Meeting title:	**Trust Board**					
Date of the meeting:	**24th June 2024**					
Title:	**2023/24 Final Accounts**					
Report presented by:	Simon Linthwaite, Deputy Director of Finance					
Report written by:	Simon Linthwaite, Deputy Director of Finance					
Action – this paper is for:	Decision/Approval	x	Assurance	X	Update	
Where this report has been discussed previously	Audit Committee 24th June 2024					

To your knowledge, does the report provide assurance or mitigate any significant risks? If yes, please detail which
The submission of the Annual Accounts to DHSC is a statutory responsibility. The Annual Draft have been prepared in accordance with International Financial Reporting Standards (IFRS) and accounting policies. Their preparation has been guided by the 2023/24 DHSC Group Accounting Manual (GAM). They represent a 'true and fair view' of the Trust's activities in 2023/24 and have received an **unqualified audit opinion (TBC),** mitigating the risk associated that there are material misstatements in the Accounts and transactions not carried out in accordance with the law and with Government policy and accounting standards.

Impact assessment
The paper presents the submission of 2023/24 Audited Annual Accounts for approval by the Audit Committee for onward recommendation for adoption by the Trust Board.

Acronyms used
Trust Account Consolidation (TACS) Provider Financial Returns (PFRS)

Purpose of the Report

This paper presents the audited Annual Accounts for the University Hospitals of Leicester NHS Trust for the year ending 31 March 2024.

Recommendation

The Trust Board is asked to:

- Approve the adoption of the Audited Accounts (refer **Appendix A**)
- Approve the Going Concern Assessment (**Appendix B**).
- Approve the Letter of Representation (to follow)

1. Executive Summary

A copy of the full and final audited Accounts is enclosed for approval by the Audit Committee. They represent a 'true and fair view' of the Trust's activities in 2023/24 and have received **a clean and unqualified audit opinion (TBC).**

The Trust is required to meet certain financial duties, in order to provide assurance to the taxpayer on how public funds have been managed. Each NHS Trust is required to ensure that its revenue is not less than sufficient, taking one financial year with another, to meet outgoings properly chargeable to revenue account. With the exceptions of breakeven financial duty and delivering its agreed in year control total, the Trust achieved its statutory financial duties, including maintaining capital spending and cash within the limits set by DHSC, as set out in the table below.

The key headlines of 2023/24 from a financial point of view are:

- a revenue deficit, after technical adjustments, of £52.8m, following a deficit of £12.5m in 22/23 and a surplus of £20.2m in 2021/22
- A record level of capital investment of £122m (£96.5m in 22/23 and £75.3m in 21/22).
- Delivery of a Cost Improvement of £64m (£35m in 22/23 and £17.1m in 21/22).
- Reconfiguration and modernisation programme enabling work continues at pace.
- Contraction in year-end cash balance to £39.8m (from £103.3m at 31 March 22).
- Maintained high achievement against the Better Payments Practice Code for paying suppliers promptly of 94%.

Statutory Duty	Description	Target	Performance	Variance	Duty
		£m	£m	£m	£m
Adjusted Financial Performance (modified target)	ICS Financial Control Total Delivered	(35.4)	(52.8)	(17.4)	Not Met
External Finance Limit (EFL)	How much more (or less) cash UHL can spend over the amount it generates from its activities.	(0.0)	(0.0)	0.0	Met
Capital Absorption Rate	UHL is required to pay a dividend to DHSC of 3.5% of its average relevant net assets (Cost of Capital)	3.50%	3.50%	0.0	Met
Revised Capital Resource Limit (CRL)	UHL must not spend more than the limit set	115.0	114.9	0.1	Met

2. Introduction

The Annual Accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) and accounting policies and on a going concern basis. Their preparation has been guided by the 2023/24 DHSC Group Accounting Manual (GAM) and the Trust Accounting Policies approved at the March Audit Committee. They represent a 'true and fair view' of the Trust's activities in 2023/24 and have received **a clean and unqualified audit opinion (TBC).**

The Accounts are presented for both the 'Trust' and 'Group', including the consolidation of the Trust's subsidiary Trust Group Holdings (TGH Ltd) and UHL Charity.

A copy of the Draft Accounts is enclosed in **Appendix A** and summarised in the sections below.

3. High level Analytical Review of the 2023/24 Accounts

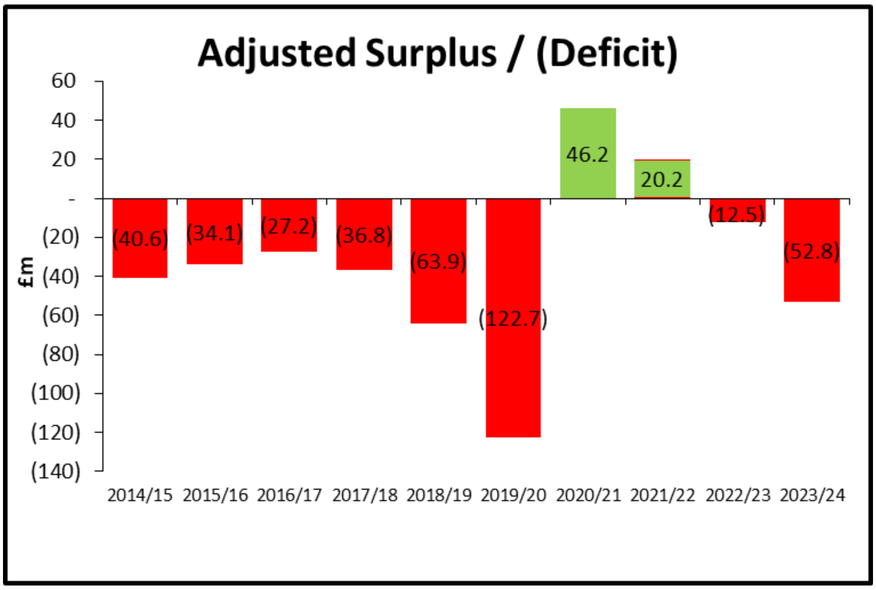
3.1 Income and Expenditure

As the NHS emerged out of the pandemic during 2022/23 and through 2023/24, there was a clear expectation, nationally, that providers must transition towards business as usual, which has seen overall funding levels reduces in real terms from those currently experienced during the pandemic.

	Group	
Adjusted financial performance (control total basis):	**2023/24**	**2022/23**
	£000	**£000**
Surplus / (deficit) for the period	(65,326)	(33,699)
Remove impact of consolidating NHS charitable fund	2,295	(2,427)
Remove net impairments not scoring to the Departmental expenditure limit	12,225	12,958
Remove I&E impact of capital grants and donations	(2,205)	243
Prior Period Adjustments		10,281
Gains on disposal of assets		
Remove net impact of inventories received from DHSC group bodies for COVID response	180	185
Adjusted financial performance surplus / (deficit)	**(52,831)**	**(12,459)**

The financial and operational challenges the Trust faces in delivering sustainable finances is significant. Achieving sustainable finances and optimising the use of its resources for patients at the same time as improving productivity is one of the Trust's key strategic goals. However, the Trust remains in a recurrent deficit position.

The original financial plan for 23/24 forecast a £10m deficit. However, there were known risks that did materialise within the financial position, such that the outturn was £52.8m deficit and £17.4m worse than the revised outturn agreed with NHSI and the System (£35.4m). This was driven by UEC pathway (£5.3m), industrial action costs not funded (£2m), loss of NHSE income for depreciation for PDC funded capital schemes (£2.5m), healthcare assistant backpay provision (£6.8m) and other small variances of (£0.7m).



3.1.1 Income

The Trust continues to largely operate to fixed or block funding envelopes, although since the 2023/25 national NHS payment system came into effect on 1 April 2023 elective healthcare commissioned between trusts and NHS commissioning bodies is subject to an aligned payment and incentive (API) payment. Under these rules, trusts and commissioners agree a fixed (block) element, based on funding an agreed level of activity. However, the API variable element means Systems have access to additional funding for elective activity performed above the fixed agreed baseline level, effectively the Elective Recovery Fund (ERF). However, receiving appropriate funding for growing year on year urgent and emergency activity delivered continues to present a major financial challenge for the Trust. The emergency pathway continued to experience increasing winter pressures, with Emergency/Non elective inpatients 5.8% above planned levels and ED/Eye Casualty 2.9% above plan.

The table below illustrates the income received in 2023/24 from different sectors, compared with previous years:

Income Received from Different Sectors	2016/17 Actual £000s	2017/18 Actual £000s	2018/19 Actual £000s	2019/20 Actual £000s	2020/21 Actual £000s	2021/22 Actual £000s	2022/23 Actual £000s	2023/24 Actual £000s
NHS England	258,067	288,791	305,886	350,224	380,632	395,912	472,791	503,843
Clinical Commissioning Groups/Integrated Commissioning Board	513,658	522,902	542,245	539,952	685,583	765,772	848,594	924,425
Department of Health and Social Care	-		10,625	18,494				
Non NHS Private Patients	2,864	2,872	2,821	2,798	1,641	2,740	3,353	4,147
Other income from Patient Care	5,993	5,766	2,894	34,491	1,515	2,131	2,702	4,628
Income from Patient Care Activities	**780,582**	**820,331**	**864,471**	**945,959**	**1,069,371**	**1,166,555**	**1,327,440**	**1,437,043**
Other operating income	143,687	127,958	129,845	144,616	212,142	68,632	69,527	52,026
Education training, and Research						84,956	93,548	97,661
Other Operating Income	**143,687**	**127,958**	**129,845**	**144,616**	**212,142**	**153,588**	**163,075**	**149,687**
Total Income	**924,269**	**948,289**	**994,316**	**1,090,575**	**1,281,513**	**1,320,143**	**1,490,515**	**1,586,730**

Total income from patient care activities increased by £95m (6.5%).

Note 3.1 Income from patient care activities (by nature)	**2023/24 £000**	**2022/23 £000**
Income from commissioners under API contracts - variable element*	285,511	
Income from commissioners under API contracts - fixed element*	955,135	1,117,809
High cost drugs income from commissioners	150,697	113,785
Private patient income	4,147	3,353
Elective recovery fund		29,631
National pay award central funding***	706	27,571
Additional pension contribution central funding*	36,622	32,589
Other clinical income	4,225	2,702
Total income from activities	**1,437,043**	**1,327,440**

Other operating income reduced by £13.4m, largely as a consequence of removal of reimbursement and top up funding given in 22/23 but longer available in 23/24 (£5.3m); a reduction in donations and grants (£3.4m), income received in respect of staff recharges (£3.2m), as well as other income charges (£5m); offset by an increase in education and research funding (£4m).

3.1.2 Expenditure

Employment costs accounted for 62% of our total operating costs (60% in 22/23) increasing by £109m during the year. This reflected an overall increase in the workforce (average WTE worked) of 1,249 (8%) to 16,722 (permanent and temporary) during 2023/2024. Detailed work in ongoing in analysing the reasons for this increase and there will a sustained focus on reducing non-substantive pay costs moving into 2024/25 If you adjust for industrial action and Dec/Jan/Feb and 20% pay uplift payable over Christmas, the pay bill has stabilised and reduced in March. The Trust also has had to account for £36.6m of DOH funded pension costs in M12.

Depreciation and amortisation costs increased by £2.7m reflective of the significant capital investment in the last 3 years, much of which has been concentrated on investment in short life medical equipment and IT infrastructure. 2023/24 was also the second year of the new leasing accounting standard (IFRS16), which saw new leases come onto the Trust's balance sheet with depreciation impact (as opposed to accounting for leases as non-pay operating rentals under the previous accounting standard).

	2016/17 Actual £000s	2017/18 Actual £000s	2018/19 Actual £000s	2019/20 Actual £000s	2020/21 Actual £000s	2021/22 Actual £000s	2022/23 Actual £000s	2023/24 Actual £000s
Staffing	575,895	597,876	629,537	698,996	745,371	777,761	897,482	1,006,581
Drugs	102,168	105,789	102,124	107,139	124,239	127,949	144,487	152,807
Clinical Supplies and Services	103,653	109,211	117,635	124,593	128,314	142,808	167,500	166,509
Depreciation and Amortisation	26,407	27,663	32,176	34,991	37,030	39,499	51,730	54,581
Clinical Negligence	23,724	27,398	30,664	31,927	34,744	38,204	38,824	48,002
Premises	33,308	33,753	43,469	54,976	48,019	52,572	58,928	64,507
Research and Development	22,932	34,376	35,763	36,124	35,254	38,680	42,610	48,002
Other Operating costs	78,216	49,535	61,262	107,866	59,020	62,098	103,220	91,294
Total Expenditure	**888,087**	**936,066**	**1,052,630**	**1,088,746**	**1,211,991**	**1,279,571**	**1,504,781**	**1,632,283**

3.1.3 CIP/Efficiency

In delivering its year end position, the Trust generated financial cost savings/additional income of £64.2m (against a target of £63m), through its efficiency programme. The Trust seeks to identify and remove nonvalue adding practices, procedures or delays which impede the patient experience. Financial savings are a by-product of introducing improvements in the patient care pathway.

3.2 Statement of Financial Position

The closing net assets increased by £2.7m from £676.5m in 2022/23 to £679.2m in 2023/24. The key movements in terms of reserves, resulted from:

- **PDC Capital** – Additional PDC external funding of £53.2m was received for capital schemes.
- **Revaluation Reserve** (Net gain of £16.4m), resulting from the annual property valuation.
- **I&E reserve** – There was an overall adverse movement of £66.8m, driven by the in-year deficit (including impairment costs)

This overall small increase in balance sheet be explained by:

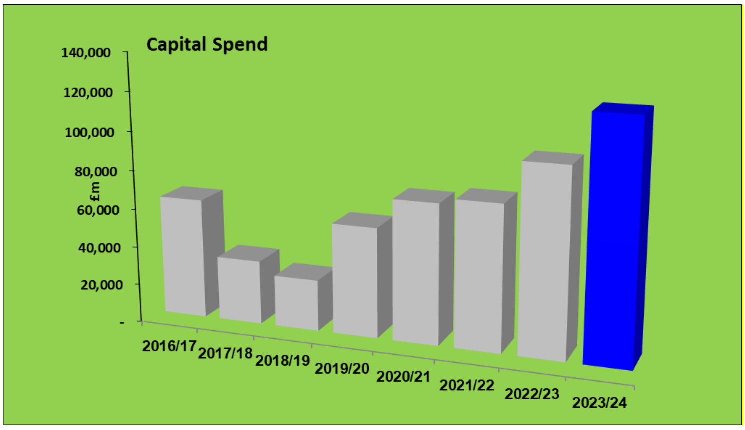
- An increase in the value of property plant and equipment (£64.9m),
  Offset by:
- An adverse movement across other areas of the balance sheet of £62.2m, including working capital (£59.5m) and borrowings (finance leases) (£2.1m). This included a reduction in cash of £63.6m, mirroring the in-year deficit position.

3.2.1 Property, Plant and Equipment - Capital Investment

In 2023/24, the Trust delivered a major capital programme of £122m. This level of expenditure on our estate, medical equipment and IT is a record for the Trust. The tables and graph below show how we have been able to build our level of capital expenditure in the last eight years. In 2023/24, there was significant investment in Estates infrastructure, medical equipment, IT modernisation and digitisation, as well as continued investment in the Trust’s estate and reconfiguration programme, to ensure healthcare services to our patients is provided in modern and safe surroundings. This investment will help UHL to continue to make important progress on the things that matter most for our patients: improving waiting times and safety in urgent and emergency care, further reducing the longest waits for tests and treatment for cancer and elective care, making it easier for people to access primary care.

Specifically, the following significant investments took place in support of delivering strategic and operational priorities:

- Continued development of the East Midlands Planned Care Centre (£21.2m), which will open in 2023/24.
- Increased urgent and emergency care capacity (£24m), including modular ward development.
- Continued deployment of electronic patient record (EPR) (£6.9m), fundamental for the collection, processing, and availability of patient data for research and training and in terms of visibility of records across patient pathways, patient safety, efficiency, and financial savings.
- IT end user computing devices and refresh (£11.4m) to ensure that staff have modern IT equipment available to them to allow them to do their roles to the best of their abilities.
- Other investment in IT infrastructure and digitisation (£5.6m).
- New and replacement linear accelerators (£6.5m) in support of access to and reducing waits for cancer diagnosis.
- Investment in other front line medical equipment (£21.8m) including equipping the new Endoscopy unit and Hinckley Community Diagnostics Centre which will both open in 24/25, imaging kit and 2 surgical robots to give medical staff access to modern equipment in delivering services to patients.
- Enabling work to commence the New Hospitals Programme (£1.7m), which will see the Trust invest over £600m in modernising its building infrastructure over the next 5 years.
- A range of Estates schemes (£19.2m) including enabling works of medical equipment installation, commencement of theatre decant programme, nurse training facility, statutory and CQC compliance and backlog schemes, lighting modernisation, expansion of the Pharmacy Subsidiary accommodation and other projects to support the smooth running of the hospital.



