, and lesbian, gay, bi-sexual, transgender, queer (LGBTQ+) and our women's networks were established. These networks focus on peer-to-peer support, raising awareness and providing a critical eye to the Trust's policies and processes. All have a dedicated budget and protected time, a nominated chair and identified executive and non-executive sponsors. All networks have ambitious work programmes focused on delivering the Trust's commitment to improving the working lives of our staff and ensuring they feel like they belong in the NHS. We continue to expand the current networks' membership and each one has robust priorities which we fully support and will drive improvement.

The Trust funded a fulltime network co-ordinator at the beginning of the year to provide dedicated support and development of our staff networks. This has supported the networks to grow, celebrate events and work on delivering their priorities. The Board of Directors continues to monitor the Trust activities to promote diversity and inclusion through the newly formed Equality, Diversity, and Inclusion Steering Group (EDI) and the Workforce and Staff Engagement Committee.

The steering group is responsible for the co-ordination and strategic leadership of all aspects of the inclusion agenda and upward reports into the Workforce Staff Engagement Committee and finally to board. Membership of the steering group and the committee includes key representatives from each of the departments and divisions and both are chaired by a non-executive director.

The Royal College of Nursing (RCN) runs a well-established Cultural Ambassadors Programme, which was adopted for the Black Country region. The role of a cultural ambassador is to support organisations to ensure that disciplinary panels are diverse, and decisions are free from bias. We communicated to staff this opportunity and now have the role in place and support the Black Country NHS trusts in providing independent ambassadors when required.

Due to COVID-19, many of the usual calendar events such as celebrating diversity and inclusion, awareness of religious celebrations, attending Birmingham Pride and celebrating Black History Month were all conducted virtually as we adhered to social distancing measures and recommendations. We hope to restart celebrating these events face to face when the opportunity arises as we believe participation raises awareness of the importance of diversity and inclusion within the workplace.

During 2021, we played particular attention to protecting our frontline staff. We ensured all our frontline staff had a risk assessment and where appropriate were deployed in a safer working environment.

All staff are required to complete a module on equality and diversity through the Trust's mandatory training programme which includes learning disability and autism

awareness. All new employees complete this training as part of their induction into the Trust. Further inclusion training has been developed and delivered throughout the year in our Managers' Essentials and Developing Leaders programmes. These programmes are aimed at anyone who has responsibility for colleagues and aims to upskill them on compassionate, inclusive leadership skills. During these programmes, colleagues cover unconscious bias and choosing your behaviour, the Equality Act with case studies, inclusive leadership and being an effective ally.

During 2021, the Board of Directors embarked on a Cultural Intelligence training journey delivered by a specialist training provider. In 2022, this programme of work will be further developed and rolled out across our senior leadership teams. This will support our senior leadership team to deliver the equality objectives introduced into their appraisals.

The Trust is developing an Equality, Diversity and Inclusion Strategy for 2022 which aims to further improve the working lives of all staff and ensure that everyone feels like they belong in the NHS. The strategy will be underpinned by our detailed Dudley People Plan including actions which will further improve our overall diversity. The metrics which help influence our actions are the staff survey, Workforce Race Equality Standard (WRES), Workforce Disability Equality Standard (WDES), the Gender Pay Gap data and career conversations with colleagues.

During 2021, the Trust has further developed our human resources (HR) key performance indicator dashboard to drill further into live data and consider ethnicity, disability, gender and sexuality. This has supported us to target staff groups and conduct career conversations where we can clearly see we have under representation. So far, we have conducted this work with our black, Asian, minority ethnic (BAME) nurses and women in areas where the gender pay gap is driven from. After hearing the lived experiences and ascertaining from them what would help address key concerns, we are developing action plans to improve staff experience. This work will continue into 2022 and beyond.

During 2021, we developed our Inclusion Champion programme to ensure that we offer diverse membership on our recruitment panels for our most senior roles. This supports a visible organisational commitment to equality, diversity and inclusion for candidates as well as providing additional benefits in panel fairness and equity with expert members championing diversity. During 2022, we are working to overhaul our recruitment training to train all managers to be Inclusion Champions, enriching the recruitment experience for candidates and ensuring inclusion is a golden thread throughout our recruitment process and procedures.

We will continue to build our partnerships across the Black Country Integrated Care Systems (ICS) such as Cultural Ambassadors Programme and Black Lives Matter (BLM) initiatives.

Mandatory equality duties

In support of the effective delivery of the equality duties of the Equality Act 2010 and the Public Sector Equality Duties (PSED), there are other mandatory requirements for the Trust as an NHS organisation. These include:

• NHS Standard Contract (SC13 Equity of Access, Equality and Non-Discrimination), compliance of which is regulated and monitored by the Care Quality Commission (CQC) and local Clinical Commissioning Group.

• Workforce Race Equality Standard (WRES)

• Workforce Disability Equality Standard (WDES)

• Gender Pay Gap (GPG) reporting

• Equality Delivery System 2 (EDS2)

• Accessible Information Standard (AIS)

• Sexual Orientation Monitoring Standard

On 31st March 2022, the Board of Directors comprised nine non-executive directors including the chair and eight executive directors; 63.93 per cent are male and 36.61 per cent are female. Aross the Trust, 81.83 per cent of staff are female and 18.17 per cent are male; 19.25 per cent are BAME (Black, Asian, and Minority Ethnic) and 70.10 per cent white, with 10.65 per cent not stated.

Staff turnover

Our staff turnover for the year was 7.39 per cent. More information on our staff turnover can be found at the NHS workforce statistics published by NHS Digital.

Staff survey

Staff experience and engagement

The NHS Staff Survey is conducted annually and is one of the largest workforce surveys in the world. It asks NHS staff in England about their experiences of working for their respective NHS organisation. From 2021/2022, the survey questions align to the seven elements of the NHS ‘People Promise’, and retains the two previous themes of engagement and morale. These replace the 10 indicator themes used in previous years. All indicators are based on a score out of 10 for specific questions with the indicator score being the average of those.

We use the results each year to determine our focus for staff engagement, identifying what is working well and where we need to make improvement. We engage with staff on these issues further, for example through director-led workshops.

The survey was held between 27th September and 26th November 2021. All staff employed on 1st September 2021 were invited to complete the survey via a confidential online link. We used the company Picker to carry out the survey for us.

Summary of performance

Our response rate of 59 per cent (3,185 people) is our best to date and compares with 46 per cent in 2020 and 43 per cent in 2019. It is considerably higher than the 48 per cent average for the 217 NHS trusts.

The survey had a significant re-fresh for 2021 with some key changes around themes, question content and focus. For the first time, the survey questions were aligned with the NHS People Promise, which sets out in the words of NHS staff the things that would most improve their working experience. The reporting has been updated to track progress against the seven People Promise elements:

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

There are 56 questions that can be compared between 2020 and 2021 - due to significant changes in the survey between 2020/21, not all questions are comparable. Of those 56 questions:

- 2 are significantly better
- 42 show no significant change
- 12 are significantly worse

The two showing most improvement were ‘not experienced harassment, bullying or abuse from managers’ (90 per cent – 2020 85 per cent); and ‘not experienced harassment, bullying or abuse from other colleagues’ (84 per cent – 2020 79 per cent).

The most declined score was ‘enough staff at organisation to do my job properly’ (24 per cent – 2020 32 per cent).

The national report allows us to compare with other trusts and gives us a sense of whether the results we see at Dudley are a result of local issues, or if they reflect a sense of the NHS as a whole this year.

Across all themes/questions, we are mostly aligned to the benchmark average – there are some questions where we are better than average, and others where we might need to improve.

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

Indicators (People Promise elements and themes)	2021/22 Trust score	2021/22 Benchmarking group score
People Promise:		
We are compassionate and inclusive	7.2	7.2
We are recognised and rewarded	5.7	5.8
We each have a voice that counts	6.6	6.7
We are safe and healthy	5.8	5.9
We are always learning	5.2	5.2
We work flexibly	5.9	5.9
We are a team	6.5	6.6
Staff engagement	6.7	6.8
Morale	5.6	5.7

2019/20 and 2020/21

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

	2020/21		2019/20	
	Trust score	Benchmarking group score	Trust score	Benchmarking group score
Equality, diversity and inclusion	9.1	9.1	9.0	9.2
Health and wellbeing	5.8	6.1	5.5	6.0
Immediate managers	6.8	6.8	6.6	6.9
Morale	5.9	6.2	5.7	6.2
Quality of care	7.3	7.5	7.2	7.5
Safe environment – bulling and harassment	7.9	8.1	7.7	8.2
Safe environment - violence	9.5	9.5	9.5	9.5
Safety culture	6.7	6.8	6.5	6.8
Staff engagement	6.8	7.0	6.7	7.1

Next steps

There are two main phases to the work we do with teams to understand, share, engage and action their staff survey results.

The first phase is the initial cascade and engagement with the teams that need to work on improvement the most. They are currently looking at action plans and what engagement they need to do with their teams. The second phase is the sharing more widely with our whole organisation.

The survey results serve to highlight the overwhelming impact on our staff of embedding a culture of compassionate, inclusive, engaging and effective leadership. Role modelling these leadership behaviours consistently and across all parts of the Trust is the only way of creating and sustaining a working environment where staff feel valued, appreciated, respected and motivated.

The human resources, organisational development and Dudley Improvement Practice teams will work with the divisional, professional and corporate leadership teams and Staff Inclusion Networks to review the plans developed last year in order to revise, update and strengthen the actions where necessary.

Delivering the Dudley People Plan:

- Implementing the Workforce Race Equality Standard and Workforce Disability Equality Standard delivery plans, and delivering a single integrated Equality, Diversion and Inclusion Strategy;
- Launching the Trust's Wellbeing Strategy and enhanced wellbeing offer;
- Strengthening career pathways and development/progression opportunities for all staff groups;
- Supporting delivery of the Equality & Inclusion Networks priorities;
- Continuing to roll-out of Managers' Essentials to all line managers across the Trust programme;
- Building the Trust's workforce technology platform and infrastructure (data/insights/functionality /interoperability);
- Continued visibility of the executives/board.

Christmas in the Action Heart vaccination centre

Trade Union facility time

Under The Trade Union (Facility Time Publication Requirement) Regulations 2017, the Trust is required to publish certain information on trade union officials and facility time on the Trust website and government portal.

Facility time covers duties carried out for the trade union or as a union learning representative, for instance accompanying an employee to disciplinary or grievance hearing. It also covers training received and duties carried out under the Health and Safety at Work Act 1974.

Trade union representatives and full-time equivalents (FTE)

Trade union representatives: 4
FTE trade union representatives: 3.76

Percentage of working hours spent on facility time

0% of working hours: 0 representatives
1 to 50% of working hours: 3 representatives
51 to 99% of working hours: 0 representatives
100% of working hours: 1 representative

Total pay bill and facility time costs

Total pay bill*: £3,031,130.00
Total cost of facility time: £30,272.64
Percentage of pay spent on facility time: 0.01%

Paid trade union activities

Hours spent on paid facility time: 2,020
Hours spent on paid trade union activities: 48.2
Percentage of total paid facility time hours spent on paid trade union activities: 2.39%

*Includes all substantive staff costs, on call payments to substantive staff and overtime paid to substantive staff

Expenditure on consultancy

Details of expenditure on consultancy can be found on page 156 of the accounts.

Off payroll engagements

There were no off payroll engagements during 2021/22. It is our policy not to use off payroll engagements.

Reporting of other compensation schemes - exit packages 2021/22

	Agreements Number	Total Value of Agreements £000
Voluntary redundancies including early retirement contractual costs		
Mutually agreed resignations (MARS) contractual costs		
Early retirements in the efficiency of the service contractual costs		
Contractual payments in lieu of notice	14	57
Exit payments following Employment Tribunals or court orders		
Non-contractual payments requiring HMT approval		
Total	14	57
Of which: non contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months of their annual salary	0	0

Exit packages - other (non compulsory) departure payment 2020/21

		A09CY25	A09CY26	A09PY25	A09PY26
		Payments agreed 2021/22	Total value of agreements 2021/22	Payments agreed 2020/21	Total value of agreements 2020/21
	Expected sign	No.	£000	No.	£000
Voluntary redundancies including early retirement contractual costs	+				
Mutually agreed resignations (MARS) contractual costs	+			1	44
Early retirements in the efficiency of the service contractual costs	+				
Contractual payments in lieu of notice	+	14	57	14	95
Exit payments following employment tribunals or court orders	+				
Non-contractual payments requiring HMT approval (special severance payments)* *i*	+				
Total	+	**14**	**57**	**15**	**139**

Gender pay gap

Information on the Trust's gender pay gap can be found on the Cabinet Office website at www.gender-pay-gap.service.gov.uk

Hospital volunteer service

The Trust outside of the pandemic has around 500 volunteers from the local community giving their time on a regular basis to make a real difference to patients, visitors and staff at the Trust.

Recovering from the pandemic, whilst proving to be a slow process, has given opportunities for an exciting future for the service. We currently have around 230 volunteers and efforts are being concentrated on recruiting and placing suitable individuals around the Trust.

We are currently recruiting individuals to support in the following areas:

- Nutrition and hydration
- Wayfinding and outpatients
- Chaplaincy
- Emergency Department
- Patient experience
- Pharmacy
- Driving

We welcome individuals of all ages who can either offer a regular weekly shift at one of our sites or those who are willing to join our database to be called upon for ad hoc events.

Our volunteer driver service continues to help with deliveries of medication and feeds to our most vulnerable patients, and for delivery and collection of medical equipment and the return of lost property to its owner. A volunteer 4x4 driver service is also in place to support the Trust in the event of bad weather, bringing staff into work as well as any other reasonable requests.

Throughout the year our volunteers have helped visitors with PPE requirements and greeted visitors to outpatient areas, taking temperatures and asking relevant COVID-19 screening questions in line with government guidelines to help keep everyone safe.

They have continued to make drinks and support patients at mealtimes in non-COVID-19 areas.

Volunteering on the wards

The use of technology is embraced by the volunteer service. We are able to use tablet devices to keep in touch with volunteers on site and have access to tablet devices to use with patients. These devices are equipped with language translation as well as a wealth of resources for our chaplaincy volunteers. We encourage family members to get in touch if they require a volunteer to support patients with electronic communication such as Skype. Audio books can also be made available as required.

Volunteers' funding

NHS England and NHS Improvement (NHSEI) Volunteering Services Fund invited applications for funding to support the restoration of services after the COVID-19 pandemic. The Trust was granted £21,500.

The monies awarded are being used as follows:

- A clinical support worker for a fixed term of 12 months, aligned with the Trust's professional development team, to quickly expedite the reintroduction of volunteers in clinical areas. This individual will offer skills training and encouragement to volunteers who may otherwise feel nervous about volunteering in these areas. With support and training, these volunteers will be able to do so much more including mealtime assistance and feeding patients is a priority, along with our volunteer friend service, building on the

work that was achieved in this area pre-pandemic. The work of the clinical support worker would be complemented by the volunteer best practice assessors.

- We are offering volunteers a drinks voucher so that they can get a drink as a thank you for all their hard work.

NHS Charities Together Volunteering Futures Fund, supported by the Department for Digital, Culture, Media and Sport, invited grant applications from NHS Charities who are already successfully delivering youth volunteering projects. The core objective of the fund is to support young people with a focus on those who experience barriers to volunteering, to build their skills, wellbeing and social networks through volunteering.

The Trust Charity made an application for £97,047 and was successful.

The monies are being used for the Trust's new youth volunteering programme – DGFT Advance:

- 12 months fixed term contract for a clinical support worker to help train young people based in ward areas, equipping them with skills to best support patients.
- 12 months fixed term contract for administrative support to help with recruitment, training and support.
- Mandatory and optional training for our younger volunteers to support them in their chosen placement areas as well as for their own future career plans. Subject areas include: CPR, wellbeing, food safety, mental health and sensory loss.
- Tablet devices for safe, secure signing in for younger volunteers to support security and safeguarding.
- Ten 2 in 1 laptops for volunteers to use with patients. These are to create storyboards, enable activities, access language translation and podcasts, as well as enabling communication with family members unable to visit in person.
- Trolleys for delivery of patient notes and equipment.
- Snack trolley for wards, outpatients and staff areas.
- Work experience platform to support those wishing to pursue a career in healthcare.
- Volunteer travel expenses.
- Volunteer refreshment vouchers.

Neonatal unit

Sustainability and the environment

Reflecting the Trust's commitment to the environment, the new strategic plan approved this year contains an explicit reference in one of our five goals – Drive sustainability, financial and environmental. Despite the challenges of managing services through the pandemic, the Trust has been able to make some further progress in our approach to environmental sustainability.

Following publication of Delivering a Net Zero NHS in October 2020, which committed the NHS to becoming the first national health system in the world to achieve net zero (by 2040 for emissions under direct NHS control and 2045 for emissions in the wider supply chain), the Trust has partnered with other organisations in the Black Country to progress action on different fronts.

Some key headlines for this year include:

- Green Plan Working Group has met regularly and reported progress to Finance & Performance Committee. Meetings have been changed from quarterly to monthly and a group specifically addressing estates issues with our PFI partner Mitie has been established. The working group has overseen submission of the Greener NHS Data Collection which is being used to develop national and regional benchmarking information.

- Management support to the greener NHS agenda will be strengthened by the appointment of a staff member who can focus on sustainability full-time in line with practice at many other NHS trusts.
- A prototype dashboard has been developed internally to track changes to key metrics that drive the Trust's carbon footprint such as energy, waste streams and travel. The electricity purchased on the Trust's behalf by Mitie was from renewable sources.
- The greenteam, an informal network of staff interested in the green agenda, has met virtually throughout the year. The group organised a series of events to celebrate NHS Sustainability Day in June 2021 including a webinar with the sustainability team from Mitie. Reusable bamboo cutlery was distributed to staff to reduce the need for single-use catering plastics.
- The Car Lease Policy has been amended to restrict new leases to cars that are either zero or ultra-low emission vehicles in line with expectations from the Greener NHS programme.
- Plans to encourage car sharing through the use of a dedicated app for staff to use are at an advanced stage and the app is expected to be deployed early in the new financial year.
- The availability of recycling facilities in South Block at Russells Hall Hospital has been increased making it easier for staff to stream waste and increase the amount that goes directly into recycling. The hope is to extend this model to other non-clinical areas.
- Staff have worked with Mitie to pilot a system for increased recycling in theatres. It is hoped to extend this across all theatres.
- Theatre staff have started to use reusable theatre caps which is estimated will save about 100,000 single use viscose caps from incineration annually.
- The Trust has made the switch to using recycled paper wherever possible. This is estimated to save the equivalent of over 41,000 Christmas trees over a year.
- Meat Free Mondays have been introduced in staff and visitor catering outlets to encourage lower carbon alternatives and increase the number of vegetarian and vegan options as requested by staff. An electronic food ordering system has been implemented and this is intended to reduce the amount of food waste.

Due to the need to maintain strict infection prevention and control measures, some of the ideas to introduce more reusable clinical products such as theatre gowns, and reusable items into catering, have had to be paused. As the NHS moves from pandemic to endemic it is hoped that restrictions for healthcare settings will start to ease, making it possible to introduce some of these ideas to reduce reliance on single-use items. The Trust will monitor the situation carefully and balance the need to maintain high levels of cleanliness to prevent infection against the harmful effects of single-use items.

Staff continue to be encouraged to make changes to their behaviour wherever they can and adopt three simple pledges:

- Recycling – sort it!
- Energy – save it!
- Plastic – avoid it!

New recycling stations, South Block

Code of governance

Foundation Trust membership

The membership of the Trust comprises local people and staff who are directly employed by us or our partner organisations. Our minimum age for membership is 14 years; there is no upper age limit. Full details of who is eligible to register as a member of the Trust can be found in the Trust Constitution which is available on our website www.dgft.nhs.uk. Any public members wishing to come forward as a governor when vacancies arise or to vote in governor elections must reside in one of the Trust's constituencies. Staff are automatically included as members within staff group constituencies unless they choose to opt out.

During 2021/2022, we continued to promote membership to local communities and the importance of having a voice. We continue to maintain a public membership of more than 13,000. As of 31st March 2022 the Trust had a total of 13,288 public members.

More information about the Trust and the latest news can be found on our website at www.dgft.nhs.uk. The members' area of the website also contains information about being a member and the contribution members make to the ongoing success of the organisation.

