

Annual Report and Accounts 2021/22



Royal Free London NHS Foundation Trust includes:
the Royal Free Hospital, Barnet Hospital and Chase Farm Hospital.

Royal Free London NHS Foundation Trust Annual Report and Accounts 2021/22

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Front image: (foreground) Sipiwe Bamba, senior sister, Willow Ward, and (background) Sibo Maphosa, junior sister, Beech Ward

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Performance report

1.1 Overview

This section is a summary of the Royal Free London NHS Foundation Trust (RFL) – our purpose, objectives, risks and information on our performance during 2021/22.

1.1.1 About the Royal Free London

- **1828** - The Royal Free Hospital was founded 193 years ago to provide free healthcare to those who could not afford medical treatment.
- **1837** - The title 'Royal' was granted by Queen Victoria in recognition of the hospital's work with cholera patients.
- **1887** - The Royal Free was the first hospital in London to accept women medical students.
- **1991** - In April 1991, the Royal Free became one of the first NHS trusts.
- **2012** - The hospital was authorised as a foundation trust under the name the Royal Free London NHS Foundation Trust.
- **2014** - In July 2014 Barnet and Chase Farm Hospitals NHS Trust became part of the Royal Free London.
- **2016** - The trust received a 'good' rating from the Care Quality Commission.
- **2017** - The Royal Free London group is established, and North Middlesex University Hospital NHS Trust joins us as our first clinical partner.
- **2018** – The new Chase Farm Hospital opens, and West Hertfordshire Hospitals NHS Trust joins the group as our second clinical partner.
- **2019** Chase Farm Hospital is awarded HIMMS level 6, making it one of the most digitally advanced hospitals in the country.
- **2020** The Royal Free London is one of four trusts to admit the first UK COVID-19 patients.
- **2021** Electronic patient record goes live at the Royal Free Hospital; Chase Farm Hospital is awarded HIMMS level 7 – one of only four hospitals to receive this accolade.

1.1.2 Our work and activities

The Royal Free London is a large NHS foundation trust, employing more than 10,000 staff and serving a population of more than 1.6 million people across 20 sites in north London and Hertfordshire.

We attract patients from across the country and beyond to our specialist services in liver, kidney transplantation, haemophilia, renal, HIV, infectious diseases, plastic surgery, immunology, vascular surgery, Parkinson's disease, cardiology, amyloidosis and scleroderma.

The Royal Free Hospital provides the only high-level isolation unit of its kind for the care of patients with the Ebola virus and similar infectious diseases. We were one of the first four trusts to treat UK patients for COVID-19 in our specialist infectious diseases centre in February 2020.

The trust is a member of the academic health science partnership, UCL Partners.

The Royal Free London group

Our ambition is to become the leading healthcare group in Europe, bringing the best of the NHS to every patient – we treat more than one million every year - no matter which one of our hospitals or other sites they are treated in.

The Royal Free London (RFL) is one of four NHS trusts who have the permission to develop and lead a group of NHS providers who will share services and resources in order to improve the quality and experience of patients.

By working as a group, we can bring together larger numbers of clinicians to share their knowledge about the very best ways to treat patients in line with the very best care available across the globe.

We offer local services for local people but also highly specialised services such as liver transplantation and our amyloidosis service. Our staff are truly international, hailing from more than 120 different countries and serving an equally diverse population.

We have forged partnerships to deliver the best care possible and operate at scale to get the best investment and quality and to keep costs down and ensure our clinical teams are freed up to do what they do best – deliver care to our patients. Our collaborations with partner organisations, including North Middlesex University Hospital NHS Trust and West Hertfordshire Hospitals NHS Trust, continue to grow.

Our focus will take us outside of our hospital walls, expanding our horizons to the health of the population we serve. This will mean working more closely with our non-hospital partners in the NHS and social care to help people to live longer in good health, rather than just treating people when they are sick. Our group will help us deliver this aspiration.

1.1.3 Key issues and risks

The board assurance framework identifies the biggest risks to delivering our group goals aligned to the committees responsible for managing those risks. The framework describes each risk and provides details of the mitigations in place, sources of board assurance and further actions required. See page 127.

1.1.4 World class care values

All of our staff are expected to treat our patients, visitors and each other in line with our world class care values which expect us to be:

- positively welcoming
- actively respectful
- clearly communicating
- visibly reassuring

1.1.5 A word from our chair and chief executive

February 9, 2022 was a significant milestone for the Royal Free London. It marked two years to the very day that our trust entered centre stage in a global crisis, the scale of which the world has never seen.

On the same date in 2020, the Royal Free Hospital became one of the first in the NHS to admit patients with a SARS-like virus, boasting an unfamiliar name. Fast forward to today and the impact of COVID-19 has changed our lives – and our NHS – forever.

Waiting lists are at a record high – over six million people in the NHS are waiting to be treated; our hospitals are at full capacity; our emergency departments are seeing record attendances; our staff are exhausted, and our resources are increasingly scarce.

The clapping has stopped, but the multiple challenges our colleagues are responding to, and their complexity, are just as worthy of applause.

COVID was still very much a reality in our hospitals during 2021/22. In total during the pandemic, we have cared for nearly 8,000 patients when they needed us most, with 3,256 coming through our doors in this financial year.

Vaccination was key and we worked with Saracens Rugby Club to set up a vaccination centre – part of our overall campaign which saw us administer over 141,000 jabs to protect healthcare workers, care home staff, patients, and members of the public.

Alongside our colleagues across north central London (NCL), we put together robust plans for the Omicron variant for which we had to be ready and – armed with the experience of previous spikes – we certainly were.

Our pandemic response has been a source of great pride. We have learnt so much that will help us in the years ahead and innovated at a scale and pace never seen before to care for patients in different ways.

2021/22 has been described as a year when the NHS began to reset. But it was much more than that.

With the shadow of the pandemic still hanging over us, the achievements of our colleagues have been incredible.

Crucially we got the show back on the road for the tens of thousands of patients who have been waiting for their care longer than any of us would have wanted. And, whilst there is a long way to go, we have made huge progress in getting through the backlog.

To support our efforts, we found ways to open extra capacity at our three main sites: Barnet Hospital, Chase Farm Hospital and the Royal Free Hospital. We carried out procedures at weekends and out of hours; worked with colleagues across NCL; repurposed our private sector facilities; and opened a community diagnostic centre at Finchley Memorial Hospital so we can continue to provide scans such as CTs and MRIs, regardless of how busy our hospitals are.

To support all of this work we have continued apace with one of the biggest change programmes our trust has ever seen – delivering a new electronic patient record (EPR) at

the Royal Free Hospital and upgrading the system at Barnet Hospital and Chase Farm Hospital where EPR was launched in 2018.

This helped Chase Farm Hospital to be recognised as one of the most digitally advanced hospitals in the UK by the global body HIMSS Analytics®. The hospital advanced from a HIMMS stage 6 to HIMMS stage 7 rating – recognition that it has improved patient safety by providing critical information, digitally, when and where clinicians need it.

An enhanced recovery unit opened at Barnet Hospital to offer patients an additional level of care to that provided on a ward. The unit is designed to improve 'flow' through the hospital, easing pressure on intensive care and general wards.

There was more.

We opened the £60million Pears Building, home to the new UCL Institute of Immunity and Transplantation which is allowing scientists to work more closely with hospital clinicians to develop treatments and cures for some of the most devastating diseases of the immune system. One of the largest patient-focused immunology centres in Europe, it will help advance our understanding of conditions such as HIV, diabetes, cancer, tuberculosis and COVID-19. We are indebted to the Pears Foundation and the Royal Free Charity for turning this eight-year project into a reality.

Our commitment to research and development didn't stop there. We opened a new clinical research facility at the Royal Free Hospital, which is designed to enable complex clinical studies, including first-in-human drug trials and the development of medical devices and biomarkers. The facility was recognised by the National Institute for Health Research with a grant of £4.9million to take forward its important work. And our patients contributed to 224 research studies of which 22 were about COVID-19, including the world's first COVID-19 human challenge study.

We also continued to build on our strong traditions in education and training, including a successful medical support worker programme for doctors from Myanmar, and our first cohort of staff to start degree-level registered nurse apprenticeships. In the year ahead, we plan to build further through our aspirations for a Royal Free London Academy as we continue to aspire for excellence in education, training and development for all students, trainees, and staff within our hospitals.

Our commitment to helping the NHS achieve carbon net zero in response to the growing threat to health posed by climate change saw us set out our Green Plan. One of the most important things COVID-19 taught us, is that the NHS cannot work in isolation – collaboration is key. Working in partnerships, at scale, is a fundamental principle of the Royal Free London group. Our aim is to reduce unwarranted variation and ensure that we can bring the best of the NHS to every patient in our part of north central London.

We continue to strengthen our clinical partnership with North Middlesex University Hospital across a number of projects to deliver better care for local communities and more opportunities for staff. This includes increasing capacity for North Mid patients at Chase Farm Hospital, minimising the cancellation of elective surgery and maintaining access to cancer care. We are developing a joint elective strategy to further reduce the number of

cancelled surgical appointments. Meanwhile, more than 5,000 patients every year from our trust will benefit from a new elective orthopaedic centre at Chase Farm Hospital.

Like the rest of the NHS, a key area of focus in the coming year will be on our financial position - ensuring that we live within our means and use our increasingly scarce resources wisely.

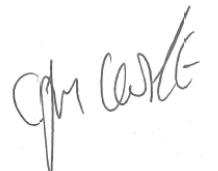
Amid the challenge and change, there is one thing which remains constant – the brilliance of our staff. The past two years have been incredibly tough – draining emotionally and physically. We know the extraordinary lengths to which our colleagues have gone, to help those most in need. We are so enormously proud of everything they have achieved, and as they continue to look after our patients, we will do everything possible to look after them. We would like to thank the Royal Free Charity for all its support throughout the year – and for its amazing Breaking Point campaign which raised £750,000 to support our COVID recovery and staff health and wellbeing.

As the spotlight nationally remains on the NHS – we are reminded almost daily of the challenges we're facing and the work we still have to do. And of course, we are reminded that we are part of the solution, and that we must rebuild our services to be better than ever before.

So, two years on from the start of the pandemic, the NHS does feel different. We have learnt about how to work in partnership across organisations. We have learnt about reimagining and reinventing many of our services. And we have learnt how important we all are to each other – no matter what our role, or in which department we work.



Mark Lam
Chair
21 June 2022



Caroline Clarke
Chief Executive
21 June 2022

1.1.6 Our objectives

1. Excellent health outcomes

Clinical services

- We launched a new electronic patient record (EPR) in October 2021 at the Royal Free Hospital bringing it in line with the rest of the trust, which went live in November 2018. EPR is an innovative new digital system that is replacing paper records at the Royal Free London. It means that staff always have access to accurate and up-to-date information about our patients to ensure they get the best care, and that all their healthcare information is stored in one place. Hundreds of staff were involved in designing the EPR and hundreds more have tested it to ensure it meets the needs of patients.

- We are developing new clinical practice groups (CPGs) to deliver the best pathways and treatment protocols for our patients - ensuring they get the best possible quality of care at the right price and based on the latest evidence, wherever they live. We now have 54 CPGs in place, of which 34 are digitised on our electronic patient record.
- A global body has officially recognised Chase Farm Hospital (CFH), as one of the most digitally advanced hospitals in the UK. CFH has achieved the HIMSS Electronic Medical Record Adoption Model (EMRAM) Stage 7, an international benchmark for the use of advanced IT to improve patient care and the highest level an organisation can achieve. To date only three other hospitals have achieved stage 7 status. According to HIMSS criteria, stage 7 means the trust has improved patient safety by providing critical information when and where clinicians need it. In addition, the trust has reduced time and errors in care delivery and seen increased patient satisfaction.