Note 3 Capital Resource Limit	2023/24 £000	2022/23 £000
Gross capital expenditure	122,001	96,516
Less: Disposals	(3,444)	(622)
Less: Donated, granted and peppercorn leased capital additions	(3,611)	(1,061)
Plus: Loss on disposal from capital grants in kind and peppercorn lease disposals	-	-
Charge against Capital Resource Limit	**114,946**	**94,833**
Capital Resource Limit	115,080	94,938
Under / (over) spend against CRL	**134**	**105**

In overall terms in 2023/24, PPE and intangibles increased by £64.9m from £734.9m to £799.8m, largely reflecting the additional capital expenditure of £122.0m, the impact of the property valuation (£7.3m), offset by depreciation and amortisation charges (£54.6m) and loss on disposal (£2.9m) as set out in the table below:

£m	**31-Mar-24**
Property Plant and Equipment	
Opening Balance	**734.9**
Capital Investment	121.5
Impact of valuation /impairment	7.3
Asset Derecognition (Asset Verification)	(6.3)
Depreciation	(54.6)
Impact of disposals	(2.9)
Cloisng Balance	**799.8**

- **Asset Verification**

Significant progress has been made in 2023/24 to verify the physical existence of non-land and building assets to remove the outstanding qualification.

Of the assets over which there was a qualification in the 2022/23 financial period (excluded software and right of use assets), a total of £96.5m (68%) was verified within the 2023/24 financial period out of a total of £142.7m. This left a further £46.3m (32%) unverified, of which £29.3m relate to new additions in the period, over which substantive procedures have been performed by the external auditors in year which effectively gives sufficient assurance over the existence of those assets. Therefore £125.8m (88%) was effectively verified and £17.0m (12%) of assets remain unverified as at 31 March 2024, which is below the Trust's audited level of materiality. It should be noted that £18.2m of the assets subject to verification were assets under construction (land buildings and equipment), which are assets not yet brought into use and were excluded from the Trust exercise for this reason.

If we supplement intangibles and right of use assets the effective verified sum increases to £162.4m out of a total eligible net book value of non-land and building and assets under construction of £201.4m (81%), resulting in £39m (19%) unverified, but noting the eligible net book value includes £18.2m of assets under construction.

The value of unverified assets will continue to reduce to a de-minimus level over the next few years as assets reach the end of the lives and effectively drop off the register. It has contributed to a significant asset derecognition, valued at c£9.3m, which has been treated as an impairment.

3.2.2 Movements of other Assets and Liabilities

A summary of movements across other balance sheet headings, including working capital are shown below:

Working Capital Heading	2023/24	2022/23	Yr on Yr Movement
	£000s	£000s	£000s
Stock	27,797	22,663	5,134
Receivables	42,339	65,761	(23,422)
Non-current assets for sale and assets in disposal groups	0	0	0
Cash	39,764	103,345	(63,581)
Payables	(165,488)	(187,107)	21,619
Deferred Income	(4,812)	(4,196)	(616)
Provisions	(15,682)	(16,990)	1,308
Borrowings	(43,807)	(41,745)	(2,062)
Total Trust	**(119,889)**	**(58,269)**	**(61,620)**
Charity	7,820	9,722	(1,902)
Total Consolidated	**(112,069)**	**(48,547)**	**(63,522)**

- **Inventories**

There was an overall increase in stock holdings of £5.1m to £27.8m (22%), which is largely accounted for by bringing 2 additional areas on balance sheet as at 31 March 2024 in relation to ward and department consumable and drugs stock held but not consumed (via material management and pharmacy issues). This is a derived estimate of stock at 31 March, based on average daily usage deducted from maximum stock holding held by each area (for which stock levels are topped up to on a weekly basis). The impact on the balance sheet of this change is an additional stock holding of c£3.1m. Elsewhere, stock increased in relation to, as a consequence of restoring patient activity levels and inflationary price increases. Physical end of year stock counts was undertaken in all areas, with the exception of Pharmacy, which was subject to rolling annual stock take, ensuring 100% coverage across the financial year. A random sample of stock takes were observed by external audit.

	Group	
	31 March 2024	31 March 2023
	£000	£000
Drugs	9,231	8,081
Work In progress	-	-
Consumables	18,258	14,154
Energy	308	428
Other	-	-
Charitable fund inventory	-	-
Total inventories	**27,797**	**22,663**

- **Receivables**

In overall terms, there was a reduction in receivables of £21.6m as set out in the table below. This mainly related to the national pay award accrual made at the end of 2022/23 (mirrored by an increase in payables).

	31 March 2024	31 March 2023	Movement	Movement	Explanation
	£000s	£000s	£000s	%	
Non Current Receivables					
Clinicians Pension Accrual	1,345	1,660	315	19%	NHSI Instruction - Income accrual guided by NHSI Instruction - matached with provisions adjustment.
ICR Receivables	1,673	1,439	(234)	-16%	ICR Activity accrual adjusted for DHSC advised impairment of receivables %
Total Non Current Receivables	**3,018**	**3,099**	**81**	**3%**	
Current Receivables					
Contract receivables					
NHS Receivables	6,766	8,987	2,221	25%	Decrease is due to LPT invoices by £728k(Link corridor £468k, FY1 secondment recharges of £148k, PCN funding £112k),and Cambridge university invoices reduced by £595 , NHS education contract 22/23 of £520 received in 23 /24 and NHSE invoices reduced by £209k balance contributing towards smaller movement of balances
NHS Accrued income	10,000	35,808	25,808	72%	22/23 Income accrual for pay award funding - I think thois accounts fro C£28m, so must be offset by C£6m ovement the other way.
Non NHS Revenue receivables	16,994	15,030	(1,964)	-13%	
Other Financial Assets	(90)	7	96	1467%	Not material
VAT receivable	3,788	3,029	(758)	-25%	Reflects timing and magnitude of VAT claims
Provn impairment of receivables	(4,919)	(4,681)	238	-5%	Not material
NHS Prepayments	40	(17)	(57)	334%	Not material
Non NHS Prepayments	6,626	4,693	(1,933)	-41%	Ergea contract payment £2.5m
Other Receivables	115	(194)	(309)	159%	Not material
Total Current Receivables	**39,321**	**62,662**	**23,341**	**37%**	
Total Receivables	**42,339**	**65,761**	**23,422**	**36%**	

- **Payables**

There was an increase in payables of £19.8m, largely explained by the accrual for the pay award at the end of March 2023, offset by increases in other payable categories, most notably capital accruals and GRNIs, where despite the release of GRNIs at 6 months compared with 12 months in 22/23 (£4m), this was more than offset by an increase in GRNIs at year end (£6.8m) as capital commitments in particular accelerated at year end, reflective of the £45m capital expenditure that was committed both in terms of cash and payables.

In more detail, the year-on-year movements in payables is set out in the following table:

	31 March 2024	31 March 2023	Movement	Movement %	Reason for Movement
	£000	£000	£000	%	
NHS payables	(5,967)	(9,430)	3,462	-37%	NHS Purchase ledger payables - timing re: payments pending payment at year end.
Trade payables revenue	(73,210)	(67,090)	(6,120)	9%	Non NHS purchase ledger payables reflects the timing re: payments pending payment at year end. Masks £4m reduction in GRNI arising from reduction from 12 months to 6 months. Reflects in part the capital commitments made in March, noting the the Trust incurred c£45m of capital committments in March.
Other payables capital	(16,590)	(10,882)	(5,708)	52%	Acceleration of the capital programme in March reflected in an increase in year end capital accruals (commitments).
Tax and social security costs	(21,801)	(18,138)	(3,663)	20%	Reflects the impact of increase in pay cost and 23/24 pay awards on quantum of tax and NI payments in March 24 compared with March 23. A comparable increase occurred in 22/23.
PDC Dividend payable	0	(609)	609	-100%	M12 PDC Creditor
Other payables	(14,419)	(46,925)	32,506	-69%	22/23 accrual for pay award funding (c£28m)
Pensions	(12,125)	(10,972)	(1,153)	11%	Reflects the impact of increase in pay cost and 23/24 pay awards on quantum of tax and NI payments in March 24 compared with March 23. A comparable increase occurred in 22/23.
Non NHS Accruals	(21,375)	(23,062)	1,687	-7%	
Total	**(165,488)**	**(187,107)**	**21,620**	**-12%**	

- **Deferred Income**

In accordance with revenue recognition and accrual accounting terms, deferred income is money received for goods or services which it has not yet been earned. The income is released in future reporting periods to match the costs that are incurred.

The year end deferred income balance at 31 March 2024 was largely comprised of the income received from a commercial housing partner (Sovereign Housing) in relation to the Walnut Street land (£1.6m) which is being released in accordance with the length of the contract and R&I commercial trial income (£3.2m). carried forward to future periods, in accordance with agreed expenditure plans. Commercial trial income accounted for the increase in year on year increase in deferred income.

	31 March 2024	31 March 2023	Movement	Movement	Reason for Movement
	£000	£000	£000	%	
NHS Deferred Income	0	(315)	315	-100%	Crediting legacy overseas patient income repayable to Commissioners now lapsed.
Non NHS Deferred Income	(4,812)	(3,881)	(930)	24%	Mainly ncrease in deferrall of commercial R&I trial income, including Bioage project - (£0.7m) - see separate schedule
Total	**(4,812)**	**(4,196)**	**(615)**	15%	

- **Provisions**

In overall terms, provisions reduced by £1.3m from an opening balance of £16.9m to £15.7m at 31 March 2024. A summary analysis of the movement in provisions is set out below, but was mainly driven by the provision made for the retrospective band 2 to and 3 re-banding of healthcare assistants (£6.8m); which was more than offset by the release of other provisions, including VAT provisions (£4.5m) (as set out in the Accounting Policies paper previously submitted to Committee) and release of provisions to meet the increased CNST liability and Flowers (£2.2m).

	At 1 April 2023 - brought forward	Arising during the year	Reversed unused - revenue	Utilised during the year - accruals	Utilised during the year - cash	Change in discount rate	Unwinding of discount	At 31 April 2024 - carried forward	Change
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000's
2019/20 clinicians' pension reimbursement	**(1,684)**	0	0	94	10	296	(89)	**(1,373)**	311
CNST Liability	**(1,604)**	0	0	1,604	0	0	0	**0**	1,604
Confidential Settlement Agreement	**(330)**	0	0	330	0	0	0	**(0)**	330
Cos Heading 14 Vat Provision	**(2,688)**	0	1,676	0	0	0	0	**(1,012)**	1,676
Employers / Public Liability	**(307)**	(191)	32	0	191	0	0	**(275)**	32
Employers Liablity - P11D salary sacrifice	**(700)**	0	0	0	339	0	0	**(361)**	339
Employment Tribunal	**(635)**	(147)	0	0	0	0	0	**(782)**	(147)
Flowers 21/22 - WTD	**0**	0	0	0	0	0	0	**0**	0
Flowers 22/23	**(999)**	0	0	999	(382)	0	0	**(382)**	617
Galliford Try - Abortive Costs	**(795)**	0	398	0	0	0	0	**(398)**	398
MES VAT provision	**(2,056)**	0	2,056	0	0	0	0	**(0)**	2,056
Permanent Injury Benefit <1 Yr	**(61)**	(118)	0	17	51	59	(15)	**(66)**	(5)
Permanent Injury Benefit >1 Yr	**(858)**	26	0	0	0	0	0	**(833)**	26
Premature Retirements < 1 Year	**(207)**	(316)	1	56	218	58	(26)	**(217)**	(9)
Premature Retirements > 1 Year	**(1,515)**	97	0	0	0	0	0	**(1,418)**	97
TGH Bonus	**(57)**	(45)	0	57	0	0	0	**(45)**	12
VAT on Commercial Trials provision	**(2,493)**	0	575	0	224	0	0	**(1,694)**	799
HCA	**0**	(6,826)	0	0	0	0	0	**(6,826)**	(6,826)
Grand Total	**(16,991)**	**(7,521)**	**4,738**	**3,158**	**649**	**414**	**(129)**	**(15,682)**	**1,309**

- **Borrowings**

Borrowings is exclusively comprised of finance leases arrangements. Prior to the implementation of IFRS16 on 1 April 2022. the Trust had three finance lease arrangements under IAS 17 - for Managed Equipment Services, IM&T equipment, and renal dialysis. The Trust also incurred both lease additions (£14.5m) and remeasurements of existing leases (£2.2m), which are accounted as capital expenditure against the Trust's CDEL. Liabilities were reduced by the value of payments made in year to lease providers for principal (£21.5m), resulting in a net increase in lease liabilities of £4.8m

Note 27.1 Borrowings

	Group & Trust	
	31 March 2024	31 March 2023
	£000	£000
Current		
Lease liabilities	9,434	12,231
Total current borrowings	**9,434**	**12,231**
Non-current		
Lease liabilities	34,373	29,514
Total non-current borrowings	**34,373**	**29,514**

- **Cash**

The Trust's cash position contracted by £63.5m from £103.3m to £39.8m (excluding Charity) in 2023/24, largely driven by the delivery of the in-year deficit. This Trust continued to operate from a cash perspective without need to access additional PDC revenue support,

The summarised cash movements were:

- Operating cash deficit – (£43.1m)
- Depreciation (non-cash) - £54.6m
- Impairments (non-cash) - £12.2m.
- Adverse movement in working capital – (£9.1m) (as explained above).
- Capital cash outlay – (£99.5m)
- Asset proceeds from transfer of asset - £2.6m
- Interest receivable - £4.0m
- Net cash inflow from financing activities – PDC Capital Funding less lease principal and interest and PDC Dividend – £14.9m

These cash flow movements are set out in the table below:

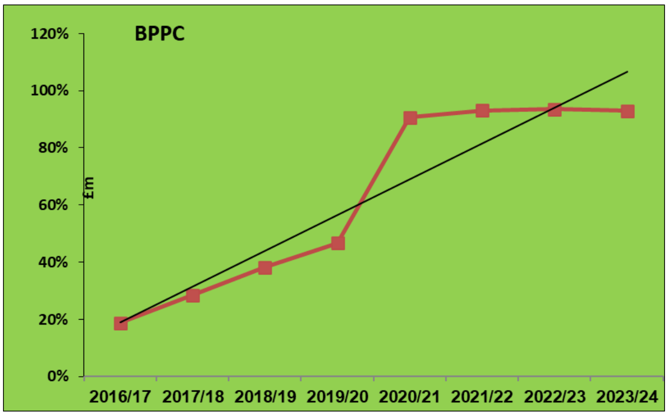
Statement of cash flows	**Actual**
	31/03/2024
	Year ending
	£'000
Cash flows from operating activities	
Operating surplus/(deficit)	(43,083)
Non-cash income and expense:	
Depreciation and amortisation	54,578
Impairments and reversals	12,264
Income recognised in respect of capital donations (cash and non-cash)	(3,611)
(Increase)/decrease in receivables	21,724
(Increase)/decrease in inventories	(5,134)
Increase/(decrease) in trade and other payables	(24,989)
Increase/(decrease) in other liabilities	616
Increase/(decrease) in provisions	(1,349)
Corporation tax (paid) / received	(24)
Net cash generated from / (used in) operations	**10,992**
Cash flows from investing activities	
Interest received	4,017
Purchase of intangible assets	(8,861)
Purchase of property, plant and equipment and investment property	(90,657)
Proceeds from Asset sales	2,460
Receipt of cash donations to purchase capital assets	3,593
Net cash generated from/(used in) investing activities	**(89,448)**
Cash flows from financing activities	
Public dividend capital received	53,162
Capital element of lease liability payments	(20,063)
Interest paid	(6)
Interest element of lease liability payments	2,933
PDC dividend (paid)/refunded	(21,151)
Net cash generated from/(used in) financing activities	**14,875**
Increase/(decrease) in cash and cash equivalents	**(63,581)**
Cash and cash equivalents at start of period	**103,345**
Cash balance per SOFP	**39,764**

Better Payments Performance Code (BPPC)

The Trust manages creditor payments in line with NHS terms and conditions, paying to 30 day terms in most cases, unless we are contractually obligated to pay earlier. This is measured by our BPPC performance, which was maintained at 94% of valid supplier invoices being paid within 30 days or their due date (if later).