Members can:

- be involved in shaping the future of healthcare in Dudley by sharing their views;
- vote in governor elections;
- stand for election to represent their constituency (candidates must be minimum 16 years old);
- attend behind the scenes tours and member events;
- participate in public meetings, public and patient involvement panels and focus groups; and
- fundraise for The Dudley Group NHS Charity.

Throughout most of the year, the Trust was operating under Level 4 restrictions owing to the coronavirus pandemic and consequently all face-to-face engagement events were cancelled.

Public membership

31st March 2020	13,671
31st March 2021	13,443
31st March 2022	13,288

Membership constituency breakdown report as of 31st March 2022

Public Constituencies	**Number of Members**
Brierley Hill	1,673
Central Dudley	2,311
Halesowen	1,072
North Dudley	1,274
Rest of England	2,171
South Staffordshire and Wyre Forest	1,097
Stourbridge	1,608
Tipton and Rowley Regis	2,006

Public membership breakdown by age, gender and ethnicity		**Number of Members**
	0-16 years	9

Age	17-21 years	164
	22+ years	12,481
	Not stated	634
Gender	Male	4,324
	Female	8,656
	Unspecified/not stated	308
Ethnicity	White	10,377
	Mixed	382
	Asian or Asian British	1,175
	Black or Black British	393
	Other	64
	Not stated	895

Staff constituencies

Staff constituencies	Number of Members
Allied Health Professionals and Healthcare Scientists	708
Medical and Dental	584
Nursing and Midwifery	3105
Non clinical	1151
Partner organisations	624

Council of Governors

The Council of Governors was formed on 1st October 2008 and is responsible for holding the non-executive directors to account for the performance of the Board of Directors. The majority of the Trust's governors are elected through the public membership to make up the Council of Governors which consists of 25 governors in total:

Public elected: 13 governors
Staff elected: 8 governors
Appointed from key stakeholders: 4 governors

Tables summarising the Council of Governors and the constituencies they represent can be found on pages 92 and 93.

The Board of Directors continues to work closely with the Council of Governors through regular attendance at both full Council of Governor meetings and the committees of the council. Both non-executive and executive directors are assigned as nominated attendees at the Council of Governors' sub-committees. This provides opportunities for detailed discussion and debate on strategy, performance, quality and patient experience and enables governors to see non-executive directors function. Governors regularly attend public Board of Directors' meetings and are invited to observe meetings of the committees of the board and encouraged to contribute by the respective chairs.

The Board of Directors is accountable to the Council of Governors, ensuring it meets its Terms of Authorisation. A Register of Interests confirming individual declarations for each governor is available on the Trust's website or is available on request by calling 01384 321124 or emailing dgft.foundationmembers@nhs.net.

All the Trust's governors comply with the 'fit and proper' persons test as described in the Trust's provider licence. The conditions are incorporated into the Foundation Trust Constitution.

The Council of Governors has the following key responsibilities:

- appointing and/or removing the chair, including appraisal and performance management;
- appointing and/or removing the non-executive directors;
- appointing the external auditors;
- advising the Board of Directors on the views of members and the wider community;
- ensuring the Board of Directors complies with its Terms of Authorisation and operates within that licence;
- recruiting and engaging with members;
- advising on strategic direction;
- receiving the Annual Accounts, any report of the auditor on them, and the Annual Report at the Annual Members' Meeting,
- approving significant transactions which exceed 25 per cent by value of Trust assets, Trust income or increase/reduction to capital value;
- approving any structural change to the organisation worth more than 10 per cent of the organisation's assets, revenue, or capital by way of merger, acquisition, separation or dissolution;
- deciding whether the level of private patient income would significantly interfere with the Trust's principal purpose of providing NHS services; and
- approving amendments to the Trust's Constitution.

Where an item is reserved for both Council of Governors and Board of Directors approval, for example a change to the Trust's Constitution, then this change would not be made if either party did not approve the recommendation put before them. In practice, a constructive and close working arrangement is maintained between the Council of Governors and board through the chairman and lead governor.

The Trust continues to work closely with the Council of Governors to further develop the governor role to reflect the requirements of the Health and Social Care Act and other best practice and guidance. Ongoing training and development is provided by the Trust, allowing experts from within and outside the Trust to work with the Council of Governors to identify key aspects of their role. This includes how they influence strategy within the Trust, and how they will engage with members and the wider community so that their views and opinions can be heard.

Council of Governors committees

The Council of Governors reviewed its committees and their terms of reference and operates the following:

- Appointments and Remuneration Committee (chairman Yve Buckland)
- Experience and Engagement Committee (chairman Yvonne Peers)

The Appointments and Remuneration Committee meets at least once a year and is responsible for ensuring a formal, rigorous and transparent procedure for the appointment, appraisal, reappointment and removal of the chair and non-executive directors, reviewing their number, specific skill mix and remuneration as set out in the relevant aspects of the Code of Governance and in line with the Trust's Constitution.

The committee, chaired by the Trust's chairman, oversees the recruitment process through the use of interview and stakeholder assessment panels. The Appointments and Remuneration Committee submits its recommendations for appointments, outcomes of appraisals, reappointments and removals to a meeting of the full Council of Governors.

The table on page 40 provides a summary of the non-executive members' length of appointment.

Council of Governors Membership and Meetings 2021/2022

Figures show number of meetings attended that were held during the term of office.

Public Governors

Name	Constituency	
Fred Allen (end of term Dec 2021)	Central Dudley	3/3
Helen Ashby (elected Dec 2020)	Stourbridge	4/4
Karen Clifford (resigned Nov 2021)	Halesowen	1/2
Joanna Davies-Njie (end of term Dec 2020)	Stourbridge	1/3
Alex Giles (Elected Dec 2021)	Stourbridge	2/2
Sandra Harris	Central Dudley	2/4
Mike Heaton	Brierley Hill	2/4
Vicky Homer (elected June 2021)	South Staffordshire and Wyre Forest	3/4
Maria Lodge-Smith	Brierley Hill	3/4
Hilary Lumsden	Halesowen	4/4
Chauntelle Madondo	Rest of England	1/4
Lizzy Naylor (elected June 2021)	North Dudley	1/4
Nicola Piggott	North Dudley	0/4
Alan Rowbottom	Tipton & Rowley Regis	3/4
Richard Tasker	Central Dudley	1/2

Staff Governors

Name	Constituency	
Kerry Cope (elected December 2021)	Nursing & Midwifery	2/2
Jill Faulkner	Non Clinical	3/4
Syed Gilani (elected June 2021)	AHP & HCS	3/4
Louise Deluca (elected June 2021)	AHP & HCS	0/3
Atef Michael	Medical and Dental	2/4
Michelle Porter (elected Dec 2020)	Partner Organisations	2/4
Louise Smith (elected Dec 2020)	Nursing & Midwifery	0/4

Appointed Governors

Name	Constituency	
Rebbekah Collins (appointed June 2021)	Dudley Metropolitan Borough Council	2/4
Dr Mohit Mandiratta (appointed Dec 2020)	Dudley Clinical Commissioning Group	1/4
Maria Kisiel	University of Wolverhampton Medical School	2/4
Mary Turner	Dudley CVS & Trust volunteers	3/4

The Council of Governors monitors attendance at full council meetings and committee meetings as agreed under the governors' Code of Conduct. In all instances above where governors have maintained less than the required attendance, the Council of Governors is satisfied that there was reasonable cause for non-attendance.

Full Council of Governors meetings are regularly attended by key clinicians and senior staff from across the Trust, providing presentations and question and answer sessions to help governors understand how the organisation works.

Governor elections and reappointments

During 2021/2022, elections were held for vacancies in the following constituencies:

- **Public:** North Dudley, Central Dudley, South Staffordshire and Wyre Forest, Stourbridge, Brierley Hill – one vacancy in each
- **Staff:** Nursing and Midwifery, Allied Healthcare Professionals and Healthcare Scientists – two vacancies in each

In accordance with the Trust's Constitution, we use the method of single transferable voting for all elections. This system allows voters to rank candidates in order of preference and, after candidates have either been elected or eliminated, unused votes are transferred according to the voter's next stated preference.

During the year, a total of 18 members put themselves forward as nominees for the vacancies arising with more than 10 per cent returning votes in contested elections.

Civica Election Services was appointed to oversee the election process, returning the following governors for a three-year term:

Public: Brierley Hill, Mike Heaton
Public: Central Dudley, Richard Tasker
Public: North Dudley, Lizzy Naylor
Public: South Staffordshire and Wyre Forest, Vicky Homer
Public: Stourbridge, Alex Giles
Staff: Nursing and Midwifery, Kerry Cope
Staff: Allied Healthcare Professionals and Health Care Scientists, Syed Gilani, Louise Deluca

The Dudley Metropolitan Borough Council appointed Councillor Rebbekah Collins for a three-year term effective from June 2021.

Governors reaching end of term of office or resigning during 2021/2022

June 2021
Ann Marsh, Staff elected: Allied Healthcare Professionals and Health Care Scientists (end of term of office)
Margaret Parker, Staff elected: Nursing and Midwifery (end of term of office)
Councillor Steve Waltho, Appointed: Dudley Metropolitan Borough Council (replaced)
Yvonne Peers, Public elected: North Dudley (end of term of office)

November 2021
Karen Clifford, Public elected: Halesowen (resigned)

December 2021
Joanne Davies Njie, Public elected: Stourbridge (end of term of office)
Fred Allen, Public elected: Brierley Hill (end of term of office)

February 2022
Louise Delucca, Staff elected: Allied Healthcare Professionals and Health Care Scientists
(resigned)

March 2022
Maria Kisiel, Appointed: University of Wolverhampton (retired March 2022)

Council of Governors Review 2021/2022

Since authorisation, our Council of Governors has regularly conducted a review of its effectiveness in discharging its statutory and other duties. During quarter four, the council undertook an effectiveness review and will use the results to support an action plan to address those areas highlighted as requiring development. Early analysis of the feedback has highlighted themes that the council judges to be positive along with some items for improvement

which includes reinstating face-to-face meetings and public engagement activities, increased governor engagement with their role and delivery of the statutory duties.

The governor training programme is constructed on a modular basis held on a minimum of six sessions throughout the year. The modules are structured to support newly-appointed and elected governors and as a refresher for all council members.

These modules were delivered for the newly-elected governors from the elections in quarters one and three and as refresher for those returned for a further term of office and new governors. One-to-one support is in place for all new governors and buddying is encouraged for those more experienced governors to support newly-appointed governors. Annual training on fire safety and infection control is offered across two sessions in the year allowing governors to attend at least one of these sessions.

The coronavirus pandemic has meant that the Council of Governors has had to adopt a new way of working and has successfully adapted to the world of virtual meetings. They have continued to maintain good attendance at the Annual Members Meeting, quarterly council meetings and at a series of development events to supplement their training.

Council members have also maintained an attendance at Board of Directors committees and working groups.

Governors have joined the Programme Board that was looking after the ED redesign project.

The Annual Members Meeting was held as a virtual event and featured reports from the executive team, auditors and the lead governor reporting on the year 2020/21. There was good attendance by local stakeholders, Trust members and members of the public who were encouraged to submit questions relating to the Annual Report and Accounts.

Governor engagement with Trust members and local communities

The Trust supports governors in raising public and staff awareness of the work of the Trust and their role within their constituencies. The 'Out There' initiative continues to support governors to undertake their role in finding out what people think about the Trust and feed back their views to the Board of Directors. Owing to the coronavirus pandemic, face-to-face engagement was limited during the year.

A regular feature of the foundation members' email update, which was circulated monthly up until November 2021, is an invitation to attend the Council of Governors and Board of Directors meetings and to submit any questions they wish to raise in advance.

Throughout the year, governors have continued to participate in virtual Trust activities that seek to assure and improve standards of quality and patient experience and have joined online patient feedback and listening sessions hosted by the Trust and other health economy stakeholders including the Peoples Network, Healthier Futures and Healthwatch.

Governor fundraising activities

The Council of Governors' charity campaign to raise funds for fold-out beds for the children's ward at Russells Hall Hospital closed during 2021/2022. The council is now considering plans for its next fundraising project for 2022/2023.

Lead governor

The lead governor role is designed to assist the Council of Governors where it may be considered inappropriate for the chairperson, or the deputy chair, to deal with a particular matter. The lead governor will also provide an independent link between the Council of Governors and the Board of Directors.

Mr Fred Allen held the role of lead governor until he reached his end of term of office in December 2021, having served the maximum of three full terms as public elected governor for Central Dudley. During the year, nominations were sought for his successor with Helen Ashby, public elected governor for Stourbridge, taking up the post in shadow form before becoming lead governor in December 2021.

How to contact a governor or director

There are several ways Trust members or members of the public can contact either their governor or a member of the Board of Directors:

- at Council of Governors meetings in public;
- at Board of Directors meetings in public;
- at the Annual Members' Meeting;
- at members events; and
- via the Foundation Trust office on email or by phone.

For dates and times of these meetings and other members' events, please visit the members section on the Trust website at www.dgft.nhs.uk or contact the Foundation Trust office:

Email dgft.foundationmembers@nhs.net

Telephone (01384) 321124

Write Freepost RSEH-CUZB-SJEG, 2nd Floor, South Block, Russells Hall Hospital, Pensnett Road, Dudley, DY1 2HQ

Several governors are also happy to be contacted directly and their details can be obtained using the details above.

NHS Foundation Trust Code of Governance Disclosures

- The Trust's Council of Governors, see pages 92 to 96.
- The Trust's Board of Directors, see pages 32 to 39.
- Nominations and Remuneration Committee, see page 52.
- Audit Committee, see page 48.
- The Foundation Trust's Membership, see page 86 to 88..

NHS Oversight Framework

NHS Oversight Framework

NHS England and NHS Improvement's NHS Oversight Framework provides the framework for overseeing systems including providers and identifying potential support needs. The framework looks at five national themes:

- quality of care, access and outcomes
- preventing ill health and reducing inequalities
- people
- finance and use of resources
- leadership and capability.

Based on information from these themes, providers are segmented from 1 to 4, where 4 reflects providers receiving the most support, and 1 reflects providers with maximum autonomy. A foundation trust will only be in segments 3 or 4 where it has been found to be in breach or suspected breach of its licence.

Segmentation

At the time of the last annual report the Trust was subject to Section 31 notices, all of which have now been lifted by the Care Quality Commission as described in the Annual Governance Statement.

The Trust has been assigned a segmentation rating of 3 as of 31st March 2022. Segmentation of 3 or 4 would indicate a trust is, or is likely to be, in breach of its licence. For more information on how the Trust reviews its governance, risk

management and systems of internal control see the Annual Governance Statement at pages 100 to 121.

This segmentation information is the Trust's position as of 31st March 2022. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website www.england.nhs.uk/publication/nhs-svstem-oversight-frameworksegmentation/

Statement of the chief executive's responsibilities as the accounting officer of The Dudley Group NHS Foundation Trust

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

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require The Dudley Group NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of The Dudley Group NHS Foundation Trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

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

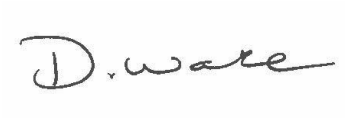
- observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *NHS Foundation Trust Annual Reporting Manual* (and the *Department of Health and Social Care Group Accounting Manual*) have been followed, and disclose and explain any material departures in the financial statements;
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance;
- confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for

patients, regulators and stakeholders to assess the NHS foundation trust's performance, business model and strategy; and
- prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

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

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

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



Signed: Diane Wake
Chief Executive
Date: 15th June 2022

Annual Governance Statement

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of The Dudley Group NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Dudley Group NHS Foundation Trust for the year ended 31st March 2022 and up to the date of approval of the Annual Report and Accounts.

Capacity to handle risk

The Board of Directors has established committees of the board where they review the corporate risks to ensure their effective management and mitigations.

In addition, each division of the Trust, through their divisional governance framework, reports to the Risk and Assurance Group on their management of risks at an operational level. The group oversees the effective operation of the Trust's risk register and provides challenge to the levels of assurance throughout the organisation. The Risk and Assurance Group meets monthly chaired by the chief executive and reports into the Quality and Safety Committee.

The Trust has a comprehensive induction and training programme, supplemented by e-learning training packages and additional learning opportunities for staff. Collectively, these cover a wide range of governance and risk management topics for both clinical and non-clinical staff in all disciplines and at all levels in the organisation.

Enhanced or additional training is available from the corporate governance team on aspects of the wider risk management and governance agenda.

The risk and control framework

The Foundation Trust is fully compliant with the registration requirements of the CQC.

The Board of Directors provides leadership on the management of risks, determining the risk appetite for the organisation and ensuring that the approach to risk management is applied consistently. Through the Board Assurance Framework, the board determines the total risk appetite the Trust is prepared to accept in the delivery of its strategic objectives. The board takes its assurance from the Risk and Assurance Group and its board committees. This incorporates the controls in place to manage the identified risks to their determined target score and the monitoring of any required actions where the risk exceeds the board's appetite for risk in that area.

To ensure a consistent approach, the Trust's Risk Management Strategy and Policy provides guidance on the identification and assessment of risk and on the development and implementation of action plans. Risk identification is clinically driven and divisions undertake continuous risk assessments to maintain their risk registers and to implement agreed action plans. Risks are assessed by using a 5x5 risk matrix where the total score is an indicator as to seriousness of the risk. Action plans to address or manage risks are recorded in the risk register and managed at divisional and/or board level. Regular reports are submitted to the Risk and Assurance Group and committees of the board to confirm the progress made in managing any identified risks.

Each level of management, including the board, reviews the risks and controls for which it is responsible. The board and board committees monitor the progress against actions to minimise or mitigate risks in accordance with the Risk Management Strategy. The strategy was reviewed by the Audit Committee in September 2020.

Papers received at the Board of Directors meetings and at board committee meetings identify the risks to the achievement of Trust objectives and their link to the risk register. The Trust uses a dedicated monitoring system. This records and monitors all risks across the organisation including the current and targeted mitigated risk scores and progress against the identified action plans where the risk is above its target score. Active risk management forms part of the divisional governance framework with the operational risk registers being a standing item on the Risk and Assurance Group's agenda. Positive assurance to date confirms the effectiveness of the management and control of these identified risks. Action plans are in place to address any perceived gaps in control or assurance that arise during the year.

The Board Assurance Framework identifies the key risks to the achievement of the Trust's objectives and the assurance mechanisms and it reports on the effectiveness of the Trust's system of internal control in those areas. The Board Assurance Framework was reviewed during the course of the year in order to refresh the framework to reflect the review of the Trust Strategy that launched in the autumn of 2021 and align to the new strategic goals. This will ensure that the strategic risk framework reflects changes to the strategic priorities of the Trust.

Each board committee considers the strategic risks that fall within its terms of reference and the reports are triangulated with the Corporate Risk reports considered by the committees. The Board Assurance Framework supports this Annual Governance Statement and is informed by partnership working across the Black County Sustainability and Transformation Partnership, and through working with the Dudley Clinical Commissioning Group (part of the Black Country and West Birmingham CCGs), Council of Governors, and other stakeholders. The Board Assurance Framework focuses on those key risks to achievement of the Trust's objectives; below are the significant issues that have been tracked and reported to the board and the degree of risk remaining at the end of the year.

The reporting framework requires risks to be identified, on both board and committee front summary sheets that accompany all reports submitted, providing an ongoing record of emerging issues which allow the link back to the Board Assurance Framework and the Corporate Risk Register.

The Trust faced the following major risks during the course of the year which includes clinical and longer term risks:

- Inability to discharge patients in a timely manner to support emergency patient flow and restoration of planned services.
- NHS national level of control of work priorities within provider organisation through National Escalation Level 4.
- Increased demand and high levels of sickness in our workforce due to COVID-19 related illness resulting in the inability to deliver safe, effective services.
- Reputational and financial damage caused through the CQC court proceedings.
- Financial viability risks caused by legislative changes in the national and local health economy and in particular the potential implications of the ICP in Dudley.
- Failure of the IT infrastructure/cyber incident causing widespread operational capability issues

The Trust was subject to enforcement undertakings in the preceding year that acknowledged it was in breach of its license conditions. In November 2021, NHS Improvement and the Licensee agreed that it was not appropriate to continue with

the undertakings currently in force, due to the passage of time and changes in the Trust's circumstances.

The Trust adopts a robust approach to data quality and governance with more information available on page 112.

The Trust is practising good data security against the National Data Guardians' 10 data security standards and the Trust completes an annual Data Security and Protection (DSP) Toolkit to provide assurance. Board assurance is provided by the Caldicott and Information Governance Group (CIGG); the data protection officer (DPO), senior information risk owner (SIRO), chief information officer (CIO) and Caldicott Guardian are core members of this Group.