Research

- The research and development team began the work of reviewing and restarting 351 studies in April 2021 as pandemic restrictions eased. By the end of March 2022, the trust had recruited a total of 10,550 patients into National Institute for Health and Care Research studies with almost 80% being non-Covid research. The GRAIL (also known as SYMPLIFY) study for example, is exploring the use of rapid blood testing to diagnose an array of cancers of which 307 patients are involved from across all three Royal Free London sites. In partnership with our local North Central London collaborators the trust contributed to 20% of the national recruitment into this study.

The need to continue with COVID-19 research has remained and a total of 1,809 patients were recruited to COVID-19 related research at the trust in 2021/2022.

We were also the host for the world's first COVID-19 human challenge study which provided researchers with new insights into the virus and paved the way for future studies to test new vaccines and medicines. The collaborative study was a partnership between Imperial College London, the Vaccine Taskforce and Department of Health and Social Care (DHSC), hVIVO (part of Open Orphan plc). It was the first in the world to infect healthy, young volunteers with the virus that causes COVID-19 (known as SARS-CoV-2) and perform detailed monitoring from the moment a person first encounters SARS-CoV-2, throughout the infection to the point at which the virus is apparently eliminated.

- Heart attack patients at the Royal Free Hospital became the first in the country to be treated with an artificial intelligence backed keyhole procedure. The pioneering technology coupled with AI means cardiologists are able to make quicker and more accurate decisions while carrying out angioplasties – fitting a stent - for coronary artery disease. Abbott Ultreon 1.0 software merges optical coherence tomography (OCT) – an existing imaging tool that provides cardiologists a comprehensive view inside an artery or blood vessel – with the power of AI for enhanced visualisation. The AI software can automatically detect the severity of calcium-based blockages and measure vessel diameter to enhance the precision of surgeon's decision-making

during coronary stenting procedures. Having treated thousands for COVID-19 during the pandemic, The Royal Free Hospital is now getting routine services back on track with procedures like these which offer enhanced treatment.

Teaching

- The trust participated in a successful Medical Support Worker (MSW) programme for doctors from Myanmar. In total 54 MSWs were employed and given educational supervision and support to progress to General Medical Council (GMC) registration. The majority have now completed and gone on to employment within the NHS, with some remaining within the trust for an extended period to receive additional support to complete their registration.
- In January 2022 we launched our degree-level apprenticeships for individuals who have no prior care experience to progress to registered nurse status. Further cohorts are planned in 2022/23 representing a major step forward in our ability to grow our own nursing workforce.

2. Outstanding experience of care

Patients

- Patients at risk of developing a type of advanced liver disease are accessing vital care much sooner thanks to work carried out at the Royal Free Hospital. A new system for referring patients from GPs to hospitals, with non-alcoholic fatty liver disease (NAFLD), known as the Camden and Islington NAFLD pathway, means patients are now five times more likely to be identified as being at risk of having advanced liver disease and as such they are more likely to access crucial care sooner. This approach is not only improving outcomes for patients but could lead to significant savings for the NHS thanks to early detection and intervention and the avoidance of unnecessary referrals.
- An enhanced care unit (ECU) opened at Barnet Hospital offering patients an additional level of care to that provided on a ward. Patients who might be cared for in the ECU include those with sepsis, renal failure and those who have had a diabetic or neurological emergency. The level of care is defined by NHS England as 1.5 - a step down from a high dependency unit (level 2) and an intensive care unit (ICU) (level 3).

3. Outstanding experience for our people

- As we emerge from the pandemic, we know that looking after our staff's wellbeing is an absolute priority. We want to retain our incredible staff and recruit the very best. To achieve this we must continue to develop and sustain our health and wellbeing offering. We want staff to feel supported and are determined to empower a wellbeing culture at the Royal Free London. We have a range of psychological support services available for all our staff. We offer support at the end of a phone, access to wellbeing tools, assessments, advice, and information online, free apps to download, virtual sessions, face-to-face support, support with physical wellbeing and support with

personal life matters. A range of mental health and wellbeing services are available for one-to-one and team support. We are grateful to the Royal Free Charity for harnessing the support of the community to deliver much of this important work.

- We continue to upgrade our staff areas to enable staff to take a well-deserved break in relaxing surroundings. Barnet Hospital opened new relaxation spaces for all of their staff. Two ‘pavilions’ have been built within the courtyards of the hospital, leading from clinical corridors. Relaxing music, modern décor and homely touches create a calm and peaceful environment.

4. Excellent value for taxpayers' money

- Funding arrangements deployed in 2020/21 were rolled over into 2021/22 to reflect the on-going COVID-19 response, with additional funding received for pandemic related expenditure. In addition, funding was made available to the trust to support key operational challenges, in particular to rapidly increase the volume of elective activity and address challenging access pressures. 2021/22 saw the re-introduction of an efficiency programme to the trust, albeit at a smaller scale than pre-pandemic, which delivered efficiencies totalling £20.5million and a surplus of £6million for the year. It is worth noting that the trust achieved an adjusted surplus of £7.2million; a favourable performance when compared with the control total agreed with North Central London Clinical Commissioning Group. As a result of this position, we did not need to access additional borrowing. However, the trust recognises that 2022/23 will be a challenging year financially. Our underlying deficit of £120million at the end of 2019/20 is currently being reviewed to support our financial planning for 2022/23, taking into account the impact of significant proposed changes to financial operating regime across the NHS.

5. Be a sustainable organisation

- The Royal Free London is taking action to create a greener NHS. Our ambition is to provide services that are sustainable for the taxpayer and the planet. From reducing our emissions, supporting staff and patients to using more sustainable forms of travel and implementing meat free days for staff and visitors, we are working hard to deliver on the commitments we have made as an organisation. Staff can join the conversation on our ‘green deed feed’ – a discussion forum on our intranet and join our sustainability network to be part of the action.

Our goal is to reach net zero carbon emissions by 2040. We are committed to helping the fight against climate change and we aim to be a role model organisation for everybody who walks through our doors.

We have already:

- Reduced the use of Desflurane, an anaesthetic gas harmful to the environment by 70%
- More out-patients are seen in virtual clinics which has reduced in-patient journeys by 30%

- We have removed petrol and diesel cars from the trust leasing scheme

Our trust priorities for 2022/23 include:

- Reducing the number of patients facing long waits
- Building an inclusive workforce and improving the wellbeing of our staff
- Creating less waste by taking variation out of our patient pathways and optimising our digital offering
- Making our local partnerships work for patients to reduce inequalities in the health of our local population

1.1.7 Highlights of the year

April 2021

New clinical research facility opens

The ability to carry out early-stage research into rare diseases, long-term conditions and viruses such as COVID-19 took a leap forward thanks to the opening of a new clinical research facility (CRF).

Based at the Royal Free Hospital, the CRF forms a crucial bridge between so-called ‘basic science’ or laboratory work, and clinical studies involving human participants. It provides the space, facilities and resources for the trust to carry out cutting-edge early phase research, testing new and innovative approaches to medicine to ensure they are safe for patients.

Funding for the CRF has been facilitated by the Royal Free Charity.

We also...

Partnered with StoneX Stadium in Barnet to establish a large scale COVID-19 vaccination centre, vaccinating nearly 90,000 people in just five months.

May 2021

Study into impact of mild COVID-19 infection on the heart

New research supported by staff at the Royal Free Hospital showed mild COVID-19 infection was very unlikely to cause lasting damage to the structure or function of the heart.

Researchers identified participants from the COVIDsortium, a study which took place at the Royal Free Hospital - including a number of its staff - and two other London hospitals, which involved taking weekly samples of blood, saliva and nasal swabs from healthcare workers. Six months after mild infection, they looked at the heart structure and function by analysing heart MRI scans of 74 healthcare workers with prior mild COVID-19 and compared them to the scans of 75 healthy age, sex and ethnicity matched controls who had not previously been infected.

The findings showed that there was no difference in the size or amount of muscle of the left ventricle - the main chamber of the heart responsible for pumping blood around the body - or

its ability to pump blood out of the heart. The amount of inflammation and scarring in the heart, and the elasticity of the aorta remained the same between both groups. They also found that there were no differences in the markers of heart muscle damage between the control group and those who had mild COVID-19 infection.

We also ...

Became the first trust in London where heart attack patients could be treated with an artificial intelligence backed keyhole procedure allowing cardiologists to make quicker and more accurate decisions while carrying out angioplasties - fitting a stent - for coronary artery disease.

June 2021

Pears Building immunology centre opens

The £60million Pears Building was handed over to the Royal Free Charity by the construction company. It is the home of the new UCL Institute of Immunity and Transplantation (IIT), one of the largest patient-focused immunology centres in Europe.

Up to 200 researchers will be based there looking for cures and new treatments for global health problems including type 1 diabetes, cancer and organ rejection after transplantation.

Designed by the multi award-winning firm Hopkins and built by Willmott Dixon, the Pears Building has a light-filled interior with dramatic acoustic panelling and bespoke timber meeting room “pods”. These, and other spaces in the building, are designed to maximise the opportunities for interaction, between users of the building, between researchers and their clinical colleagues in the neighbouring Royal Free Hospital and with the surrounding community.

Jon Spiers, chief executive of the charity, said: “This stunning new building marks a major leap forward for research, treatment and care in north London. Under one roof, we’ll have world-leading researchers, accommodation for patients, parking for visitors, a café for the community and a new home for the Royal Free Charity.

“None of this would have been possible without the incredible generosity of a number of visionary philanthropists, including the Pears Foundation, who have supported the project from the outset.”

July 2021

Study shines spotlight on kidney tumour diagnosis

In the first study of its kind in the UK, doctors at the Royal Free Hospital, the UK’s largest specialist kidney cancer centre, are investigating if, instead of a biopsy, a nuclear medicine scan known as a sestamibi scan can be used to detect if a patient’s kidney tumour is benign and requires no further treatment.

Before the scan, patients have a small volume of radioactive tracer injected into a vein in their arm. If the tumour is benign, the tracer is taken up by the cells in the tumour and it lights

up on the scan. If the tumour is cancerous, the tracer will not be absorbed and it does not light up.

As up to three in 10 kidney tumours are found to be benign – using a scan for diagnosis instead of an invasive biopsy could have a huge impact on patient care and will free up theatre space for other patients.

Adult patients diagnosed with a renal mass larger than 2cm are now being invited to participate in the study by having a sestamibi scan prior to their scheduled biopsy or surgery.

August 2021

Getting started with prostate radiotherapy

Newly diagnosed prostate cancer patients at the Royal Free London are being invited to join Zoom sessions with clinicians and fellow patients so they can share experiences and prepare for treatment together.

Previously patients were contacted individually by phone to run through what to expect and answer their queries, but the new on-screen sessions enable staff to provide additional visual information and give patients the opportunity to build a rapport with others at a similar point in their treatment pathway and listen to other people's questions about the potential side effects and how these might be managed.

September 2021

Plans underway for opening of new diagnostic centre at Finchley Memorial Hospital

We made the last minute touches on a new diagnostic centre, hosted by the Royal Free London, at Finchley Memorial Hospital (FMH), for its October opening.

The FMH hub, which is one of 40 community diagnostic centres opening in England, is boosting diagnostic capacity across north central London and providing patients with quicker and more convenient access to important tests for conditions such as cancer, heart and lung disease.

Services at the centre in Barnet include CT, MRI, ultrasound and ophthalmology scans, additional phlebotomy (blood tests), cardiology and respiratory tests and vascular thermography.