Work continues to transform the purchase to pay workstream, strengthening the financial controls and standardising system processes and improving efficiency of the transaction process through greater automation, integrated working between procurement and Finance colleagues and less manual intervention. This has included full 100% coverage of a *No PO No Pay Policy*, ensuring that expenditure cannot be committed without a valid and manager approved purchase order.

The table below shows the improvement over the past few years. In challenging economic times, it is particularly important to support our suppliers and local businesses by ensuring prompt payments are made to them. The BPPC remains an important performance metric, which is monitored at national level.



Going Concern

The Accounts are presented for both the ‘Trust’ and ‘Group’, including the consideration of the Trust’s private Pharmacy Company subsidiary and the UHL Charity. The Accounts have been prepared on a ‘going concern’ basis. The definition of going concern in the public sector focuses on the expected continued provision of services by the public sector rather than a specific organisational form. This means that even when a body is going to cease to exist, it does not affect its going concern status. The FReM (financial reporting manual) guidance is that the financial statements are prepared on a going concern basis unless there are plans for, or no realistic alternative other than the dissolution of the Trust without the transfer of its services to another entity within the public sector.

The Board of Directors has carefully considered the principle ‘going concern’ and the Directors have concluded that, having made appropriate enquiries, the Trust has adequate financial resources and there are no material uncertainties related to the financial position of the Trust and Group that would compromise the continued delivery of the operational services of the Trust. As directed by the DHSC Group Accounting Manual 2023/24 the Directors have therefore prepared the financial statements on this basis as they consider that the services currently provided by the Trust will continue to be provided in the future.

Audited Annual Accounts 2023/24 (Separate Attachment)

Appendix B

Going Concern Assessment (Separate Attachment)

University Hospitals of Leicester NHS Trust

Annual accounts for the year ended 31 March 2024

Consolidated Statement of Comprehensive Income

		Group	
		2023/24	2022/23
	Note	£000	£000
Operating income from patient care activities	3	1,437,043	1,327,440
Other operating income	4	149,687	163,075
Operating expenses	7, 9	(1,632,283)	(1,504,781)
Operating surplus/(deficit) from continuing operations		**(45,553)**	**(14,266)**
Finance income	11	4,233	2,048
Finance expenses	12	(2,980)	(1,834)
PDC dividends payable		(20,455)	(18,982)
Net finance costs		**(19,202)**	**(18,768)**
Other gains / (losses)	13	(486)	(624)
Corporation tax expense		(85)	(41)
Surplus / (deficit) for the year		**(65,326)**	**(33,699)**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	8	(12,537)	-
Revaluations	18	25,698	19,434
Other recognised gains and losses		-	-
Gain / (loss) arising from on transfers by modified absorption		-	-
Other reserve movements		-	-
May be reclassified to income and expenditure when certain conditions are met:			
Fair value gains/(losses) on financial assets mandated at fair value through OCI	20	393	(396)
Recycling gains/(losses) on disposal of financial assets mandated at fair value through OCI	13	-	-
Foreign exchange gains / (losses) recognised directly in OCI		-	-
Total comprehensive income / (expense) for the period		**(51,772)**	**(14,661)**
Surplus/ (deficit) for the period attributable to:			
University Hospitals of Leicester NHS Trust		(65,326)	(33,699)
TOTAL		**(65,326)**	**(33,699)**
Total comprehensive income/ (expense) for the period attributable to:			
University Hospitals of Leicester NHS Trust		(51,772)	(14,661)
TOTAL		**(51,772)**	**(14,661)**

Statements of Financial Position

		Group		Trust	
		31 March 2024	31 March 2023	31 March 2024	31 March 2023
	Note	£000	£000	£000	£000
Non-current assets					
Intangible assets	15	29,130	15,507	29,130	15,507
Property, plant and equipment	16	718,930	667,682	718,919	667,668
Right of use assets	19	51,744	51,703	51,744	51,703
Other investments / financial assets	20	5,347	4,964	4,000	4,000
Receivables	23	3,019	3,099	3,019	3,099
Total non-current assets		**808,170**	**742,955**	**806,812**	**741,977**
Current assets					
Inventories	22	27,797	22,663	25,880	20,650
Receivables	23	39,406	62,928	38,623	61,737
Cash and cash equivalents	24	42,391	107,980	37,347	101,080
Total current assets		**109,594**	**193,571**	**101,850**	**183,467**
Current liabilities					
Trade and other payables	25	(165,728)	(187,250)	(165,206)	(186,070)
Borrowings	27	(9,434)	(12,231)	(9,435)	(14,146)
Provisions	28	(12,087)	(12,958)	(12,041)	(12,900)
Other liabilities	26	(4,812)	(4,196)	(4,813)	(4,196)
Total current liabilities		**(192,061)**	**(216,635)**	**(191,495)**	**(217,312)**
Total assets less current liabilities		**725,703**	**719,891**	**717,168**	**708,132**
Non-current liabilities					
Trade and other payables	25	-	-	-	
Borrowings	27	(34,373)	(29,514)	(34,372)	(27,596)
Provisions	28	(3,595)	(4,032)	(3,596)	(4,032)
Other liabilities	26	-	-	-	
Total non-current liabilities		**(37,968)**	**(33,546)**	**(37,968)**	**(31,628)**
Total assets employed		**687,735**	**686,345**	**679,199**	**676,504**
Financed by					
Public dividend capital		850,303	797,141	850,303	797,141
Revaluation reserve		217,730	202,796	217,730	201,349
Income and expenditure reserve		(388,118)	(323,314)	(388,833)	(321,986)
Charitable fund reserves	21	7,820	9,722	-	
Total taxpayers' equity		**687,735**	**686,345**	**679,199**	**676,504**

The notes form part of these accounts.

Name **Richard Mitchell**
Position **Chief Executive**
Date

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

Group	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Charitable fund reserves	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2023 - brought forward	**797,141**	**202,796**	**(323,314)**	**9,722**	**686,345**
Surplus/(deficit) for the year	-	-	(65,808)	482	**(65,326)**
Impairments	-	(12,537)	-	-	**(12,537)**
Revaluations	-	25,698	-	-	**25,698**
Fair value gains/(losses) on financial assets mandated at fair value through OCI	-	-	-	393	**393**
Public dividend capital received	53,162	-	-	-	**53,162**
Other reserve movements	-	1,773	1,004	(2,777)	**-**
Taxpayers' and others' equity at 31 March 2024	**850,303**	**217,730**	**(388,118)**	**7,820**	**687,735**

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

Group	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Charitable fund reserves	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2022 - brought forward	**760,831**	**188,573**	**(292,399)**	**7,691**	**664,696**
Surplus/(deficit) for the year	-	-	(37,187)	3,488	**(33,699)**
Other transfers between reserves	-	(5,211)	5,211	-	**-**
Revaluations	-	19,434	-	-	**19,434**
Fair value gains/(losses) on financial assets mandated at fair value through OCI	-	-	-	(396)	**(396)**
Public dividend capital received	36,310	-	-	-	**36,310**
Other reserve movements	-	-	1,061	(1,061)	**-**
Taxpayers' and others' equity at 31 March 2023	**797,141**	**202,796**	**(323,314)**	**9,722**	**686,345**

Information on reserves

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

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

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 NHS charitable funds consolidated within these financial statements. These reserves are classified as restricted or unrestricted; a breakdown is provided in note 20.

Statements of Cash Flows

	Note	Group 2023/24 £000	Group 2022/23 £000	Trust 2023/24 £000	Trust 2022/23 £000
Cash flows from operating activities					
Operating surplus / (deficit)		(45,553)	(14,266)	(43,420)	(15,243)
Non-cash income and expense:					
Depreciation and amortisation	7.1	54,581	51,730	54,578	51,726
Net impairments	8	12,225	12,958	12,225	11,511
Income recognised in respect of capital donations	4	(834)	-	(3,611)	(1,061)
(Increase) / decrease in receivables and other assets		23,522	(29,314)	22,975	(29,454)
(Increase) / decrease in inventories		(5,134)	(1,537)	(5,230)	(1,120)
Increase / (decrease) in payables and other liabilities		(26,102)	39,515	(25,431)	38,777
Increase / (decrease) in provisions		(1,349)	4,087	(1,254)	4,067
Movements in charitable fund working capital		264	(133)		-
Tax (paid) / received		(84)	(25)		-
Other movements in operating cash flows		1	2		(10)
Net cash flows from / (used in) operating activities		**11,537**	**63,017**	**10,832**	**59,193**
Cash flows from investing activities					
Interest received		4,017	1,886	4,017	1,886
Purchase of intangible assets		(8,861)	(4,776)	(8,861)	(4,776)
Sales of intangible assets		-	-	-	
Purchase of PPE and investment property		(90,657)	(66,024)	(90,657)	(66,024)
Sales of PPE and investment property		2,460	-	2,460	
Receipt of cash donations to purchase assets		822	-	3,599	1,061
Net cash flows from charitable fund investing activities		216	162		
Net cash flows from / (used in) investing activities		**(92,003)**	**(68,752)**	**(89,442)**	**(67,853)**
Cash flows from financing activities					
Public dividend capital received		53,162	36,310	53,162	36,310
Capital element of lease liability repayments		(14,195)	(16,866)	(14,195)	(15,307)
Other interest		(6)	(128)	(6)	(128)
Interest paid on lease liability repayments		(2,933)	(204)	(2,933)	(1,763)
PDC dividend (paid) / refunded		(21,151)	(17,814)	(21,151)	(17,814)
Net cash flows from / (used in) financing activities		**14,877**	**1,298**	**14,877**	**1,298**
Increase / (decrease) in cash and cash equivalents		**(65,589)**	**(4,437)**	**(63,733)**	**(7,362)**
Cash and cash equivalents at 1 April - brought forward		**107,980**	**112,417**	**101,080**	**108,442**
Prior period adjustments			-		
Cash and cash equivalents at 1 April - restated		**107,980**	**112,417**	**101,080**	**108,442**
Cash and cash equivalents transferred under absorption accounting	0	-	-		
Unrealised gains / (losses) on foreign exchange		-	-		
Cash and cash equivalents at 31 March	24	**42,391**	**107,980**	**37,347**	**101,080**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

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

Accounting convention

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

Note 1.2 Going concern

These accounts have been prepared on a going concern basis. The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the entity's services in the public sector is normally sufficient evidence of going concern. The directors have a reasonable expectation that this will continue to be the case. The Trust reported a surplus of £52.8m in 2023/24, but did not seek any additional cash support from NHS Improvement (NHSI) in the year. Cash support will be required for24/25 and the Trust will follow the NHSI process to apply for revenue support. The Trust agreed contracts with local commissioners for 2023/24 and services are being commissioned in the same manner in the future as in prior years and there are no discontinued operations. Also there were no transfers of services or significantly amendment to the structure of the organisation in the year and there are no decision for such at this time. The Board of Directors also has a reasonable expectation that the Trust and group will have access to adequate resources in the form of support from the Department of Health and Social Care (NHS Act 2006 s42a) to continue to deliver the full range of mandatory services for the foreseeable future. The Directors have concluded that assessing the Trust and group as a going concern remains appropriate. Although these factors represent a material uncertainty that may cast significant doubt about the Trust's and group's ability to continue as a going concern, the Directors, having made appropriate enquiries, still have reasonable expectations that the Trust and group will have adequate resources to continue in operational existence for the foreseeable future. As directed by the DHSC Group Accounting Manual 2023/24 the Directors have prepared the financial statements on a going concern basis as they consider that the services currently provided by the Trust will continue to be provided in the foreseeable future. On this basis, the Trust has adopted the going concern basis for preparing the financial statements and has not included the adjustments that would result if it was unable to continue as a going concern.

Note 1.3 Critical judgements in applying accounting policies

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

We consider going concern to be a critical judgement and this is discussed in section 1.2.

Valuation of the Trust's estate

The Trust engaged its valuers, Gerald Eve LLP, to revalue its estate as at the 31st March 2024. This revaluation applied a Modern Equivalent Asset (MEA) valuation methodology, which took into account the Trust's long term reconfiguration strategy. The Trust provided the valuers with the latest iteration of the Estates Strategy to inform the MEA valuation.

Note 1.4 Sources of estimation uncertainty

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

Income

The main income streams with the main areas of estimation uncertainty are covered in this section.

Timing of income recognition

There is some uncertainty around income recognition particularly in relation to work in progress and maternity pathway income at the year end, where some estimation is made as to the value of these totals. As agreement with NHS counterparties is necessary within the agreement of balances exercise for these balances we do not consider this is a significant risk.

Allowance for credit losses

We apply IFRS9 to our receivable balances at the year end. This requires us to establish an allowance for credit losses based upon our assessment of the likely recoverability of the outstanding debt in future. Whilst we use our experience, external advice and best estimation techniques to determine the likely recoverability, there is some uncertainty inherent in such an estimate.

Deferred income

Whilst we release income in the period to which it relates, at the time of the deferral there may be some uncertainty over the timing of future expenditure, particularly in research and development where projects may span several accounting periods.

Expenditure

The main areas of estimation uncertainty in relation to expenditure are covered in this section.

Accrued expenditure

The majority of our accrued expenditure relates to invoices received which have not yet been posted to our revenue position. Other estimated expenditure accruals are made where we have incurred expenditure during an accounting period but are yet to receive an invoice. There is a degree of uncertainty in relation to these accruals until the invoice is received.

Valuation of assets

The value of our land and buildings is based on a Modern Equivalent Asset valuation which uses an estimate of the future likely configuration of our estate. Within the Trust's five year estates strategy the reconfigured estate is assumed to have a smaller GIA area than the Trust's current three sites. There is some inherent uncertainty in this estimate as our reconfiguration plans may be further developed over the next five years.

Depreciation

Whilst we aim to give informed useful economic lives to our assets there is a degree of uncertainty in relation to the level of usage of the assets and the level of wear and tear which may reduce the life of the asset below the initial life allocated. Also, due to constraints around the availability of capital we may keep assets in use longer than originally planned. We assess the useful economic lives of our assets on an annual basis.

Note 1.5 Consolidation

The Trust is the corporate Trustee to Leicester Hospitals Charity NHS charitable fund. The Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the Trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the 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 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102. On consolidation, necessary adjustments are made to the charity's assets, liabilities and transactions to:

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

Trust Group Holdings Ltd

The Trust currently consolidates one subsidiary - Trust Group Holdings Limited (the Company). The Company is registered in the UK, company number 10388315, with a share capital comprising one share of £1 owned by the Trust. The company commenced trading on the 1 April 2017 as an Outpatient Dispensary service for the Trust. The service is provided across the three UHL sites, operating in normal business hours. A significant proportion of the company's revenue is inter group trading with the Trust which is eliminated upon the consolidation of these group financial statements. The amounts consolidated are drawn from the published financial statements of TGH for 2023/24. TGH's accounting policies are aligned with those of the Trust.

Note 1.6 Revenue from contracts with customers

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

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

Revenue from NHS contracts

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

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

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

In 2023/24 fixed payments were set at a level assuming the achievement of elective activity targets within aligned payment and incentive contracts. These payments are accompanied by a variable-element to adjust income for actual activity delivered on elective services and advice and guidance services. Where actual elective activity delivered differed from the agreed level set in the fixed payments, the variable element either increased or reduced the income earned by the Trust at a rate of 75% of the tariff price.

The Trust also receives income from commissioners under Commissioning for Quality Innovation (CQUIN) and Best Practice Tariff (BPT) schemes. Delivery under these schemes is part of how care is provided to patients. As such CQUIN and BPT payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the overall contract with the commissioner and accounted for as variable consideration under IFRS 15.

(1) As per paragraph 121 of the Standard the Trust does not disclose information regarding performance obligations part of a contract that has an original expected duration of one year or less.

Revenue from research contracts

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

NHS injury cost recovery scheme

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

Note 1.7 Other forms of income

Grants and donations

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

Apprenticeship service income

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

Approach to unrecoverable debt

The Trust recognises a loss allowance at an amount equal to lifetime expected credit losses (ECLs) under IFRS9’s simplified approach – as mandated by HM Treasury. This applies to non-NHS Trade receivables; other long-term trade receivables; contract assets; and lease receivables.

We also adjust specific categories of debt (such as education, local authorities and overseas visitors) based on the likely level of irrecoverability as determined by the accounts receivable manager and team, taking into account historic levels of write offs and advice from solicitors and debt collection agencies. We increase the loss allowance for riskier debt categories such as overseas visitors.

Note 1.8 Expenditure on employee benefits

Short-term employee benefits

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

Pension costs

NHS Pension Scheme

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

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

Note 1.9 Expenditure on other goods and services

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

Note 1.10 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

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

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

Subsequent expenditure

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

Measurement

Valuation

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

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

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

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

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

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

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful lives or low values or both, as this is not considered to be materially different from current value in existing use. The Trust has revalued its assets with an effective date of revaluation of 31st March 2024.