The Trust also has well established arrangements to monitor quality governance and improvements in quality. These include the use of performance dashboards, a clinical and nursing audit programme, the review and monitoring of Nursing Care Indicators and the robust monitoring against local and national targets for quality measures including healthcare associated infections (HCAI), pressure ulcers and falls.

The Trust has further developed its integrated performance report during 2021/2022 and is using Statistical Process Control (SPC) reporting which informs the effectiveness of our business improvement processes. A consistent base set of data is used to report to each of the relevant board committees – workforce & staff engagement, finance and performance, and quality and safety committee, as well as operationally to the divisions and the executive. Quality dashboards are also provided for each ward giving visual feedback on quality metric delivery for staff and patients.

The Trust has a regular programme of Nursing Care Indicator audits, along with the use of the AMaT auditing tool as a methodology to capture the quality of care given to patients. The monthly audits of key nursing interventions and associated documentation are published, monitored and reported to the Board of Directors by the chief nurse. This is supported by on-going real-time surveys, triangulating the views of patients and using these to make improvements. The Trust continues to monitor the standardised hospital mortality ratio (SHMI) to monitor its performance compared with national levels.

Regular reports on the progress against key quality priorities provide assurance that these are actively managed and progressed at an operational level. Internal audit involves external stakeholder partners and provides an independent opinion on the adequacy of the arrangements for ensuring compliance with the Care Quality Commission Regulatory Standards.

Information risks are managed and controlled through the Trust's established risk management processes. The Trust has a Caldicott and Information Governance Group (CIGG), which reports to the Audit Committee, whose remit is to review and monitor all risks and incidents relating to data security and governance. The Trust's Caldicott Guardian, SIRO (director of finance and information) and information governance manager are members of the CIGG.

The Trust is registered with the Information Commissioner's Office registration number Z8909702.

The Trust is working to the Data Security and Protection (DSP) Toolkit which is an online self-assessment tool that allows organisations to measure their performance against the National Data Guardian's 10 data security standards. All organisations that have access to NHS patient data and systems must use this toolkit to provide assurance that they are practicing good data security and that personal information is handled correctly. There are 38 Assertions (33 of which are mandatory and five non-mandatory) within the Data Security and Protection Toolkit requiring 110 mandatory pieces of evidence. In the June 2021 submission the Trust met all standards.

All committees of the board are chaired by non-executive directors. The board has established seven committees each with clear terms of reference which are reviewed annually to ensure they remain appropriate to support the board.

Committee effectiveness reviews were undertaken by each committee in March 2022 and some amendments to workplans and terms of reference were made as a result. There are no outstanding actions arising from these reviews.

Each committee chair provides a formal summary of key issues arising from the committee to the Board of Directors meeting. This summary report provides information on the assurance received at the committee which supports the Trust's assurance framework and performance reporting ultimately received by the board.

The Trust informs and engages with its key stakeholders in relation to risk through a number of forums. This includes regular review meetings with the Trust's regulators and commissioners and the sharing of performance reports with the Trust's Council of Governors. Key stakeholders include local and national politicians, Dudley Clinical Commissioning Group (CCG), our PFI partner Summit Healthcare (Dudley) Ltd, the Council of Governors, the Foundation Trust (FT) members, patient groups, patients, the local community and the Local Authority Select Committee on Health and Adult Social Care.

In response to the governance challenges presented by the COVID-19 pandemic, the Trust has also adopted additional forms of assurance outside of its formal decision-making structures. For example, there are regular meetings of non-

executive directors and the chief executive, that are minuted and ensure that key operational matters are given additional scrutiny.

Non-executive directors are assigned additional roles and also engage in a variety of programmed activities to allow them to triangulate information received though formal meetings. This includes participating in Trust-wide Team Briefs, joining divisional team meetings, shadowing and volunteering sessions and contributing to a number of improvement forums.

All directors have completed in-year appraisals that have continued to feed into a structured Board Development Programme that commenced in April 2021. This will provide an additional evidence base for the board to identify and focus on the key challenges over the next 12 months

During 2020/2021, the work of the internal auditors and the board review of the Board Assurance Framework and supporting governance processes had identified some gaps in control which resulted in specific action plans being drawn up with their progress reported to, and monitored by, the Audit Committee:

- Payments to vaccination centre staff
- Nurse staffing finance and workforce data validation
- Governance Framework and the governance arrangements within the Maternity Department

Management have implemented an action plan to address each of the control areas.

Implementation of the Seven Day Services management recommendations is being overseen by the Quality and Safety Committee and Internal Audit will have finalised their reports in respect of charitable funds and procurement; both with substantial assurance.

None of the gaps had impacted on the final delivery of the Trust's stated objectives.

The head of internal audit opinion includes an assessment of the Trust's Risk Management processes and control framework.

The Audit Committee

Greater detail on the role of the Audit Committee is set out elsewhere in the Annual Report, however the Audit Committee, comprised of non-executive directors, is established to provide assurance to the board that there is an effective system of integrated governance, risk management and internal control across the whole of the Trust's activities (both clinical and non-clinical), that supports the achievement of the Trust's objectives and that this system is established and maintained.

After each of its meetings during the year, the Audit Committee provides a written report to the Trust board that details the matters discussed, key issues identified and any items requiring referral to Trust board.

Further, as part of discharging its main functions, the Audit Committee prepares an annual report for the Trust board and the chief executive as accounting officer of the Trust and expresses its considered opinion on key aspects of governance based upon the evidence and assurances it has received.

Workforce safeguards

The Trust regularly reviews progress and delivery against its People Plan (Dudley People Plan) which is aligned to the NHS People Plan 2020/2021 and the Trust's strategic objective for the Trust to be 'a brilliant place to work and thrive', including key workforce development, transformation and wellbeing initiatives. The plan was approved by the board in November 2020. The plan has five key pillars:

- A workforce for now and in the future
- A caring, kind and compassionate place
- Equality, fairness and inclusion
- Improvement and development culture
- Using technology to innovate

The implementation of the plan is overseen by the Workforce and Staff Engagement Committee, supported by an Equality, Diversity and Inclusion Steering Group, which is chaired by a non-executive director and also a Health and Wellbeing Steering Group which is chaired by the Trust's Wellbeing Guardian who is a non-executive director of the Trust.

The main areas of workforce performance including absence rates, vacancy rates, staff retention, agency spend, appraisal and mandatory training compliance are reported within the specific Workforce Key Performance Indicator (KPI) Report, which is also reported to the Board of Directors.

The Trust collates and reviews data every month for a range of workforce metrics, quality and outcomes indicators and productivity measures. This enables the Trust to undertake safe workforce planning and delivery against its ambitious People Plan priorities, including improvements in staff satisfaction and inclusivity. For example, a range of targeted recruitment campaigns were launched for nursing and healthcare support workers, there has been continued support and championship for the development of the Trust's Inclusion Networks which have expanded their membership, as well as enhanced staff health and wellbeing packages put in place, particularly reflecting the extraordinary pressures on staff resulting from the COVID-19 pandemic.

The Trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by the Trust with reference to the guidance) within the past 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 rules, and that member pension scheme records are accurately updated in accordance with the timescales detailed in the regulations.

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

Further information on staff matters is available in the staff section of the Annual Report.

Failure to remain financially sustainable in 2021/2022 and beyond

For the full duration of 2021/2022, as with the previous year, the NHS was subject to more centralised command and control to support the national COVID-19 efforts. This has led to a significant increase in both revenue and capital costs that have been met from central funds. In addition, there has been a suspension of routine contracting mechanisms.

Additional resources have been channelled through the Black Country and West Birmingham Integrated Care System (ICS) and all constituent organisations have agreed a formal risk share arrangement to manage any additional pressures arising in individual organisations. The collection of national and local arrangements and assurances has enabled the Trust to reduce the relevant risk score on the corporate risk register as the year has progressed.

NHS organisations have been advised that funding for 2022/2023 will be based on the second half of 2021/2022 and that recovery will be required across all areas with improvement trajectories referred to as 'glidepaths'. The Trust's sustainability going forward is heavily reliant on two main factors; the prevailing financial framework and the Trust's internal ability to recover baseline spend plans to pre-COVID-19 levels (2019/2-20).

Commitments have been made by central government and mechanisms are being created by NHS Improvement/England to ensure all resource requirements are addressed. The Trust continues to support medium term planning objectives to secure a recurrently financial balanced position. Oversight continues to be provided by the board and the Finance and Performance Committee. The sheer magnitude of

the level of increase in spend since 2019/20 indicates that recovery to that level of spend will prove challenging in the medium term.

Never Events

The Trust has not experienced any Never Events in 2021/2022.

Green Plan

The Trust's Green Plan was approved by the board in December 2020. Following formal adoption of the new strategic plan in September 2021, director-level responsibility of this agenda now sits with the director of finance. The Green Plan complies with the requirements outlined by NHS England and ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with. You can read more about the work we do to provide our services in a sustainable way on page 87.

Care Quality Commission (CQC)

Following a CQC inspection in January and February 2019, the Trust was rated by the CQC overall as 'Requires Improvement'. Urgent and Emergency Care had originally been rated as 'Inadequate' in the safe domain. Following a further review of Urgent and Emergency Care in February 2021 this improved to 'Requires Improvement'. The final Section 31 notice was removed in March 2020. Emergency Care had an overall 'Requires Improvement' rating. Diagnostic imaging was additionally rated as 'Inadequate' at service level, and also on both the safe and well led domains. The Trust was rated 'Requires Improvement' in the well led inspection.

Since March 2018, following the introduction of e-NEWS, e-Sepsis and intensive work within the Emergency Department and across the whole Trust, mortality outcomes for sepsis have fallen. In a four year period we have seen 20 per cent less deaths in hospital.

There is a sepsis team within the Trust and a programme of education for staff. The Trust has introduced an educational package in relation to the deteriorating patient which includes patients with sepsis with three different levels of attainment, and ward area accreditation in respect of the management of the deteriorating patient. More than 500 of our clinical staff have completed this additional training.

The Trust's sepsis data demonstrates that the Trust is now performing at target and in excess of the national average. Nurse staffing has been reviewed by the chief nurse and safe staffing is reported to the Board of Directors as part of the chief nurse monthly report.

The Trust was prosecuted by the CQC for failing to provide safe care and treatment to two individuals resulting in avoidable harm or a significant risk of avoidable harm in 2018. At the sentencing hearing in November 2021 the Trust was fined £1.266 million per case, a total fine of £2.5 million to be paid by December 2023.

The Trust has been diligent in learning from the accepted failings and taken actions to invest in and significantly improve our services; work that continues with the support of the Dudley Improvement Practice Team.

During the year, the Trust commissioned an external well led review with assessments made against each of the Care Quality Commission key lines of enquiry (KLOEs). The report concluded that the organisation had improved its service delivery and noted the significant progress in developing relationships and effective clinical leadership. The recommendations to build on the achievements to date have been incorporated into an action plan to support continued improvement.

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

The extended period of heightened central control in relation to the pandemic response during the last two years has meant that use of resources has not held as high a profile within the organisation as in previous years. However, the Trust continues to benchmark its spend with available metrics including the Use of Resources framework and Model Hospital. Throughout 2021/2022 the Trust has continued to review Patient Level Information and Costing System (PLICS) data locally to provide assurance that the costing data was robust and to identify specific clinical pathways where the Trust appeared to be an outlier. These were cross referenced to Getting It Right First Time metrics where available and are being used to identify where resources can be used more effectively. This has been discussed at the Financial Improvement Group that has continued to meet monthly.

The Trust has built a long-term financial model which is being constantly updated with new information as the financial landscape in the NHS changes. This enables forward planning in the Trust.

The usual operational planning process was suspended in March 2020 to divert management resources to managing the pandemic. The Board of Directors, supported by the Finance and Performance Committee, were kept informed of the changes in the planning and financial regime throughout the year and the Finance and Performance Committee has reviewed the development of a local productivity framework based on cost per weighted activity unit.

The in-year resource utilisation is monitored by the board and its committees via a series of detailed reports covering finance, activity, capacity, human resource management and risk. Clinical risk assessments are conducted on individual savings proposals that may impact on the provision or delivery of clinical services. Subject to

the emergence of the detail of the future financial framework, the Trust is likely to have a significant underlying financial challenge.

Performance review meetings assess each division's performance across a full range of financial and quality matrices which, in turn, form the basis of the monthly integrated performance report to the Finance and Performance Committee. The Trust has been assigned a segmentation rating of 3 as at 31st March 2022 with regard to the NHS Improvement Single Oversight Framework.

The key processes embedded within the Trust to ensure that resources are used economically, efficiently and effectively, centre around a robust budget setting and control system which includes activity related budgets and periodic reviews during the year which are considered by executive directors and the Board of Directors. The budgetary control system is complemented by Standing Financial Instructions, a Scheme of Delegation and Financial Approval Limits. This process enables regular review of financial performance by highlighting areas of concern via variance analysis. The Finance and Performance Committee also receives a monthly report showing the Trust's performance against the block contract and top-up arrangements that were introduced nationally in 2020/21 as a consequence of the COVID-19 pandemic. The external auditors also give comment upon this aspect of the Trust business.

As Accounting Officer, I have overall accountability for delivery of the Annual Plan and I am supported by the executive directors with delegated accountability and responsibility for delivery of specific targets and performance objectives. These are formally reviewed and monitored monthly by the Board of Directors and its committees. Independent assurance on the use of resources is provided through the Trust's internal audit programme, Audit Committee and external agencies such as NHS Improvement, External Audit and the CQC.

Information governance

The General Data Protection Regulation (GDPR), as implemented by the UK Data Protection Act 2018, came into UK law on 25th May 2018. It introduced a duty on all organisations to report certain types of personal data breach to the relevant supervisory authority. The Security of Network and Information Systems Directive ("NIS Directive") also requires reporting of relevant incidents to the Department of Health and Social Care (DHSC) as the competent authority from 10th May 2018.

An organisation must notify a qualifying breach of personal data within 72 hours. If the breach is likely to result in a high risk to the rights and freedoms of individuals, organisations must also inform those individuals without undue delay. Those breaches that also fulfil the criteria of a NIS notifiable incident will be forwarded to the DHSC where the Secretary of State is the competent authority for the implementation of the NIS directive in the health and social care sector. The

Information Commissioner remains the national regulatory authority for the NIS directive.

The Trust has self-reported to the Information Commissioner on four occasions during 2021/22. No regulatory action was taken against the Trust in relation to any of these cases and the learning from the incidents was disseminated through the Trust's governance processes.

Annual quality report

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare quality accounts for each financial year. NHS Improvement (in exercise of the powers conferred on Monitor) has issued guidance to NHS foundation trust boards on the form and content of annual quality reports which incorporate the above legal requirements in the NHS Foundation Trust Annual Reporting Manual.

During 2020, new guidance was issued in light of the COVID-19 pandemic advising that there was no requirement for a foundation trust to prepare a quality report and include it in its annual report for 2019/2020 or any requirement to commission external assurance on its quality report. Updated guidance issued in January 2021 supported the same arrangements for the following financial years.

The Board of Directors agreed that the 2021/2022 Quality Account will be prepared and issued as a separate document and confirm that they have taken the following measures to ensure the Quality Report. Updated guidance has supported the same arrangements for the financial year 2021/2022.

Governance and leadership

The executive and non-executive directors have a collective responsibility as a board to ensure that the governance arrangements supporting the Quality Accounts and Report provide adequate and appropriate information and assurances relating to the Trust's quality objectives. Board sponsors are nominated for all Quality Priorities providing visible board leadership of specific quality initiatives.

Whilst the chief executive has overall responsibility for the quality of care provided to patients, the implementation and co-ordination of the quality framework is delegated to both the chief nurse and medical director. They have joint responsibility for reporting to the Board of Directors on the development and progress of the quality framework, clinical framework and clinical management and for ensuring that the Quality Improvement Strategy is implemented and evaluated effectively.

Policies

High quality organisational documentation are essential tools of effective governance which will support the Trust to achieve its strategic objectives, operational requirements and bring consistency to day-to-day practice. A common format and approved structure for such documents helps reinforce corporate identity, helps to ensure that policies and procedures in use are current, and reflects an organisational approach. A standard approach ensures that agreed practice is followed throughout the organisation. With regard to the development of approved documentation, all procedural documents are accessible to all staff supporting the delivery of safe and effective patient care.

Development and reporting of quality indicators and the Quality Account

The systems and processes which support the development of the Quality Accounts focus on engagement activities with public, patients and staff and utilising the many media/data capture opportunities available.

This year has seen the Trust continue with the priorities from the previous year which include patient experience and discharge management. The topics were agreed by the Board of Directors and the Council of Governors on the basis of their importance both from a local perspective (eg based on complaints, results of the monitoring of Quality Indicators) and a national perspective (eg reports from national bodies: NHSI, CQC findings etc.).

The Trust reviews its Quality Priorities annually and is currently engaging with governors, staff and members of the public and partner organisations to consult on the 2022/2023 quality priorities.

People and skills

In addition to the leadership provided by the Board of Directors, clinical divisional management teams (led by clinical directors and co-ordinated by general managers) are accountable for and ensure that a quality service is provided within their respective divisions and areas of authority. They are required to implement the Quality Improvement Strategy, providing safe, effective and personal care and ensure that patients have a positive experience and are treated with courtesy, respect and kindness.

Training opportunities are available for clinical and non-clinical staff and competency is monitored as part of the Trust's appraisal system. The Board of Directors ensures that quality improvement is central to all activities. This is achieved by routine monitoring, participation in national improvement campaigns, celebrating success with our staff awards and proactively seeking patient views on our services.

The Dudley Improvement Practice (DIP) is the Trust's long-term commitment to creating a culture of Continuous Improvement. DIP training in improvement fundamentals is now an integral part of the two in-house leadership training programmes: Managers' Essentials and Developing Leaders. The training and post-training improvement coaching provides our people with the skills and support needed to complete an improvement project as part of their development portfolio and achieve DGFT Managers Accreditation.

During 2021, the DIP supported improvement activity with teams along the upper and lower gastro clinical pathways. This included improvement events and extensive team support with the gastro ward and the Imaging Department. These departments had been identified as outliers in the previous year's staff survey for morale and staff involvement. In the most recent staff survey, these departments have now become positive case studies showing clear signs of culture change.

In 2022, the areas that will receive focused support from DIP, Organisational Development and Human Resources for the full year are Urgent and Emergency Care (UEC) and Women's and Children's Services. This work started in UEC with a strategic Value Stream Analysis (VSA) event in which multi-disciplinary teams from the Emergency Department, Same Day Emergency Care (SDEC) and Acute Medicine worked together towards three true north objectives of Collaboration, Flow and Wellbeing. Progress will be reported quarterly at Trust Management Team meetings.

Data quality and governance

Data Quality (DQ) Assurance over the various elements of quality, finance and performance is of key importance to management and the board. Reviews of the Trust's system of internal control in respect of data quality are undertaken in each year through the internal audit work plan.

The Dudley Group NHS Foundation Trust continues to develop digital and data services heightening the reliance upon good data quality. Data quality is pivotal to the Trust's innovation plans. High levels of data quality are required for modern analytic techniques and artificial intelligence (AI). When new digital services are introduced, high data quality must be assured from the outset. We do this by providing real-time data support tools to allow operational teams to see the impact of their interventions and interrogate the quality data entry. This is underpinned by open and transparent engagement with data generators to aid progression of quality standards.

Our high Digital Data Quality Maturity Index (DQMI) levels have been maintained and, in some cases, improved despite the obvious challenges of the ongoing COVID-19 response. Maintaining the normal level of interaction in data quality groups has been a challenge through the COVID-19 pandemic due to operational

pressures and clinical priorities. The Data Quality and Standards Group provides assurance oversight, knowledge sharing and escalate decision points by direct engagement with information asset owners, operational teams and executive directors.

Despite various changes to the national mandates of performance we continued to monitor and report on key performance metrics, ensuring patients were cared for appropriately. Particular focus was given to restoration and recovery of services as we navigate elective care recovery and continued COVID-19 pandemic response. Close monitoring of time sensitive care needs is being delivered to meet the national priorities.