October 2021

Electronic patient record goes live to improve care for patients

The second phase of our electronic patient record (EPR) project launched, ensuring that staff can always access the accurate and up-to-date information they need to give world-class patient care.

EPR brings all our patients' details together in one place – allowing quick access for clinicians, improving efficiency, and reducing the chance of errors. Already in use across

Barnet Hospital and Chase Farm Hospital, this project brings EPR to the Royal Free Hospital, as well as emergency departments and critical care units across the trust.

The programme launch came after months of behind-the-scenes work building a system that caters to our clinicians' needs. The EPR has been co-designed by clinical staff – including doctors, nurses, midwives, pharmacists and allied health professionals – to make sure that it meets the needs of those using it and brings real benefits for their patients.

EPR also integrates with other technology that's currently in use. Data from devices such as blood pressure monitors can be automatically uploaded into the system and trigger an alert to staff if something unusual is detected. Once in the system, the data is more secure than paper records – as only those issued with a smartcard have access.

We also ...

Commenced construction on a new Maggie's centre in the grounds of the Royal Free Hospital, which will provide support for people with cancer. The centre is due to be completed at the end of 2022.

November 2021

Advanced radiotherapy reaches important milestone

A type of radiotherapy that has been used to treat more than 150 patients for early lung cancer at the Royal Free Hospital is now being developed to treat other cancers.

Stereotactic ablative body radiotherapy (SABR) has proved a highly effective targeted treatment for early lung cancer, providing patients who are frail or those who have cancer in more than one lung with a welcome alternative to surgery.

The SABR treatment delivers a curative dose of radiation to tumours with far fewer sessions required – typically three to eight rather than the previous regimens of 15-30. This technique allows radiographers to target the tumour much more effectively and this, combined with the fact that fewer sessions are needed, means patients are likely to experience fewer side effects than standard radiotherapy.

We also ...

Celebrated the remarkable achievements of Royal Free London staff at a virtual staff Oscars event. A total of 38 awards were handed out across four virtual ceremonies, attended by more than 700 hospital staff. The event was unable to take part last year due to the pandemic.

December 2021

New NHS shared corporate services hub for north central London goes live

A new partnership between 10 north central London NHS trusts to deliver more efficient and effective corporate services officially launched. North London Partners Shared Services (NLPSS), which is hosted by the Royal Free London on behalf of the trusts, will see the pooling of resources via a corporate services hub to prevent waste and duplication.

The adoption of automated technology will be a key part of its approach, which will free staff from more mundane, repetitive tasks and enable them to focus more on the NHS staff who rely on their support services. NLPSS launched with recruitment services, with occupational health becoming part of its portfolio in May 2022.

January 2022

BAFTA-nominated documentary series returned to the Royal Free London

The team behind the BAFTA-nominated documentary series, Hospital, returned to the Royal Free London to film a one-off episode looking at how the trust is responding, nearly two years after we started admitting patients with COVID-19.

February 2022

World's first COVID-19 human challenge study could unlock new treatments

The world's first COVID-19 human challenge study – carried out at the Royal Free Hospital – provided researchers with new insights into the virus and has paved the way for future studies to test new vaccines and medicines.

Researchers found that symptoms start to develop quickly, on average about two days after contact with the virus. The infection first appears in the throat; infectious virus peaks about five days into infection and, at that stage, is significantly more abundant in the nose than the throat. They also found that lateral flow tests are a reassuringly reliable indicator of whether infectious virus is present.

We also ...

Admitted a patient with Lassa fever to our high level isolation unit two years to the day we accepted our first COVID-19 patient.

March 2022

COVID-19 – our ‘road to recovery’

The extraordinary staff and patients of the Royal Free London returned to BBC Two with an emotional new episode of the Hospital documentary. The one-off episode charted the incredible journeys of patients and the staff caring for them as the trust continues to grapple with its recovery following two years of the pandemic.

Among those featured in the episode were 29-year-old dancer Lauren, who had been waiting two years for the vascular procedure she needed to return to the profession she loves, and 43-year-old nurse and mother of two Rebecca who had been diagnosed with a form of pancreatic cancer.

1.2 Performance analysis

1.2.1 Key performance measures and meeting standards

2021/22 was a challenging year across the NHS and at the Royal Free London, as we continued to manage the pandemic, and focused on the recovery of elective and cancer waiting times. In addition to COVID-19 challenges, the trust has also faced high emergency care pressures, particularly at Barnet Hospital.

We continue to monitor several key metrics to track our performance and demonstrate our commitment to delivering safe, consistent, and timely care to both elective and emergency patients. The trust has focused on elective recovery and has made significant progress in reducing the number of patients waiting a long time for treatment.

Urgent and emergency care

The COVID-19 recovery and subsequent increases in infection rates at various points in the year have resulted in continued pressure on our two main emergency departments and urgent care centre, despite a small reduction in average monthly attendances to 4,277 in 2021/22 compared with 4,443 in 2020/21. Overall, we did not achieve the A&E 95% four-hour waiting standard, achieving an average of 75% across the trust.

The trust has worked closely with our health and social care partners to manage demand and to discharge patients in a timely manner once their treatment is complete. The emergency departments implemented new pathways to separate patients according to potential COVID-19 status to reduce the risk of spreading the infection; and this has helped minimise the in-hospital risk of infection. Operationally, however, this has posed both increased pressure on staffing and the space in the departments, and the rest of the hospitals.

Both departments have been working to deliver detailed improvement plans, with some support still provided by the national Emergency Care Improvement Programme, including:

Barnet Hospital

- Introduction of new triage process that gives the department direct access to book GP appointments for patients arriving at A&E who need primary care support rather than hospital care.
- Redevelopment of workforce plans to meet the current demands on the department.
- Audit and quality improvement programmes to improve in hospital patient flow and discharge and support emergency patient flow through the hospital and emergency department.

Royal Free Hospital

- Development of a clinical hub, in collaboration with primary care colleagues, to redirect patients to more appropriate services.
- Redesign of rotas across emergency, acute and elderly medicine teams to promote more efficient working and patient flow.

- Audit and quality improvement programmes to improve ambulance handover protocol and reduce offload times.

Cancer treatment waiting times

Our focus this year has been to ensure the continuity of cancer services and respond to both the increased demand following the height of the pandemic, whilst reducing the numbers and length of time patients wait for diagnosis and treatment.

The trust's clinical teams have worked hard this year to respond to the challenges by developing new pathways. We have rolled out virtual cancer multi-disciplinary team meetings, developed appropriate infection prevention and control compliant procedures to support immunocompromised patients, and actively helped to co-ordinate the transfer of cancer services across the trust (and other NHS partners) to support continuity of services, and minimise any impact of surges in COVID-19 infections.

NHS England set three key performance indicators for cancer in 2021/22:

- Restoring 31-day first cancer treatment numbers to pre-pandemic volumes.
- Reducing the backlog of patients waiting more than 62 days for cancer treatment following a GP urgent referral for suspected cancer.
- Achieving 75% of patients to be given either a diagnosis of cancer or the ruling out of cancer within 28 days of referral.

Royal Free London is one of the largest providers of cancer care in the country, receiving the highest number of two-week wait suspected cancer referrals in London and the fourth largest in England.

This year the trust has focused on repatriating cancer surgical services back to the trust's acute hospital sites from the independent sector where some services were based during the pandemic. Systemic treatments (chemotherapy and immunotherapy) have recommenced at Royal Free Hospital and Chase Farm Hospital, supported by continued treatments being delivered at Finchley Memorial Hospital. Diagnostic capacity and waiting times were heavily impacted during the pandemic in 2020/21, but the trust has largely recovered this in 2021/22, with more capacity available for suspected and confirmed cancer patients.

The trust has received approximately 9,500 more suspected cancer referrals than in 2020/21, which is circa 30% more cancer referrals than the trust received pre-COVID-19 in 2019/20 and a higher increase than the wider north central London combined position.

We have been successful in restoring and increasing 31-day treatment volumes to pre-pandemic levels in 2019/20 and during quarter four we were the second largest treating trust in London including among the specialist cancer providers. Delivering this target has been very challenging due to the impact of infection prevention and control measures, including isolation period requirements prior to admissions and the necessity to have up to a seven-week gap between recovery from COVID-19 and admission for some patients.

Despite these challenges and the additional complication of a COVID-19 wave in January 2022, the trust was able to reduce the backlog of patients waiting longer than the target

treatment time to 6.2% of the overall cancer waiting list. This is better than the national position of 8.5%. The volume of patients waiting for cancer treatment has also been reducing during the last three months of the year, which is the opposite trend to other trusts within sector.

The new 28-day faster diagnosis standard (75%) was introduced in 2021/2022, which has been challenging to deliver. Throughout the first part of 2021 the trust ranged between 66%-73% as backlogs were cleared (particularly in diagnostic testing) but achieved compliance with the new standard in February and March 2022.

18-week waiting times

The trust is one of the largest providers of elective care (including specialist tertiary care) nationally and has the largest waiting list in north central London (NCL), with the ninth largest nationally.

We returned to national referral to treatment reporting in 2021/22 following a two-year absence due to concerns over the quality of data on the trust's patient tracking list. At the point of returning to national reporting in April 2021, the trust had the fourth highest volume of patients waiting over 52 and 104 weeks in the country. Throughout 2021/22 elective activity has increased significantly, balancing the need of treating patients with the highest clinical priority, whilst also reducing patients waiting the longest for more routine care. As a result, the trust no longer has the highest volume of either 52 or 104 week waits nationally.

In line with the national picture, over the past 12 months the trust has seen a steady increase in levels of elective referrals, which resulted in an increase in overall waiting list size in the first six months of 2021/22. The waiting list size peaked in October 2021 and has been consistently reducing since.

Key improvements made include:

- A 70% reduction in the volume of patients waiting 104+ weeks to start treatment from 402 in March 2021 to 121 in March 2022 – a reduction of 281.
- When the trust returned to national reporting it had the highest volume of patients in the NHS waiting greater than 104 weeks to start their first definitive treatment. The trust also had more than double the volume of patients waiting over 104 weeks than any other provider nationally. Over the course of 2021/22 there has been a significant reduction in the numbers of patients with long waiting times and as of February 2022, the trust had reduced the backlog much faster than other providers and was the 30th highest in terms of volume of 104+ week waits - on track to achieve zero in the first three months of 2022/23.
- A 60% reduction in the volume of patients waiting 52+ weeks to start treatment from 14,962 in March 2021 to 6,085 in March 2022 – a reduction of 8,877.
- Whilst most organisations are also seeing a reduction in the volume of patients waiting 52+ weeks, the trust is improving at a faster rate. When the trust returned to national reporting it had the fourth highest volume of 52+ week waits. The published February 2022 month end position (12 months post returning to reporting and the

latest available published data) showed that the trust had improved, dropping to the seventh highest volume of 52+ week waits with a continued trajectory of improvement.

- A reduction in the volume of patients waiting for their first out-patient appointment from circa 26,000 at the beginning of 2021/22 to less than 10,000 at the end of March 2022.
- In quarters one and two, the trust saw an increase in the overall size of its patient tracking list, post returning to reporting. This was consistent with the majority of other acute providers as patients were referred in increasing volumes. From quarter three onwards however, the trust has delivered a 10% reduction in overall size of the waiting list, which is different to the national trend with the majority of organisations continuing to see growth.
- The Electronic Patient Record (EPR) upgrade was successfully undertaken in October 2021 enabling a single electronic record for all our patients across the organisation. This upgrade was delivered successfully without the need to pause national reporting.

COVID-19 has continued to impacted waiting times throughout 2021/22 with intermittent starting/stopping of non-urgent in-patient and out-patient face to face elective activity.

Infection control

- **C. difficile**

In 2021/22, there were 84 confirmed cases of C.difficile infection.