The Trust's freehold and leasehold property values were updated by an external valuer, Gerald Eve LLP, a regulated firm of chartered surveyors. The valuation was prepared in accordance with the requirements of the RICS Professional Standards, the International Valuation Standards and IFRS.

The valuation has been prepared in accordance with the Government Financial Reporting Manual (FReM) to comply with IFRS, specifically with regard to IAS 16 'Property, Plant and Equipment' and IAS 40 'Investment Properties'.

The valuer's opinion of Fair Value was primarily derived using the Depreciated Replacement Cost approach to value the service potential, on a Modern Equivalent Asset (MEA) basis. The MEA valuation was based on the Trust's estates strategy, which outlines a five year major reconfiguration for the Trust's estate, and which effectively defines the Modern Equivalent Asset for the valuation.

The Trust's estates strategy is consistent with its clinical strategy and both strategies are intrinsically linked as we must reconfigure our estate in order to deliver our clinical strategy. We provided our estates strategy to our valuers, Gerald Eve LLP, to enable them to provide a more accurate MEA valuation based on our actual plans and future Trust configuration.

The Key Factors Impacting on the Land and Property Valuation

The valuation involves estimation techniques and in arriving at their opinion of the useful economic life and value of a building, the Trust's property valuation takes into account the following aspects:

· **Obsolescence**

- Physical Obsolescence - the age, condition and the probable costs of future maintenance.
- Functional Obsolescence – the suitability of the properties for their present use and the prospect of continuance or use for an alternative purpose. Another potential cause of functional obsolescence is legislative change, for example, statutory and regulatory compliance, including compliance with sustainability and energy legislation.

- Economic obsolescence – the extent of any loss in value resulting from external economic factors.

· **Environmental Factors -** Where the existing use has been considered in relation to the present and future characteristics of the surrounding area, local and national planning policies and restrictions likely to be imposed by the planning authority on the continuation of the use.

· **Change of Use -** Any identified present of future change of use of a building.

· **Indexation**

In arriving at the replacement build cost rates used in the DRC valuations, the Valuer relies on BCIS and other published costs data supplemented where available by knowledge of recent build costs incurred by UHL of constructing general and specialised healthcare accommodation. The indices are shown in the table below:

Site	2023/24	2022/23	National Factor	Local Factor	Combined Factor
TPI	390	379	1.029		
LRI/LGH/Glenfield	102	102		1.000	1.029
Lincoln	99	98		1.010	1.040
Loughborough	101	101		1.000	1.029

· **Floor Areas**

The Trust uses a database/repository for its estate data, including plans and floor areas. The system is updated on an ongoing basis to reflect new build and disposals and updates reflecting remeasurement to improve data quality. A snapshot of the system is taken at year end and provided to the Valuer to be used for the purposes of the valuation. The agreed approach with the Trust has been to calculate a baseline position to reflect the actual floorspace the Trust occupies. In addition the Trust has reviewed its asset list and has confirmed which buildings would be disposed of and what additional accommodation would need to be constructed, as part of the Estate Strategy rationalisation. This will result in a concentration of services at the LRI and Glenfield Hospital with only a residual presence at the LGH site.

Site	Baseline GIA	New Build GIA	Disposals GIA	2024 Estate MEA
LRI	170,594	27,398	(7,838)	190,155
LGH	91,679	N/A	(75,491)	16,188
GFH	78,531	26,733	N/A	105,264
Total	**340,804**	**54,131**	**(83,328)**	**311,607**

- **Land Values**

In assessing the land value, the Valuers had regard to the advice given in the DRC Guidance Note where the use, such as that of the Trusts' specialised Properties, is so specialised that it is impossible to categorise it in general market terms. Under these circumstances the Valuer has determined what other uses a buyer of an alternative site for the specialised use would have to compete in the market. The Valuer's assessment of land value for all the Trust's sites reflects their view as to the costs associated with acquiring light industrial/ employment or residential development land in the general locality of the actual sites.

To guide the land values adopted in the valuation, the valuer considered recent land sales of NHS sites, whilst also taking account of the size of the MEA hospital sites. There have been limited new land transactions over the last year in the locality, so the Valuer therefore has to consider the wider trends in land values at a national level, market sentiment and the impact of the factors identified above on residual land value. The assessment has been necessarily judgement led and has concluded that it would be appropriate to make a c10% reduction in land values generally adopted within DRC valuations as against positions taken at March 2024. This reflected a widely reported *softening* of the industrial and commercial land value market, which until last year had been performing quite strongly.

- **Sensitivity of Assumptions**

A sensitivity analysis of these assumptions allows the Trust to understand the impact on materiality, given the estimation uncertainty implicit in the valuation. The table below setting out at a high level the sensitivity of the valuation of the main hospital sites to movements in each of these key assumptions, using a 5% tolerance. 31 March 2024 balances have been used as the baseline to derive these values, as the valuation indices were applied to these balances in arriving at the 31 March 2023 valuation.

Assumption	Baseline Adjustment Factor	Assumption value (£m)	Sensitivity (+5%) (£m)	Sensitivity (-5%) (£m)
Build Cost Index	1.029	14.747	25.426	(25.426)
Obsolescence Factor	(1.040)	(20.931)	(28.047)	28.047
Land value / acre	(1.100)	(4.814)	(2.407)	2.407

Depreciation

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

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

Revaluation gains and losses

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

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

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

Impairments

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

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

De-recognition

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

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

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

Donated and grant funded assets

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

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

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

Useful lives of property, plant and equipment

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

	Min life Years	Max life Years
Land	-	-
Buildings, excluding dwellings	8	90
Dwellings	8	51
Plant & machinery	7	20
Transport equipment	8	15
Information technology	4	11
Furniture & fittings	8	31

Finance-leased assets (including land) are depreciated over the shorter of the useful economic life or the lease term, unless the Trust expects to acquire the asset at the end of the lease term in which case the

Note 1.11 Intangible assets

Recognition

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

Internally generated intangible assets

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

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

Software

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

Measurement

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

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

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

Amortisation

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

Useful lives of intangible assets

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

	Min life Years	Max life Years
Software licences	2	10
Internally generated information technology	2	10

Note 1.12 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. Physical stock counts are performed as close to 31 March as possible and the exact timing takes into account the disruption to clinical areas. For example, theatre stock is counted at weekends close to 31 March when the theatres are not in operation.

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.

We estimate the value of materials management and pharmacy ward stocks as these are areas not physically counted. We use a proportion of the maximum stock levels in these areas to estimate the stock held at year end.

Inventories held by the Trust Subsidiary - TGH Pharmacy

The Trust's Healthcare at Home services are provided by its subsidiary, TGH Ltd, and the stock in relation to this service is held by TGH Ltd until delivered to patients at home. Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, on a first-in, first-out basis.

Note 1.13 Cash and cash equivalents

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

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

Note 1.14 Financial assets and financial liabilities

Recognition

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

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

Classification and measurement

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

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

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

Financial liabilities classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost

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

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

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

Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income where business model objectives are met by both collecting contractual cash flows and selling financial assets and where the cash flows are solely payments of principal and interest.

Impairment of financial assets

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

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

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

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

Derecognition

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

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

Note 1.15 Leases

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

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

The Trust as a lessee

Recognition and initial measurement

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

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

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

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

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

Subsequent measurement

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

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

The Trust as a lessor

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

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

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

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

Initial application of IFRS 16 in 2022/23

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

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

The Trust as lessee

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

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

The Trust as lessor

Leases of owned assets where the Trust was lessor were unaffected by initial application of IFRS 16.

Note 1.16 Provisions

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

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

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective from 31 March 2023:

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

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

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at Note 28.3 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

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

Note 1.17 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 29 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 29, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:
• possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
• present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Note 1.18 Public dividend capital

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

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

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

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

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

Note 1.19 Value added tax

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

Note 1.20 Corporation tax

The Trust has no corporation tax liability itself however the Trust's subsidiary is liable to pay corporation tax and this is recognised in the group accounts.

Note 1.21 Climate change levy

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

Note 1.22 Foreign exchange

The functional and presentational currency of the Trust is sterling.
A transaction (foreign payment) which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.
Where the Trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:
• monetary items are translated at the spot exchange rate on 31 March
• non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction and
• non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expense in the period in which they arise.
Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

Note 1.23 Third party assets

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

Note 1.24 Losses and special payments

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

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

Note 1.25 Gifts

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

Note 1.27 Standards, amendments and interpretations in issue but not yet effective or adopted

There are no standards relevant to the Trust awaiting adoption.

Note 2 Operating Segments

The Trust operates in one segment, which is the provision of healthcare.
The Trust subsidiary TGH operates a pharmacy service for the Trust and Leicester Hospitals Charity raises and disburses funds for the benefit of the Trust. Neither subsidiary is material to the operations of the Trust.

Note 3 Operating income from patient care activities (Group)

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

Note 3.1 Income from patient care activities (by nature)	**2023/24**	**2022/23**
	£000	**£000**
Income from commissioners under API contracts - variable element*	285,511	
Income from commissioners under API contracts - fixed element*	955,135	1,117,809
High cost drugs income from commissioners	150,697	113,785
Private patient income	4,147	3,353
Elective recovery fund		29,631
National pay award central funding***	706	27,571
Additional pension contribution central funding*	36,622	32,589
Other clinical income	4,225	2,702
Total income from activities	**1,437,043**	**1,327,440**

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

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

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

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

Note 3.2 Income from patient care activities (by source)

	2023/24	**2022/23**
Income from patient care activities received from:	**£000**	**£000**
NHS England	503,843	472,791
Clinical commissioning groups		202,713
Integrated care boards	924,425	645,881
Department of Health and Social Care	-	-
Other NHS providers	-	-
NHS other	-	-
Local authorities	-	-
Non-NHS: private patients	4,147	3,353
Non-NHS: overseas patients (chargeable to patient)	2,903	1,382
Injury cost recovery scheme	1,322	1,320
Non NHS: other	403	-
Total income from activities	**1,437,043**	**1,327,440**
Of which:		
Related to continuing operations	1,437,043	1,327,440
Related to discontinued operations	-	-

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

	2023/24	2022/23
	£000	£000
Income recognised this year	2,903	1,382
Cash payments received in-year	817	339
Amounts added to provision for impairment of receivables	-	-
Amounts written off in-year	1,462	-

Note 4 Other operating income (Group)

	2023/24			2022/23		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	47,736	-	**47,736**	43,086	-	**43,086**
Education and training	55,555	-	**55,555**	50,462	-	**50,462**
Non-patient care services to other bodies	11,176		**11,176**	9,742		**9,742**
Reimbursement and top up funding				5,392		**5,392**
Income in respect of employee benefits accounted on a gross basis	8,302		**8,302**	9,464		**9,464**
Receipt of capital grants and donations and peppercorn leases		834	**834**		-	**-**
Charitable and other contributions to expenditure		566	**566**		2,355	**2,355**
Support from the Department of Health and Social Care for mergers		-	**-**		-	**-**
Revenue from finance leases		-	**-**		-	**-**
Revenue from operating leases		413	**413**		275	**275**
Amortisation of PFI deferred income / credits		-	**-**		-	**-**
Charitable fund incoming resources		2,008	**2,008**		5,351	**5,351**
Other income	23,097	-	**23,097**	36,948	-	**36,948**
Total other operating income	**145,866**	**3,821**	**149,687**	**155,094**	**7,981**	**163,075**
Of which:						
Related to continuing operations			149,687			163,075

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

No revenue was recognised in the reporting period that was included in within contract liabilities at the previous period end (2022/23 - £Nil).

Note 5.2 Transaction price allocated to remaining performance obligations

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

Note 5.3 Fees and charges (Group)

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

	2023/24	2022/23
	£000	£000
Income	4,263	3,010
Full cost	(3,079)	(1,562)
Surplus / (deficit)	**1,184**	**1,448**

Note 6 Operating leases - University Hospitals of Leicester NHS Trust as lessor

This note discloses income generated in operating lease agreements where No trust selected is the lessor.

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

Note 6.1 Operating leases income (Group)

	2023/24	2022/23
	£000	£000
Lease receipts recognised as income in year:		
Minimum lease receipts	413	275
Variable lease receipts / contingent rents	-	-
Total in-year operating lease income	**413**	**275**

Note 6.2 Future lease receipts (Group)

	31 March 2024	31 March 2023
	£000	£000
Future minimum lease receipts due in:		
- not later than one year	279	198
- later than one year and not later than two years	-	-
- later than two years and not later than three years	-	-
- later than three years and not later than four years	-	-
- later than four years and not later than five years	-	-
- later than five years	-	-
Total	**279**	**198**

Note 7.1 Operating expenses (Group)

	2023/24	2022/23
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	2,878	3,438
Purchase of healthcare from non-NHS and non-DHSC bodies	20,704	14,309
Purchase of social care	-	-
Staff and executive directors costs	1,006,325	897,213
Remuneration of non-executive directors	257	269
Supplies and services - clinical (excluding drugs costs)	166,488	167,500
Supplies and services - general	17,592	14,997
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	152,807	144,487
Inventories written down	7	-
Consultancy costs	1,267	2,613
Establishment	8,439	7,801
Premises	64,556	58,928
Transport (including patient travel)	9,039	7,104
Depreciation on property, plant and equipment	49,468	46,339
Amortisation on intangible assets	5,113	5,391
Net impairments	12,225	12,958
Movement in credit loss allowance: contract receivables / contract assets	282	1,697
Movement in credit loss allowance: all other receivables and investments	-	-
Increase/(decrease) in other provisions	(4,164)	3,390
Change in provisions discount rate(s)	(117)	(526)
Fees payable to the external auditor		
audit services- statutory audit	335	334
other auditor remuneration (external auditor only)	-	-
Internal audit costs	134	112
Clinical negligence	42,488	38,824
Legal fees	711	740
Insurance	751	709
Research and development	48,031	42,610
Education and training	3,713	3,002
Expenditure on short term leases	7,761	1,679
Expenditure on low value leases	-	-
Variable lease payments not included in the liability	-	-
Early retirements	-	-
Redundancy	-	-
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	-	-
Charges to operating expenditure for off-SoFP PFI / LIFT schemes	-	-
Car parking & security	334	4,658
Hospitality	-	1
Losses, ex gratia & special payments	35	56
Grossing up consortium arrangements	-	-
Other services, eg external payroll	-	-
Other NHS charitable fund resources expended	1,727	2,011
Other	13,097	22,137
Total	**1,632,283**	**1,504,781**
Of which:		
Related to continuing operations	1,632,283	1,504,781
Related to discontinued operations	-	-

Note 7.2 Other auditor remuneration (Group)

The Trust has not paid any remuneration to the auditor in respect of non-audit services (2022-23 - £Nil).

Note 7.3 Limitation on auditor's liability (Group)

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

Note 8 Impairment of assets (Group)

	2023/24	2022/23
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Loss or damage from normal operations	-	-
Over specification of assets	-	-
Abandonment of assets in course of construction	-	-
Unforeseen obsolescence	-	-
Loss as a result of catastrophe	-	-
Changes in market price	5,883	12,958
Impairments of charitable fund assets	-	-
Other	6,342	-
Total net impairments charged to operating surplus / deficit	**12,225**	**12,958**
Impairments charged to the revaluation reserve	12,537	-
Total net impairments	**24,762**	**12,958**

An impairment is a permanent reduction in the value of a Trust's asset. It may be a fixed asset or an intangible asset. There are 2 causes of the £24.7m impairment taken through a combination of the Trust's I&E Account (£12.2m) and the revaluation reserve (£12.5m). The asset verification exercise undertaken in 23/24 on non land and building assets identified £6.3m of assets that needed to be de-recognised as they no longer existed or were no longer in use or had been duplicated within the accounting record. In addition the annual property valuation undertaken by our independent valuers identified a further £18.4m reduction in the net book value of land and buildings that needed to be adjusted, so these assets can be recorded in the accounting statements at fair value. The 2 main drivers behind these reductions are the assessed annual market price movement in the value of commercial land and property and a valuation by our Valuers of new capital costs works undertaken to our buildings, both new and refurbishment work in 23/24, which can lead to a building having a value lower than the capitalised costs incurred in construction, when the work is completed and valued. It should be noted that an upward movements in the value of assets that had previously been impaired arising from the annual property valuation, would result in the reversal of a previous years' impairment. The £18.4m is therefore a net impairment, which includes such an upward revaluation. In addition £25.7m was identifed as an upward revaluation on property assets that were taken through the revaluation reserve , meaning that the overall impact of the property valuation in 23/24 was an overall net gain of £7.3m (£25.7m less £18.4m).