This year the health informatics portfolio team has embedded the data relationship manager (DRM) role into the Trust. These key roles are seen as the translators of data analytics into insight that can be acted upon by operational teams. These subject matter experts coach clinical and operational colleagues through their data, data quality and what it means in practice. The data relationship managers also listen to the needs of the operational teams to support evidence-based decision making. Data relationship managers are aligned with divisions of the Trust and part of their role is to help identify, understand and influence opportunities to improve data quality and promote the impact it has on organisational performance, patient care and safety. Throughout the year the DRMs have worked closely across all divisions of the Trust to help operational and clinical colleagues articulate and understand the issues and decisions they face. Through this approach we have seen significant improvements in the oversight and assurance available to all levels.

The Trust's IT Department (Terafirma) maintains ISO27001 accreditation, holds Cyber Essentials (CE) certification and has achieved 100 per cent compliance with regards to the NHSD Data Security Protection (DSP) Toolkit and Data Guardian Standards. Our approach to delivering data security is defined in the Trust board approved Cyber Security Strategy which identifies the key data security and protection risks including but not limited to; supply chain compromise (SCC), business email compromise (BEC) and the Internet of Things (IoT).

The Trust has implemented sophisticated technology solutions and controls including data leak protection (DLP), advanced threat protection (ATP), geo-referencing and secure domain firewalling to address key data security risks and continues to invest in new technologies and solutions to provide further assurance. In the constantly evolving technology and cyber workspace, the Trust maintains its commitment to provide robust assurances and delivery plans to further enhance our controls and ensuring alignment with the Network and Security Systems (NIS) Directive.

As the Trust continues to increase the deployment of digital workflows to support clinical and operational activities, the technology solutions which have been implemented continue to provide significant assurance; however, workforce remains

a risk in terms of an access point for a major cyber attack. This is due to a number of factors including human response which may, for example, increase susceptibility to attempted phishing attacks.

Staff cyber awareness is a key focus for 2022 with the introduction of Trust wide Cyber Awareness training, regular scheduled staff awareness campaigns and the introduction of Cyber Bulletins.

This financial year has seen a strong commitment from the board to invest in modern technologies and Public Cloud infrastructure in accordance with national policy recommendations. These modern tools enhance the speed, access and availability of digital-data services to our population and workforce alike. Simultaneously, the technology add layers of protection, security and service resilience to the Trust's clinical services.

The Dudley Group NHS Foundation Trust's head of cybersecurity and IT governance currently chairs the Black Country Integrated Care System cybersecurity sub-group. In this role, the Trust has developed and influenced a collaborative knowledge sharing network between local experts to meet the challenges of modern healthcare IT delivery and the amplified cyberthreat landscape that COVID-19 has presented. In addition, the Trust's Digital, Data and Technology Directorate has provided expertise and support to partner organisations within the system in Root Cause Analysis (RCA) to support the commitment to data confidentiality, integrity and accessibility.

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 Foundation Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on performance information available to me. My review is also informed by recommendations received as part of the Trust commissioned Well-Led review by an external party, comments made by the external auditors in their ISA 260 report and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the Audit Committee, Risk and Governance Committee and Quality and Safety Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board Assurance Framework and the Trust's risk management arrangements provide me with evidence that the controls to manage the risks to the Trust achieving its principal objectives have been reviewed and are effective. My review is also informed by the work of external and independent assessors and advisors including the Care Quality Commission.

During 2021/2022, the work of the internal auditors and the board's review of the Board Assurance Framework and supporting risk management and governance processes, had identified some internal control weaknesses and perceived gaps in control which have been reported as part of the Trust's routine and ongoing monitoring arrangements.

Specifically, whilst not significant issues in themselves, Internal Audit identified some internal control weaknesses in regard to audits in the areas of:

- Payments to vaccination centre staff
- Nurse staffing finance and workforce data validation
- Governance Framework and the governance arrangements within the Maternity Department

Management have implemented action plans in respect of each of these areas and progress on the implementation of the recommendations of Internal Audit is being overseen by the Audit Committee. Some planned completion dates have been impacted by the need to divert resources to the management of the COVID-19 pandemic and this has required an extension to these dates, which has also been scrutinised and approved by the committee.

The Trust complies with the NHS Foundation Trust Code of Governance with the aim to deliver effective corporate governance, contribute to better organisational performance and ultimately discharge our duties in the best interests of patients.

Counter fraud provisions are in place in line with the NHS Counter Fraud Authority (NHSCFA) Standards. The Trust complies with its responsibilities to fully implement a Code of Conduct that includes reference to fraud, bribery and corruption and the requirements of the Bribery Act 2010. The effectiveness of the implementation of the process and staff awareness of the requirements of the code is regularly tested.

The Head of Internal Audit opinion stated that the Trust has an 'adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective'.

However, none of the identified weaknesses were deemed to be significant in terms of the overall systems of internal control of the Trust.

EU exit

The UK left the EU on 31st January 2020 and the transition period expired on 31st December 2020. The Trust has not experienced any issues relating to exiting the EU.

COVID-19

On 16th March 2020, the Government announced additional measures to seek to reduce the spread of coronavirus across the country. The NHS has been dealing with the pandemic since this date. Currently the NHS is working with a Level 4 National Incident and directions continue to be issued to all acute trusts to recover and restore services to pre-pandemic levels. There has been a national delivery plan published to tackle the backlogs of COVID-19 in elective care.

The Trust is now working through implementation of these plans.

The NHS is reviewing social distancing and mitigations in place to improve capacity capability at acute hospitals. The Trust continues to follow restoration of services in the following way:

Priority 1: Urgent and cancer patients
Priority 2: Long waiting patients
Priority 3: Routine patients

The Trust had committed to achieving the following trajectories in relation to achieving pre-COVID-19 activity level:

- Activity increase of 30 per cent by March 2025
- Zero 104 week waits by July 2022
- Zero 78 week waits by April 2023
- Zero 65 week waits by March 2024
- Zero 52 week waits by March 2025
- Cancer 62 day target achieved by March 2023
- Cancer 28 faster diagnosis achieved by March 2024
- DM01 Target to achieve 95 per cent by March 2025

The Finance and Performance Committee and the board have continued to oversee operational performance in relation to both COVID-19, and restoration and recovery plans. The board has also closely monitored infection prevention and control through a monthly assurance framework. This will continue to monitor against the above trajectories.

COVID-19 vaccination programme
In December 2020 The Dudley Group took on the role of lead employer for the Black Country and West Birmingham Integrated Care System (ICS) vaccination programme. This involves:

- Assessing workforce demand for the ICS vaccination programme, across the different delivery models and develop supply channels;

- Recruiting, onboarding, training and deploying the workforce to undertake roles in the various delivery models for the ICS, including establishing banks of current staff to deploy as required, liaising with local agencies and NHS Trust banks to secure shifts and the employment of new staff;
- Establishing and overseeing a single rostering system across the ICS;
- Liaising with national supply routes to seek additional staff from national suppliers;
- Liaising with the regional Workforce Bureau and Regional Vaccination Operation Centre, including providing KPI and performance reporting;
- Arranging payment to staff; and
- Liaising with volunteers.

The Black Country and West Birmingham Employment Bureau has been recognised as a highest performing bureau, having recruited a vaccination workforce of over 5,000 additional bank staff, with high average shift fill rates.

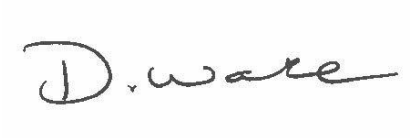
Governance of the vaccine programme is through the ICS Programme Board and internally through the Trust's Finance and Performance Committee and ultimately the Trust Board.

Conclusion

My review of the effectiveness of the risk management and internal control has confirmed that:

- The Trust has a generally sound system of internal control designed to meet the organisation's objectives and that controls are generally being applied consistently.
- Based on the work undertaken by a range of assurance providers, there were no significant control issues identified during 2021/2022.
- I confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS Foundation Trust's performance, business model and strategy.
- We prepare the financial statements on a 'going concern' basis.
- Where improvements had been recommended, especially those made by the CQC within their section 31 notices, we have acted on them and tracked their implementation at both management and board/committee level.

I therefore, believe that the Annual Governance Statement is a balanced reflection of the actual control position in place within the year.



Signed: Diane Wake
Chief Executive
Date: 16 June 2022

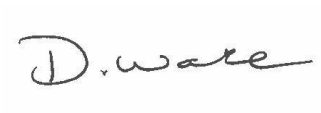
Statement of directors' responsibilities in respect of the accounts

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 the 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, recognised gains and losses and cash flows for the year. In preparing those accounts, 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, and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The directors are responsible for keeping proper accounting records which disclose the 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.

By order of the board



Diane Wake
Chief Executive
Date: 15th June 2022

Signed: Kevin Stringer
Director of Finance
Date: 16 June 2022

Independent auditor's report to the Council of Governors of the Dudley Group NHS Foundation Trust

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of Dudley Group NHS Foundation Trust (the 'Trust') and its subsidiaries (the 'group') for the year ended 31 March 2022, which comprise the Consolidated and Foundation Trust Statements of Comprehensive Income, Consolidated and Foundation Trust Statements of Financial Position, Consolidated and Foundation Trust Statements of Changes in Taxpayers' and Others' Equity, Consolidated and Foundation Trust Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 7 of the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group accounting manual 2021 to 2022.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Trust as at 31 March 2022 and of the group's expenditure and income and the Trust's expenditure and income for the year then ended;
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group accounting manual 2021 to 2022; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Accounting Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to

draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the Trust to cease to continue as a going concern.

In our evaluation of the Accounting Officer's conclusions, and in accordance with the expectation set out within the Department of Health and Social Care Group accounting manual 2021 to 2022 that the group and Trust's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group and Trust. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and Trust and the group and Trust's disclosures over the going concern period.

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

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

The responsibilities of the Accounting Officer with respect to going concern are described in the 'Responsibilities of the Accounting Officer and Those Charged with Governance for the financial statements' section of this report.

Other information

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

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

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under 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) we are required to consider whether the Annual Governance Statement does not comply with the disclosure requirements set out in the NHS foundation trust annual reporting manual 2021/22 or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit:

- the parts of the Remuneration Report and the Staff Report to be audited have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 7 of the National Health Service Act 2006; and
- based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Trust, the other information published together with the financial statements in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

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

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

Responsibilities of the Accounting Officer and Those Charged with Governance for the financial statements

As explained more fully in the Statement of the Chief Executive's responsibilities as the accounting officer set out on page(s) 102 to 104, the Chief Executive, as Accounting Officer, is responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions included in the NHS foundation trust annual reporting manual 2021/22, for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the group and Trust's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Trust and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (international accounting standards and the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2021 to 2022).
- We enquired of management and the Audit Committee, concerning the group and Trust's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

- We enquired of management, internal audit and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the group and Trust's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - journal entries that altered the Trust's financial performance for the year;
  - potential management bias in determining accounting estimates, especially in relation to:
    - the calculation of the valuation of the Trust's land and buildings; and
    - accruals of income and expenditure at the end of the financial year.
- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
  - journal entry testing, with a particular focus on significant journals at the end of the financial year which impacted on the Trust's financial performance;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of property, plant and equipment valuations**;**
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and/or expenditure recognition, and the significant accounting estimates related to related to the valuations of the Trust's land and buildings.
- Assessment of the appropriateness of the collective competence and capabilities of the group and Trust's engagement team, and component auditors, included consideration of the engagement team's and component auditor's;
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the health sector and economy in which the group and Trust operates

- understanding of the legal and regulatory requirements specific to the group and Trust including:
  - the provisions of the applicable legislation
  - NHS Improvement's rules and related guidance
  - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - The group and Trust's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, financial statement consolidation processes, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the group and Trust's control environment, including the policies and procedures implemented by the group and Trust to ensure compliance with the requirements of the financial reporting framework.

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

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

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

Our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Trust's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, they will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2022.

Responsibilities of the Accounting Officer

The Chief Executive, as Accounting Officer, is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

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

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

for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

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

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

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Dudley Group NHS Foundation Trust for the year ended 31 March 2022 in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice until we have completed our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Use of our report

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Trust's Council of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Council of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

M C Stocks

Mark Stocks, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

22 June 2022:

Independent auditor's report to the Council of Governors of the Dudley Group NHS Foundation Trust

In our auditor's report issued on 22 June 2022, we explained that we could not formally conclude the audit and issue an audit certificate for the Trust for the year ended 31 March 2022, in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice, until we had completed our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have now completed this work, and the results of our work are set out below.

Opinion on the financial statements

In our auditor's report for the year ended 31 March 2022 issued on 22 June 2022 we reported that, in our opinion the financial statements:

- give a true and fair view of the financial position of the group and of the Trust as at 31 March 2022 and of the group's expenditure and income and the Trust's expenditure and income for the year then ended;
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group accounting manual 2021 to 2022; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

No matters have come to our attention since that date that would have a material impact on the financial statements on which we gave this opinion.

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

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

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in respect of the above matter except on 8th September 2022 we identified a significant weakness in how the Trust plans and manages its resources to ensure it can continue to deliver its services. This was in relation to the Trust being unable to demonstrate that they had adequate savings plans in place to break even in 2022/23, thus putting significant pressure on their finances. We recommended that the Trust identify all cost improvement programmes needed to meet the savings target, agree them with relevant budget leads and assess their impact on service quality.

Responsibilities of the Accounting Officer

The Chief Executive, as Accounting Officer, is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these

arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

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

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

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of the Dudley Group NHS Foundation Trust for the year ended 31 March 2022 in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

Use of our report

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Trust's Council of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Council of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

M C Stocks

Mark Stocks, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

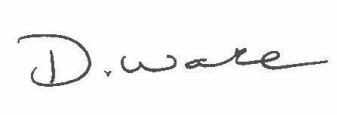
Birmingham

9 September 2022


Accounts

Foreword to the Accounts

These accounts for the period 1st April 2021 to 31st March 2022 have been prepared by The Dudley Group NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 to the NHS Act 2006 and are presented to Parliament pursuant to Schedule 7, paragraph 25 (4) (a) of the National Health Service Act 2006.



Signed: Diane Wake
Chief Executive
Date: 15th June 2022

Consolidated and Foundation Trust Statements of Comprehensive Income

For the Year Ended 31 March 2022

		Group		Foundation Trust	
	Note	Year Ended 31 March 2022 £'000	Year Ended 31 March 2021 £'000	Year Ended 31 March 2022 £'000	Year Ended 31 March 2021 £'000
Operating Income from patient care activities	3	459,681	402,090	481,625	402,090
Other Operating Income	4	59,210	49,351	36,968	48,666
Total Operating Income from continuing operations		**518,891**	**451,441**	**518,593**	**450,756**
Operating Expenses from continuing operations	5	(502,543)	(436,031)	(502,463)	(435,790)
Operating Surplus / (Deficit)		**16,348**	**15,410**	**16,130**	**14,966**
Finance Costs					
Finance income	9	81	54	31	0
Finance expense - financial liabilities	10	(11,795)	(11,964)	(11,795)	(11,964)
PDC Dividends payable		(2,764)	(1,474)	(2,764)	(1,474)
Net Finance Costs		**(14,478)**	**(13,384)**	**(14,528)**	**(13,438)**
Gain/(loss) of disposal of assets	13	0	25	0	25
Corporation tax expense	11	(36)	(35)	0	0
Surplus/(Deficit) for the year from continuing operations		**1,834**	**2,016**	**1,602**	**1,553**
SURPLUS/(DEFICIT) FOR THE YEAR		**1,834**	**2,016**	**1,602**	**1,553**
Other comprehensive income/(expense)					
Will not be reclassified to income and expenditure:					
Impairments	13	0	(223)	0	(223)
Revaluations	13	5,221	2,287	5,221	2,287
Fair value gains/(losses) on equity instruments designated at FV through OCI	14	64	219	0	0
Other reserve movements		(1)	1	(1)	1
May be reclassified to income and expenditure where certain conditions are met:					
Fair Value gains/(losses) on financial assets mandated at fair value through OCI	14	0	0	0	0
TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE YEAR		**7,118**	**4,300**	**6,822**	**3,618**

The notes on pages 5 to 46 form part of these accounts.
All income and expenditure is derived from continuing operations.

There are no Non-Controlling Interests in the Group, therefore the surplus for the year of £1,834,000 (2020/21 surplus of £2,016,000 and the Total Comprehensive Income of £7,118,000 (2020/21 Total Comprehensive Income of £4,300,000) is wholly attributable to the Trust.

Consolidated and Foundation Trust Statements of Financial Position

As at 31 March 2022

	Note	Group		Foundation Trust	
		31 March 2022	31 March 2021	31 March 2022	31 March 2021
		£'000	£'000	£'000	£'000
Non-current assets					
Intangible assets	12	9,640	10,406	9,640	10,406
Property, plant and equipment	13	211,342	199,896	211,342	199,896
Other investments/financial assets	14	1,469	1,405	0	0
Receivables	16	14,948	13,736	14,948	13,736
Total non-current assets		237,399	225,443	235,930	224,038
Current assets					
Inventories	15	3,865	3,775	3,612	3,459
Receivables	16	14,685	8,856	14,471	8,653
Other investments/financial assets	14	500	500	0	0
Non-current assets for sales and assets held in disposal groups	13	1,000	0	1,000	0
Cash and cash equivalents	17	25,166	19,307	23,736	17,928
Total current assets		45,216	32,438	42,819	30,040
Current liabilities					
Trade and other payables	18	(42,782)	(35,444)	(42,655)	(35,084)
Borrowings	19	(5,317)	(5,206)	(5,317)	(5,206)
Provisions	20	(307)	(1,239)	(307)	(1,239)
Other liabilities	21	(7,289)	(3,040)	(7,289)	(3,040)
Total current liabilities		(55,695)	(44,929)	(55,568)	(44,569)
Total assets less current liabilities		**226,920**	**212,952**	**223,181**	**209,509**
Non-current liabilities					
Trade and other payables	18	(2,571)	0	(2,571)	0
Borrowings	19	(106,089)	(110,095)	(106,089)	(110,095)
Provisions	20	(499)	(899)	(499)	(899)
Total non-current liabilities		(109,159)	(110,994)	(109,159)	(110,994)
Total assets employed		**117,761**	**101,958**	**114,022**	**98,515**
Financed by					
Taxpayers' equity					
Public Dividend Capital		57,892	49,207	57,892	49,207
Revaluation reserve		31,050	25,830	31,050	25,830
Income and expenditure reserve		26,268	24,511	25,080	23,478
Others' equity					
Charitable Fund reserves		2,551	2,410	0	0
Total Taxpayers' and Others' equity		**117,761**	**101,958**	**114,022**	**98,515**

The notes on pages 5 to 46 form part of these accounts.

The financial statements on pages 3 to 46 were approved by the Board of Directors and authorised for issue on their behalf by:

D. Wake

Signed .....

Diane Wake
Chief Executive

Date: 16 June 2022

Consolidated and Foundation Trust Statements of Changes in Taxpayers' and Others' Equity

for the Year Ended 31 March 2022

	Group					Foundation Trust			
	Taxpayers' Equity					Taxpayers' Equity			
	Public Dividend Capital	Revaluation Reserve	Income and Expenditure Reserve	** Charitable Fund Reserves	Total Taxpayers' and Others' Equity	Public Dividend Capital	Revaluation Reserve	Income and Expenditure Reserve	Total Taxpayers' Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Taxpayers' and Others' Equity at 1 April 2020	**29,555**	**23,765**	**22,810**	**1,876**	**78,006**	**29,555**	**23,765**	**21,925**	**75,245**
Surplus / (Deficit) for the year	0	0	1,655	361	2,016	0	0	1,553	1,553
Transfers between reserves	0	0	0	0	0	0	0	0	0
Net Impairments	0	(223)	0	0	(223)	0	(223)	0	(223)
Revaluations - property, plant and equipment	0	2,287	0	0	2,287	0	2,287	0	2,287
Fair value gains/(losses) on equity instruments designated at FV through OCI	0	0	0	219	219	0	0	0	0
Public Dividend Capital Received	19,652	0	0	0	19,652	19,652	0	0	19,652
Other reserve movements	0	1	0	0	1	0	1	0	1
Consolidation adjustment	0	0	46	(46)	0	0	0	0	0
Taxpayers' and Others' Equity at 31 March 2021	**49,207**	**25,830**	**24,511**	**2,410**	**101,958**	**49,207**	**25,830**	**23,478**	**98,515**
Taxpayers' and Others' Equity at 1 April 2021	**49,207**	**25,830**	**24,511**	**2,410**	**101,958**	**49,207**	**25,830**	**23,478**	**98,515**
Surplus / (Deficit) for the year	0	0	1,710	124	1,834	0	0	1,602	1,602
Transfers between reserves	0	0	0	0	0	0	0	0	0
Net Impairments	0	0	0	0	0	0	0	0	0
Revaluations - property, plant and equipment	0	5,221	0	0	5,221	0	5,221	0	5,221
Fair value gains/(losses) on equity instruments designated at FV through OCI	0	0	0	64	64	0	0	0	0
Public Dividend Capital Received	8,685	0	0	0	8,685	8,685	0	0	8,685
Public Dividend Capital Repaid	0	0	0	0	0	0	0	0	0
Other reserve movements	0	(1)	0	0	(1)	0	(1)	0	(1)
Consolidation adjustment	0	0	47	(47)	0	0	0	0	0
Taxpayers' and Others' Equity at 31 March 2022	**57,892**	**31,050**	**26,268**	**2,551**	**117,761**	**57,892**	**31,050**	**25,080**	**114,022**

The notes on pages 5 to 46 form part of these accounts.