Of these cases, two were defined as 'lapses in care' due to delayed patient isolation and sending of a stool sample. Our local clinical teams and clinical commissioning groups work together to identify whether a case is a lapse in care by applying an assessment developed by Public Health England.

Each case is discussed at the monthly divisional leads' infection prevention and control (IPC) meeting, at which commissioners are present and agree or make comments, and also at the IPC committee where Public Health England, CCGs and commissioning support units confirm all findings. The learning from these meetings is shared with divisions.

- **MRSA**

We recorded eight confirmed cases of MRSA in 2021/22, three at Barnet Hospital and five at the Royal Free Hospital. As for C.difficile, MRSA cases are also discussed at the monthly divisional leads' infection prevention and control (IPC) meeting.

Equality of service delivery

Improving access to care for all is embedded in the trust values and is a key part of our service delivery. We are working within our population health committee and with our health partners in north central London to address inequalities of health and identifying and actioning where we can improve services for everybody who visits our hospitals.

In April 2021, we published our Equality, Diversity and Inclusion Framework for staff, patients, and carers (2021-2024), which commits to the implementation of eight equality objectives, six for our patients and two for our staff:

- Implement the Accessible Information Standard and improve communication needs for all patients and carers.
- Improve data collection, analysis and reporting to increase equity of access and reduce health inequalities.
- Develop and implement a person-centred care approach.
- Develop an inclusive culture for staff, patients and carers through systems and policies.
- Implement the Public Health England recommendations on COVID-19.
- Embed equality, diversity and inclusion in all service transformation and change programmes.
- Achieve a representative and supported workforce.
- Inclusive leadership representative of the communities we serve.

Each of the equality objectives has an assigned senior responsible officer and although work has begun, the coming year will focus more on delivery. In the last year, we have achieved the following:

- An information and communication audit was undertaken to understand where the trust is in terms of implementing the Accessible Information Standard and accessibility for patients and carers whose first language is not English. The audit highlighted areas for improvement and where possible the trust has addressed barriers; for example, installing hearing loops where there were gaps and identifying the top 10 languages for each division. Maternity has used this information to translate critical information into the top 10 languages of their service users to ensure women and their families understand the information being provided to them.
- We were successful in obtaining funding from the North Central London Clinical Commissioning Group to deliver an Equitable Recovery Programme to reduce health inequalities and improve equity of access. Work so far has highlighted that a call prior to appointments can improve access, remove barriers, reduce the number of patients not attending and improve our equality data collection. Our aim is to embed this way of working within all specialties.
- A survey conducted on the patient portal, My RFL Care, to understand how accessible the trust is for people with disabilities.
- Several 'What matters to you?' events where patients and carers were asked what matters to them and where we could improve.
- Long Covid-19 clinics run by our respiratory teams at Barnet Hospital and the Royal Free Hospital to reduce inequities and support discharged patients.

More information can be found on our work in this area in the patient care and staff sections of this report.

Looking ahead

Our focus for 2022/23 is to ensure that the trust can continue to deliver recovery following the pandemic and restore activity to above pre-COVID-19 levels. The Royal Free London group model developments will be core to delivering this, as they enable increased flexibility, productivity, and activity through the Chase Farm Hospital elective site, supporting Barnet Hospital and the Royal Free Hospital as well as capacity for the wider North Central London health and social care system. In addition, shared improvement activities are being led through the group-wide elective recovery programme, supporting local hospital teams with the additional capacity to redesign and transform pathways and ensure maximising the RFL group's combined resources to support elective recovery.

Our key access priorities are to ensure we:

- Deliver consistent performance against the 28-day and 62-day cancer standards.
- Improve performance against the current A&E four-hour standard and minimise any delays to ambulance handover.
- Have no patient waits more than 78+ weeks for treatment by the end of the year and reduce the number of patients waiting 52 weeks.

Performance against key national indicators

The charts and commentary contained in this report represent the performance for all three of our hospitals. This approach has been taken to ensure consistency with the prescribed indicators the trust is required to include in the quality accounts. The prescribed indicators data is sourced from NHS Digital where in the majority of cases data is also aggregated.

Nationally the impact of the COVID-19 pandemic has meant that the traditional key access standards for the NHS have been difficult to achieve. The national focus has therefore primarily been on the recovery of elective waiting times, and other key indicators. The trust is required to continue to report again the Single Oversight Framework (SOF) indicators for access targets as per the NHS constitution.

Single Oversight Framework key indicators scorecard 2021/22

	Target	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022
A&E: % patients seen within four hours	95%	88.0%	85.4%	81.4%	78.3%	78.0%	74.5%	66.7%	69.5%	68.6%	67.5%	69.8%	66.3%
Cancer: % <14 day wait for first seen	93%	92.4%	90.5%	88.6%	82.6%	80.8%	80.1%	69.0%	70.4%	61.2%	61.7%	70.3%	84.1%
Cancer: % <14 day wait for first seen (breast)	93%	75.9%	72.7%	82.9%	73.7%	100%	89.9%	66.7%	71.8%	45.2%	58.6%	45.5%	69.0%
Cancer: % <31 day wait from diagnosis to first treatment	96%	93.5%	98.8%	99.3%	97.5%	96.2%	91.6%	91.6%	93.7%	94.9%	91.4%	95.1%	94.4%
Cancer: % <31 day wait for second/subsequent treatment (radiotherapy)	94%	92.9%	98.1%	90.2%	95.2%	100%	81.3%	81.3%	92.3%	94.3%	39.1%	41.9%	55.4%
Cancer: % <31 day wait for second/subsequent treatment (chemotherapy)	98%	100%	96.7%	100%	100%	100%	100%	100%	100%	100%	63.4%	75.0%	100%

Cancer: % <31 day wait for second/subsequent treatment (surgery)	94%	94.8%	96.2%	91.7%	93.8%	94.1%	80.8%	96.2%	94.6%	90.9%	89.5%	100%	62.5%
Cancer: % <62 day wait for first treatment (GP referral)	85%	75.2%	73.1%	74.6%	69.5%	73.6%	67.0%	68.0%	61.2%	61.7%	57.8%	51.1%	69.7%
Cancer: % <62 day wait for first treatment (screening)	85%	83.3%	80.0%	90.0%	82.8%	87.9%	82.2%	76.4%	74.2%	72.6%	61.8%	60.7%	95.6%
Diagnostics: % <6 week wait for diagnostics	99%	91.6%	92.3%	96.4%	97.2%	94.3%	95.6%	97.6%	98.0%	90.1%	88.9%	95.0%	95.6%
RTT: % <18 week wait to first treatment	92%	48.9%	52.5%	54.3%	53.8%	54.6%	53.2%	53.9%	53.7%	50.7%	51.1%	51.0%	51.9%

1.2.2 Financial review

The financial year 2021/22 continued to offer significant challenges as we worked to maintain budgetary controls whilst also supporting the trust in its response to the pandemic, and in its design and delivery of an elective recovery programme. Our finance and commercial teams continued to take on a wider role in the supply of personal protective equipment (PPE) and redeployment to support patients and staff. These challenges were met head on, and the trust delivered a surplus of £6million for the year as reported in the financial statements. It is worth noting that the trust achieved an adjusted surplus of £7.2million for the year, a favourable position when compared to the control total agreed with North Central London Clinical Commissioning Group. A reconciliation of the deficit to the adjusted surplus is shown below:

	£m
Surplus for the year per accounts	6.0
Adjusted financial performance	
Add: I&E impairments	1.3
Less: Capital donations/grants	(0.7)
Less: Net impact of consumables donated from DHSC	0.5
Add: Loss on disposal of centrally procured PPE	0.1
Adjusted surplus for the purposes of system achievement	<u>7.2</u>

Income

The trust receives most of its income from clinical commissioning groups and NHS England specialist commissioning. In 2020/22, special arrangements remained in place and the trust received a block payment of £1.148 million, based on historical performance. We also received funding for our response to COVID-19, delivery of an elective recovery programme, testing and the vaccine roll out.

The trust has met section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012), which requires that the income from the provision of goods and services for the purpose of the health service in England must be greater than its income from the provision of goods and services for any other purposes.

The income the trust receives from the provision of goods and services for any other purposes is generated from capacity within the organisation; such work is not given priority

over NHS work. Income from such activities is undertaken only where there is a positive impact for the trust, such as a financial contribution, which can be invested for the purposes of healthcare, or as part of a wider clinical benefit analysis.

Adjusted surplus

Earnings before interest, taxes, depreciation and amortisation (EBITDA) and reporting surplus are important measures for the trust. They are indicators of how much cash the trust is generating from its activities and are used by NHS Improvement, the trust's regulator, to calculate our performance.

The trust delivered an adjusted surplus of £7.2million in 2021/22. Despite this year's challenges there has still been a focus on delivering value for money and £20.5million efficiency savings have been made.

Subsidiary performance

RFL Property Services Limited (RFLPS), a wholly owned subsidiary of the trust, was incorporated on 28 June 2018 with £50,000 of called up share capital.

The agreement with RFLPS is to manage and be financially and operationally responsible for the completion of Chase Farm Hospital in accordance with the development contract. RFLPS will substantially fund this additional construction work through the receipt of loans from the trust and will subsequently recover those costs, together with a margin, from the trust, payable in accordance with the service agreement. Further details are given in note 16 of the accounts.

A second wholly owned subsidiary of the trust, RFL Dispensary Services Limited (RFLDS), was incorporated on 31 July 2018 and commenced trading on 1 April 2019.

The agreement with RFLDS is to manage and be financially and operationally responsible for dispensing of out-patient prescriptions at the Royal Free Hospital and Chase Farm Hospital. Further details are given in note 16 of the accounts.

Workforce spending

The trust experienced various challenges in 2021/22 from managing COVID-19 surges to stepping up activity to clear backlogs and responding to the pandemic over the winter months. To deal with this, the trust has had to flex its workforce throughout the year, deploying additional clinical and non-clinical staff, partnering with other NHS trusts and engaging with other third parties to increase capacity to address heightened demand. Agency spend increased from £21.7 million to £25 million and the number of substantive staff grew from 8,313 to 8,685.

The accounting policies for pensions and other retirement benefits are set out in note 7 of the accounts.

Details of senior employees' remuneration can be found in the remuneration report on page 93.

The number of and average additional pension liabilities for individuals who retired early on ill-health grounds during the year are set out in note 20.1 to the accounts.

Sickness absence data can be found on page 106.

Reference costs

The trust national cost collection index (NCCI) for 2020/21 is due in July 2022. The NCCI measures the relative efficiency of English trusts against one another. The Royal Free London's most recent published NCCI was 96 for 2019/20. An RCI of 96 implies that the trust is 4% more efficient than the national average and demonstrates our commitment to delivering value for money in a health economy facing increasing financial pressures.

Going concern and future outlook

These accounts have been prepared on a going concern basis, in accordance with the definition as set out in section 4 of the DHSC Group Accounting Manual (GAM) which outlines the interpretation of IAS1 'Presentation of Financial Statements' as "the anticipated continuation of the provision of a service in the future, as evidenced by the inclusion of financial provision for that service in published documents".

The directors of the trust have considered whether there are any local or national policy decisions that are likely to affect the continued funding and provision of services by the trust. The trust is a member of the North Central London Integrated Care System (ICS). The ICS has stated its immediate strategic plans, initially focused on recovery post COVID-19, but also on the NCL response to the NHS long term plan. NCL plans assume the continued provision of services by the trust. No circumstances were identified causing the directors to doubt the continued provision of NHS services.