Note 9 Employee benefits (Group)

	2023/24	2022/23
	Total	Total
	£000	£000
Salaries and wages	786,887	711,147
Social security costs	85,144	68,006
Apprenticeship levy	3,966	3,274
Employer's contributions to NHS pensions	120,775	107,116
Pension cost - other	100	126
Temporary staff (including agency)	33,192	28,370
NHS charitable funds staff	-	-
Total gross staff costs	**1,030,064**	**918,039**
Recoveries in respect of seconded staff	-	-
Total staff costs	**1,030,064**	**918,039**
Of which		
Costs capitalised as part of assets	3,564	3,124

Note 9.1 Retirements due to ill-health (Group)

During 2023/24 there were 7 early retirements from the trust agreed on the grounds of ill-health (2 in the year ended 31 March 2023). The estimated additional pension liabilities of these ill-health retirements is £1,746k (£21k in 2022/23).

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

Note 10 Pension costs

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2024, is based on valuation data as 31 March 2023, updated to 31 March 2024 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2020. The results of this valuation set the employer contribution rate payable from April 2024. The Department of Health and Social Care has recently laid Scheme Regulations confirming the employer contribution rate will increase to 23.7% of pensionable pay from 1 April 2024 (previously 20.6%).

The core cost cap cost of the scheme was calculated to be outside of the 3% cost cap corridor as at 31 March 2020.

Note 11 Finance income (Group)

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

	2023/24	2022/23
	£000	£000
Interest on bank accounts	4,017	1,886
Interest income on finance leases	-	-
Interest on other investments / financial assets	-	-
NHS charitable fund investment income	216	162
Other finance income	-	-
Total finance income	**4,233**	**2,048**

Note 12.1 Finance expenditure (Group)

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

	2023/24	2022/23
	£000	£000
Interest expense:		
Interest on lease obligations	2,933	1,860
Interest on late payment of commercial debt	6	126
Total interest expense	**2,939**	**1,986**
Unwinding of discount on provisions	41	(152)
Other finance costs	-	-
Total finance costs	**2,980**	**1,834**

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

	2023/24	2022/23
	£000	£000
Total liability accruing in year under this legislation as a result of late payments	-	1
Amounts included within interest payable arising from claims made under this legislation	6	126
Compensation paid to cover debt recovery costs under this legislation	-	-

Note 13 Other gains / (losses) (Group)

	2023/24	2022/23
	£000	£000
Gains on disposal of assets	1,171	-
Losses on disposal of assets	(1,657)	(624)
Gains / losses on disposal of charitable fund assets	-	-
Total gains / (losses) on disposal of assets	**(486)**	**(624)**

Note 15.1 Intangible assets - 2023/24

Group	Software licences	Internally generated information technology	Intangible assets under construction	Charitable fund intangible assets	Total
	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2023 - brought forward	**41,379**	**12**	**-**	**-**	**41,391**
Transfers by absorption	-	-	-	-	**-**
Additions	3,191	-	5,679	-	**8,870**
Impairments	(2,059)	-	-	-	**(2,059)**
Reversals of impairments	-	-	-	-	**-**
Revaluations	-	-	-	-	**-**
Reclassifications	15,267	-	-	-	**15,267**
Transfers to / from assets held for sale	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	**-**
Valuation / gross cost at 31 March 2024	**57,778**	**12**	**5,679**	**-**	**63,469**
Amortisation at 1 April 2023 - brought forward	**25,884**	**-**	**-**	**-**	**25,884**
Transfers by absorption	-	-	-	-	**-**
Provided during the year	5,113	-	-	-	**5,113**
Impairments	-	-	-	-	**-**
Reversals of impairments	-	-	-	-	**-**
Revaluations	-	-	-	-	**-**
Reclassifications	3,342	-	-	-	**3,342**
Transfers to / from assets held for sale	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	**-**
Amortisation at 31 March 2024	**34,339**	**-**	**-**	**-**	**34,339**
Net book value at 31 March 2024	**23,439**	**12**	**5,679**	**-**	**29,130**
Net book value at 1 April 2023	**15,495**	**12**	**-**	**-**	**15,507**

Note 15.2 Intangible assets - 2022/23

Group	Software licences	Internally generated information technology	Intangible assets under construction	Charitable fund intangible assets	Total
	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2022 - as previously stated	**36,624**	**-**	**-**	**-**	**36,624**
Prior period adjustments	-	-	-	-	**-**
Valuation / gross cost at 1 April 2022 - restated	**36,624**	**-**	**-**	**-**	**36,624**
IFRS 16 implementation - reclassification of existing finance leased assets to right of use assets	-	-	-	-	**-**
Transfers by absorption	-	-	-	-	**-**
Additions	4,764	12	-	-	**4,776**
Impairments	-	-	-	-	**-**
Reversals of impairments	-	-	-	-	**-**
Revaluations	-	-	-	-	**-**
Reclassifications	-	-	-	-	**-**
Transfers to / from assets held for sale	-	-	-	-	**-**
Disposals / derecognition	(9)	-	-	-	**(9)**
Valuation / gross cost at 31 March 2023	**41,379**	**12**	**-**	**-**	**41,391**
Amortisation at 1 April 2022 - as previously stated	**20,502**	**-**	**-**	**-**	**20,502**
Prior period adjustments	-	-	-	-	**-**
Amortisation at 1 April 2022 - restated	**20,502**	**-**	**-**	**-**	**20,502**
IFRS 16 implementation - reclassification of existing finance leased assets to right of use assets	-	-	-	-	**-**
Transfers by absorption	-	-	-	-	**-**
Provided during the year	5,391	-	-	-	**5,391**
Impairments	-	-	-	-	**-**
Reversals of impairments	-	-	-	-	**-**
Revaluations	-	-	-	-	**-**
Reclassifications	-	-	-	-	**-**
Transfers to / from assets held for sale	-	-	-	-	**-**
Disposals / derecognition	(9)	-	-	-	**(9)**
Amortisation at 31 March 2023	**25,884**	**-**	**-**	**-**	**25,884**
Net book value at 31 March 2023	**15,495**	**12**	**-**	**-**	**15,507**
Net book value at 1 April 2022	**16,122**	**-**	**-**	**-**	**16,122**

Note 16.1 Property, plant and equipment - 2023/24

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2023 - brought forward	**55,420**	**495,176**	**6,310**	**31,636**	**131,321**	**338**	**57,561**	**3,596**	**781,358**
Transfers by absorption	-	-	-	-	-	-	-	-	**-**
Additions	-	9,564	62	58,622	16,437	-	11,233	459	**96,377**
Impairments	(2,477)	(21,786)	(54)	-	(1,901)	-	(2,381)	-	**(28,599)**
Reversals of impairments	-	5,894	2	-	-	-	-	-	**5,896**
Revaluations	13	25,370	315	-	-	-	-	-	**25,698**
Reclassifications	-	22,142	-	(26,205)	4,086	-	(15,357)	67	**(15,267)**
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	(9,207)	-	-	-	**(9,207)**
Valuation/gross cost at 31 March 2024	**52,956**	**536,360**	**6,635**	**64,053**	**140,736**	**338**	**51,056**	**4,122**	**856,256**
Accumulated depreciation at 1 April 2023 - brought forward	**-**	**-**	**-**	**-**	**79,181**	**183**	**32,075**	**2,237**	**113,676**
Transfers by absorption	-	-	-	-	-	-	-	-	**-**
Provided during the year	-	19,300	431	-	8,901	6	4,538	74	**33,250**
Impairments	-	-	-	-	-	-	-	-	**-**
Reversals of impairments	-	-	-	-	-	-	-	-	**-**
Revaluations	-	-	-	-	-	-	-	-	**-**
Reclassifications	-	-	-	-	812	-	(4,154)	-	**(3,342)**
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	(6,258)	-	-	-	**(6,258)**
Accumulated depreciation at 31 March 2024	**-**	**19,300**	**431**	**-**	**82,636**	**189**	**32,459**	**2,311**	**137,326**
Net book value at 31 March 2024	**52,956**	**517,060**	**6,204**	**64,053**	**58,100**	**149**	**18,597**	**1,811**	**718,930**
Net book value at 1 April 2023	**55,420**	**495,176**	**6,310**	**31,636**	**52,140**	**155**	**25,486**	**1,359**	**667,682**

Note:

The derecognition/disposal of assets £2,949k primarily relates to the transfer of Linear Accelerator from the Trust to the MES provider , which therefore no longer appears in the PPE note but apprears in the Right of Use disclosure

Note 16.2 Property, plant and equipment - 2022/23

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2022 - as previously stated	**60,128**	**467,471**	**5,555**	**39,912**	**170,624**	**338**	**55,537**	**2,693**	**802,258**
Prior period adjustments	-	-	-	-	-	-	-	-	**-**
Valuation / gross cost at 1 April 2022 - restated	**60,128**	**467,471**	**5,555**	**39,912**	**170,624**	**338**	**55,537**	**2,693**	**802,258**
IFRS 16 implementation - reclassification to right of use assets	-	(3,675)	-	-	(59,693)	-	(10,863)	-	**(74,231)**
Transfers by absorption	-	-	-	-	-	-	-	-	**-**
Additions	-	8,245	-	39,672	9,738	-	9,541	907	**68,103**
Impairments	(3,207)	(16,910)	-	-	-	-	-	-	**(20,117)**
Reversals of impairments	-	7,159	-	-	-	-	-	-	**7,159**
Revaluations	(1,501)	3,077	624	-	-	-	-	-	**2,200**
Reclassifications	-	29,809	131	(47,948)	12,640	-	5,368	-	**-**
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	(1,988)	-	(2,022)	(4)	**(4,014)**
Valuation/gross cost at 31 March 2023	**55,420**	**495,176**	**6,310**	**31,636**	**131,321**	**338**	**57,561**	**3,596**	**781,358**
Accumulated depreciation at 1 April 2022 - as previously stated	**-**	**649**	**-**	**-**	**113,470**	**177**	**30,769**	**2,137**	**147,202**
Prior period adjustments	-	-	-	-	-	-	-	-	**-**
Accumulated depreciation at 1 April 2022 - restated	**-**	**649**	**-**	**-**	**113,470**	**177**	**30,769**	**2,137**	**147,202**
IFRS 16 implementation - reclassification to right of use assets	-	(760)	-	-	(39,246)	-	(5,904)	-	**(45,910)**
Transfers by absorption	-	-	-	-	-	-	-	-	**-**
Provided during the year	-	16,994	351	-	6,845	6	8,710	104	**33,010**
Impairments	-	-	-	-	-	-	-	-	**-**
Reversals of impairments	-	-	-	-	-	-	-	-	**-**
Revaluations	-	(16,883)	(351)	-	-	-	-	-	**(17,234)**
Reclassifications	-	-	-	-	-	-	-	-	**-**
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	(1,888)	-	(1,500)	(4)	**(3,392)**
Accumulated depreciation at 31 March 2023	**-**	**-**	**-**	**-**	**79,181**	**183**	**32,075**	**2,237**	**113,676**
Net book value at 31 March 2023	**55,420**	**495,176**	**6,310**	**31,636**	**52,140**	**155**	**25,486**	**1,359**	**667,682**
Net book value at 1 April 2022	**60,128**	**466,822**	**5,555**	**39,912**	**57,154**	**161**	**24,768**	**556**	**655,056**

Note 16.3 Property, plant and equipment financing - 31 March 2024

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Charitable fund PPE assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	52,956	516,867	6,204	64,034	54,745	149	18,571	1,799	-	**715,325**
On-SoFP PFI contracts and other service concession arrangements	-	-	-	-	-	-	-	-	-	**-**
Off-SoFP PFI residual interests	-	-	-	-	-	-	-	-	-	**-**
Owned - donated/granted	-	193	-	19	3,355	-	26	12	-	**3,605**
NBV total at 31 March 2024	**52,956**	**517,060**	**6,204**	**64,053**	**58,100**	**149**	**18,597**	**1,811**	**-**	**718,930**

Note 16.4 Property, plant and equipment financing - 31 March 2023

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Charitable fund PPE assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	55,420	494,978	6,310	31,636	48,109	155	25,486	1,326	-	**663,420**
On-SoFP PFI contracts and other service concession arrangements	-	-	-	-	-	-	-	-	-	**-**
Off-SoFP PFI residual interests	-	-	-	-	-	-	-	-	-	**-**
Owned - donated/granted	-	198	-	-	4,031	-	-	33	-	**4,262**
NBV total at 31 March 2023	**55,420**	**495,176**	**6,310**	**31,636**	**52,140**	**155**	**25,486**	**1,359**	**-**	**667,682**

Note 16.5 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2024

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Charitable fund PPE assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Subject to an operating lease										**-**
Not subject to an operating lease										**-**
NBV total at 31 March 2024	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Note 16.6 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2023

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Charitable fund PPE assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Subject to an operating lease	-	500	-	-	-	-	-	-		**500**
Not subject to an operating lease	55,420	494,676	6,310	31,636	52,140	155	25,486	1,359		**667,182**
NBV total at 31 March 2023	**55,420**	**495,176**	**6,310**	**31,636**	**52,140**	**155**	**25,486**	**1,359**	**-**	**667,682**

Note 17 Donations of property, plant and equipment

	Group and Trust	
	2023/24	**2022/23**
	£000	**£000**
Assets purchased with donations from the Trust's charitable fund	2,768	1,061
Assets received from DHSC relating to Covid treatment	-	-
Other	804	-
	3,572	**1,061**

Note 18 Revaluations of property, plant and equipment

The Trust's land and buildings are held at valuation. Details are disclosed in note 1 and explained in Note 8.

Note 19 Leases - University Hospitals of Leicester NHS Trust as a lessee

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

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

Payment for the fair value of the services received

The annual unitary payment is applied to meet the annual finance cost and to repay the lease liabilities over the contract term.

Interest costs charged to revenue

An annual finance cost is calculated by applying the implicit interest rate in the leases to the opening lease liabilities for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Income.

Property plant and equipment assets recognised on the balance sheet

The finance lease assets are recognised as property, plant and equipment. The asset values, life and depreciation for the scheme are provided to the Trust by the Lessors.

Depreciation on the property, plant and equipment is charged to revenue.

Liability

Lease liabilities are recognised at the same time as the assets are recognised. The liabilities are measured initially at the same amount as the fair value of the assets and are subsequently measured as finance lease liabilities in accordance with IAS 17 Leases.

Asset replacement

Any assets, or asset components provided by the lessor during the contract are capitalised where they meet the Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the lessor and are measured initially at their fair value.

Assets contributed by the Trust to the operator for use in the scheme (MES only).

Assets contributed for use in the scheme are recognised as items of property, plant and equipment in the Trust's Statement of Financial Position.