Consolidated and Foundation Trust Statements of Changes in Taxpayers' and Others' Equity

Public dividend capital

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

Revaluation reserve

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

Income and expenditure reserve

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

Charitable funds reserve

This reserve comprises the ring-fenced funds held by the Dudley Group NHS Foundation Trust Charity consolidated within these financial statements. These reserves comprise Unrestricted Funds £2,239,000 (2020/21 £1,882,000) of which £1,695,000 (2020/21 £1,687,000) have been designated for specific purposes, Restricted Funds £312,000 (2020/21 £528,000) and Endowment Funds £nil (2020/21 £nil). Unrestricted Funds comprise those funds that the Trustee is free to use for any purpose in furtherance of the Charity objectives, Restricted Funds are specific appeals for funds or donations where legal restrictions have been imposed by the Donor, and Endowment Funds are held as capital by the Charity to generate income for charitable purposes but cannot themselves be spent.

Consolidated and Foundation Trust Statements of Cash Flows

for the Year Ended 31 March 2022

	Group		Foundation Trust	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Cash flows from operating activities	£'000	£'000	£'000	£'000
Operating surplus/(deficit) from continuing operations	16,348	15,410	16,130	14,966
Operating surplus/(deficit)	**16,348**	**15,410**	**16,130**	**14,966**
Non-cash income and expense:				
Depreciation and amortisation	11,011	9,374	11,011	9,374
Impairments and Reversals	1,877	0	1,877	0
Income recognised in respect of capital donations (cash and non-cash)	(226)	(1,245)	(226)	(1,245)
(Increase)/Decrease in trade and other receivables	(7,447)	15,724	(7,439)	15,712
Increase/(Decrease) in other assets	0	0	0	0
(Increase)/Decrease in inventories	(90)	(293)	(153)	(171)
Increase/(Decrease) in trade and other payables	11,960	(2,049)	12,187	(2,150)
Increase/(Decrease) in other liabilities	4,249	522	4,249	522
Increase/(Decrease) in provisions	(1,332)	1,144	(1,332)	1,144
Movements in charitable fund working capital	(10)	(22)	0	0
Corporation Tax (paid) / received	(36)	(35)	0	0
NET CASH GENERATED FROM/(USED IN) OPERATIONS	36,304	38,530	36,304	38,152
Cash flows from investing activities				
Interest received	13	6	13	6
Purchase of financial assets	0	0	0	0
Proceeds from sales of financial assets	0	0	0	0
Purchase of intangible assets	(1,010)	(1,965)	(1,010)	(1,965)
Proceeds from sales of intangible assets	0	0	0	0
Purchase of Property, Plant and Equipment	(19,232)	(22,996)	(19,232)	(22,996)
Proceeds from sales of Property, Plant and Equipment	0	190	0	190
NHS Charitable funds - cash flows from investing activities	51	54	0	0
Net cash generated from/(used in) investing activities	(20,178)	(24,711)	(20,229)	(24,765)
Cash flows from financing activities				
Public dividend capital received	8,685	19,652	8,685	19,652
Public dividend repaid	0	0	0	0
Capital element of PFI Obligations	(5,250)	(5,518)	(5,250)	(5,518)
Other Interest	0	0	0	0
Interest element of PFI Obligations	(11,795)	(11,964)	(11,795)	(11,964)
PDC Dividend paid	(1,907)	(1,819)	(1,907)	(1,819)
Net cash generated from/(used in) financing activities	(10,267)	351	(10,267)	351
Increase/(decrease) in cash and cash equivalents	**5,859**	**14,170**	**5,808**	**13,738**
Cash and Cash equivalents at 1 April	19,307	5,137	17,928	4,190
Cash and Cash equivalents at 31 March	**25,166**	**19,307**	**23,736**	**17,928**

The notes on pages 5 to 46 form part of these accounts.

1. Accounting Policies and Other Information

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of NHS foundation Trusts shall meet the accounting requirements of the Department of Health and Social Care (DHSC) Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the DHSC Group Accounting Manual 2021-22, 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 DHSC Group Accounting Manual permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the NHS Foundation Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

Going Concern

The Foundation Trust's annual report and accounts have been prepared on a going concern basis.
International Accounting Standard 1 requires the Board to assess, as part of the accounts preparation process, the Group and Trust's ability to continue as a going concern. Non-trading entities in the public sector are assumed to be going concerns where the continued provision of service in the future is anticipated, as evidenced by inclusion of financial provision for that service in published documents.

The financial statements should be prepared on a going concern basis unless there are plans for, or no realistic alternative other than, the dissolution of the Group and Trust without the transfer of its services to another entity within the public sector. In preparing the financial statements, the Board of Directors has considered the Group's and Trust's overall financial position against the requirements of IAS1. After making enquiries, the directors have a reasonable expectation that the services provided by the NHS foundation Trust will continue to be provided by the public sector for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing the accounts, following the definition of going concern in the public sector adopted by HM Treasury's Financial Reporting Manual.

Accounting Convention

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

1.1 Consolidation

The Group financial statements consolidate the financial statements of the Trust and all of its subsidiary undertakings made up to 31st March 2022. The income, expenses, assets, liabilities, equity and reserves of the subsidiaries have been consolidated into the Trust's financial statements and Group financial statements have been prepared.

Subsidiaries

Subsidiary entities are those which the Foundation Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines. The amounts consolidated are drawn from the published financial statements of the subsidiaries for the year. Where subsidiaries' accounting policies are not aligned with those of the Foundation Trust then amounts are adjusted during consolidation where the differences are material. Inter-entity balances, transactions and gains/losses are eliminated in full on consolidation. Dudley Clinical Services Limited is a subsidiary of the Trust.

NHS Charitable Fund

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

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

- recognise and measure them in accordance with the Foundation Trust's accounting policies; and
- eliminate intra-Group transactions, balances, gains and losses.

1. Accounting Policies and Other Information (continued)

1.2 Revenue

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

- As per paragraph 121 of the Standard the Foundation Trust will not disclose information regarding performance obligations part of a contract that has an original expected duration of one year or less,
- The Foundation Trust is to similarly not disclose information where the revenue is recognised in line with the practical expedient offered in paragraph B16 of the Standard where the right to consideration corresponds directly with the value of the performance completed to date.
- The GAM has mandated the exercise of the practical expedient offered in C7 (a) of the Standard that requires the Foundation Trust to reflect the aggregate effect of all contracts modified before the date of initial application.

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 Foundation Trust is contracts with commissioners for healthcare services. In 2021/22 and 2020/21, the majority of the trust's income from NHS commissioners was in the form of block contract arrangements. The trust received block funding from its commissioners where funding envelopes are set at a Integrated Care System level. For the first half of the 2020/21 comparative year these blocks were set for individual NHS providers directly, but the revenue recognition principles are the same. The related performance obligation is the delivery of healthcare and related services during the period, with the trust's entitlement to consideration not varying based on the levels of activity performed. The Trust also receives additional income outside of the block payments to reimburse specific costs incurred and, in 2020/21, other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as variable consideration.

In 2021/22, the Elective Recovery Fund enabled systems to earn income linked to the achievement of elective activity targets including funding any increased use of independent sector capacity. Income earned by the system is distributed between individual entities by local agreement. Income earned from the fund is accounted for as variable consideration.

Revenue from Research contracts

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

NHS injury cost recovery scheme

The Foundation Trust receives income under the NHS 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 Foundation Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

1. Accounting Policies and Other Information (continued)

1.2 Revenue

Other forms of income

Grants and donations

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grants is used to fund capital expenditure, it is credited to the consolidated statement of comprehensive income once conditions attached to the grant have been met. Donations are treated in the same way as government grants. In 2020/21 the trust received DHSC centrally procured personal protective equipment. These transactions have been recognised as a 'Government Grant' as defined above. The Trust has recorded a charge to operating expenditure when the items have been utilised and this is matched with a gain in income.

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.

Education and Training

The Trust receives income from Health Education England for education and training of medical and non-medical trainees. Revenue is in respect of training provided and is recognised when performance obligations are satisfied when training has been performed. All performance obligations are undertaken within the financial year and is agreed and invoiced to Health Education England

1. Accounting Policies and Other Information (continued)

1.3 Expenditure on Employee Benefits

Short-term Employee Benefits

Salaries, wages and employment-related payments, including payments arising from the apprenticeship levy, are recognised in the period in which the service is received from employees including non-consolidated performance pay earned but not yet paid.

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2022, is based on valuation data as 31 March 2021, updated to 31 March 2022 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 actual (funding) valuation

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

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

The 2016 funding valuation also tested the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. There was initially a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

HMT published valuation directions dated 7 October 2021 (see Amending Directions 2021) that set out the technical detail of how the costs of remedy are included in the 2016 valuation process. Following these directions, the scheme actuary has completed the cost control element of the 2016 valuation for the NHS Pension Scheme, which concludes no changes to benefits or member contributions are required. The 2016 valuation reports can be found on the NHS Pensions website at https://www.nhsbsa.nhs.uk/nhs-pension-scheme-accounts-and-valuation-reports.

1. Accounting Policies and Other Information (continued)

1.3 Expenditure on Employee Benefits

Pension costs

c) Scheme provisions (continued)

The NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as "pension commutation".

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) will be used to replace the Retail Prices Index (RPI).

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC's run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

1.4 Expenditure on Other Goods and Services

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

1.5 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 Foundation Trust;
- it is expected to be used for more than one financial year; and
- the cost of the item can be measured reliably and;
    - has an individual cost of at least £5,000; or
    - the items form a group of assets which collectively have a cost of at least £5,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under the same managerial control; or
    - form part of the initial equipping and setting up cost of a new building or refurbishment of a ward or unit, and the items collectively have a cost of at least £5,000.

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

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.

For property assets the frequency of revaluations will be at least every five years.

The fair value of land and buildings are determined by valuations carried out by professionally qualified valuers in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The valuations are carried out primarily on the basis of depreciated replacement cost, modern equivalent asset basis for specialised operational property and existing use value for non-specialised operational property. Assets held at depreciated replacement cost have been valued on a Modern Equivalent Asset Optimised Alternative Site basis. For the Trust's PFI buildings the valuation does not include any VAT liability as VAT is recoverable on the unitary payments made by the Trust and any re-provision of the existing buildings would be carried out by the PFI provider. The value of land for existing use purposes is assessed at existing use value. For non-operational properties including surplus land, the valuations are carried out at open market value.

Assets under construction are valued at cost and are subsequently revalued by professional valuers when they are brought into use if factors indicate that the value of the asset differs materially from its carrying value. Otherwise, the asset should only be revalued on the next occasion when all assets of that class are revalued.

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

1. Accounting Policies and Other Information (continued)

1.5 Property, Plant and Equipment (continued)

Subsequent expenditure

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from use of an item of property, plant and equipment and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation

Items of Property, Plant and Equipment are depreciated over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

The Trust depreciates its non-current assets on a straight line basis over the expected life of the assets after allowing for the residual value. Useful lives are determined on a case by case basis. The typical lives for the following assets are:

Asset Category	Useful Life (years)
Buildings - each component of a building is assigned its own life	5 - 90
Engineering Plant & Equipment	5 - 15
Medical Equipment	2 - 15
Transport Equipment	7 - 10
Information Technology	3 - 15
Furniture & Fittings	2 - 10

Freehold land is considered to have an infinite life and is not depreciated.

Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon 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 income.

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 are reversed. Reversals are recognised in operating income 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 all of the following criteria 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 economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

1. Accounting Policies and Other Information (continued)

1.5 Property, Plant and Equipment (continued)

Donated, Government Grant and other 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 theprinciple of donated asset accounting to the assets that the trust controls and is obtaining economic benefits from at the year end.

Private Finance Initiative (PFI) transactions

PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-Statement of Financial Position' by the Trust. The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. This valuation will exclude VAT. Subsequently the assets are measured at fair value, which is kept up to date in accordance with the Trust's approach for each relevant class of asset in accordance with the principles of IAS 16. An equivalent financial liability is recognised in accordance with IAS 17.

The annual contract payments are apportioned between the repayment of the liability, a lifecycle element, a finance cost and the charges for services. The finance cost is calculated using the implicit interest rate for the scheme. The service charge is recognised in operating expenses and the finance cost is charged to Finance Costs in the Statement of Comprehensive Income.

The lifecycle element is established on the lifecycle plan contained within the financial model. Components of the asset replaced by the operator during the contract ("lifecycle replacement") are capitalised where they meet the Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value. The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively. Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

1.6 Intangible Assets

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. Where internally generated assets are held for service potential, this involves a direct contribution to the delivery of services to the public.

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 only where all of the following can be demonstrated:

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

Software

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

Purchased computer software licences are capitalised as intangible non-current assets where expenditure of at least £5,000 is incurred and amortised over the shorter of the term of the license and their useful lives.

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 under IFRS 13, if it does not meet the requirements of IAS 40 of IFRS 5. Intangible assets held for sale are measured at the lower of their carrying amount or 'fair value less costs to sell'.

1. Accounting Policies and Other Information (continued)

1.6 Intangible Assets

Amortisation and Impairment

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Asset Category	Useful Life (years)
Software Licences	2 - 10

1.7 Government Grants

Government grants are grants from Government bodies other than income from Clinical Commissioning Groups or NHS Trusts for the provision of services. Grants from the Department of Health, are accounted for as Government grants as are grants from the Big Lottery Fund. Where the Government 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 the grant is credited to income at the same time, unless the grant has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the grant, in which case, the grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

1.8 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the First In, First Out (FIFO) method.

In 2020/21 and 2021/22, 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.

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

1.10 Financial Instruments and Financial Liabilities

Financial assets

Financial assets are recognised when the Foundation Trust becomes party to the contractual provision of the financial instrument or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or when the asset has been transferred and the Foundation Trust has transferred substantially all of the risks and rewards of ownership or has not retained control of the asset.

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

Financial assets are classified into the following categories: financial assets at amortised cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit and loss. The classification is determined by the cash flow and business model characteristics of the financial assets, as set out in IFRS 9, and is determined at the time of initial recognition. All of the financial assets held by the Group are held at amortised cost with the exception of the investment held by Dudley Group NHS Charity which is held at fair value through other comprehensive income.

Financial assets at amortised cost

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

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

Financial assets at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are those held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and where cash flows are solely payments of principal and interest. This category also includes investments in equity instruments where the Group has opted to classify them here.

Page

1. Accounting Policies and Other Information (continued)

1.10 Financial Instruments and Financial Liabilities (continued)

Financial assets at fair value through profit and loss

Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or fair value through other comprehensive income. This includes derivatives and financial assets acquired principally for the purpose of selling in the short term.

Impairment

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

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

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

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

Financial liabilities

Financial liabilities are recognised when the Foundation Trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been extinguished – that is, the obligation has been discharged or cancelled or has expired.

Financial liabilities at fair value through profit and loss

Derivatives that are liabilities are subsequently measured at fair value through profit or loss, Embedded derivatives that are not part of a hybrid contract containing a host that is an asset within the scope of IFRS 9 are separately accounted for as derivatives only if their economic characteristics and risks are not closely related to those of their host contracts, a separate instrument with the same terms would meet the definition of a derivative, and the hybrid contract is not itself measured at fair value through profit or loss.

Other Financial liabilities

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

1.11 Leases

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 and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the NHS Foundation Trust, the asset is recorded as Property, Plant and Equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability. The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for as an item of property plant and equipment.. The annual rental is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to finance costs in the Statement of Comprehensive Income.

Operating Leases

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

1. Accounting Policies and Other Information (continued)

1.10 Financial Instruments and Financial Liabilities (continued)

Leases of land and buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately. Leased land is treated as an operating lease.

1.12 Provisions

The NHS Foundation 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 for 31 March 2022.

		Nominal rate	Prior Year rate
Short-term	Up to 5 years	0.47%	-0.02%
Medium-term	After 5 years up to 10 years	0.70%	0.18%
Long-term	After 10 years up to 40 years	0.95%	1.99%
Very long-term	Exceeding 40 years	0.66%	1.99%

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 31 March 2021:

	Inflation rate	Prior Year rate
Year 1	4.00%	1.20%
Year 2	2.60%	1.60%
Into perpetuity	2.00%	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 1.30% (2020/21 minus 0.95%) in real terms.

Clinical negligence costs

NHS Resolution (the trading name of the NHS Litigation Authority NHSLA) operates a risk pooling scheme under which the NHS Foundation Trust pays an annual contribution to the NHS Resolution, which, in return, settles all clinical negligence claims. The contribution is charged to expenditure. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS Foundation Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the NHS Foundation Trust is disclosed at note 20, but is not recognised in the Trust accounts.

Non-clinical risk pooling

The NHS Foundation 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 the 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.

1.13 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 24 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 24, 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.

1.14 Public Dividend Capital

Public dividend capital is a type of public sector equity finance, which represents the Department of Health and Social Care's investment in the trust. HM Treasury has determined that, being issued under statutory authority rather than under contract, PDC is not a financial instrument within the meaning of IAS 32.

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

1. Accounting Policies and Other Information (continued)

1.14 Public Dividend Capital (continued)

An annual charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health and Social Care as PDC dividend. The charge is calculated at the real rate set by the Secretary of State with the consent of HM Treasury (currently 3.5%) on the average relevant net assets of the trust. Relevant net assets are calculated as the value of all assets less all liabilities, except for:

- donated and grant funded assets
- charitable funds
- average daily cash balances held with the Government Banking Service (GBS) and National Loans Fund (NLF) deposits (excluding cash balances held in GBS accounts that relate to a short term working capital facility)
- approved expenditure on Covid-19 capital assets
- assets under construction for nationally directed schemes
- any PDC dividend balance receivable or payable.

The average relevant net assets is calculated as a simple average of opening and closing relevant net assets. In accordance with the requirements laid down by the Department of Health and Social Care, the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts. The PDC dividend calculation is based upon the trust's group accounts (i.e. including subsidiaries), but excluding consolidated charitable funds.

1.15 Value Added Tax

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

1.16 Foreign Exchange

The functional and presentational currencies of the Trust are 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 (other than financial instruments measured at 'fair value through income and expenditure') 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 expenditure 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.

1.17 Third Party Assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS Foundation Trust has no beneficial interest in them. However, they are disclosed in note 28 to the accounts in accordance with the requirements of HM Treasury's Financial Reporting Manual.

1.18 Corporation Tax

The Trust is a Health Service Body within the meaning of S519A ICTA 1988 and accordingly is exempt from taxation in respect of income and capital gains within categories covered by this. There is a power for the Treasury to remove the exemption in relation to specified activities of a Foundation Trust (s519A (3) to (8) ICTA 1988). Accordingly, the Trust is potentially within the future scope of income tax in respect of activities where income is received from a non-public sector source. The Charity is also exempt from corporation tax.

The tax expense on the Statement of Comprehensive Income comprises current and deferred tax due to the Trust's trading commercial subsidiary. Current tax is the expected tax payable for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the Statement of Financial Position liability method, providing for temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised on taxable temporary differences arising on the initial recognition of goodwill or for temporary differences arising from the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred taxation is calculated using rates that are expected to apply when the related deferred asset is realised or the deferred taxation liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised.

1. Accounting Policies and Other Information (continued)

1.19 Critical accounting judgements and key sources of estimation and uncertainty

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

Critical judgements in applying accounting policies

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

- Accounting for PFI
- Application of IFRIC 4 Determining whether an Arrangement contains a Lease
- Application of IFRIC12 Service Concession Arrangements

Russells Hall Hospital, Guest Ambulatory Centre and Corbett Ambulatory Centre are owned by Summit Healthcare (Dudley) Limited and provided to the trust under a Private Finance Initiative (PFI) contract. The accounting judgement is around the classification of the transaction under IFRIC 4 and IFRIC 12.