This year the trust has closed with a surplus of £6 million against a planned deficit of £25.9 million. This is mainly due to additional sector funding received during the year. Income from commissioners was largely based on the simplified block payments system introduced in response to the COVID-19 pandemic, which improved liquidity and cash flow during the year. Additional costs due to the pandemic were supported either on an actual cost reimbursement basis (e.g. for vaccination and testing expenditure) or on an advance block payment basis (e.g. for ward and critical care resilience etc.).

For 2022/23 financial funding arrangements will continue as per 2021/22, with additional funding made available by NCL and NHS England/Improvement to support COVID-19 related activities, elective recovery and winter resilience. Based on available local and national guidance, the trust has assumed the need for:

- continued NCL funding support
- agreed performance improvement trajectories, in particular:
 - increased elective activity volumes versus the 2019/20 baseline
 - a reduction in the number of patients waiting >52 weeks to access Royal Free London services; and
 - a reduction in the number of patients waiting >104 weeks for access to Royal Free London services

The trust has produced its financial plans based on these assumptions which have been approved by the trust board. The control target for the 2021/22 year agreed with NCL is

£25.4 million deficit against which the trust achieved an adjusted surplus of £7.3million. The assumptions to achieve the control target include a savings/operational efficiency target of £20.5 million. This is lower than annual efficiency targets pre-COVID; the trust is reasonably assured that this target has been achieved.

Our going concern assessment is made up 30 June 2023. This includes the first quarter of the 2023/24 financial year. NHS operating and financial guidance is not yet issued for that year, and so the trust has based its assessment for the first quarter of 2023/24 on the same assumptions used to forecast for the second half of 2022/23.

The trust has prepared a cash forecast modelled on the above expectations for funding during the going concern period to 30 June 2023. The cash forecast shows sufficient liquidity for the trust to continue to operate during that period without any need to borrow and still retain a cash balance of approximately £83 million at the end of the forecast period. Interim support can be accessed if it were required, but there is currently no such identified requirement.

In conclusion, these factors, and the anticipated future provision of services in the public sector, support the trust's adoption of the going concern basis for the preparation of the accounts.

Countering fraud and corruption

The trust has a fraud and bribery policy and, through the accountancy and advisory firm RSM UK Tax and Accounting Limited, has a local counter fraud service in order to prevent and detect fraud. The local counter fraud officer reports to the audit committee at each of its meetings on the work undertaken. The trust also participates in the national fraud initiative data matching exercise.

Financial risk management

The financial risk management objectives and policies of the trust, together with its exposure to financial risk, are set out in note 29 of the accounts.

Better payments practice code

The code requires the trust to aim to pay 95% of undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later. It is designed to promote good practice in the payment of debt from NHS organisations. Details of compliance with the code are given on page 102.

Interest paid under the Late Payment of Commercial Debts (Interest) Act 1998

There were no interest charges paid in accordance with this act in 2021/22, as in the previous year.

Cost allocation and charging

The trust has complied with the cost allocation and charging requirements set out in guidance from HM Treasury and the Office of Public Sector Information.

1.2.3 Improving our environment

The NHS has committed to net zero by 2040 for the carbon emissions that it controls directly, with an ambition to reach an 80% reduction between 2028-2032, and a target of 2045 for the broader emissions it can influence.

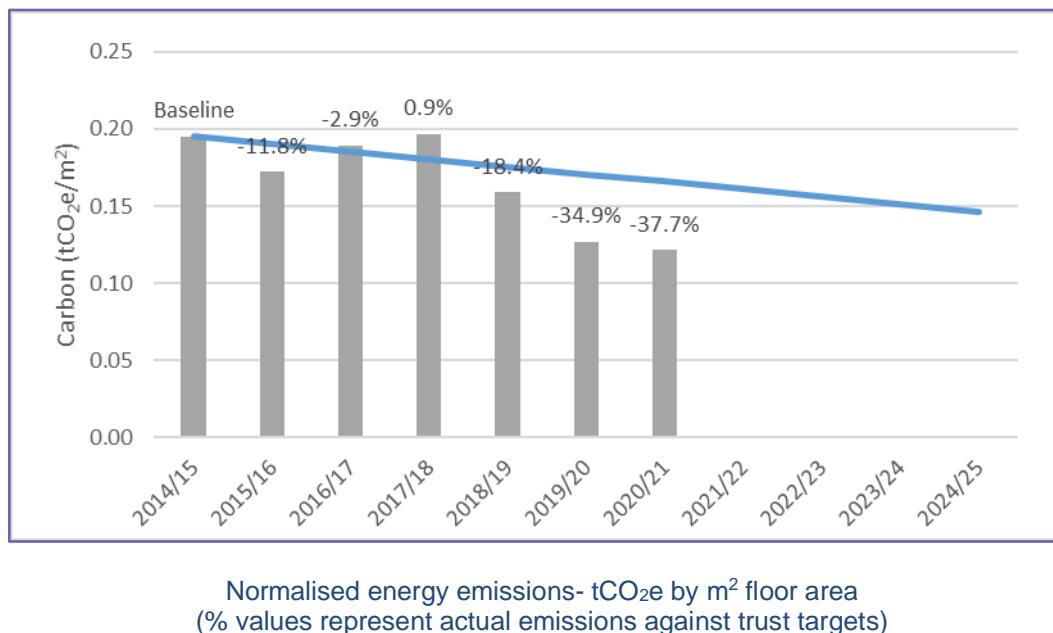
We produced our Green Plan for 2020-2025 in November 2020 with an overall goal of reaching net zero by 2040. This plan outlines technologies to be used and areas where the trust will need to decarbonise to align with the wider NHS targets, and includes the following:

- Development of intelligent building infrastructure (hardware and software) for improved monitoring and control of building utility consumption and related carbon emissions.
- Improved energy and water data availability, analysis and reporting.
- Use of energy data to deliver a programme of targeted energy efficiency schemes to reduce use.
- Specification of renewable energy criteria when entering into new purchasing agreements for electricity.
- Assessment of buildings, and supporting infrastructure, for opportunities to increase energy efficiency (focus on delivering 100% LED lighting, improving air conditioning and cooling, building fabric, space heating, ventilation and hot water).
- Assessment of buildings and supporting water infrastructure for opportunities to increase water efficiency.
- Increased investment in energy decarbonisation projects, seeking funding from a variety of internal and external sources.
- Strategic review of how low and zero carbon energy sources can replace our existing fossil fuel energy infrastructure.
- Increase energy awareness among staff.
- Collaborate with our partners and other institutions across the region to accelerate energy decarbonisation.
- Research and investigate innovative carbon offsetting options for residual carbon emissions
- Development of a sustainability policy and design criteria for new builds and refurbishments.

Our carbon impact

The trust's carbon footprint consists of direct carbon emissions (fossil fuel consumption, refrigeration gases, anaesthetics, car fleet fuel consumption) and indirect emissions (grid electricity and water consumption, energy to tank, waste, business travel and inhalers). The carbon impact is affected by multiple factors including staff and patient numbers, type of care

being provided, footprint and age/condition of hospital estates and facilities. The graph below shows the trust's emissions and how they have been below our targets since 2018/2019.



In 2021-2022, we have undertaken various projects to reduce our carbon footprint further including installing LED lights and variable speed drives for ventilation system motors, improving monitoring and controls of existing plants reducing waste of energy and water, procuring renewable electricity and improving thermal insulation of pipework. We have also secured grant funding for new projects in 2022 - 2023 for more LED lighting and the installation of air source heat pumps at the Royal Free Hospital. In addition, a £1million grant from the Department for Business, Energy and Industrial Strategy was obtained to fund part of our Public Sector Decarbonisation Scheme for the Royal Free Hospital, which will see the site transformed into a smart building including how we control lighting and air conditioning. A second bid of £500,000 was also approved to replace fossil fuel aged and inefficient boilers across various estates with new air source heat pump units supplied with 100% green electricity.

Waste management

Our aim is to reduce our waste volume by 14% by 2022 and 30% by 2025 following the four principles of waste management - refuse, reduce, reuse and recycle.

Procurement

When procuring goods and services, the trust tracks the environment and social impact with every tender including at least one environmental and social value as part of the award evaluation criteria.

Food

An electronic patient menu ordering system is being rolled out at the Royal Free Hospital, which has created less paper waste. As the system works in real-time, if the patient is discharged before the meal service or is transferred to another ward, there is also a

reduction in food waste. In January 2022, new patient menus were launched that reduced the number of processed meats on the patient menu and a wider selection of vegetarian and plant-based meal choices were added to increase choice and to reflect current trends.

The aim to reduce and remove single use plastics was achieved in advance of the target deadline. All disposable cutlery and containers in our dining room are now derived from vegetable based and compostable plant-based materials.

We remain committed to delivering sustainable food production across our services and only source meat from Red Tractor certified suppliers and sustainable seafood certified from the Marine Stewardship Council.

Travel

Our aim is to encourage active and sustainable travel for all with a reduction in patient transport mileage of 25% by 2024/25. The trust remains on target to achieve this with fewer out-patient attendances due to a move to more virtual clinics of about 30%. During the pandemic there has been a challenge on mileage reduction due to the need to deliver more single journey vehicles to enable compliance with social distancing on non-emergency patient services.

1.2.4 Emergency Planning

It has been a similar picture to last year for the emergency planning team. We have continued to share COVID-19 information from national and regional teams with the relevant people at the trust. We are still required to submit various COVID-19 situation reports which are managed in co-ordination with the trust infomatics team to ensure that both NHS England and north central London submission deadlines are met.

We have actively engaged with both borough partners and peers at NHS England and NHS London by attending Local Borough Resilience Forums (Barnet, Camden, Enfield and Hertfordshire) and network meetings.

The NHS England national Emergency Preparedness, Resilience and Response (EPRR) assurance process was stood back up in 2021/2022 with the trust rated as being 'substantially compliant'. Out of the 46 core standards the trust marked itself green (fully compliant) for 42 of them. Four core standards were assessed to be amber (partially compliant), as follows:

- Shelter and evacuation
- Digital security protection toolkit
- Lockdown
- Business continuity plans

An action plan has been submitted to NHS England to provide details on what the team will be doing to progress work on the above standards.

Looking ahead the focus for the team will be to ensure the work identified in the action plan above is completed and to restart our training and exercise programme which was paused due to the pandemic.

With the invasion of Ukraine by Russia there is some concern about a heightened risk of a cyber security threat affecting NHS systems or applications. Whilst the trust regularly ensures our systems are continually protected, the EPRR team will be focusing on working with our services to ensure that all critical areas have current business continuity plans in place to minimise any disruptions that might be caused by a cyber-attack or any other disruption. A trust wide cyber security exercise was conducted in March to highlight the potential impacts an attack might have on the trust.

A handwritten signature in black ink, appearing to read "Caroline Clarke".

Caroline Clarke
Chief executive

21 June 2022

2 Accountability report

2.1 Directors' report

The directors are responsible for preparing the annual report and audited financial statements. The directors consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the group's and trust's performance, business model and strategy.

The trust board leads the organisation and provides a framework of governance within which high quality, safe services are delivered across north London, Hertfordshire and beyond. The board sets the vision and strategic direction for the trust, ensuring the appropriate culture exists and that there is sufficient management capacity and capability to deliver the strategic objectives of the organisation. It also monitors performance of the trust, keeping patient safety central to its operation and ensures that public funds are used efficiently and effectively for the benefit of patients and other stakeholders.

All voting board directors (executive and non-executive) have joint responsibility for board decisions. Board members are also there to constructively challenge the decisions of the board and assist in developing proposals on strategy, priorities, risk mitigation and standards.

2.1.2 Non-executive directors

Non-executive directors have a duty to hold the executive directors to account through constructive challenge and by scrutinising performance. They bring extensive expertise from a wide range of backgrounds to the board.