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

Note 19.1 Right of use assets - 2023/24

Group	Property (land and buildings)	Plant & machinery	Transport equipment	Information technology	Total	Of which: leased from DHSC group bodies
	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2023 - brought forward	**21,865**	**74,762**	**58**	**14,257**	**110,942**	**8,431**
Transfers by absorption	-	-	-	-	**-**	-
Additions	1,488	9,398	-	3,660	**14,546**	-
Remeasurements of the lease liability	1,229	979	-	-	**2,208**	-
Movements in provisions for restoration / removal costs	-	-	-	-	**-**	-
Impairments	-	-	-	-	**-**	-
Reversal of impairments	-	-	-	-	**-**	-
Revaluations	-	-	-	-	**-**	-
Reclassifications	1	-	-	-	**1**	1
Disposals / derecognition	-	(495)	-	-	**(495)**	-
Valuation/gross cost at 31 March 2024	**24,583**	**84,644**	**58**	**17,917**	**127,202**	**8,432**
Accumulated depreciation at 1 April 2023 - brought forward	**3,551**	**47,634**	**40**	**8,014**	**59,239**	**1,229**
Transfers by absorption	-	-	-	-	**-**	-
Provided during the year	4,460	8,776	18	2,964	**16,218**	1,114
Impairments	-	-	-	-	**-**	-
Reversal of impairments	-	-	-	-	**-**	-
Revaluations	-	-	-	-	**-**	-
Reclassifications	1	-	-	-	**1**	(97)
Disposals / derecognition	-	-	-	-	**-**	-
Accumulated depreciation at 31 March 2024	**8,012**	**56,410**	**58**	**10,978**	**75,458**	**2,246**
Net book value at 31 March 2024	**16,571**	**28,234**	**-**	**6,939**	**51,744**	**6,186**
Net book value at 1 April 2023	**18,314**	**27,128**	**18**	**6,243**	**51,703**	**7,202**

Net book value of right of use assets leased from other NHS providers	2,640
Net book value of right of use assets leased from other DHSC group bodies	3,546

Note 19.2 Right of use assets - 2022/23

Group	Property (land and buildings)	Plant & machinery	Transport equipment	Information technology	Total	Of which: leased from DHSC group bodies
	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2022 - brought forward	**-**	**-**	**-**	**-**	**-**	**-**
IFRS 16 implementation - reclassification of existing leased assets from PPE or intangible assets	3,675	59,269	-	11,287	**74,231**	-
IFRS 16 implementation - adjustments for existing operating leases / subleases	10,738	2,278	58	-	**13,074**	8,431
Transfers by absorption	-	-	-	-	**-**	-
Additions	3,494	9,243	-	2,970	**15,707**	-
Remeasurements of the lease liability	3,958	3,972	-	-	**7,930**	-
Movements in provisions for restoration / removal costs	-	-	-	-	**-**	-
Impairments	-	-	-	-	**-**	-
Reversal of impairments	-	-	-	-	**-**	-
Revaluations	-	-	-	-	**-**	-
Reclassifications	-	-	-	-	**-**	-
Disposals / derecognition	-	-	-	-	**-**	-
Valuation/gross cost at 31 March 2023	**21,865**	**74,762**	**58**	**14,257**	**110,942**	**8,431**
Accumulated depreciation at 1 April 2022 - brought forward	**-**	**-**	**-**	**-**	**-**	**-**
IFRS 16 implementation - reclassification of existing leased assets from PPE or intangible assets	760	39,574	-	5,576	**45,910**	-
IFRS 16 implementation - adjustments for existing subleases	-	-	-	-	**-**	-
Transfers by absorption	-	-	-	-	**-**	-
Provided during the year	2,791	8,060	40	2,438	**13,329**	1,229
Impairments	-	-	-	-	**-**	-
Reversal of impairments	-	-	-	-	**-**	-
Revaluations	-	-	-	-	**-**	-
Reclassifications	-	-	-	-	**-**	-
Disposals / derecognition	-	-	-	-	**-**	-
Accumulated depreciation at 31 March 2023	**3,551**	**47,634**	**40**	**8,014**	**59,239**	**1,229**
Net book value at 31 March 2023	**18,314**	**27,128**	**18**	**6,243**	**51,703**	**7,202**
Net book value at 1 April 2022	**-**	**-**	**-**	**-**	**-**	**-**

Net book value of right of use assets leased from other NHS providers	-
Net book value of right of use assets leased from other DHSC group bodies	7,202

Note 19.3 Reconciliation of the carrying value of lease liabilities

Lease liabilities are included within borrowings in the statement of financial position. A breakdown of borrowings is disclosed in note 27.1.

	Group & Trust	
	2023/24	2022/23
	£000	£000
Carrying value at 1 April	**41,745**	**20,243**
Prior period adjustments		1
Carrying value at 1 April - restated	**41,745**	**20,244**
IFRS 16 implementation - adjustments for existing operating leases		13,074
Transfers by absorption	-	-
Lease additions	14,546	15,707
Lease liability remeasurements	2,208	7,930
Interest charge arising in year	2,933	1,860
Early terminations	(497)	-
Lease payments (cash outflows)	(17,128)	(17,070)
Other changes	-	-
Carrying value at 31 March	**43,807**	**41,745**

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

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

Note 19.4 Maturity analysis of future lease payments at 31 March 2024

	Group & Trust	
	Total	Of which leased from DHSC group bodies:
	31 March 2024	**31 March 2024**
	£000	**£000**
Undiscounted future lease payments payable in:		
- not later than one year;	9,434	-
- later than one year and not later than five years;	32,676	3,533
- later than five years.	1,697	-
Total gross future lease payments	**43,807**	**3,533**
Finance charges allocated to future periods	-	-
Net lease liabilities at 31 March 2024	**43,807**	**3,533**
Of which:		
Leased from other NHS providers		-
Leased from other DHSC group bodies		3,533

Note 19.5 Maturity analysis of future lease payments at 31 March 2023

	Group & Trust	
	Total	Of which leased from DHSC group bodies:
	31 March 2023	**31 March 2023**
	£000	**£000**
Undiscounted future lease payments payable in:		
- not later than one year;	12,799	1,000
- later than one year and not later than five years;	25,813	5,386
- later than five years.	8,238	1,128
Total gross future lease payments	**46,850**	**7,514**
Finance charges allocated to future periods	(5,105)	(246)
Net finance lease liabilities at 31 March 2023	**41,745**	**7,268**
Of which:		
Leased from other NHS providers		-
Leased from other DHSC group bodies		7,268

Note 20 Other investments / financial assets (non-current)

	Group & Trust	
	2023/24	**2022/23**
	£000	**£000**
Carrying value at 1 April - brought forward	**4,964**	**5,362**
Prior period adjustments		-
Carrying value at 1 April - restated	**4,964**	**5,362**
At start of period for new FTs	-	-
Transfers by absorption	-	-
Acquisitions in year	891	959
Movement in fair value through income and expenditure	-	-
Movement in fair value through OCI	393	(396)
Net impairments	-	-
Transfers to / from assets held for sale	-	-
Amortisation at the effective interest rate	-	-
Current portion of loans receivable transferred to current financial assets	-	-
Disposals	(901)	(961)
Carrying value at 31 March	**5,347**	**4,964**

Note 21 Analysis of charitable fund reserves

	31 March 2024 £000	31 March 2023 £000
Unrestricted funds:		
Revaluation reserve	5,749	6,043
Restricted funds:		
Other restricted income funds	2,071	3,679
	7,820	**9,722**

Unrestricted income funds are accumulated income funds that are expendable at the discretion of the trustees in furtherance of the charity's objects. Unrestricted funds may be earmarked or designated for specific future purposes which reduces the amount that is readily available to the charity.

Restricted funds may be accumulated income funds which are expendable at the trustee's discretion only in furtherance of the specified conditions of the donor and the objects of the charity. They may also be capital funds (e.g. endowments) where the assets are required to be invested, or retained for use rather than expended.

Note 22 Inventories

	Group		Trust	
	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000
Drugs	9,231	8,081	7,314	6,068
Work In progress	-	-		
Consumables	18,258	14,154	18,258	14,154
Energy	308	428	308	428
Other	-	-		
Charitable fund inventory	-	-		
Total inventories	**27,797**	**22,663**	**25,880**	**20,650**
of which:				
Held at fair value less costs to sell	-	-	-	-

Inventories recognised in expenses for the year were £866k (2022/23: £2,540k). Write-down of inventories recognised as expenses for the year were £7k (2022/23: £0k).

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2023/24 the Trust received £566k of items purchased by DHSC (2022/23: £2,355k).

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

Note 23.1 Receivables

	Group		Trust	
	31 March 2024	**31 March 2023**	**31 March 2024**	**31 March 2023**
	£000	**£000**	**£000**	**£000**
Current				
Contract receivables	32,693	58,116	32,691	58,116
Allowance for impaired contract receivables / assets	(4,623)	(4,370)	(4,623)	(4,370)
Prepayments (non-PFI)	6,535	4,693	6,519	4,676
PDC dividend receivable	87	-	87	-
VAT receivable	3,788	2,899	3,142	2,246
Corporation and other taxes receivable	28	24	28	
Other receivables	741	1,242	779	1,045
NHS charitable funds receivables	157	324		-
Total current receivables	**39,406**	**62,928**	**38,623**	**61,713**
Non-current				
Contract receivables	2,155	1,891	2,155	1,891
Allowance for impaired contract receivables / assets	(481)	(452)	(481)	(452)
Other receivables	1,345	1,660	1,345	1,660
Total non-current receivables	**3,019**	**3,099**	**3,019**	**3,099**
Of which receivable from NHS and DHSC group bodies:				
Current	20,637	43,922	20,637	43,922
Non-current	1,345	1,660	1,345	1,345

Note 23.2 Allowances for credit losses - 2023/24

	Group & Trust	
	Contract receivables and contract assets	All other receivables
	£000	£000
Allowances as at 1 Apr 2023 - brought forward	**4,822**	**-**
Transfers by absorption	-	-
New allowances arising	2,637	-
Changes in existing allowances	-	-
Reversals of allowances	(2,355)	-
Utilisation of allowances (write offs)	-	-
Changes arising following modification of contractual cash flows	-	-
Foreign exchange and other changes	-	-
Allowances as at 31 Mar 2024	**5,104**	**-**

Note 23.3 Allowances for credit losses - 2022/23

	Group	
	Contract receivables and contract assets	All other receivables
	£000	£000
Allowances as at 1 Apr 2022 - as previously stated	**3,125**	**-**
New allowances arising	1,697	-
Allowances as at 31 Mar 2023	**4,822**	**-**

Note 24.1 Cash and cash equivalents movements

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

	Group		Trust	
	2023/24	**2022/23**	**2023/24**	**2022/23**
	£000	**£000**	**£000**	**£000**
At 1 April	**(4,437)**	**112,417**	**(7,362)**	**108,442**
Net change in year	(65,589)	(4,437)	(63,733)	(7,362)
At 31 March	**(65,589)**	**(4,437)**	**(63,733)**	**(7,362)**
Broken down into:				
Cash at commercial banks and in hand	5,081	6,948	37	48
Cash with the Government Banking Service	37,310	101,032	37,310	101,032
Total cash and cash equivalents as in SoFP	**42,391**	**107,980**	**37,347**	**101,080**
Bank overdrafts (GBS and commercial banks)	-	-	.	-
Drawdown in committed facility	-	-	-	-
Total cash and cash equivalents as in SoCF	**42,391**	**107,980**	**37,347**	**101,080**

Note 25.1 Trade and other payables

	Group		Trust	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	£000	£000	£000	£000
Current				
Trade payables	47,171	44,297	48,035	59,805
Capital payables	16,590	10,882	16,590	10,882
Accruals	66,697	101,823	65,689	85,387
Receipts in advance and payments on account	-	-		
PFI lifecycle replacement received in advance	-	-		
Social security costs	10,602	9,229	10,577	9,216
VAT payables	-	-		
Other taxes payable	11,198	8,908	11,188	8,895
PDC dividend payable	-	609		609
Pension contributions payable	12,125	10,471	12,125	10,471
Other payables	1,106	888	1,002	805
NHS charitable funds: trade and other payables	240	143		
Total current trade and other payables	**165,728**	**187,250**	**165,206**	**186,070**
Of which payables from NHS and DHSC group bodies:				
Current	5,530	9,105	9757	9105
Non-current	-	-		

Note 25.2 Early retirements in NHS payables above

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

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

Note 26 Other liabilities

	Group & Trust	
	31 March 2024	31 March 2023
	£000	£000
Current		
Deferred income: contract liabilities	4,812	4,196
Total other current liabilities	**4,812**	**4,196**

Note 27.1 Borrowings

	Group & Trust	
	31 March 2024	31 March 2023
	£000	£000
Current		
Lease liabilities	9,434	12,231
Total current borrowings	**9,434**	**12,231**
Non-current		
Lease liabilities	34,373	29,514
Total non-current borrowings	**34,373**	**29,514**

Note 27.2 Reconciliation of liabilities arising from financing activities (Group)

Group - 2023/24	Lease liabilities £000	Total £000
Carrying value at 1 April 2023	**41,745**	**41,745**
Cash movements:		
Financing cash flows - payments and receipts of principal	(14,195)	**(14,195)**
Financing cash flows - payments of interest	(2,933)	**(2,933)**
Non-cash movements:		
Application of IFRS 16 measurement principles to PFI liability on 1 April 2023		**-**
Transfers by absorption	-	**-**
Additions	14,546	**14,546**
Lease liability remeasurements	2,208	**2,208**
Remeasurement of PFI / other service concession liability resulting from change in index or rate	-	**-**
Application of effective interest rate	2,933	**2,933**
Change in effective interest rate	-	**-**
Changes in fair value	-	**-**
Early terminations	(497)	**(497)**
Other changes	-	**-**
Carrying value at 31 March 2024	**43,807**	**43,807**

Group - 2022/23	Lease liabilities £000	Total £000
Carrying value at 1 April 2022	**20,243**	**20,243**
Prior period adjustment	1	**1**
Carrying value at 1 April 2022 - restated	**20,244**	**20,244**
Cash movements:		
Financing cash flows - payments and receipts of principal	(16,866)	**(16,866)**
Financing cash flows - payments of interest	(204)	**(204)**
Non-cash movements:		
IFRS 16 implementation - adjustments for existing operating leases / subleases	13,074	**13,074**
Transfers by absorption	-	**-**
Additions	15,707	**15,707**
Lease liability remeasurements	7,930	**7,930**
Application of effective interest rate	1,860	**1,860**
Change in effective interest rate	-	**-**
Changes in fair value	-	**-**
Early terminations	-	**-**
Other changes	-	**-**
Carrying value at 31 March 2023	**41,745**	**41,745**

Note 28.1 Provisions for liabilities and charges analysis (Group)

Group	Pensions: early departure costs	Pensions: injury benefits	Other	Total
	£000	£000	£000	£000
At 1 April 2023	**1,723**	**918**	**14,349**	**16,990**
Transfers by absorption	-	-	-	**-**
Change in the discount rate	(58)	(59)	(296)	**(413)**
Arising during the year	219	92	7,210	**7,521**
Utilised during the year	(274)	(68)	(3,466)	**(3,808)**
Reclassified to liabilities held in disposal groups	-	-	-	**-**
Reversed unused	(1)	-	(4,737)	**(4,738)**
Unwinding of discount	26	15	89	**130**
Movement in charitable fund provisions	-	-	-	**-**
At 31 March 2024	**1,635**	**898**	**13,149**	**15,682**
Expected timing of cash flows:				
- not later than one year;	217	66	11,804	**12,087**
- later than one year and not later than five years;	977	249	117	**1,343**
- later than five years.	441	583	1,228	**2,252**
Total	**1,635**	**898**	**13,149**	**15,682**

Note 28.2 Provisions for liabilities and charges analysis (Trust)

Trust	Pensions: early departure costs	Pensions: injury benefits	Other	Total
	£000	£000	£000	£000
At 1 April 2023	**1,723**	**918**	**14,291**	**16,932**
Transfers by absorption	**-**	**-**	**-**	**-**
Change in the discount rate	**(58)**	**(59)**	**(296)**	**(413)**
Arising during the year	**219**	**92**	**7,210**	**7,521**
Utilised during the year	**(274)**	**(68)**	**(3,466)**	**(3,808)**
Reclassified to liabilities held in disposal groups	**-**	**-**	**-**	**-**
Reversed unused	**(1)**	**-**	**(4,724)**	**(4,725)**
Unwinding of discount	**26**	**15**	**89**	**130**
At 31 March 2024	**1,635**	**898**	**13,104**	**15,637**
Expected timing of cash flows:				
- not later than one year;	217	66	11,759	**12,042**
- later than one year and not later than five years;	977	249	117	**1,343**
- later than five years.	441	583	1,228	**2,252**
Total	**1,635**	**898**	**13,104**	**15,637**

Note 28.3 Clinical negligence liabilities

At 31 March 2024, £275,039k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of University Hospitals of Leicester NHS Trust (31 March 2023: £307,297k).

Note 29 Contingent assets and liabilities

	Group & Trust	
	31 March 2024	**31 March 2023**
	£000	**£000**
Value of contingent liabilities		
NHS Resolution legal claims	-	71
Employment tribunal and other employee related litigation	-	-
Redundancy	-	-
Other	-	-
Gross value of contingent liabilities	**-**	**71**
Amounts recoverable against liabilities	-	-
Net value of contingent liabilities	**-**	**71**
Net value of contingent assets	**-**	**-**

Note 30 Contractual capital commitments

	Group & Trust	
	31 March 2024	**31 March 2023**
	£000	**£000**
Property, plant and equipment	16,235	15,692
Intangible assets	426	-
Total	**16,661**	**15,692**

Note 31 Other financial commitments

The Group and Trust have no other financial commitments.