Management have reviewed the service concession of the PFI scheme and has confirmed it is within the scope of IFRIC 12. The PFI scheme is 'on-balance sheet' meaning that the buildings and equipment are recognised in the Trust's balance sheet along with a finance lease creditor for the amount owed by the Trust over the PFI contract term

Key sources of estimation uncertainty

The following are assumptions about the future and other major sources of estimation uncertainty, at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- Valuation of Non-Current Assets

Modern equivalent asset valuation of property

As detailed in accountancy policy note 1.5 'Property, plant and equipment' The District Valuer provided the Trust with a valuation of the land and building assets (estimated fair value and remaining useful life). The significant estimation being the specialised building - depreciation replacement value, using modern equivalent asset optimised alternative site methodology, of the hospital sites (Russell's Hall, Corbett and Guest). The result of this valuation, based on estimates provided by a suitably qualified professional in accordance with HM Treasury guidance, is disclosed in note 13 to the financial statements on page 30. Future revaluations of the Trust's property may result in further material changes to the carrying value of non-current assets.

The impact of using modern equivalent asset valuation is shown in note 13.7 on page 33.

A further valuation has been undertaken as at 31 March 2022 to update the costs assumptions within the valuation. The total valuation of land and buildings was £183.069m. This valuation considers several factors including BCIS index, location factors, obsolescence and fees. Should any of these factors change this could lead to a material change in the valuation of the buildings (a change of 4.1% would impact on the value by £7.5m).

1. Accounting Policies and Other Information (continued)

1.20 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2021/22.

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

IFRS16 Leases

IFRS 16 Leases will replace IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease and other interpretations and is applicable in the public sector for periods beginning 1 April 2022. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the Statement of Financial Position the standard also requires the re-measurement of lease liabilities after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The trust will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

On transition to IFRS 16 on 1 April 2022, the trust will apply the standard retrospectively without restatement and with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be a rate defined by HM Treasury. For 2022 this rate is 0.95%. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2022 for existing finance leases.

For leases commencing in 2022/23, the trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

The Foundation Trust has estimated the impact of applying IFRS 16 in 2022/23 on the opening statement of financial position and the in-year impact on the statement of comprehensive income and capital additions as follows:

	£000
Estimated impact on 1 April 2022 statement of financial position	
Additional right of use assets recognised for existing operating leases	21,041
Additional lease obligations recognised for existing operating leases	(21,041)
Changes to other statement of financial position line items	0
Net impact on net assets on 1 April 2022	0

Estimated in-year impact in 2022/23	**£000**
Additional depreciation on right of use assets	(2,205)
Additional finance costs on lease liabilities	(179)
Lease rentals no longer charged on operating expenditure	2,339
Other impact on income/expenditure	(42)
Estimated impact on surplus/deficit in 2022/23	(87)

Estimated increase in capital additions for new leases commencing in 2022/23

From 1 April 2022, the principles of IFRS 16 will also be applied to the Trust's PFI liabilities where future payments are linked to RPI. 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. Under existing accounting practices, amounts relating to changes in the price index are expensed as incurred. This is expected to increase the PFI liability on the statement of financial position upon transition to IFRS 16. The effect of this has not yet been quantified.

1. Accounting Policies and Other Information (continued)

1.22 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

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

1.22 Transfers of functions to/from other NHS/Local Government Bodies

For functions that have been transferred to the Trust from another NHS Body, the assets and liabilities transferred are recognised in the accounts as at the date of transfer. The assets and liabilities are not adjusted to their fair value prior to recognition. The net gain/loss corresponding to the net assets/liabilities transferred is recognised within income/expenses, but not within operating activities.

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.

For functions that the Trust has transferred to another NHS/Local Government Body, the assets and liabilities are de-recognised from the accounts as at the date of transfer. The net loss/gain corresponding to the net assets/liabilities transferred is recognised within expenses/income, but not within operating activities. Any revaluation reserve balances attributable to assets de-recognised are transferred to the income and expenditure reserve. Adjustments to align the acquired function to the Foundation Trust's policies are applied after initial recognition and are adjusted directly in taxpayers' equity.

There were no transfers to/from other NHS/Local Government bodies during 2021/22.

2 Segmental Analysis

The analysis by business segment is presented in accordance with IFRS 8 Operating Segments, on the basis of those segments whose operating results are regularly reviewed by the Board (the Chief Operating Decision Maker as defined by IFRS 8) as follows:

Healthcare Services

The Board as 'Chief Operating Decision Maker' has determined that Healthcare Services operate in a single operating segment, which is the provision of healthcare services. The segmental reporting format reflects the Trust's management and internal reporting structure.

The Trust has identified segments in line with the thresholds in IFRS 8, applying the requirement of the DH GAM to consider expenditure instead of income as income is not analysed between segments in our monthly finance report to the Trust Board. Following a significance test of the expenditure segments the Trust found that there were three significant operating segments subject to the external reporting requirements of IFRS 8. Applying the aggregation criteria to the Trust's three significant operating segments found that in all cases the segments had similar economic characteristics, the nature of the services are similar, the nature of the production process are similar, the type or class of customer for the services are similar, the methods used to provide the services are similar and the nature of the regulatory environment is similar.

The Trust's significant operating segments satisfy all of the criteria listed for an aggregation to be deemed appropriate. The three significant operating segments of the Trust are all active in the same business – the provision of healthcare, and all operate within the same economic environment – the United Kingdom. Given that the purpose of disclosing segmental information is to enable users of the financial statements to evaluate the nature and financial effects of business activities and economic environments, reporting a single segment of "Healthcare" would be consistent with the core principle of IFRS 8, as it would show the singular nature of both the business activity and the economic environment of the Trust.

Income from activities (medical treatment of patients) is analysed by customer type in note 3 to the accounts on page 22. Other operating income is analysed in note 4 to the accounts on page 23 and materially consists of revenues from healthcare, research and development, medical education, and the provision of services to other NHS bodies. Total income by individual customers within the whole of HM Government and considered material, is disclosed in the related parties transactions note 25 to the accounts on page 40.

Dudley Clinical Services Limited

The company is a wholly owned subsidiary of the Trust and provides an Outpatient Dispensing service. As a trading company, subject to an additional legal and regulatory regime (over and above that of the Trust), this activity is considered to be a separate business segment whose individual operating results are reviewed by the Trust Board (the Chief Operating Decision Maker).

A significant proportion of the company's revenue is inter segment trading with the Trust which is eliminated upon the consolidation of these group financial statements. The quarterly performance report to the Chief Operating Decision Maker reports financial summary information in the format of the table on page 21.

Dudley Group NHS Charity

The Trust Board is corporate trustee for Dudley Group NHS Charity. Following Treasury's agreement to apply IFRS 10 to NHS Charities from 1st April 2013, the Trust has established that as the Trust is the corporate trustee of the linked NHS Charity, it effectively has the power to exercise control so as to obtain economic benefits. The Charity is therefore treated as a group entity and is consolidated. The consolidation is for reporting purposes only and does not affect the charities' legal and regulatory independence and day to day operations. Some of the charity's expenditure is inter segment trading with the Trust which is eliminated upon the consolidation of these group financial statements. The quarterly performance report to the Chief Operating Decision Maker reports financial summary information in the format of the table on page 21.

2 Segmental Analysis (continued)

Year ended 31 March 2022	Healthcare Services £000	Dudley Clinical Services Limited £000	Dudley Group NHS Charity £000	Inter Group Eliminations £000	Total £000
Total segment revenue	518,594	5,948	653	(6,304)	518,891
Total segment expenditure	(502,464)	(5,757)	(626)	6,304	(502,543)
Operating Surplus/(Deficit)	16,130	191	27	0	16,348
Net Financing	(11,764)	0	50	0	(11,714)
PDC Dividends Payable	(2,764)	0	0	0	(2,764)
Taxation	0	(36)	0	0	(36)
Retained surplus/(deficit) - before non-recurring items	1,602	155	77	0	1,834
Non-recurring items	0	0	0	0	0
Retained surplus/(deficit)	1,602	155	77	0	1,834
Reportable Segment assets	278,749	1,421	2,595	0	282,765
Eliminations	0	0	0	(150)	(150)
Total assets	278,749	1,421	2,595	(150)	282,615
Reportable Segment liabilities	(164,727)	(233)	(44)	0	(165,004)
Eliminations	0	0	0	150	150
Total liabilities	(164,727)	(233)	(44)	150	(164,854)
Net assets/liabilities	114,022	1,188	2,551	0	117,761

Year ended 31 March 2021	Healthcare Services £000	Dudley Clinical Services Limited £000	Dudley Group NHS Charity £000	Inter Group Eliminations £000	Total £000
Total segment revenue	450,756	5,949	1,038	(6,302)	451,441
Total segment expenditure	(435,790)	(5,766)	(777)	6,302	(436,031)
Operating Surplus/(Deficit)	14,966	183	261	0	15,410
Net Financing	(11,939)	0	54	0	(11,885)
PDC Dividends Payable	(1,474)	0	0	0	(1,474)
Taxation	0	(35)	0	0	(35)
Retained surplus/(deficit) - before non-recurring items	1,553	148	315	0	2,016
Non-recurring items	0	0	0	0	0
Retained surplus/(deficit)	1,553	148	315	0	2,016
Reportable Segment assets	254,078	1,532	2,460	0	258,070
Eliminations	0	0	0	(189)	(189)
Total assets	254,078	1,532	2,460	(189)	257,881
Reportable Segment liabilities	(155,563)	(499)	(50)	0	(156,112)
Eliminations	0	0	0	189	189
Total liabilities	(155,563)	(499)	(50)	189	(155,923)
Net assets/liabilities	98,515	1,033	2,410	0	101,958

3 Operating income from patient care activities

3.1 By Commissioner	Year Ended 31 March 2022 £'000	Year Ended 31 March 2021 £'000
NHS England	56,635	56,839
Clinical Commissioning Groups	397,422	339,265
NHS Foundation Trusts	23	8
NHS Trusts	2,699	2,980
Local Authorities	2,145	2,167
Department of Health & Social Care	0	0
NHS Other	0	0
Non NHS: Private patients	8	4
Non-NHS: Overseas patients (chargeable to patient)	120	82
NHS injury scheme (was RTA)	624	721
Non NHS: Other	5	24
Total income from activities	**459,681**	**402,090**

3.2 By Nature	Year Ended 31 March 2022 £'000	Year Ended 31 March 2021 £'000
Acute Services		
Block contract / system envelope income	385,307	332,775
High cost drugs income from Commissioners	33,825	30,901
Other NHS clinical income	1,444	1,479
Community Services		
Block contract / system envelope income	21,815	21,034
Income from other sources (e.g. local authorities)	701	688
Private Patients	8	4
Elective recovery fund	2,225	0
Additional pension contribution central funding **	10,886	9,689
Other clinical income	3,470	5,520
Total income from activities	**459,681**	**402,090**

** The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. For both 2021/22 and 2020/21, NHS providers 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.

3.3 Income from Commissioner Requested Services and Non-Commissioner Requested Services

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

	Year Ended 31 March 2022 £'000	Year Ended 31 March 2021 £'000
Income from Commissioner Requested Services	420,576	365,155
Income from Non Commissioner Requested Services	22,516	21,722
Income from Activities	443,092	386,877
Other Clinical Income	3,478	5,524
Elective Recovery Fund	2,225	0
Additional pension contribution central funding	10,886	9,689
Total Income	**459,681**	**402,090**

Other NHS Clinical Income comprises the following services pathology; rehabilitation; community support services; radiology; renal services; patient transport services; and appliances.

3 Revenue from Activities (continued)

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

	2021/22 £000	2020/21 £000
Revenue recognised in the reporting period that was included within contract liabilities at the previous period end	1,594	845
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods	0	21

3.5 Transaction price allocated to remaining performance obligations

	2021/22 £000	2020/21 £000
Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:		
- within one year	0	0
- after one year not later than five years	0	0
- after five years	0	0
	0	0

The accounting policies for revenue recognition and the application of IRS15 are consistently applied. The majority of income from NHS commissioners being in the form of a block contract where no funding has been received in advance of performance obligations.

3.6 Overseas Visitors

	Year Ended 31 March 2022 £'000	Year Ended 31 March 2021 £'000
Income recognised this year	120	82
Cash payments received in-year	18	38
Amounts added to provision for impairment of receivables	138	19
Amounts written off in-year	56	9

4 Other Operating Income

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Recognised in IFRS15:		
Research and development	850	794
Education and training	13,486	11,487
Non-patient care services to other bodies	7,201	6,517
Provider Sustainability Fund (PSF) income	0	0
Reimbursement and top up funding	22,254	15,443
Income in respect of employee benefits accounted for on a gross basis	7,077	3,491
Other *	4,534	1,411
Recognised in accordance with other standards:		
Research and development	0	0
Education and training - apprenticeship fund	879	604
Charitable asset donations	25	150
Donated equipment from DHSC for COVID response (non-cash)	201	1,095
Contributions to expenditure - receipt of equipment donated from DHSC for COVID response below capitalisation threshold	0	7
Contributions to expenditure - consumables (inventory) donated from DHSC group bodies for COVID response	1,671	6,938
Rental revenue from Operating Leases - contingent rent	379	376
NHS Charitable Funds incoming resources excluding investment income	653	1,038
Other (recognised in accordance with standards other than IFRS15)	0	0
Total other operating income	**59,210**	**49,351**

* Other income is derived from Pharmacy Drugs £539,000 (2020/21 £503,000); and numerous other small amounts.

5 Operating Expenses of continuing operations

5.1 Operating Expenses

	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
Purchase of healthcare from NHS and DHSC bodies	1,806	8,369
Purchase of healthcare from non-NHS and non-DHSC bodies	1,461	1,276
Staff and executive directors costs	330,313	280,059
Non-executive directors	184	181
Supplies and services - clinical (excluding drug costs)	45,907	24,802
Supplies and services – clinical: utilisation of consumables donated from DHSC group bodies for COVID response	1,862	6,513
Supplies and services - general	1,579	7,768
Supplies and services - general: notional cost of equipment donated from DHSC for COVID response below capitalisation threshold	0	7
Drug costs (inventory consumed and purchase of non-inventory drugs)	38,583	35,689
Drugs inventories written down	27	56
Inventories written down (consumables donated from DHSC group bodies for COVID response)	0	49
Consultancy costs	614	608
Establishment	3,602	2,306
Premises - Business Rates	1,462	1,443
Premises - Other	7,309	5,917
Transport - Business Travel	497	543
Transport - Other	171	93
Depreciation on property, plant and equipment	9,235	8,107
Amortisation on intangible assets	1,776	1,267
Impairments net of (reversals)	1,877	0
Movement in credit loss allowance: contract receivables/assets	172	74
Movement in credit loss allowance: all other receivables and investments	0	0
Audit fees payable to the external auditor:		
Audit services	89	88
Other Auditor Remuneration	9	10
NHS Charitable Fund Accounts	7	7
Internal audit	141	143
Clinical negligence	15,541	15,319
Legal Fees	414	241
Insurance	220	203
Research and development - staff costs	1,310	1,414
Research and development - non staff	103	45
Education and training - staff costs	53	76
Education and training - non staff	918	438
Education and training - apprenticeship fund	879	604
Operating lease expenditure	2,719	3,350
Redundancy	160	44
Charges to operating expenditure for on-SOFP IFRIC 12 schemes e.g. PFI	29,105	26,929
Car Parking and security	4	4
Hospitality	54	50
Other losses and special payments	15	15
Other NHS Charitable funds resources expended	471	665
Other	1,894	1,259
TOTAL	**502,543**	**436,031**

Other expenditure includes numerous small amounts.

5.2 The Late Payment of Commercial Debts (Interest) Act 1998

During the year 2021/22 the Trust paid £nil (2020/21 £nil) for interest for the late payment of commercial debts.

6 Employee Expenses and Numbers

6.1 Employee Benefits

	Year Ended 31 March 2022			Year Ended 31 March 2021		
	Total	Permanent	Other	Total	Permanent	Other
	£'000	£'000	£'000	£'000	£'000	£'000
Salaries and wages	244,551	242,472	2,079	212,181	210,175	2,006
Social security costs	23,473	23,473	0	20,038	20,038	0
Apprenticeship Levy	1,206	1,206	0	1,039	1,039	0
Employer's contributions to NHS Pensions	24,984	24,984	0	22,431	22,431	0
Pension cost - employer contributions paid by NHSE on provider's behalf (6.3%)	10,886	10,886	0	9,689	9,689	0
Pension Cost - other	92	92	0	77	77	0
Termination Benefits	0	0	0	0	0	0
Temporary Staff (including agency)	26,543	0	26,543	16,079	0	16,079
NHS Charitable funds staff	101	101	0	59	59	0
Total	331,836	303,214	28,622	281,593	263,508	18,085

6.2 Average Number of Persons Employed

This information can now be found in the staff report section of the accountability report within the annual report and accounts.

6.3 Employee Benefits

Employees benefits include payment of salaries/wages and pension contributions. There were no other employee benefits paid in 2021/22 (2020/21 £ nil).

6.4 Retirements due to ill-health

During the year 2021/22 there were 1 (in 2020/21 there were 2) early retirements from the Trust on the grounds of ill-health.
The estimated additional pension liabilities of these ill-health retirements will be £49,548 (2020/21 £88,034).
The cost of these ill-health retirements is borne by the NHS Business Services Authority - Pensions Division, and therefore there is no liability or provision in the Trust annual report and accounts.

6.5 Sickness Absence

The detail of staff sickness / absence from work for the year are:

	For the Year 2021
Total Days Lost	51,767
Total Staff Years	10.7
Average Working Days Lost Per WTE	4,834

This sickness absence data represents the calendar year ended 31 December not the financial year.

6.6 Other Compensation Schemes and Exit Packages

This information can now be found in the staff report section of the annual report and accounts.

7 Directors' Remuneration and other benefits

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Salary	1,229	1,226
Taxable Benefits	0	1
Performance Related Bonuses	0	0
Employer contributions to a pension scheme	80	110
	1,309	1,337

Further details of directors' remuneration can be found in the remuneration report.

8 Operating Leases

8.1 Payments and future commitments

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Operating Lease Expense		
Minimum lease payments	2,719	3,350
	2,719	3,350
Total future minimum lease payments Payable:		
Not more than one year	2,799	3,141
Between one and five years	224	312
After 5 years	5	23
Total	3,028	3,476

8.2 Income and future receipts

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Contingent rent	379	376
	379	376
Total future minimum lease income Receivable:		
Not more than one year	380	379
Between one and five years	29	34
After 5 years	20	20
Total	429	433

9 Finance Income

	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
Interest on bank accounts	31	0
NHS Charitable funds: investment income	50	54
	81	54

10 Finance Expense - Financial Liabilities

	Year ended 31 March 2022	Year ended 31 March 2021
Interest Expense:	£'000	£'000
Other	0	0
Finance Costs in PFI obligations:		
Main Finance Costs	4,502	4,659
Contingent Finance Costs	7,293	7,305
	11,795	11,964

11 Corporation tax expense

The activities of the subsidiary company Dudley Clinical Services Limited have given rise to a corporation tax liability recognised in the Statement of Comprehensive Income of £36,000 (2020/21 £35,000). The activities of the Trust and the Charity do not incur corporation tax.

UK Corporation Tax Expense	Year ended 31 March 2022	Year ended 31 March 2021
Current tax expense	£'000	£'000
Current year	36	35
Adjustments in respect of prior years	0	0
Total income tax expense in Statement of Comprehensive Income	36	35

Reconciliation of effective tax rate	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
Effective tax charge percentage	19.00%	19.00%
Tax if effective tax rate charged on surpluses before tax	355	390
Effect of:		
Surpluses not subject to tax	(319)	(355)
Total income tax charge for the year	36	35

The subsidiary company falls under the 'small profits' rate for corporation tax and tax rates are not planned to change from 19% for future financial years.