The chair is one of the non-executive directors and is responsible for the leadership of both the trust board and the council of governors.

During the financial year 2021/22, the trust had the following non-executive directors:

Non-executive director	Date of appointment	End date of term of office	Term
Mark Lam (chair)	April 2021	March 2024	First
Mary Basterfield (from 1 September 2018 vice chair and senior independent director)	December 2016	November 2022	Second
Professor David Lomas	September 2020	August 2023	First
Doris Olulode	December 2018	November 2024	Second
Akta Raja	January 2017	December 2022	Second
James Tugendhat	January 2018	December 2024	Second
Professor Sir Chris Ham	January 2019	December 2021	First

Dr Mohini Parmar	March 2022	March 2025	First
Amanda Gibbon (non-executive director, non voting)	April 2021	March 2024	First
Sarah Rapson (non-executive director, non voting)	December 2021	December 2024	First

The board considers that all its non-executive directors are independent in character and judgement, although it notes that Professor David Lomas, as University College London vice-provost (health), brings his views to the trust board.

Further details of each non-executive director can be found on page 37 and also on the trust's website at www.royalfree.nhs.uk

2.1.3 Executive directors

The executive directors are responsible for the day-to-day running of the organisation. The group chief executive, as accounting officer, is responsible for ensuring the trust works in accordance with national policy, public service values and maintains proper financial stewardship. The group chief executive is directly accountable to the board for ensuring its decisions are implemented. At the end of the financial year 2021/22, there were six voting executive directors on the trust board:

Executive director	Position	Date of appointment
Caroline Clarke	Group chief executive	March 2019
Vicky Clarke	Group chief financial officer	January 2022
Deborah Sanders	- Chief executive of Barnet Hospital - Joint deputy group chief executive - Group chief nurse	October 2019 April 2019 May 2010 to July 2020
Dr John Connolly	Chief executive of Royal Free Hospital	July 2021
Dr Chris Streather	- Chief medical officer - Joint deputy group chief executive	February 2018 April 2019
Julie Hamilton	Chief nurse	August 2020

Register of interests

The trust is required to hold and maintain a register setting out details of any company directorships and/or significant interests held by board members, which may conflict with their responsibilities as trust directors. At each meeting of the trust board and its

committees, a standing item requires all executive and non-executive directors to make known any interests in relation to the agenda and any changes to their declared interests.

The register is held by the trust secretary and is available for public inspection on our website at www.royalfree.nhs.uk or by contacting:

Trust secretary

Royal Free London NHS Foundation Trust

Group headquarters

Anne Bryans House

77 Fleet Road

London NW3 2QG

In accordance with the Care Quality Commission's fit and proper persons standard that applies to all NHS trusts, the board has satisfied itself that all current board members fulfil the requirements.

Political donations

There are no political donations to disclose.

2.2 Disclosures as set out in the NHS foundation trust code

How the trust applies the main and supporting principles of the code

In setting its governance arrangements, the trust has regard for the provisions of NHS Improvement's updated NHS Foundation Trust Code of Governance and the NHS Oversight Framework 2021/22. The following paragraphs together with the annual governance and corporate governance statements explain how the trust has applied the main and supporting principles of the code.

The Royal Free London is committed to maintaining the highest standards of corporate governance. It endeavours to conduct its business in accordance with the accepted standards of behaviour in public life, which includes the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership (the Nolan principles).

For the year up to 31 March 2022, the trust has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012.

Under provision B7.1 of the code of governance, in exceptional circumstances, non-executive directors may serve longer than six years. The length of tenure of each non-executive director is shown below:

Name	Position	Appointed	Term at 31 March 2022
Mark Lam	Chair	1 April 2021	12 months
Mary Basterfield	Non-executive director/vice-chair	1 December 2016	5 years 4 months
Akta Raja	Non-executive director	1 January 2017	5 years 3 months

James Tugendhat	Non-executive director	1 January 2018	4 years 3 months
Doris Olulode	Non-executive director	1 December 2018	3 years 4 months
Prof David Lomas	Non-executive director	1 September 2020	1 year 7 months
Dr Mohini Parmar	Non-executive director	1 March 2022	1 month
Sarah Rapson	Non-executive director (non-voting)	1 December 2021	4 months
Amanda Gibbon	Non-executive director (non-voting)	1 April 2021	12 months
Sir Chris Ham	Non-executive director	1 January 2019	3 years (ended December 2021)

During 2021/22 Doris Olulode was reappointed for a second term of three years from 1 December 2021 (expiring on 30 November 2024).

In advance of each decision by the council of governors to reappoint, the nominations committee considered each case individually. Reviews undertaken by the nomination committee are rigorous and only in exceptional circumstances are non-executive directors reappointed for a term beyond six years.

2.2.1 The role of the trust board

The trust board comprises 10 non-executive directors, including the chair, and six executive directors, one of which is the group chief executive. All board members have the same legal responsibilities and have collective responsibility for the performance of the trust.

It is also responsible for the implementation of strategy and ensuring its obligations to regulators and stakeholders are met. The decisions reserved for the trust board, and those delegated to its sub committees or officers of the trust, are set out under a formal 'scheme of delegation'. This includes details of the roles and responsibilities of the chair of governors and how disagreements between itself and the board are resolved. Both the scheme of delegation and reservation of powers for the board are regularly reviewed.

The trust board reports to a range of regulatory bodies on performance and compliance matters. During 2021/22 it met its regulatory reporting requirements under NHS Improvement's system oversight framework providing certifications and notifications as required. It is also responsible for ensuring compliance with the trust provider licence, constitution, mandatory guidance issued by NHS Improvement and other relevant statutory requirements.

Strategic priorities are set by the trust board annually. The risks to achieving these priorities are monitored through the Board Assurance Framework (BAF), which provides the board with a systematic process of obtaining assurance to support the mitigation of risks. The BAF is also used to identify potential risks to compliance.

The executive directors are responsible for the operational management of the trust. Non-executive directors do not have executive powers.

The trust board's composition as at 31 March 2022 was:

64.3% Female (Nine board members)

35.7% Male (Five board members)

2.2.2 Board members' biographies

Non-executive directors



Mark Lam – Chair

Mark joined the Royal Free London as chair on 1 April 2021. He also became chair at our neighbouring trust North Middlesex University Hospital on 30 October 2021.

He has been working in north London for a number of years, including as chair of Barnet, Enfield and Haringey Mental Health NHS Trust.

Prior to working in healthcare, Mark was a senior executive in information technology and telecommunications and brings many years of global experience in transformation and strategy. He began his technology career during the dotcom boom, training at web start-ups before moving into telecommunications and IT.

Mark's longest association was with BT Group, where he was a senior executive, finishing his career there as chief technology and information officer of Openreach, the national infrastructure provider. Prior to BT Group, he led a number of digital initiatives at major global businesses, including Carphone Warehouse and Siemens.

He comes from Singapore originally and has lived in London for over 20 years. He holds a degree in English literature from Oxford University and is a Fellow of the Royal Society of Arts.



Mary Basterfield

Mary was appointed as non-executive director in December 2016 and as vice chair and senior independent director in September 2018.

Mary is group chief financial officer of the new era digital advertising and marketing services company S4 Capital Plc. Prior to S4, Mary was group finance director at Just Eat Plc where she led the finance team through the class 1 merger with Takeaway.com. Her experience spans e-commerce, media, strategy, mergers and acquisitions and financial management of businesses undergoing rapid growth and change. Her previous roles include chief finance officer positions at UKTV and for Hotels.com at Expedia Group Inc. She began her career in the music industry and held senior finance roles at Sony Music and Warner Music.

Mary chairs the audit committee and is a member of the clinical standards and innovation committee and the remuneration committee.



Akta Raja

Akta was appointed as non-executive director in January 2017.

Akta qualified as a solicitor at Slaughter and May and practiced mainly mergers and acquisitions for five years. She then moved on to the UK mergers and acquisitions team at HSBC Bank plc as an investment banker. She founded her own company, Enhabit Limited, which was responsible for the first passivhaus retrofit – a low energy solution for buildings – in the UK. This business was sold to Ansor Ventures, a firm that incubates startups where Akta is now a partner. Akta is a director of RFL Property Services Ltd and a trustee of the Royal Free charity.

Akta chairs the finance and investment committee and is also a member of the remuneration, audit and clinical standards and innovation committees. Akta is also a member of the trust digital task force.



James Tugendhat

James was appointed as a non-executive director in January 2018

James is chief executive of HC-One, the UK's leading nursing and care home provider, working closely with local authorities and the NHS across the country. James has experience across a wide range of sectors, having started his career in consumer services. Over a period of nearly 20 years, he has held leadership roles in both health and the broader care sector in the UK, Europe and the US including several years as chief executive officer of Boston-based Health Dialog, a pioneer of population health management. James is also non-executive chair of Noah's Ark Children's Hospice.

James chairs the people and population health committees and is a member of the remuneration committee. He is also the trust's health and wellbeing guardian and attends several staff networks in this capacity.



Doris Olulode

Appointed non-executive director in December 2018

Doris held senior positions in the UK and overseas including head of HR, Ford Motor Company, Australia & New Zealand and most recently HR director, Ford Motor Company for Europe, Middle East & Africa with responsibility for around 25,000 employees across 30 countries. She also led Ford's African Ancestry Network and was named by Autocar as one of the top 100 most influential women in the Auto Industry.

Doris is non-executive director for the Chartered Institute of Legal Executives, Clarion Housing Group, University of East London, a lay member to the HM Courts and Tribunal Service and currently freelances as an HR consultant.

She is also a non-executive director of the Royal National Orthopaedic Hospital NHS Trust in Stanmore, London, and a member of the RFL trust's audit committee and remuneration committees and chair of the equality, diversity and inclusion taskforce and the people committee.



Professor David Lomas

Professor David Lomas was appointed as a non-executive director in September 2020.

He is chair of the clinical standards and innovation committees and a member of the remuneration committee.

David is vice provost (health) at University College London (UCL), head of UCL Medical School and director if UCL Partners Academic Health Science Centre. He was an MRC clinician scientist, university lecturer and professor of respiratory biology in Cambridge before moving to UCL in 2013 to be chair of medicine and dean of the faculty of medical sciences. He previously chaired the respiratory therapy area unit board at GlaxoSmithKline and was deputy chief executive of the Medical Research Council (UK).

David serves as deputy chair of the scientific advisory committee for Genomics England, is a non-executive director at University College London Hospitals NHS Foundation Trust, the Francis Crick Institute, the Africa Health Research Institute, the British Heart Foundation and MedCity Ltd. He is also a National Institute for Health Research senior investigator.



Dr Mohini Parmar

Dr Mohini Parmar was appointed as a non-executive director in January 2022.

She is a senior partner of Barnabas Medical Centre in Ealing and has extensive experience in leading commissioning groups – she is currently chair of the North West London Clinical Commissioning Group, and was previously chair of Ealing Clinical Commissioning Group and vice-chair of Ealing health and wellbeing board.

Dr Parmar is also a member of Imperial College Health Partners board.



Amanda Gibbon

Amanda was appointed as an associate non-executive director in April 2021.

Amanda's professional background is financial, but she also has a wide range of lay experience in healthcare, research, and clinical ethics. She is a non-executive director and vice chair of Whittington Health NHS Trust and is an external member of the Audit and Risk Committee of NICE.