Note 32 Financial assets and liabilities

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

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

Note 32.1 Carrying values of financial assets (Group)

Carrying values of financial assets as at 31 March 2024	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	£000	£000	£000	£000
Trade and other receivables excluding non financial assets	29,743	-	-	**29,743**
Other investments / financial assets	-	-	-	**-**
Cash and cash equivalents	39,764	-	-	**39,764**
Consolidated NHS Charitable fund financial assets	2,784	-	5,347	**8,131**
Total at 31 March 2024	**72,291**	**-**	**5,347**	**77,638**

Carrying values of financial assets as at 31 March 2023	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	£000	£000	£000	£000
Trade and other receivables excluding non financial assets	56,427	-	-	**56,427**
Other investments / financial assets	-	-	-	**-**
Cash and cash equivalents	103,345	-	-	**103,345**
Consolidated NHS Charitable fund financial assets	4,959	-	4,964	**9,923**
Total at 31 March 2023	**164,731**	**-**	**4,964**	**169,695**

Note 32.2 Carrying values of financial assets (Trust)

Carrying values of financial assets as at 31 March 2024	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	£000	£000	£000	£000
Trade and other receivables excluding non financial assets	30,522			**30,522**
Other investments / financial assets	4,000			**4,000**
Cash and cash equivalents	37,346			**37,346**
Total at 31 March 2024	**71,868**	**-**	**-**	**71,868**

Carrying values of financial assets as at 31 March 2023	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	£000	£000	£000	£000
Trade and other receivables excluding non financial assets	56,230			**56,230**
Other investments / financial assets	4,000			**4,000**
Cash and cash equivalents	101,080			**101,080**
Total at 31 March 2023	**161,310**	**-**	**-**	**161,310**

Note 32.3 Carrying values of financial liabilities (Group)

Carrying values of financial liabilities as at 31 March 2024	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	-	-	**-**
Obligations under leases	43,807	-	**43,807**
Obligations under PFI, LIFT and other service concessions	-	-	**-**
Other borrowings	-	-	**-**
Trade and other payables excluding non financial liabilities	120,842	-	**120,842**
Other financial liabilities	-	-	**-**
Provisions under contract	-	-	**-**
Consolidated NHS charitable fund financial liabilities	240	-	**240**
Total at 31 March 2024	**164,889**	**-**	**164,889**

Carrying values of financial liabilities as at 31 March 2023	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Obligations under leases	41,745	-	**41,745**
Trade and other payables excluding non financial liabilities	152,306	-	**152,306**
Consolidated NHS charitable fund financial liabilities	143	-	**143**
Total at 31 March 2023	**194,194**	**-**	**194,194**

Note 32.4 Carrying values of financial liabilities (Trust)

Carrying values of financial liabilities as at 31 March 2024	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care			**-**
Obligations under leases	43,807		**43,807**
Obligations under PFI, LIFT and other service concessions			**-**
Other borrowings			**-**
Trade and other payables excluding non financial liabilities	125,924		**125,924**
Other financial liabilities			**-**
Provisions under contract			**-**
Total at 31 March 2024	**169,731**	**-**	**169,731**

Carrying values of financial liabilities as at 31 March 2023	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Obligations under leases	41,745		**41,745**
Trade and other payables excluding non financial liabilities	151,348		**151,348**
Total at 31 March 2023	**193,093**	**-**	**193,093**

Note 32.5 Fair values of financial assets and liabilities

The book value of financial liabilities is a reasonable approximation of fair value.

Note 32.6 Maturity of financial liabilities

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

	Group		Trust	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	£000	£000	£000	£000
In one year or less	130,516	165,248	134,300	165,798
In more than one year but not more than five years	32,676	25,813	32,676	28,315
In more than five years	1,697	8,238	1,697	8,154
Total	**164,889**	**199,299**	**168,673**	**202,267**

Note 33 Losses and special payments

	2023/24		2022/23	
Group and trust	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	-	-	-	-
Fruitless payments and constructive losses	-	-	-	-
Bad debts and claims abandoned	835	1,698	-	-
Stores losses and damage to property	-	-	-	-
Total losses	**835**	**1,698**	**-**	**-**
Special payments				
Compensation under court order or legally binding arbitration award	1	35	-	-
Extra-contractual payments	-	-	-	-
Ex-gratia payments	95	198	130	307
Special severance payments	2	17	-	-
Extra-statutory and extra-regulatory payments	-	-	-	-
Total special payments	**98**	**250**	**130**	**307**
Total losses and special payments	**933**	**1,948**	**130**	**307**
Compensation payments received				

Note 34 Gifts

The Group and Trust made no gifts in 2023/24 (2022/23 - none)

Note 35 Related parties

During the year none of the Department of Health and Social Care Ministers, Trust Board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with the University Hospitals of Leicester NHS Trust. The Leicester Hospitals Charity is a related party of all members of the Trust Board, as the Trust Board is the Charity's corporate trustee.

MATERIAL DEPARTMENT OF HEALTH AND SOCIAL CARE ENTITIES

The Department of Health and Social Care is regarded as a related party. During the year University Hospitals of Leicester NHS Trust has had a significant number of material transactions with the DHSC and with entities for which the DHSC is regarded as Parent Department. These included:
Cambridge University Hospitals NHS Foundation Trust
North West Anglia NHS Foundation Trust
Sheffield Teaching Hospitals NHS Foundation Trust
University Hospitals of Derby and Burton NHS Foundation Trust
Leicestershire Partnership NHS Trust
Northampton General Hospital NHS Trust
Nottingham University Hospitals NHS Trust
United Lincolnshire Hospitals NHS Trust
NHS Cambridgeshire and Peterborough ICB
NHS Coventry and Warwickshire ICB
NHS Derby and Derbyshire ICB
NHS Leicester, Leicestershire and Rutland ICB
NHS Lincolnshire ICB
NHS Northamptonshire ICB
NHS Nottingham and Nottinghamshire ICB
National Institute for Health and Care Excellence
NHS Business Services Authority (incl ESR transactions and student bursaries)
NHS Resolution
Supply Chain Coordination Limited
NHS Property Services
Community Health Partnerships

In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies. Most of these transactions have been with the following organisations:
HM Revenue and Customs - Other Taxes and Duties
HM Revenue and Customs - VAT
Leicester City Council
NHS Blood and Transplant
NHS Pension Scheme

The Trust also had significant transactions with Leicester University, mainly concerning medical research.

Note 1 Better Payment Practice code

	2023/24	2023/24	2022/23	2022/23
Non-NHS Payables	**Number**	**£000**	**Number**	**£000**
Total non-NHS trade invoices paid in the year	190,534	934,748	170,393	800,530
Total non-NHS trade invoices paid within target	179,597	880,562	160,023	748,718
Percentage of non-NHS trade invoices paid within target	94.3%	94.2%	93.9%	93.5%
NHS Payables				
Total NHS trade invoices paid in the year	3,433	90,622	3,811	110,398
Total NHS trade invoices paid within target	2,864	79,216	2,799	93,482
Percentage of NHS trade invoices paid within target	83.4%	87.4%	73.4%	84.7%

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

Note 2 External financing

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

	2023/24	2022/23
	£000	**£000**
Cash flow financing	102,682	26,059
Leases taken out in year		
Other capital receipts		
External financing requirement	**102,682**	**26,059**
External financing limit (EFL)	102,548	26,059
Under / (over) spend against EFL	**(134)**	**-**

Note 3 Capital Resource Limit

	2023/24	2022/23
	£000	**£000**
Gross capital expenditure	122,001	96,516
Less: Disposals	(3,444)	(622)
Less: Donated, granted and peppercorn leased capital additions	(3,611)	(1,061)
Plus: Loss on disposal from capital grants in kind and peppercorn lease disposals	-	-
Charge against Capital Resource Limit	**114,946**	**94,833**
Capital Resource Limit	115,080	94,938
Under / (over) spend against CRL	**134**	**105**

Note 4 Breakeven duty financial performance

	2023/24
	£000
Adjusted financial performance surplus / (deficit) (control total basis)	(52,831)
Remove impairments scoring to Departmental Expenditure Limit	-
Add back non-cash element of On-SoFP pension scheme charges	-
Add back incremental impact of IFRS 16 on PFI revenue costs in 2023/24	-
IFRIC 12 breakeven adjustment	-
Breakeven duty financial performance surplus / (deficit)	**(52,831)**

Note 5 Breakeven duty rolling assessment

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	£000	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance		51	1,013	88	91	(39,655)	(40,648)	(34,051)
Breakeven duty cumulative position	3,910	3,961	4,974	5,062	5,153	(34,502)	(75,150)	(109,201)
Operating income		697,692	696,257	719,154	758,665	770,393	834,376	866,036
Cumulative breakeven position as a percentage of operating income		0.6%	0.7%	0.7%	0.7%	(4.5%)	(9.0%)	(12.6%)

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance	(27,152)	(34,455)	(44,879)	(111,368)	9,715	3,778	(12,459)	(52,831)
Breakeven duty cumulative position	(136,353)	(170,808)	(215,687)	(327,055)	(317,340)	(313,562)	(326,021)	(378,852)
Operating income	924,269	960,790	992,246	1,086,969	1,284,222	1,318,977	1,486,225	1,587,499
Cumulative breakeven position as a percentage of operating income	(14.8%)	(17.8%)	(21.7%)	(30.1%)	(24.7%)	(23.8%)	(21.9%)	(23.9%)

Staff costs

	Group			
			2023/24	2022/23
	Permanent	Other	Total	Total
	£000	£000	£000	£000
Salaries and wages	786,887	-	**786,887**	711,147
Social security costs	85,144	-	**85,144**	68,006
Apprenticeship levy	3,966	-	**3,966**	3,274
Employer's contributions to NHS pension scheme	120,775	-	**120,775**	107,116
Pension cost - other	100	-	**100**	126
Other post employment benefits	-	-	**-**	-
Other employment benefits	-	-	**-**	-
Termination benefits	-	-	**-**	-
Temporary staff	-	33,192	**33,192**	28,370
NHS charitable funds staff	-	-	**-**	-
Total gross staff costs	**996,872**	**33,192**	**1,030,064**	**918,039**
Recoveries in respect of seconded staff	-	-	**-**	-
Total staff costs	**996,872**	**33,192**	**1,030,064**	**918,039**
Of which				
Costs capitalised as part of assets	3,564	-	**3,564**	3,124

Average number of employees (WTE basis)

	Group			
			2023/24	2022/23
	Permanent	Other	Total	Total
	Number	Number	Number	Number
Medical and dental	2,073	222	**2,295**	2,183
Ambulance staff	-	-	**-**	-
Administration and estates	2,953	187	**3,140**	2,892
Healthcare assistants and other support staff	3,093	76	**3,169**	3,967
Nursing, midwifery and health visiting staff	4,856	526	**5,382**	4,484
Nursing, midwifery and health visiting learners	3	-	**3**	95
Scientific, therapeutic and technical staff	1,693	102	**1,795**	1,353
Healthcare science staff	934	9	**943**	499
Social care staff	-	-	**-**	-
Other	-	-	**-**	-
Total average numbers	**15,605**	**1,122**	**16,727**	**15,473**
Of which:				
Number of employees (WTE) engaged on capital projects	52	-	**52**	59

Reporting of compensation schemes - exit packages 2023/24

	Number of compulsory redundancies Number	Number of other departures agreed Number	Total number of exit packages Number
Exit package cost band (including any special payment element)			
<£10,000	-	6	**6**
£10,000 - £25,000	-	5	**5**
£25,001 - 50,000	-	1	**1**
£50,001 - £100,000	-	-	**-**
£100,001 - £150,000	-	-	**-**
£150,001 - £200,000	1	-	**1**
>£200,000	-	-	**-**
Total number of exit packages by type	**1**	**12**	**13**
Total cost (£)	£160,000	£149,840	**£309,840**

Reporting of compensation schemes - exit packages 2022/23

	Number of compulsory redundancies Number	Number of other departures agreed Number	Total number of exit packages Number
Exit package cost band (including any special payment element)			
<£10,000	-	-	**-**
£10,000 - £25,000	-	-	**-**
£25,001 - 50,000	-	1	**1**
£50,001 - £100,000	-	-	**-**
£100,001 - £150,000	-	-	**-**
£150,001 - £200,000	1	-	**1**
>£200,000	-	-	**-**
Total number of exit packages by type	**1**	**1**	**2**
Total resource cost (£)	£160,000	£38,000	**£198,000**

Exit packages: other (non-compulsory) departure payments

	2023/24		2022/23	
	Payments agreed	Total value of agreements	Payments agreed	Total value of agreements
	Number	£000	Number	£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	10	133	-	-
Exit payments following Employment Tribunals or court orders	-	-	1	38
Non-contractual payments requiring HMT approval	2	17	-	-
Total	**12**	**150**	**1**	**38**
Of which:				
Non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months' of their annual salary	-	-	-	-

Paper A1 – Appendix B

Meeting title:	**Trust Board**					
Date of the meeting:	**24 June 2024**					
Title:	**2023/24 Going Concern Assessment**					
Report presented by:	Simon Linthwaite, Deputy Director of Finance					
Report written by:	Simon Linthwaite, Deputy Director of Finance					
Action – this paper is for:	Decision/Approval	x	Assurance	X	Update	X
Where this report has been discussed previously						

To your knowledge, does the report provide assurance or mitigate any significant risks? If yes, please detail which
This assessment provides assurance to the Audit Committee that the Trust remains a going concern 12 months effective from the date of the published 23/24 Accounts (24 June 2024).

Impact assessment
The Accounts have been prepared on a 'going concern' basis. It is reasonable for the Directors of University Hospitals of Leicester NHS Trust to conclude that the clinical services provided by UHL will continue into the future, as evidenced by inclusion of financial provision for these services in the Annual Report and Accounts, providing sufficient evidence of going concern.

Acronyms used

Purpose of the Report

International Accounting Standard 1, "Presentation of Financial Statements" (IAS 1) requires management to make an assessment of an organisation's ability to continue as a going concern when preparing that entity's financial statements. It is assumed that an organisation will prepare its accounts on a going concern basis unless management intends to, or has no alternative but to, liquidate the entity or to cease trading.

The report presents an assessment of the Trust's Going Concern status at the publication of the 23/24 Accounts.

Recommendation

The Audit Committee is asked to support the preparation of the Trust's 23/24 financial statements on a going concern basis.

Summary

1. Executive Summary

The Accounts have been prepared on a 'going concern' basis. The definition of going concern in the public sector focuses on **the expected continued provision of services** by the public sector rather than a specific organisational form. This means that even where a body is going to cease to exist, it does not affect its going concern status as the services will continue to be provided. The FReM (Financial Reporting Manual) guidance directs that the financial statements are prepared on a going concern basis, unless there are plans for, or no realistic alternative other than the dissolution of the Trust without the transfer of its services to another entity within the public sector. It is reasonable for the Directors of University Hospitals of Leicester NHS Trust to assume the continuation of provision of clinical services in the future by as sufficient evidence of going concern.

The Board of Directors has carefully considered the principle of "going concern" and the Directors have concluded that, having made appropriate enquiries, the Trust has adequate financial resources and there are **no** material uncertainties related to the financial position of the Trust and Group that would compromise the continued delivery of the operational services of the Trust. As directed by the DHSC Group Accounting Manual 2023/24 the Directors have therefore prepared the financial statements on this basis as they consider that the services currently provided by the Trust will continue to be provided in the future.

2. Introduction

The definition of going concern in the public sector focuses on the expected continued provision of services by the public sector rather than a specific organisational form. This means that even where a body is going to cease to exist, it does not affect its going concern status. As a result, the financial statements of all NHS bodies are prepared on a going concern basis unless there are exceptional circumstances where the entity is being or is likely to be wound up without the provision of its services being transferring to another entity in the public sector.

Whilst it is unlikely that an NHS body would be determined as not to be a going concern, this interpretation does not exempt the senior management of NHS bodies from undertaking a going concern review. The review should be based on each organisation’s local circumstances and shared with its auditors.

IAS 1 (paragraph 26) states that in assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to twelve months from the date of signing the financial statements (24 June 2024).

IAS 1 also requires that where there are “material uncertainties related to conditions that may cast significant doubt upon the entity’s ability to continue as a going concern,” these should be disclosed in the accounts.

When adopting the financial statements, the Board of Directors will be asked to agree with the decision made by management to prepare the financial statements as a going concern. To comply with International Financial Reporting Standards, the Trust is required to undertake an assessment of its ability to continue as a going concern. This assessment is set out in this report for Audit Committee consideration.

3. Going Concern Assessment

The review of key issues and risks to support the going concern basis for preparation of the Statutory Accounts is set out below:

3.1 Financial Position

As the NHS emerged out of the pandemic during 2022/23 and through 2023/24, there was a clear expectation nationally, that providers must transition towards business as usual, which has seen overall funding levels reduces in real terms from those currently experienced during the pandemic.

The financial and operational challenges the Trust faces in delivering sustainable finances is significant. Optimising the use of its resources for patients at the same time as improving productivity is one of the Trust’s key strategic goals. However, the Trust remains in a deficit position.