12 Intangible Assets

2021/22	Group and Foundation Trust		
	Computer Software	Asset Under Construction	Total
	£'000	£'000	£'000
Gross Cost as at 1 April 2021	17,599	0	17,599
Additions Purchased	1,010	0	1,010
Additions Donated	0	0	0
Reclassification	0	0	0
Impairments	0	0	0
Disposals	(2,427)	0	(2,427)
Gross Cost as at 31 March 2022	16,182	0	16,182
Accumulated Amortisation as at 1 April 2021	7,193	0	7,193
Provided during the Year	1776	0	1,776
Disposals	(2,427)	0	(2,427)
Accumulated Amortisation as at 31 March 2022	6,542	0	6,542
Net Book Value			
Purchased at 31 March 2021	10,396	0	10,396
Donated at 31 March 2021	10	0	10
Total at 31 March 2021	10,406	0	10,406
Net Book Value			
Purchased at 31 March 2022	9,635	0	9,635
Donated at 31 March 2022	5	0	5
Total at 31 March 2022	9,640	0	9,640

2020/21	Group and Foundation Trust		
	Computer Software	Asset Under Construction	Total
	£'000	£'000	£'000
Gross Cost as at 1 April 2020	12,691	2,936	15,627
Additions Purchased	1,965	0	1,965
Additions Donated	7	0	7
Reclassification	2,936	(2,936)	0
Impairments	0	0	0
Disposals	0	0	0
Gross Cost as at 31 March 2021	17,599	0	17,599
Accumulated Amortisation as at 1 April 2020	5,926	0	5,926
Provided during the Year	1,267	0	1,267
Disposals	0	0	0
Accumulated Amortisation as at 31 March 2021	7,193	0	7,193
Net Book Value			
Purchased at 31 March 2020	6,751	2,936	9,687
Donated at 31 March 2020	14	0	14
Total at 31 March 2020	6,765	2,936	9,701
Net Book Value			
Purchased at 31 March 2021	10,396	0	10,396
Donated at 31 March 2021	10	0	10
Total at 31 March 2021	10,406	0	10,406

A separate schedule for the Trust intangible assets has not been produced as the NHS Charity intangible assets represent just £nil (31 March 2020 £nil) of the net book value held by the Group and the subsidiary does not have any intangible assets.

The valuation of intangible assets is on the basis described in the accounting policy in note 1.6 on page 12. No revaluation has taken place and historic cost is considered to be the appropriate valuation basis.

13 Property, Plant and Equipment

13.1 2021/22

	Group and Foundation Trust							
	Total	Land	Buildings excluding dwellings	Assets under Construction & POA	Plant & Machinery	Transport Equipment	Information Technology	Furniture & Fittings
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost at 1 April 2021	234,627	11,450	152,487	13,521	39,724	512	15,994	939
Additions - purchased	16,756	74	7,732	1,015	3,997	0	3,742	196
Additions - leased	1,355	0	0	0	1,355	0	0	0
Additions - donated	25	0	25	0	0	0	0	0
Additions - equipment donated from DHSC for COVID response (non-cash)	201	0	0	0	201	0	0	0
Impairments charged to operating expenses	(1,943)	0	(1,943)	0	0	0	0	0
Impairments charged to the revaluation reserve	0	0	0	0	0	0	0	0
Revaluations	624	1,596	(972)	0	0	0	0	0
Reclassifications	0	0	12,615	(12,615)	0	0	0	0
Transfers to assets held for sale and assets in disposal groups	(1,000)	(1,000)	0	0	0	0	0	0
Disposals	(7,094)	0	0	0	(3,761)	0	(3,313)	(20)
Cost at 31 March 2022	243,551	12,120	169,944	1,921	41,516	512	16,423	1,115
Accumulated depreciation at 1 April 2021	34,731	0	0	0	24,488	34	9,417	792
Provided during the year	9,235	0	4,663	0	2,795	49	1,654	74
Impairments charged to operating expenses	(66)	0	(66)	0	0	0	0	0
Impairments charged to the revaluation reserve	0	0	0	0	0	0	0	0
Revaluations	(4,597)	0	(4,597)	0	0	0	0	0
Disposals	(7,094)	0	0	0	(3,761)	0	(3,313)	(20)
Accumulated depreciation at 31 March 2022	32,209	0	0	0	23,522	83	7,758	846
Net book value								
NBV - Owned at 31 March 2021	59,713	11,450	18,153	13,521	9,454	425	6,577	133
NBV - PFI at 31 March 2021	138,941	0	134,334	0	4,607	0	0	0
NBV - Donated at 31 March 2021	267	0	0	0	200	53	0	14
NBV - Owned - equipment donated from DHSC and NHSE for COVID response at 31 March 2021	975	0	0	0	975	0	0	0
NBV total at 1 April 2021	199,896	11,450	152,487	13,521	15,236	478	6,577	147
NBV - Owned at 31 March 2022	65,671	12,120	30,553	1,921	11,758	429	8,633	257
NBV - PFI at 31 March 2022	144,339	0	139,386	0	4,953	0	0	0
NBV - Donated at 31 March 2022	185	0	5	0	136	0	32	12
NBV - Owned - equipment donated from DHSC and NHSE for COVID response at 31 March 2022	1,147	0	0	0	1,147	0	0	0
NBV total at 31 March 2022	211,342	12,120	169,944	1,921	17,994	429	8,665	269

A separate schedule for the Trust tangible assets has not been produced as neither the NHS Charity or the subsidiary Dudley Clinical Services Limited have any tangible assets.

13 Property, Plant and Equipment (continued)

13.2 2020/21

Group and Foundation Trust

	Total	Land	Buildings excluding dwellings	Assets under Construction	Plant & Machinery	Transport Equipment	Information Technology	Furniture & Fittings
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost at 1 April 2020	209,633	11,450	151,099	674	33,242	42	12,203	923
Additions - purchased	27,342	0	3,775	12,847	6,465	470	3,770	15
Additions - leased	1,310	0	0	0	1,310	0	0	0
Additions - donated	143	0	10	0	98	0	21	14
Additions - equipment donated from DHSC for COVID response (non	1,095	0	0	0	1,095	0	0	0
Impairments charged to operating expenses	0	0	0	0	0	0	0	0
Impairments charged to the revaluation reserve	(455)	0	(455)	0	0	0	0	0
Revaluations	(1,942)	0	(1,942)	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0
Disposals	(2,499)	0	0	0	(2,486)	0	0	(13)
Cost at 31 March 2021	234,627	11,450	152,487	13,521	39,724	512	15,994	939
Accumulated depreciation at 1 April 2020	33,419	0	0	0	24,531	32	8,106	750
Provided during the year	8,107	0	4,461	0	2,278	2	1,311	55
Impairments charged to operating expenses	0	0	0	0	0	0	0	0
Impairments charged to the revaluation reserve	(232)	0	(232)	0	0	0	0	0
Revaluations	(4,229)	0	(4,229)	0	0	0	0	0
Disposals	(2,334)	0	0	0	(2,321)	0	0	(13)
Accumulated depreciation at 31 March 2021	34,731	0	0	0	24,488	34	9,417	792
Net book value								
NBV - Owned at 31 March 2020	38,567	11,450	17,830	674	4,383	10	4,047	173
NBV - PFI at 31 March 2020	137,434	0	133,269	0	4,165	0	0	0
NBV - Donated at 31 March 2020	213	0	0	0	163	0	50	0
NBV - Owned - equipment donated from DHSC and NHSE for COVID response at 31 March 2020	0	0	0	0	0	0	0	0
NBV total at 1 April 2020	176,214	11,450	151,099	674	8,711	0	4,097	173
NBV - Owned at 31 March 2021	59,713	11,450	18,153	13,521	9,454	425	6,577	133
NBV - PFI at 31 March 2021	138,941	0	134,334	0	4,607	0	0	0
NBV - Donated at 31 March 2021	267	0	0	0	200	53	0	14
NBV - Owned - equipment donated from DHSC and NHSE for COVID response at 31 March 2021	975	0	0	0	975	0	0	0
NBV total at 31 March 2021	199,896	11,450	152,487	13,521	15,236	478	6,577	147

A separate schedule for the Trust tangible assets has not been produced as neither the NHS Charity or the subsidiary Dudley Clinical Services Limited have any tangible assets.

13 Property, Plant and Equipment (continued)

13.3 Financing of Property, Plant and Equipment

	Group and Foundation Trust							
	Total	Land	Buildings excluding dwellings	Assets under Construction & POA	Plant & Machinery	Transport Equipment	Information Technology	Furniture & Fittings
Net Book Value	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 31 March 2022								
Owned	65,671	12,120	30,553	1,921	11,758	429	8,633	257
On Statement of Financial Position PFI contracts and other service concession arrangements	144,339	0	139,386	0	4,953	0	0	0
Donated	185	0	5	0	136	0	32	12
NBV - Owned - equipment donated from DHSC and NHSE for COVID response at 31 March 2022	1,147	0	0	0	1,147	0	0	0
	211,342	12,120	169,944	1,921	17,994	429	8,665	269
At 31 March 2021								
Owned	59,713	11,450	18,153	13,521	9,454	425	6,577	133
On Statement of Financial Position PFI contracts and other service concession arrangements	138,941	0	134,334	0	4,607	0	0	0
Donated	267	0	0	0	200	53	0	14
NBV - Owned - equipment donated from DHSC and NHSE for COVID response at 31 March 2021	975	0	0	0	975	0	0	0
	199,896	11,450	152,487	13,521	15,236	478	6,577	147

A separate schedule for the Trust tangible assets has not been produced as neither the NHS Charity or the subsidiary Dudley Clinical Services Limited have any tangible assets.

13.4 Analysis of Property, Plant and Equipment

	Group and Foundation Trust							
	Total	Land	Buildings excluding dwellings	Assets under Construction & POA	Plant & Machinery	Transport Equipment	Information Technology	Furniture & Fittings
Net Book Value at 31 March 2022	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Commissioner Requested Assets	172,195	12,120	160,075	0	0	0	0	0
Non Commissioner Requested Assets	39,147	0	9,869	1,921	17,994	429	8,665	269
	211,342	12,120	169,944	1,921	17,994	429	8,665	269
Net Book Value at 31 March 2021								
Commissioner Requested Assets	154,882	11,450	143,432	0	0	0	0	0
Non Commissioner Requested Assets	45,014	0	9,055	13,521	15,236	478	6,577	147
	199,896	11,450	152,487	13,521	15,236	478	6,577	147

Commissioner Requested assets are land and buildings owned or leased by the Foundation Trust, the disposal of which may affect the Trust's ability to provide these requested goods and services.

13 Property, Plant and Equipment (continued)

13.5 Economic Life of Assets

The estimated useful economic lives of the Group's intangible and tangible assets are as follows with each asset being depreciated over this year, as described in accounting policy notes 1.5 and 1.6

	Minimum Life Years	Maximum Life Years
Intangible		
Software Licences	2	10
Tangible		
Buildings excluding dwellings	5	90
Dwellings	0	0
Assets under Construction & POA	0	0
Plant & Machinery	2	15
Transport Equipment	7	10
Information Technology	3	15
Furniture & Fittings	2	10

Land does not depreciate.

In January 2019 The Royal Institution of Chartered Surveyors issued guidance clarifying that where a large asset includes a number of components with significantly different asset lives, then these components must be treated as separate assets and depreciated over their own useful lives. The Trust's asset valuation, undertaken as at 31 March 2022, took account of this clarification.

13.6 Impairment Losses

The Trust carried out an impairment review of its non-current assets in March 2022 . For land and buildings the Trust received a valuation report from the District Valuer prepared on a Modern Equivalent Asset (MEA) basis. The valuation report was prepared in accordance with the terms of the Royal Institution of Chartered Surveyors' Valuation Standards, 6th Edition, insofar as the terms are consistent with the requirements of HM Treasury, the National Health Service and NHSI. On application there was a general increase in value of land and buildings (£5.220m) compared to the carrying value following the March 2021 valuation. In line with IFRS the Trust took the increase in value of the buildings directly to the revaluation reserve. The valuation for the Rainbow Unit of Russells Hall Hospital resulted in an impairment of £1.877m which the Trust has taken to the income and expenditure account. In addition the Trust undertook an impairment review of equipment and intangible assets. The carrying value of equipment and intangible assets was deemed to fairly reflect the value of the assets.

Impairment of Assets	31 March 2022 £'000	31 March 2021 £'000
Changes in market price	1,877	0
Unforeseen Obsolescence	0	0
Net impairments charged to the revaluation reserve	0	223
TOTAL IMPAIRMENTS	1,877	223

13 Property, Plant and Equipment (continued)

13.7 Asset Valuations

A Modern Equivalent Asset Optimised Alternative Site valuation was undertaken as at 1st April 2018 by the District Valuer. The underlying principal is that the valuation of land and buildings should reflect a modern configuration of the estate required for the provision of the same services as already provided by the existing estate. With service delivery requirements evolving, this requires the Trust to consider whether the existing buildings and sites are optimal in terms of number and size. If the Trust were starting with a 'clean sheet', the Modern Equivalent Asset aligned to service delivery would be very different to the current layout in terms of building configuration and the size of the land. The net book value of the Trust's land and buildings decreased by £52,412,000 between 31 March 2018 and 31 March 2019, of which £41,768,000 was the result of using an optimised alternative site valuation.

A further valuation has been undertaken as at 31 March 2022 to update the costs assumptions within the valuation. Details of this are included in note 13.6 above.

The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, "lockdowns" have been applied to varying degrees and to reflect further "waves" of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, the valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

13.8 Non Current Assets Held For Sale and assets in disposal groups

During the year 2021/22 the Trust reclassified a parcel of land as an asset held for sale. There is currently a contract for sale agreed with a developer that is subject to planning permission being granted. The value of the land is therefore reflective of the current status of the land. There were no Non Current Assets held for sale in 2020/21.

	2021/22		2020/21	
	Total	Land	Total	Land
	£'000	£'000	£'000	£'000
At 1 April	0	0	0	0
Assets classified as available for sale in the year	1,000	1,000	0	0
Assets sold in the year	0	0	0	0
Impairment of assets held for sale	0	0	0	0
At 31 March	1,000	1,000	0	0

13.9 Capital Commitments

Commitments under capital expenditure contracts at the end of the year, not otherwise included in the annual report and accounts were £896,000 (2020/21 £3,778,000). The amount relating to property, plant and equipment is £896,000 (2020/21 £3,703,000) and intangible assets £nil (2020/21 £75,000).

13.10 Gains/losses on disposal /derecognition of assets

	31 March 2022	31 March 2021
	£'000	£'000
Gains on disposal/derecognition of other property, plant and equipment	0	25
Losses on disposal/derecognition of other property, plant and equipment	0	0
	0	25

14 Other investments / financial assets

14.1 Investments

	Group	
	2021/22	2020/21
	£'000	£'000
Current		
NHS Charitable funds: investments/financial assets	500	500
Non Current		
NHS Charitable funds: investments/financial assets	1,469	1,405
Total	1,969	1,905

Current funds are cash funds held by The Dudley Group NHS Foundation Trust Charity which are deposited in a fixed term deposit account.

Non current funds are investments in stocks and shares which are only held by The Dudley Group NHS Foundation Trust Charity.

Movements in Non current investments

	2021/22	2020/21
	£'000	£'000
Carrying Value at 1 April	1,405	1,186
Fair value movements taken to OCI (for equity instruments designated as FV through OCI)	64	219
Carrying Value at 31 March	1,469	1,405

A separate schedule for the Trust investments or financial assets has not been produced as the Trust does not have any investments or financial assets(2020/21 £nil).

14.2 Subsidiaries

The Trust wholly owns the subsidiary company Dudley Clinical Services Limited with a share of £1. Dudley Clinical Services Limited, was registered in the UK company number 8245934 ,and commenced trading on 9 October 2012.

The registered address for the Trust, Charity and Subsidiary is Russells Hall Hospital, Dudley, DY1 2HQ.

15 Inventories

	Group		Foundation Trust	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	£'000	£'000	£'000	£'000
Drugs	2,022	1,917	1,769	1,601
Consumables	1,534	1,429	1,534	1,429
Consumables donated from DHSC group bodies	185	376	185	376
Energy	46	17	46	17
Other	78	36	78	36
Charitable fund inventory	0	0	0	0
TOTAL inventories	3,865	3,775	3,612	3,459

The Group expensed inventories during the year of £41,488,000 (2020/21 £42,487,000), of which £36,111,000 (2020/21 £37,142,000) related to the Trust.

The Trust charged £27,000 to operating expenses in the year due to write-downs of obsolete inventories (2020/21 £56,000). This expense occurred due to the expiry of stock which was unable to be used due to the postponement of services during the covid 19 pandemic. There were no other write-offs of inventories within the Group.

16 Receivables

16.1 Trade and Other Receivables

	Group		Foundation Trust	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Current	£'000	£'000	£'000	£'000
Contract receivables (IFRS15): invoiced	3,927	2,597	3,927	2,597
Contract receivables (IFRS15): not yet invoiced/non-invoiced	5,845	1,339	5,845	599
Contract assets (IFRS15)	0	0	0	740
Allowance for impaired contract receivables/assets	(428)	(352)	(428)	(352)
Allowance for impaired other receivables	0	0	0	0
Deposits and Advances	16	16	16	16
Prepayments(revenue) non PFI	2,999	2,796	2,993	2,791
Interest Receivable	17	0	17	0
PDC dividend receivable	0	426	0	426
VAT Receivable	2,285	2,013	2,101	1,836
Corporation and other taxes receivable	0	0	0	0
Clinician pension tax provision reimbursement funding from NHSE	0	0	0	0
Other receivables	0	0	0	0
NHS Charitable funds: receivables	24	21	0	0
TOTAL CURRENT RECEIVABLES	14,685	8,856	14,471	8,653

	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Non Current	£'000	£'000	£'000	£'000
Contract receivables (IFRS15): not yet invoiced/non-invoiced	1,416	1,388	0	1,388
Allowance for impaired contract receivables/assets	(337)	(311)	(337)	(311)
Prepayments(revenue) non PFI	1,566	1,653	1,566	1,653
PFI Lifecycle prepayments (revenue)	11,929	10,107	11,929	10,107
Clinician pension tax provision reimbursement funding from NHSE	374	899	374	899
Other Receivables	0	0	0	0
NHS Charitable funds: receivables	0	0	0	0
TOTAL NON-CURRENT RECEIVABLES	14,948	13,736	13,532	13,736
Of which receivable from NHS and DHSC group bodies:				
Current	8,159	2,937	8,159	2,937
Non-current	374	899	374	899

Current and non current contract assets include the NHS Injury Scheme (was RTA).

Included within trade and other receivables of both Group and Trust are balances with a carrying amount of £2,791,000 (31 March 2021 £3,851,000) which are past due at the reporting date but for which no specific provision has been made as they are considered to be recoverable based on previous trading history.

16.2 Allowances for credit losses (doubtful debts)

	Group and Foundation Trust		
	Total	Contract Receivables/ Contract Assets	All Other Receivables
	£'000	£'000	£'000
Allowances at 1 April 2021	663	663	0
New Allowances Arising	463	463	0
Reversals of allowances (where receivable is collected in year)	(291)	(291)	0
Utilisation of allowances (where allowance is written off)	(70)	(70)	0
Allowances as at 31 March 2022	765	765	0
Loss/(gain) recognised in expenditure note 5.	172		

16 Receivables (continued)

16.2 Allowances for credit losses (doubtful debts)(continued)

	Group and Foundation Trust		
	Total	Contract Receivables/ Contract Assets	All Other Receivables
	£'000	£'000	£'000
Allowances at 1 April 2020	617	617	0
New allowances arising	350	350	0
Reversals of allowances (where receivable is collected in year)	(276)	(276)	0
Utilisation of allowances (where allowance is written off)	(28)	(28)	0
Allowances as at 31 March 2021	663	663	0
Loss/(gain) recognised in expenditure note 5.	74		

16.3 Analysis of receivables with credit loss assessment

	Group and Foundation Trust			
	31 March 2022		31 March 2021	
	Contract Receivables and Contract Assets	Other Receivables	Contract Receivables and Contract Assets	Other Receivables
Ageing Analysis	£'000	£'000	£'000	£'000
0 - 30 Days	69	0	10	0
30 - 60 Days	22	0	44	0
60 - 90 Days	15	0	10	0
90 - 180 Days	58	0	76	0
over 180 Days (over 6 months)	597	0	523	0
Total	761	0	663	0

16.4 Analysis of receivables without credit loss assessment

	Group and Foundation Trust			
	31 March 2022		31 March 2021	
	Contract Receivables and Contract Assets	Other Receivables	Contract Receivables and Contract Assets	Other Receivables
Ageing Analysis	£'000	£'000	£'000	£'000
0 - 30 Days	1,089	0	2,167	0
30 - 60 Days	192	0	102	0
60 - 90 Days	52	0	37	0
90 - 180 Days	157	0	223	0
over 180 Days (over 6 months)	1,301	0	1,322	0
Total	2,791	0	3,851	0

Separate schedules for the Trust analysis of receivables have not been produced as the NHS Charity receivables are without credit loss assessment and represent just £24,000 (31 March 2021 £21,000) of the value shown by the Group in the 0-30 days category and the subsidiary did not have any receivables outstanding .