Amanda was previously a foundation trust governor at UCLH where she continues to chair both their Biobank Ethical Review and Organ Donation Committees. She was a lay member of the UK Donation Ethics Committee and chairs the steering committee for the UK wide biobanking initiative, the UKCRC Tissue Directory and Co-ordination Centre. Amanda works with NHS Blood and Transplant in a number of capacities including as a lay member of the National Organ Donation Committee and as Regional Chair for the London Organ Donation Collaborative. She was a member (i.e. non-executive director) of the regulator, the Human Tissue Authority, where she chaired their audit and risk committee. She is the non-executive chair of RareCan Ltd, a startup company which aims to increase the number of people with rare cancers who are involved in research.

Amanda is also a magistrate and sits in both the adult and youth courts. She has a particular interest in youth justice and is deputy chair of the youth panel for North & Central London. She is also a school governor and a charity trustee.

At the Royal Free, Amanda is a standing invitee to the clinical standards and innovation, audit and remuneration committees. Amanda will also be chairing the trust's ethics committee.



Sarah Rapsom

Sarah was appointed non-executive director in December 2021.

She has been executive director of supervision at the Financial Reporting Council since September 2021 and is responsible for overseeing audit quality reviews, corporate reporting reviews, audit firm supervision, audit market supervision and professional oversight teams. She is also senior independent director at North Middlesex University Hospital NHS Trust.

From 2016-2021, Sarah was the director of authorisations at the Financial Conduct Authority, and prior to that she was a member of the Home Office Board as the first director general of UK Visas and Immigration, responsible for overseas visas, in-country immigration and asylum. She was also chief executive of the Identity and Passport Service (now HM Passport Office) from 2010-2013.

Before joining the civil service in 2005, Sarah's career was in retail financial services and included management positions at American Express, Barclays and Woolwich plc. She graduated in mathematics from Lancaster University and has an MBA from London Business School.



Professor Sir Chris Ham

Non-executive director from January 2019 until December 2021

Professor Sir Chris Ham is non-executive co-chair of the NHS Assembly, a visiting fellow of health think tank The King's Fund, an advisor to health management consultancy Carnall Farrar, chair of the Coventry and Warwickshire Health and Care Partnership and a member of the board think tank New Local.

A former chief executive of The King's Fund where he held the post from 2010 and previous head of the strategy unit at the Department of Health and at the universities of Birmingham, Bristol and Leeds. Sir Chris has also advised the World Health Organisation and the World Bank and acted as a consultant to a number of governments.

In 2018, he received a knighthood in the Queen's Birthday Honours List for services to health policy and management.

Sir Chris chaired the population health committee, the Chase Farm Hospital local members' committee and was a member of the remuneration committee.

Executive directors



Caroline Clarke

Group chief executive

Caroline Clarke was appointed group chief executive in February 2019, following her seven-year role as deputy chief executive.

Caroline was formerly director of strategy at NHS North Central London. Prior to that she was an associate partner in KPMG's health strategy team. She has spent most of her career in NHS finance, having been director of finance at Homerton University Hospital NHS Foundation Trust and City and Hackney Primary Care Trust.

Caroline was the trust's chief finance officer between 2011-18. In 2012 she was named finance director of the year by the Healthcare Financial Management Association.

Caroline is a director of RFL Property Services Ltd, a trustee of the Royal Free charity, and a trustee of Overcoming MS and the Healthcare Financial Management Association (HFMA), the representative body for finance staff in healthcare.



Vicky Clarke

Group chief financial officer

Vicky joined the Royal Free London as chief finance officer in January 2022.

She is a member of the Institute of Chartered Accountants in England and Wales, having trained with PricewaterhouseCoopers, and first joined the NHS in 2004.

Vicky has held various senior finance roles across a number of NHS providers, most recently as deputy chief finance officer at University College London Hospitals.



Deborah Sanders

Barnet Hospital chief executive

Deborah has worked for the trust since 1994, having trained at the Royal Free Hospital. She was appointed as the trust's director of nursing in 2010. Before that, she worked at St Bartholomew's Hospital and the London Chest Hospital. She was appointed chief executive of Barnet Hospital in March 2020.

She is also a board member of the Royal Free Hospital Nurses' Home of Rest Trust and a trustee of the Royal Hospital for Neurodisability.



Dr John Connolly

Royal Free Hospital chief executive

Dr John Connolly, a renal consultant who has worked at the Royal Free London since 2004, is the chief executive of the Royal Free Hospital. John was previously medical director of Royal Free Hospital and prior to that led the development of clinical practice groups for the Royal Free London group.



Dr Chris Streather

Group deputy chief executive and chief medical officer

Chris Streather took up the role of Royal Free London group chief medical director in January 2018 following his role as chief executive of the Royal Free Hospital, which he started in June 2017. Prior to joining the trust, he was chief medical officer of HCA International, a private healthcare company. Chris began his career as a renal physician in NHS hospital trusts in Brighton, London and Cambridge. He became medical director at St George's University Hospitals NHS Foundation Trust in 2004, and later director of strategy. In 2008 he was the clinical director for London as the capital's stroke services were comprehensively redesigned.

Chris became the first chief executive officer of South London Healthcare NHS Trust in 2009, and later the managing director of the Health Innovation Network, leading on patient safety nationally. More recently, he was a non-executive director, board quality lead and senior independent director at Kingston Hospital NHS Foundation Trust.

Chris is a trustee of the Royal Free charity, and also of Healthcare Management Trust (HMT), a not-for-profit organisation which provides care home facilities and healthcare in Lincolnshire and Swansea.



Julie Hamilton

Chief nurse

Julie was appointed as chief nurse in July 2020. A nurse of 23 years, Julie began her career in general surgery at St Mary's Hospital, London, before moving to intensive care at Guy's and St Thomas' NHS Foundation Trust. After several years there in various clinical and professional leadership roles including director of nursing, Julie joined the Royal Free London in January 2019 as director of nursing for Barnet Hospital.

2.2.3 Statement about the balance, completeness and appropriateness of the board

The members of the trust board possess a wide range of skills and experience. The skills portfolio of the directors, both executive and non-executive, includes international strategy, healthcare management, audit, accountancy and human resources.

The trust board, alongside the council of governors' nomination committee, continues to monitor the skills and experience of the board. Clear succession planning is in place and regularly reviewed. In 2021/22 one non-executive director was awarded a second term after careful consideration by the nominations committee and endorsement of the council of governors. One new non-executive director was appointed, as well as a further associate non-executive director.

The non-executive directors are considered to be independent in character and judgment and the board believes it has the correct balance in its composition to meet the requirements of an NHS foundation trust.

2.2.4 Board meetings and directors' attendance

Trust board meetings are held in public unless there is confidential or sensitive information to be discussed. Board agendas are published, together with the meeting papers, on the trust's website five days prior to the date of meeting and circulated to the council of governors. At the request of the chief executive and with the consent of the chair, other group directors and the hospital chief executives routinely attend board meetings in order to help inform debate. Governors have a standing invitation to attend each formal meeting and the lead governor attends all board meetings.

Regular informal briefings and seminars on specific topics or services are provided outside the formal meeting structure, to explore complex issues in more depth. 'Go see' service visits, which were suspended due to the pandemic, will restart across the trust in 2022/23, and board members and governors will be invited to attend.

Performance evaluation of the board, including the use of external agencies

A robust process for evaluating the performance of the chair and non-executive directors has been developed by the nominations committee on behalf of the council of governors, informed where required by published tools and frameworks. The evaluation of the chair's performance is led by the senior independent director, with input from all other board members and governors. Key external stakeholders are also invited to comment. Non-executive directors' performance is evaluated by the chair and nominations committee, taking account of governors and other directors' input.

The performance of the executive directors is reviewed by the group chief executive, with input from the chair regarding their role as board members and considered by the remuneration committee. All executive and non-executive directors have an annual appraisal and a personal development plan, which forms the basis of their individual development for the ensuing year. All appraisals involve 360-degree evaluation and feedback.

The board holds periodic development sessions during the year. A development programme ensures the board:

- is fit to govern a foundation trust
- is able to set performance standards (informed by research into high performing boards)
- has an annual process for reviewing performance against these standards
- successfully manages competing priorities and future challenges against the trust's governing objectives
- advocates a culture of inquiry and improvement that is modelled from the top, including clarity about the values and expected behaviours of the board and the whole organisation.

Trust board meetings

During 2021/22, the trust board agreed a change to its board meeting scheduling whereby formal board meetings (public and confidential) were alternated, on a monthly basis, with board seminars. The scheduling of meetings remained flexible to the needs of the organisation during the ongoing pandemic. As a result, there were some alterations to the scheduling of the public board meetings during winter 2021 and spring 2022, including shortening of meetings where appropriate and bi-monthly meetings held in public changed in January 2022 from a historic arrangement of the last Wednesday afternoon of the month to the morning.

Throughout the year, the trust board also held an extraordinary board meeting to approve the annual report and accounts on 14 June 2021, plus joint board meetings with the Royal Free Charity and Royal Free London Property Services Limited. Its board seminars have covered a variety of themes including the RFL clinical and digital strategies, North Central London Integrated Care System, rare disorders and clinical practice groups (CPGs).

All meetings of the trust board were held virtually by MS Teams, except for March 2022 following the easing of COVID-19 restrictions. All public trust boards were recorded, with the recording made available on the trust's external website afterwards.

The trust board met on 13 occasions throughout the reporting period*. Details of attendance by voting board members are given in the following table:

Non-executive director	Board attendance	Executive director	Board attendance
Mark Lam – chair (1)	13/13	Caroline Clarke	11/13
Mary Basterfield – vice chair	11/13	Deborah Sanders	11/13
Prof David Lomas	12/13	Dr Chris Streather	4/13
James Tugendhat	9/13	Julie Hamilton	11/13
Akta Raja	13/13	Kate Slemeck (5)	3/3
Doris Olulode	10/13	Dr John Connolly (6)	8/10
Dr Mohini Parmar (2)	2/2	Peter Ridley (7)	14/16
Sarah Rapson (3)	4/4	Tim Callaghan (8)	1/1
Amanda Gibbon	12/13	Vicky Clarke (9)	4/4
Sir Chris Ham (4)	5/9	Nnenna Osuji (10)	7/8

*For the purposes of the annual report, the table only covers attendance at routine public and confidential trust board meetings.

(1) Mark Lam became trust chair from 1 April 2021 with his first chaired meeting in public on 26 May 2021.

(2) Dr Mohini Parmar was appointed as a non-executive director from 1 March 2022 with her first board meeting attended on 23 March 2022.

(3) Sarah Rapson was appointed as an associate non-executive director from 1 December 2021 with her first board meeting as a standing invitee on 23 March 2022. This role does not have voting rights.

(4) Sir Chris Ham's last meeting was on 24 November 2021. His term of office ended on 31 December 2021.

(5) Kate Slemeck's last meeting was 14 June 2021.

(6) John Connolly's first meeting was 28 July 2021.

(7) Peter Ridley's last meeting was 22 September 2021, and he left the trust in September 2021.

(8) Tim Callaghan's first and only meeting as interim chief finance officer was 24 November 2021.

(9) Vicky Clarke's first meeting was 26 January 2022.

(10) Chief executive of North Middlesex Hospital, Nnenna Osuji, is a non-voting standing invitee from the meeting held 22 September 2021.

Trust board meetings are also attended by other group executive directors, the chief executive of Chase Farm Hospital, the lead governor and the chair of the Royal Free Charity. The medical directors of Barnet Hospital and Royal Free Hospital also attend on an ad-hoc basis to input on those matters requiring a clinical perspective or in a deputizing capacity for other executive director members. The managing director for RFL Property Services or any other board director of RFL Property Services may also attend to input on estates matters.

Baroness Claire Tyler was also appointed in November 2021 as an additional non-executive director, the public and confidential sections of the meeting on 23 March 2022 as an observer prior to her term of office starting on 1 April 2022.