The original financial plan for 23/24 forecast was a £10m deficit. However, there were known risks that did materialise within the financial position, such that the outturn was £52.8m deficit and £17.4m worse than the revised outturn agreed with NHSI and the System (£35.4m). This was driven by UEC pathway (£5.3m), industrial action costs not funded (£2m), loss of NHSE income for depreciation for PDC funded capital schemes (£2.5m), healthcare assistant backpay provision (£6.8m) and other small variances of (£0.7m).

The Trust remains committed to achieving sustained financial recovery and using our taxpayers money as optimally and productively as possible for the delivery of patient care and deliver more for patients with the resources that it has at its disposal. This requirement to be more productive and effectively do more with less year on year was reflected by the Trust delivering efficiencies of £64.2m in 23/24 against its target of £63m.

The Trust is required to meet certain financial duties, in order to provide assurance to the taxpayer on how public funds have been managed. Each NHS Trust is required to ensure that its revenue is not less than sufficient, taking one financial year with another, to meet outgoings properly chargeable to revenue account. With the exceptions of breakeven financial duty and delivering its agreed in year adjusted financial performance target, the Trust achieved its statutory financial duties, including maintaining capital spending and cash within the limits set by DHSC, as set out in the table below.

The key headlines of 23/24 from a financial point of view were:

- an adjusted revenue deficit of £52.8m, following a deficit of £12.5m in 22/23 and a surplus of £20.2m in 2021/22.
- A record level of capital investment of £122.0m (£96.5m in 22/23 and £75.3m in 21/22).
- Delivery of a Cost Improvement of £64.2m (£35m in 22/23 and £17.1m in 21/22).
- Contraction in year end cash balance to £39.7m (from £103.3m at 31 March 22).
- Maintenance of a high achievement against the Better Payments Practice Code for paying suppliers promptly of 94%.

The financial challenge for 24/25 and the next few years is extremely difficult, balancing the optimism of striving to treat more patients and be more productive with the reality of limited and constrained financial envelope. Funding has been increased by 1% to reflect additional pressures since the original 24/25 allocations were published in January 2023. In the Spring 24 Budget, the Chancellor announced £2.45 billion of extra funding for the NHS for 24/25, but this only covers the recurrent cost of the pay deal and maintains real NHS flat funding for 24/25 to this end. Many of the ambitions for 24/25 reflect the reality of the multi-year process of recovering from the impact of the pandemic and improving services for patients. Given the current context, many of them will be stretching. UHL aims to deliver more for patients within the lmioted resources it has. A relentless focus on improvement, reducing delays and unnecessary processes will be critical to delivering on the priorities of patients and balancing system finances for the LLR health system.

It is clear that there is going to be huge financial pressure in the system in 24/25. The Trust is working to deliver its deficit plan of £64.8m in 24/25, on its pathway to delivering a sustainable balanced financial position. This is predicated on delivering an unprecedented cost improvement plan of £91.6m (5.7% of operating costs). The planned deficit includes repayment of the 22/23 deficit to be repaid over a minimum 3-year period.

Financial Sustainability is a key enabler for the Trust's vision: "Leading in healthcare, trusted in communities". Delivering the financial plan and long-term financial sustainability will be a significant challenge, given the Trust continues to forecast a deficit through to 26/27 which will requires significant financial improvement to address. Financial sustainability over the next three years is dependent upon all 24/25 CIP improvements ideally being delivered recurrently. In 23/24 UHL delivered approximately £25m of recurrent CIP out of £64.2m. A challenge of this scale requires significant Executive level ownership, focus and oversight.

23/24 saw a significant increase in its substantive workforce. A key tenet of the 24/25 financial plan is that this workforce is affordable within and aligned to the financial budget. In addition, consistent with NHSE instruction and against a context of this significant investment in the permanent workforce, it is essential that UHL continues to control and reduce its temporary expenditure, including complying with System agency expenditure limits. UHL must therefore continue to take action to reduce expenditure on NHS agency staff, encourage workers back into substantive and bank roles, and achieve compliance with agency controls. This includes ending the use of off-framework providers and improving compliance with NHS agency price caps.

3.2 Cash Flow, including PDC Revenue Support

NHSE expects providers to continue to have sufficient cash resource to meet working capital requirements without the need for revenue cash support. This will support prompt payment for goods and services received (refer BPPC). In instances where providers may need help, revenue cash support is available via the issue of public dividend capital (PDC). To make a request, a provider must be in a cumulative deficit position in the financial year. The requested amount cannot exceed the reported deficit, which given the application is quarterly in advance, effectively will be the year to date deficit delivered plus the plan/forecast deficit for the quarter ahead. However, efficient transacting with systems should ensure that requirements are kept to a minimum. Alternatively, within a system where a provider has a revenue or working capital cash need, DHSC can facilitate cash transfers between providers within that System. The Trust will require revenue support in 24/25 consistent with the deficit plan submitted.

The Trust's cash position contracted by £63.5m from £103.3m to £39.8m (excluding Charity) in 2023/24, largely driven by the delivery of the in-year deficit. This Trust continued to operate from a cash perspective without need to access additional PDC revenue support in 23/24.

The planned deficit in 24/25 will require the Trust to access PDC revenue support during the year, commencing in Quarter 1 to ensure that the Trust will maintain a minimum cash balance of at least £1m on any given day and be able to meet its liabilities as they fall due. The forecast I&E deficit in 24/25 translates into a reduced forecast cash balance of £25.9m at 31 March 2025, but this does assume the Trust will access revenue PDC support loans of £61.2m consistent with the declared unadjusted deficit. The cash flow at the 31 July 2025 is forecast to be £26.4m (12 month coverage from the date of Accounts publication). A planned deficit for 25/26 is £55.8m, with an assumed PDC revenue drawdown equal the the deficit.

3.3 Risk

Clearly there are significant financial risks to delivery of the plan, most notably the unprecedented size of the CIP plan and managing the Trust's workforce to stay with budget and still deliver the service and agreed patient activity levels.

Delivery of the 24/25 financial plan is realistically possible if the Trust can generate productivity improvements and minimise 'unwarranted' pay and non-pay costs. Over the next 3 years, a 30% improvement is required. There are 3 overarching goals for financial sustainability:

- Eliminating all unwarranted cost pressures. This will necessitate enhanced grip and control across all three drivers: pay, non-pay and income.

- Fixing and delivering the fundamentals will provide a firm foundation for the significant improvements, transformation and innovation needed; whilst ensuring we continue to deliver on existing workstreams and programmes of work. Examples include, ensuring we understand our data, being paid correctly for the work we do and maximising non-pay efficiencies.

- Improving by 10%: This is the scale of productivity improvement needed in 24/25 and indeed annually for the next three years. This improvement will broadly be required to be delivered across all key Trust performance indicators and strategic initiatives.

Cash and its utilisation is managed closely on a daily basis and reported on a monthly basis to FIC, including 12 month trolling cash forecasts. Cash forecasts is triangulated with I&E forecasts, using sensitivity analysis to understand the impact on cash of different I&E scenarios, for example, prevailing run rates, delivery of plan and impact of financial recovery. The output of these processes is summarily reported to FIC on a monthly basis. Clearly limiting future cash support would be dependent upon the delivery of a balanced I&E plan supported by effective working capital processes to maximise cash in support of operations. To this end, cash and working capital management is overseen by the Working Capital Group, with senior finance and management representation to review the veracity of the daily, monthly and annual cash forecast.

Financial controls to minimise/reduce expenditure have been implemented in 23/24, building on the work of previous years. This has included:

- Continuing to develop and embed controls outlined in the national NHS Grip & Control checklist within the organisation. Grip and control has and continues to improve, but the Trust recognises it has more to do to secure full coverage and compliance with the very highest standards of financial control.
- Temporary staffing (including agency) controls and the vacancy control processes have been reinforced to provide more scrutiny and challenge to requests for substantive and non-substantive posts. Reducing expenditure on NHS agency staff remains a priority on the back on an increase in recruitment into substantive roles and to achieve compliance with agency controls. This includes ending the use of off-framework providers and improving compliance with NHS agency price caps.
- Controls over discretionary non pay expenditure implemented, including cessation/pausing of specific types of non-critical expenditure.
- Implementation of a new purchase to pay process including 100% PO coverage, to minimise discretionary spend.
- Scrutiny of directorate positions and forecast positions, through clinical management group performance reviews and executive led meetings, including CFO setting out expectations around forecast targets and the action required to achieve these.

3.4 Income

The Health and Care Act 2022 established Integrated Care Boards (ICBs) to replace Clinical Commissioning Groups with effect from 1st July 2022. This has brought a much greater focus on health system working and collaboration across local health economies for the benefit of patients. ICBs and NHS primary and secondary care providers are now expected to work together to plan and deliver a net system financial position in collaboration with other ICS partners.

The Trust continues to largely operate to fixed or block funding envelopes, although since the 2023/25 national NHS payment system came into effect on 1 April 2023 elective healthcare commissioned between trusts and NHS commissioning bodies is subject to an aligned payment and incentive (API) payment. Under these rules, trusts and commissioners agree a fixed (block) element, based on funding an agreed level of activity. However, the API variable element means Systems have access to additional funding for elective activity performed above the fixed agreed baseline level, effectively the Elective Recovery Fund (ERF). System and provider activity targets have been agreed through planning as part of allocating ERF on a fair shares basis to systems However, receiving appropriate funding for growing year on year urgent and emergency activity delivered continues to present a major financial challenge for the Trust.

3.5 Long Term Financial Sustainability

The Trust continues to develop its a medium-term financial plan aligned with system partners spanning 5 years that focuses on return to financial balance.

3.6 Statement of Financial Position

- **Total Value Assets Employed/Taxpayers Equity (Net Worth)**

The closing net assets increased marginally by £3.4m from £676.4m in 2022/23 to £679.9m in 2023/24.

The closing net assets for 31 March 2025 are forecast to be £727.1m an increase of £47.2m, mainly as a consequence of the PDC funded capital investment (£27.2m), PDC revenue support (£61.2m) and increased in the value of the revaluation reserve (£20m); offset by the planned in year I&E deficit (£61.2m). This overall balance sheet position is forecast to deteriorate to £731.6m at 31 July 2025 (12 months from the published date of the Accounts), as the Trust still expects to be in a deficit position.

- **Net Current Liabilities**

The Trust had net current liabilities of £89.6m and £33.8m at the end of March 2024 and March 2023 respectively, with a forecast of £81.7m at 31 March 25 and £73.3m at 31 July 2025, mainly as a consequence of the impact of the forecast deficit on cash balances.

- **Trade Payables**

The change in the NHS finance regime and the move to block contract payments, alongside better invoicing and debt collection processes has helped to improve our liquidity position. The result has been an improvement in our Better Payments Practice Code compliance percentage with 94% of valid supplier invoices now being paid within 30 days or their due date (if later).

There has been considerable work undertaken through a purchase to pay workstream, which has reduced the level of aged creditors, strengthening the financial controls and standardising system processes and improving efficiency of the transaction process through greater automation and less manual intervention. Work has now begun to make this focus business as usual and ensuring this workstream is embedded in the way we do things.

- **PDC Dividend**

The PDC Dividend increased to £20.4m at 31 March 2024 (from £18.9m at 31 March 2023) and is forecast to further increase to £23.3m at 31 March 2025, which is a reflection of the forecast increase in net relevant assets, as the additional cash support offsets the impact of the in-year deficit, although a reduction in forecast average daily cash balances in 24/25 is expected, which has an inflating impact on the PDC Deividend.

3.7 Major losses or cash flow problems which have arisen since the balance sheet date

No significant losses or cash flow challenges have emerged since the balance sheet date.

3.8 Senior Management Structure and Executive Team

At the time of preparing this Going Concern statement, The Trust has now made substantive appointments to all the Executive Board posts. All the individuals are in post and fulfilling their roles for an extended period of time. In previous years a number of these were previously occupied by acting or interim appointments.

3.9 Compliance with statutory requirements, Legal and regulatory action and Governance

Ongoing legal action relating to insured events is managed on the Trust's behalf by NHS Resolution. There is no other material ongoing legal action. Similarly, the Trust is also not subject to any formal action being taken by its regulatory bodies, including the Care Quality Commission and NHSI. Quarterly review of claims and NHSLA position is reflected in the Statutory Accounts. The Trust contributes to the NHS Litigation Authority's Clinical Negligence Scheme for Trusts which limits the Trust's liabilities.

Audit evidence provided as part of audit of annual accounts provisions and membership of the NHSLA Clinical Negligence Scheme for Trust's in 2024/25.

3.11 Governance and Audit Risks

Governance relating to financial stewardship is exercised through the Trust Board where a monthly financial report is incorporated within the integrated performance report and discussed as part of the public agenda. Accountability for economy, efficiency and effectiveness to the Board is delivered through its committee structure, most notably through the Trust Leadership team and the Finance and Investment and Audit

Committees. The role of the Finance and Investment Committee is to oversee financial performance and value for money, including approving and performance monitoring of the Trust's finance, efficiency and recovery plans and reviewing CMG financial and business performance. The Audit Committee receives regular reports on all aspects of the Trust's systems of internal control, including reports from Internal Audit and reviews the Trust's accounting policies and statutory accounts.

This is supported by the work of Internal Audit - 360 Assurance to ensure that delivery of services takes place within a sound system of internal control, designed to meet the Trust's objectives and that controls are generally being applied consistently. System and control process improvements have taken place over the last 2 years. The Trust has received a moderate assurance Head of Internal Audit opinion in 2023/24.

Given the level of risk in the NHS, it is important that arrangements for managing risk and the design and operation of the Board Assurance Framework (BAF) continue to evolve and develop. The Trust has established structured arrangements for overall risk management and these are set out in the Risk Management Policy. The BAF document clearly aligns to the organisation's strategic objectives and includes the expected fields for completion. Finance have also developed, updated and evaluated the significant financial risks, including mitigating actions, which are now included on the Trust's Risk Register and are reviewed quarterly by the Senior Finance Team.

3 TGH Going Concern Assessment

The TGH accounts have been prepared on a going concern basis. The company is a wholly owned subsidiary of the University Hospitals of Leicester NHS Trust and has considered the going concern of its parent and the group in assessing its own going concern. TGH's Board of Directors has carefully considered the principle of "going concern" and in making its assessment has reviewed the UHL's assessment of its own, and the Group's, going concern.

The company's principal activity is the provision of drug dispensing services to UHL and has limited exposure to commercial market risks. The Directors of the Company consider that it provides a vital service to UHL and enables savings to be achieved for UHL and group. As such, the Company's Directors consider that the company will be providing its service to UHL for the foreseeable future.

UHL Trust has agreed contracts with the ICB for 2024/25 and services are being commissioned in the same manner in the future as in prior years and there are no discontinued operations. There were no transfers of services or significantly amendment to the structure of the organisation in the year and there are no decision for such at this time. The Board of Directors also has a reasonable expectation that the Trust and Group will have access to adequate resources in the form of support from the Department of Health and Social Care (NHS Act 2006 s42a) to continue to deliver the full range of mandatory services for the foreseeable future.

4 Conclusion

This report has detailed the items that should be considered when assessing an organisation's ability to continue as a going concern. The Accounts have been prepared on a going concern basis. It is reasonable for the Directors of University Hospitals of Leicester NHS Trust to conclude that the clinical services provided by UHL will continue into the future, as evidenced by inclusion of financial provision for these services in the Annual Report and Accounts, providing sufficient evidence of going concern.

The Trust have will adequate resources to continue as a going concern for at least 12 months from the publication of the annual report and accounts submission. Despite the projected financial deficit in 2024/25, there are no material uncertainties regarding the financial sustainability of the Trust and Group that would impact on this conclusion. It is clear that NHS services will continue to be funded and government funding is in place for this. The Trust therefore continues to prepare its cash flow forecasts, to reflect the latest agreed contracts. It is reasonable to assume funding will continue to flow and this principle is unaffected in the current environment.

The Trust will also continue to operate within the NHS Finance regime from a cash perspective through a combination of its existing internal working capital and financial support offered by the DHSC, linked to its agreed Income and Expenditure (I&E) plan. UHL remains a going concern and has taken steps to ensure that this remains the case. The Trust made proper arrangements to secure economy, efficiency and effectiveness in the use of resources for the year end 31 March 2024 and remains committed to making best use of resources, working with its partners across the health and care system.

Although a financial deficit has been delivered in 2023/24 and is forecast 2024/25, the Trust is developing is its medium term financial model, which will signpost the way to a more sustainable financial future. The Trust remains committed to achieving recurrent financial balance as soon as soon as possible. The Trust and the wider integrated care system remains committed to developing a fully integrated and effective care system within a financial system control total.

Lorraine Hooper

Chief Financial Officer

24 June 2024