Credit loss impairments are not recognised against NHS receivables, in accordance with the DHSC Group Accounting Manual.

17 Cash and Cash Equivalents

	Group		Foundation Trust	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	£'000	£'000	£'000	£'000
At 1 April	19,307	5,137	17,928	4,190
Transfers By Absorption	0	0	0	0
Net change in year	5,859	14,170	5,808	13,738
At 31 March	25,166	19,307	23,736	17,928
Analysed as follows:				
Cash at commercial banks and in hand	829	846	1	1
Cash with the Government Banking Service	24,337	18,461	23,735	17,927
Other current investments	0	0	0	0
Cash and cash equivalents as in Statement of Financial Position	25,166	19,307	23,736	17,928
Bank overdraft	0	0	0	0
Cash and cash equivalents as in Statement of Cash Flows	25,166	19,307	23,736	17,928

18 Trade and Other Payables

	Group		Foundation Trust	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Current	£'000	£'000	£'000	£'000
Trade payables	432	1,307	431	1,208
Capital payables	3,322	5,798	3,322	5,798
Accruals	8,060	5,122	8,016	4,947
Annual leave accrual	4,059	2,241	4,059	2,241
Vat payable	65	87	65	87
Taxes payable	6,956	6,221	6,918	6,185
PDC dividend payable	431	0	431	0
Other payables	19,413	14,618	19,413	14,618
NHS Charitable Funds trade and other payables	44	50	0	0
TOTAL CURRENT TRADE & OTHER PAYABLES	42,782	35,444	42,655	35,084
Non Current				
Trade payables	2,571	0	2,571	0
TOTAL NON CURRENT TRADE & OTHER PAYABLES	2,571	0	2,571	0
Of which payables from NHS and DHSC group bodies:				
Current:	1,239	1,207	1,239	1,207
Non-current:	0	0	0	0

Taxes payable consists of employment taxation only (Pay As You Earn and National Insurance contributions), owed to HM Revenue and Customs at the year end, and Corporation Tax payable by the subsidiary Dudley Clinical Services Limited.

Other payables includes superannuation owed to NHS Pensions.

Non-current liabilities relate to the fine from CQC that the Trust is liable to pay in December 2023. There were no non current liabilities at 31 March 2021.

19 Borrowings

	Group and Foundation Trust	
	As at 31 March 2022	As at 31 March 2021
Current	£'000	£'000
Obligations under Private Finance Initiative contracts (excl lifecycle)	5,317	5,206
Total Current borrowings	5,317	5,206
Non Current		
Obligations under Private Finance Initiative contracts	106,089	110,095
Total Other non Current Liabilities	106,089	110,095

A separate schedule for the Trust borrowings has not been produced as neither the NHS Charity or the subsidiary Dudley Clinical Services Limited have any borrowings.

20 Provisions

	Group and Foundation Trust Current		Group and Foundation Trust Non Current	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	£'000	£'000	£'000	£'000
Other legal claims	307	1,239	0	0
19/20 Clinician's pension tax reimbursement	0	0	374	899
Lease Dilapidations	0	0	125	0
Total	307	1,239	499	899

	Total	Other legal claims	Clinical pension tax reimbursement	Lease dilapidations
	£'000	£'000	£'000	£'000
At 1 April 2021	2138	1,239	899	0
Arising during the year	497	372	0	125
Utilised during the year	(1,182)	(1,182)	0	0
Reversed unused	(647)	(122)	(525)	0
At 31 March 2022	806	307	374	125
Expected timing of cashflows:				
- not later than one year;	307	307	0	0
- later than one year and not later than five years;	499	0	374	125
- later than five years.	0	0	0	0
TOTAL	806	307	374	125

Other Legal Claims include claims under Employers' and Public Liability.

Clinicians pension tax reimbursement relates to costs associated with the pension tax scheme. Clinicians who are members of the NHS Pension Scheme and who as a result of work undertaken in this tax year (2019/20) face a tax charge in respect of the growth of their NHS pension benefits above their pension savings annual allowance threshold will be able to have this charge paid by the NHS Pension Scheme. Individual Trusts have been instructed to reflect this future estimated liability within the provisions note and include a corresponding amount as owing from NHS England within the receivables note.

The NHS Litigation Authority has included in its provisions at 31 March 2022 £392,751,000 (2020/21 £254,386,000) in respect of clinical negligence liabilities for the Trust.

21 Other Liabilities

	Group		Foundation Trust	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Current	£'000	£'000	£'000	£'000
Deferred income	7,289	3,040	7,289	3,040
TOTAL OTHER CURRENT LIABILITIES	7,289	3,040	7,289	3,040

Where income has been received for a specific activity which is to be delivered in the following financial year, that income is deferred.

22 Deferred Tax

Liability for corporation tax only arises from the activity of the commercial subsidiary, the activities of the Trust do not incur corporation tax, see accounting policy note 1.18 for detailed explanation.

The subsidiary did not have any deferred tax in 2021/22 (2020/21 £nil).

23 Events after the reporting year

There are no events after the reporting year.

24 Contingencies

Neither the Group nor the Trust have any contingent assets or liabilities in 2021/22 (2020/21 £nil).

25 Related Party Transactions

During the year none of the Department of Health Ministers, Trust Board Members or members of the key management staff, or parties related to any of them, have undertaken material transactions with The Dudley Group NHS Foundation Trust.

The Department of Health and Social Care is the parent department to the Trust and is considered to be a related party. During 2021/22 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:

Birmingham Women's and Children's NHS Foundation Trust
Black Country Healthcare NHS Foundation Trust
Dudley Integrated Health and Care NHS Trust
Health Education England
NHS Birmingham and Solihull CCG
NHS Black Country and West Birmingham CCG
NHS Cannock Chase CCG
NHS England
NHS Herefordshire and Worcestershire CCG
NHS Resolution
NHS Shropshire, Telford and Wrekin CCG
NHS South East Staffs and Seisdon Peninsula CCG
Sandwell And West Birmingham Hospitals NHS Trust
The Royal Wolverhampton NHS Trust
University Hospitals Birmingham NHS Foundation Trust
Walsall Healthcare NHS Trust
Worcestershire Acute Hospitals NHS Trust

In addition, the Trust has had a number of material transactions with other Government Departments and Local Government Bodies. These related parties are summarised below by Government Department.

Care Quality Commission
Community Health Partnerships
Dudley Metropolitan Borough Council
HMRC
NHS Blood & Transplant
NHS Pensions
NHS Property Services
Sandwell Metropolitan Borough Council

25 Related Party Transactions (continued)

Key management personnel, namely the Trust Board Directors, are those persons having authority and responsibility for planning, directing and controlling the activities of the Trust. During the year none of the key management personnel have parties related to them that have undertaken any material transactions with The Dudley Group NHS Foundation Trust.

The table below details, on an aggregate basis, key management personnel compensation:

	31 March 2022	31 March 2021
Compensation	£'000	£'000
Salaries and short-term benefits	1225	1225
Post-employment benefits	245	400
	1,470	1,625

The following members of the Trust Board hold positions in the organisations stated below.

	Trust position	Other Body	Position held
Yve Buckland	Chairperson	Birmingham and Solihull ICS (Integrated Care System)	Independent Chairperson
Gary Crowe	Non Executive Director	University Hospital of North Midlands NHS Trust	Non Executive Director
Elizabeth Hughes	Non Executive Director	Health Education England	Deputy Medical Director
Vijith Randeniya	Vice Chair	Birmingham Women's and Children's Foundation Trust	Vice Chairman

The annual report and accounts of the parent (the Trust) are presented together with the consolidated annual report and accounts and any transactions or balances between Group entities have been eliminated on consolidation. Dudley Group NHS Charity has a Corporate Trustee who are the Board members of the Trust. The Board members of Dudley Clinical Services Limited include from the Trust, Executive Director Adam Thomas and Non Executive Directors Lowell Williams as Chairman and Jonathan Hodgkin as a Director.

The Trust received revenue payments from Dudley Group NHS Charity for finance administration services totalling £47,000 (2020/21 £46,000). There were no receivables or paybles balances as at 31st March 2022 (2020/21 £0). Dudley Clinical Services Limited received income of £5,936,000 (2020/21 £5,941,000) and incurred expenditure of £309,000 (2020/21 £307,000) with the Trust. There were receivables of £150,000 (2020/21 £189,000) due from the Trust and payables of £0 (2020/21 £0) payable to the Trust at 31st March 2022.

Dudley Group NHS Charity and Dudley Clinical Services Limited and do not have any transactions with any NHS or Government entity except those with it's parent, the Trust and HMRC.

26 Private Finance Initiatives

26.1 PFI schemes on the Statement of Financial Position

The Dudley PFI project provided for the refurbishment and new building of major inpatient facilities at Russells Hall Hospital, the building of new facilities at Guest Hospital and Corbett Hospital. The Capital value of the scheme was £160,200,000. The Project agreement runs for 40 years from May 2001. The Dudley PFI is a combination of buildings (including hard Facilities Managed (FM) services) and a significant range of allied and clinical support services.

The standard Unitary Payment changes periodically as a consequence of:

- Inflation (based on RPI and reviewed annually)
- Deductions for poor performance (Deficiency points and financial penalties for poor performance or non-compliant incidents).
- Variations to the Project Agreement (PA) (agreed under Variations procedure in the PA)
- 50% of market testing or refinancing impact
- Energy tariff adjuster (the difference between actual energy tariff changes and the uplift that comes through RPI)
- Volume adjuster (computed by comparing actual in patient days against that in the schedule, with a tolerance of plus or minus 3%)

The Trust has the rights to use the specified assets for the length of the Project Agreement and has the rights to expect provision of the range of allied and clinical support services. At the end of the Project Agreement the assets will transfer back to the Trust's ownership.

The PFI transaction meets the IFRIC 12 definition of a service concession, as interpreted in the Group Accounting Manual GAM) issued by Monitor, and therefore the Trust is required to account for the PFI scheme 'on-balance sheet' and this means that the Trust treats the asset as if it were an asset of the Trust and the substance of the contract is that the Trust has a finance lease and payments comprise two elements, an imputed finance lease charge and service charges.

26 Private Finance Initiatives (continued)

	As at 31 March 2022 £'000	As at 31 March 2021 £'000
Gross PFI Liabilities	123,858	127,139
of which liabilities are due		
- not later than one year;	17,769	17,044
- later than one year and not later than five years;	21,268	20,824
- later than five years.	84,821	89,271
Finance charges allocated to future periods	(12,452)	(11,838)
Net PFI liabilities	**111,406**	**115,301**
- not later than one year;	5,317	5,206
- later than one year and not later than five years;	21,268	20,824
- later than five years.	84,821	89,271

The Trust is committed to make the following payments for on-SoFP PFIs obligations during the next year in which the commitment expires:

	31 March 2022 £'000	31 March 2021 £'000
- not later than one year;	44,529	42,579
- later than one year and not later than five years;	178,117	170,314
- later than five years.	623,410	638,679
Total	**846,056**	**851,572**

Analysis of amounts payable to the service concession operator:

	31 March 2022 £'000	31 March 2021 £'000
Unitary payment payable to the concession operator	**42,579**	**41,992**
Consisting of:		
- Interest charge	4,502	4,659
- Repayment of finance lease liability	5,249	5,518
- Service element	21,504	21,213
- Capital lifecycle maintenance	2,145	3,297
- Contingent rent	7,293	7,305
- Addition to lifecycle prepayment	1,886	0
Total amount paid to concession operator	**42,579**	**41,992**

Other amounts paid to the service concession operator but not part of the unitary payment

Amounts charges to revenue	7,601	5,716
Amounts capitalised	0	14,312
Total amount paid to the service concession operator	**50,180**	**62,020**

Total length of the project (years)	40
Number of years to the end of the project	19

26.2 PFI schemes off the Statement of Financial Position

The Trust does not have any PFI schemes which are deemed to be off-statement of financial position.

27 Financial Instruments and Related Disclosures

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. The nature of the Group's activities means that exposure to risk, although not eliminated, is substantially reduced.

The key risks that the Group have identified are as follows:

27.1 Financial Risk

Because of the continuing service provider relationship that the Trust has with Clinical Commissioning Groups (CCG's) and the way those CCG's are financed, and the relationship that the subsidiary company and charity have with the Trust, the Group is not exposed to the degree of financial risk faced by business entities. 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 Group 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 Group's treasury management operations are carried out by the finance department, within parameters defined formally within the standing financial instructions and policies agreed by the Board of Directors. Group treasury activity is subject to review by the Finance and Performance Committee.

27.2 Currency Risk

The Group are principally domestic organisations with the great majority of transactions, assets and liabilities being in the UK and Sterling based. The Group have no overseas operations. The Group therefore have low exposure to currency rate fluctuations.

27.3 Market (Interest Rate) Risk

All of the Group financial assets and all of its financial liabilities carry nil or fixed rates of interest. The Group is not therefore, exposed to significant interest rate risk.

27.4 Credit Risk

The majority of the Group's income comes from contracts with other public sector bodies, resulting in low exposure to credit risk. The maximum exposures as at 31 March 2022 are in receivables from customers, as disclosed in note 17 to the annual report and accounts. The Group mitigates its exposure to credit risk through regular review of debtor balances and by calculating a credit loss allowance at the end of the year.

27.5 Liquidity Risk

The Group's net operating costs are incurred under annual service agreements with Clinical Commissioning Groups and NHS England, which are financed from resources voted annually by Parliament. This is regulated by the Trust's compliance with the 'Financial Sustainability Risk Rating' system created by Monitor, the Independent Regulator of NHS Foundation Trusts. In addition should the Group identify a shortfall on cash, the Trust has the ability to borrow from the FT financing facility. The Group ensures that it has sufficient cash to meet all its commitments when they fall due. The Board continues to monitor monthly and future cash positions and has governance arrangements in place to manage cash requirements throughout the year. The Group is not, therefore, exposed to significant liquidity risks.

27.6 Fair Values

All of the financial assets and all of the financial liabilities of the Group are measured at fair value on recognition and subsequently amortised cost, with the exception of the ivestment of the Charity which is measured at fair value through other comprehensive income.

27 Financial Instruments and Related Disclosures (continued)

27.7 Financial Assets and Liabilities By Category

The following tables show by category the financial assets and financial liabilities at 31 March 2022. The values are shown at amortised cost which is representative of the carrying value.

	Group			Foundation Trust	
Financial Assets as at 31 March 2022	Total	Valued at amortised cost	Investments in equity instruments designated at fair value through OCI	Total	Valued at amortised cost
	£'000	£'000	£'000	£'000	£'000
Receivables (excluding non financial assets) with NHS and DH bodies	8,434	8,434	0	8,434	8,434
Receivables (excluding non financial assets) with other bodies	2,281	2,281	0	2,281	2,281
Other investments and Financial Assets	0	0	0	0	0
Cash and cash equivalents	24,564	24,564	0	23,736	23,736
Consolidated NHS Charitable fund financial assets	2,595	1,126	1,469	0	0
	37,874	36,405	1,469	34,451	34,451

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 charity equity instruments at fair value through other comprehensive income.

	Group		Foundation Trust	
Financial Liabilities as at 31 March 2022	Total	Valued at amortised cost	Total	Valued at amortised cost
	£'000	£'000	£'000	£'000
Obligations under Private Finance Initiative contracts	111,406	111,406	111,406	111,406
Trade and other payables (excluding non financial liabilities) with NHS and DH bodies	549	549	549	549
Trade and other payables (excluding non financial liabilities) with other bodies	29,851	29,851	29,850	29,850
Provisions under contract	806	806	806	806
Consolidated NHS Charitable Fund financial liabilities	44	44	0	0
	142,656	142,656	142,611	142,611

27 Financial Instruments and Related Disclosures (continued)

27.8 Financial Assets and Liabilities By Category (continued)

The following tables show by category the financial assets and financial liabilities at 31 March 2021. The values are shown at amortised cost which is representative of the carrying value.

	Group			Foundation Trust	
Financial Assets as at 31 March 2021	Total	Valued at amortised cost	Investments in equity instruments designated at fair value through OCI	Total	Valued at amortised cost
	£'000	£'000	£'000	£'000	£'000
Receivables (excluding non financial assets) with NHS and DH bodies	3,085	3,085	0	3,085	3,085
Receivables (excluding non financial assets) with other bodies	2,475	2,475	0	2,475	2,475
Other investments and Financial Assets	0	0	0	0	0
Cash and cash equivalents	18,773	18,773	0	17,928	17,928
Consolidated NHS Charitable fund financial assets	2,460	1,055	1,405	0	0
	26,793	25,388	1,405	23,488	23,488

	Group		Foundation Trust	
Financial Liabilities as at 31 March 2021	Total	Valued at amortised cost	Total	Valued at amortised cost
	£'000	£'000	£'000	£'000
Obligations under Private Finance Initiative contracts	115,301	115,301	115,301	115,301
Trade and other payables (excluding non financial liabilities) with NHS and DH bodies	1,172	1,172	1,172	1,172
Trade and other payables (excluding non financial liabilities) with other bodies	20,551	20,551	20,452	20,452
Provisions under contract	2,138	2,138	2,138	2,138
Consolidated NHS Charitable Fund financial liabilities	50	50	0	0
	139,212	139,212	139,063	139,063

27 Financial Instruments and Related Disclosures (continued)

Note 27.9 Fair values of financial assets and liabilities

IFRS7 requires the Trust to disclose the fair value of financial liabilities. The PFI scheme is a non-current Financial Liability where the fair value is likely to differ from the carrying value. The Trust have reviewed the current interest rates available for borrowing and if these were used as the implicit interest rate for the scheme the fair value of the liability would be £79,576,000 (£82,677,000 in 2020/21).

The Trust has used an interest rate of 3.96% in this calculation as this represents the underlying interest rate in the PFI scheme.

27.10 Maturity of Financial Liabilities

	Group		Foundation Trust	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
	£'000	£'000	£'000	£'000
In One Year or Less	45,949	40,056	45,948	39,894
In more than one year but not more than five years	23,839	21,723	23,839	21,723
In more than five years	85,320	89,271	85,320	89,271
Total	155,108	151,050	155,107	150,888

28 Third Party Assets

The Trust held £18,000 as cash at bank or in hand at 31 March 2022 (31 March 2021 £5,000) which related to monies held by the Trust on behalf of patients. These balances are excluded from cash at bank and in hand figures reported in the annual report and accounts note 17 on page 37.

29 Losses and Special Payments

NHS Foundation Trusts are required to record payments and other adjustments that arise as a result of losses and special payments on an accruals basis, excluding provisions for future losses.

	2021/22		* Restated 2020/21	
	Number	Value	Number	Value
		£000		£000
Loss of Cash	0	0	0	0
Fruitless payments	2	0	0	0
Bad debts and claims abandoned	31	60	24	13
Damage to Buildings, property etc. due to:				
Theft	0	0	0	0
Stores losses	35	136	21	161
Total Losses	68	196	45	174
Ex gratia payments	49	48	40	50
Overtime Corrective Payments *	0	0	475	138
Total Special Payments	49	48	515	188
Total Losses and Special Payments	**117**	**244**	**560**	**362**

* The overtime corrective payments are considered as special payments for which HMT approval was sought nationally by NHS England on local employers' behalf.

There were no (2020/21 £nil) clinical negligence, fraud, personal injury, compensation under legal obligations or fruitless payment cases where the net payment for the individual case exceeded £300,000

30 Auditors' Liability

In accordance with the Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008, the liability of the Trust Auditor, Grant Thornton UK LLP is restricted to £1,000,000 in respect of liability to pay damages for losses arising as a direct result of breach of contract or negligence in respect of services provided in connection with or arising from their letter of engagement dated 6th May 2021.

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للحصول على هذه النشرة بحجم أكبر، وعلى شكل إصدار صوتي و بلغات أخرى، الرجاء الاتصال بالرقم 08000730510.

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ਇਹ ਪਰਚਾ ਵੱਡੇ ਅੱਖਰਾਂ, ਬੋਲ ਕੇ ਰੀਕਾਰਡ ਕੀਤਾ ਹੋਇਆ ਅਤੇ ਦੂਸਰੀਆਂ ਭਾਸ਼ਾਵਾਂ ਵਿਚ ਵੀ ਪ੍ਰਾਪਤ ਹੋ ਸਕਦਾ ਹੈ, 0800 073 0510 ਤੇ ਫੋਨ ਕਰੋ ਜੀ।

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