2.2.5 The Royal Free London group and its committee structures

The trust regularly reviews its management decision making structure. During 2021/22, the previous group executive committee transitioned to a group executive management meeting no longer constituted as accountable to the board. Several meetings were also paused during the winter period to reduce pressure on executive directors. A sub-committee of the board, the group access committee, was established from August 2021 to focus its energies on the trust's post pandemic performance and referral to treatment recovery plans.

All trust board committees are chaired by a non-executive director and have a number of board responsibilities delegated to them:

- **Audit committee**, chaired by Mary Basterfield
- **Clinical standards and innovation committee**, chaired by Professor David Lomas
- **Finance and investment committee**, chaired by Akta Raja
- **Group access committee**, chaired by Mark Lam
- **People committee**, chaired by James Tugendhat
- **Population health committee**, chaired by Sir Chris Ham up to November 2021, then paused over winter to resume from April 2022
- **Remuneration committee**, chaired by Mark Lam.

The trust's weekly group executive management meeting, chaired by the group chief executive is the senior executive decision-making body of the trust board, which has executive responsibility for the operational management of the trust and the delivery of objectives set by the trust board.

Barnet Hospital, Chase Farm Hospital and the Royal Free Hospital have their own local executive committees in place with greater autonomy over decision making at an operational level, as well as overseeing their site's financial performance. Each hospital also has its own

patient and staff experience and workforce committee, and a clinical performance and patient safety committee.

Audit committee

The audit committee is the senior independent non-executive committee of the trust board. It is responsible for monitoring the externally reported performance of the trust and providing independent and objective assurance on the effectiveness of the organisation's governance, risk management and internal controls.

It also monitors the integrity of the trust's financial statements, in particular the annual report and accounts, and the work of internal and external audit and local counter fraud providers, and any actions arising from that work.

The internal and external auditors and providers of local counter fraud services attend all meetings of the committee in addition to the chief finance officer, although they are not members of the committee. The group chief executive and other members of the trust board and executive team attend the meetings by invitation. The broad knowledge and skills of the members and attendees ensures that the committee is effective. The trust is satisfied the committee is sufficiently independent.

The audit committee undertakes a yearly self-assessment of effectiveness and provides an annual report on its performance.

The committee met five times in the reporting period. There is no governor observer on this committee.

	Attendance
Non-executive directors	
Mary Basterfield (chair)	5/5
Doris Olulode	5/5
Amanda Gibbon	4/4
Executive directors	
Peter Ridley	2/2
Tim Callaghan	2/2
Vicky Clarke	2/2

During the year, members also attended an annual accounts workshop in May 2021 to review the trust's draft annual accounts.

Clinical standards and innovation committee

The clinical standards and innovation committee is responsible for ensuring the reduction in variation in clinical practices throughout the trust and reviewing systems of clinical governance in relation to patient safety, specifically incidents that cause 'harm' and 'never events'. It monitors the national clinical audits which look at the performance of the trust's

services against key clinical indicators, and where improvements are needed, services are asked to attend and present their improvement action plans. The committee receives reports from the site clinical performance and patient safety committees highlighting good practice at a local level and flagging any areas of concern.

The committee receives a quarterly complaints, litigation, incidents, PALS and safety (CLIPS) report which includes a summary of the opened and closed clinical negligence and personal injury claims and coroners' inquests. The CLIPS report also includes an annual summary of learning from claims.

Throughout 2021/22, the committee has had oversight of maternity related incidents, and the improvement work underway in our maternity services following recommendations from the Care Quality Commission's inspections and the Ockenden maternity review.

The committee met 11 times in the reporting period. Two governors attend this committee as observers.

	Attendance
Non-executive directors	
Prof David Lomas (chair)	10/11
Mary Basterfield	6/11*
Akta Raja	10/11
Amanda Gibbon	8/8
Executive directors	
Dr Chris Streather	7/11*
Julie Hamilton	10/11
Deborah Sanders	7/11

*During 2021/22, Mary Basterfield was on maternity leave and Dr Chris Streather had an extended period away from the trust for personal reasons.

Finance and investment committee

The finance and investment committee is both an assurance committee and a decision-making body. It is responsible for reviewing, in greater detail, the financial performance of the trust and its operational units including delivery of the integrated recovery plan, the capital plan and the cost improvement/savings plan. It also seeks assurance that the group is delivering high quality clinical and non-clinical services at the lowest cost.

The committee met seven times during the reporting period. A number of meetings were paused during the winter period to reduce pressure on executive directors. Due to a changeover in staff within the RFL group and Royal Free Hospital senior leadership team, several executive directors were required to attend fewer meetings. Two governors also

attend this committee as observers.

	Attendance
Non-executive directors	
Akta Raja (chair)	7/7
Mary Basterfield	5/7
James Tugendhat	1/1
Executive directors	
Caroline Clarke	6/7
Dr Chris Streather	3/7
Deborah Sanders	5/7
Kate Slemeck	3/3
Dr John Connolly	4/4
Peter Ridley	5/5
Tim Callaghan	1/1
Vicky Clarke	1/1

Group access committee

The group access committee is responsible for seeking and securing assurance that the group is meeting performance expectations for the four key patient access targets (Referral to Treatment, cancer, emergency departments and diagnostics) bringing together site performance meetings and regulator feedback.

It focuses on detailed recovery plans to ensure patients can receive treatment as quickly as possible, and to ensure the trust is delivering against the NHS Constitution and following all best practice and constitutional standards.

The committee also undertook a detailed analysis of the following:

- Extended lengths of patient stays and high impact actions designed to reduce them
- Cancer pathways and what further help is needed to manage them, particularly dermatology and breast
- Review of diagnostics
- Emergency department workforce challenges, service demand and initiatives to redirect patients when appropriate.

The committee met four times during 2021/2022. One governor attends this meeting as an observer.

	Attendance
Non-executive directors	
Mark Lam (chair)	4/4
Executive directors	
Deborah Sanders	3/4
Dr John Connolly	1/4
Peter Ridley	0/1
Tim Callaghan	2/2
Vicky Clarke	1/1

People committee

The people committee is focused on ensuring the group is recruiting, developing and retaining talent, and that patient and staff experience is improving across the group. It is also responsible for overseeing the trust's equality agenda. The individual hospital patient and staff experience and workforce committees routinely report into this committee.

It met four times in the reporting period. Several meetings were paused during the winter period to reduce pressure on executive directors. Due to a changeover in staff within the RFL group and Royal Free Hospital senior leadership team, several executives were only required to attend a few meetings. Two governors attend the committee as observers.

	Attendance
Non-executive directors	
James Tugendhat (chair)	4/4
Dominic Dodd	1/1
Doris Olulode	4/4
Dr Mohini Parmar	1/1
Executive directors	
Caroline Clarke	3/4
Deborah Sanders	4/4
Kate Slemeck	2/2
Julie Hamilton	3/4
Dr John Connolly	2/2

Population health committee

The population health committee is responsible for ensuring matters of strategic positioning, and that the group has effective patient pathways, resulting in better prevention, earlier diagnosis, more successful treatment, and greater value for money. It has a key role in helping to reduce health inequalities and improve population health for the trust's local communities. The population health committee routinely discusses the work of the integrated care partnerships across Camden, Barnet and Enfield.

It met three times during the reporting period with two governors attending as observers. A number of meetings were paused during the winter period 2021/2022 to reduce pressure on executive directors.

	Attendance
Non-executive directors	
Chris Ham (chair)	3/3
James Tugendhat	3/3
Executive directors	
Caroline Clarke	3/3
Deborah Sanders	3/3
Dr Chris Streather	2/3
Julie Hamilton	2/2
Dr John Connolly	0/2

Remuneration committee

The remuneration committee is made up exclusively of non-executive directors and reviews executive director recruitment, pay and performance. Pay is set by reference to benchmarking and other information including public sector pay policy. At the end of each year, it reviews the assessments of director performance made by the group chief executive, and of the chief executive by the chair. It also oversees the pay of senior staff on very senior manager or senior manager pay, including any employed in trust wholly owned subsidiary companies, taking the advice of the chief executive and other executive directors where necessary.

The chief people officer attends each meeting in an advisory capacity.

The committee met six times in the reporting period.

	Attendance
Non-executive directors only	
Mark Lam (chair)	6/6
Mary Basterfield	5/6
James Tugendhat	5/6
Akta Raja	6/6
Prof David Lomas	5/6
Doris Olulode	5/6
Amanda Gibbon	5/6
Dr Mohini Parmar	1/1
Sarah Rapson	1/1
Sir Chris Ham	5/6

2.2.6 Audit committee annual report 2021/22

Purpose of the report

The annual report has been prepared for the attention of the trust board and reviews the work and performance of the audit committee during 2021/2022 in satisfying its terms of reference. The production of the audit committee report represents good governance practice and ensures compliance with the NHS audit committee handbook and the principles of integrated governance.

Overview

The audit committee is the senior independent and non-executive led sub-committee of the trust board. Through the audit committee, the trust board ensures that robust internal control arrangements are in place and regularly monitored. The audit committee regularly reviews the group board assurance framework and is therefore able to focus on risk, control and related assurances that underpin the delivery of the group's strategic priorities.

The audit committee is responsible for monitoring the externally reported performance of the trust and providing independent and objective assurance on the effectiveness of the organisation's governance, risk management and internal control; the integrity of the trust's financial statements, in particular the trust's annual report and accounts; and the work of internal and external audit and local counter fraud providers and any actions arising from that work.

Membership and attendance

During the reporting period, the audit committee has been chaired by non-executive director Mary Basterfield and attended by the other non-executive directors listed in the table below.

The internal and external auditors and providers of the local counter fraud service attend meetings of the audit committee in addition to the chief finance officer, although they are not members of the committee. Other members of the senior executive team attend meetings by invitation. The broad coverage of knowledge and skills of the members and attendees ensure that the audit committee is effective. The trust is satisfied that the audit committee is sufficiently independent.

After every audit committee meeting, members have the opportunity to meet in private with the internal and/or external auditors and the providers of the local counter fraud service so that any issues of concern can be raised in confidence.

The committee met five times in the reporting period. There is no governor observer on this committee.

Attendance	
Non-executive directors	
Mary Basterfield (chair)	5/5
Doris Olulode	5/5
Amanda Gibbon	4/4
Executive directors	
Peter Ridley	2/2
Tim Callaghan	2/2
Vicky Clarke	2/2

During the year, members also attended an annual accounts workshop in May 2022 to review the trust's draft annual unaudited accounts including those of the wholly-owned subsidiaries - RFL Property Services Limited and RFL Dispensary Services Limited, plus asset valuation with the trust's valuers, Gerald Eve LLP, in attendance.

Appointment of the trust's external auditors

Under the trust's constitution, the council of governors shall appoint or remove the auditor at a general meeting of the council of governors. The trust's external audit services had been provided by PricewaterhouseCoopers (PwC) since 2012. The original procurement allowed for extensions for two further years which were enacted. EY was appointed as successor external auditor by the council of governors on 14 September 2021, a decision which took effect as of 8 April 2022.

COVID-19 pandemic

The audit committee continued to meet virtually during 2021/22. The audit committee has given specific focus during the pandemic to the emerging situation and implications for the trust, namely:

- Increased risk to fraud, and overall effectiveness of the trust approach to risk management at board and divisional level.
- Assurance on the financial controls and the right balance in the current environment, cash flow and forecasting.
- Quality of data as regards validation of referrals onto 18-week treatment pathways (RTT) as pandemic recovery continues.
- Essential regulatory matters including the external year-end audit 2021/2022.
- Compliance matters such as data security and protection.
- Management of the freedom to speak up (whistleblowing) pathway.

For 2021/2022, the audit committee was mindful that working arrangements remained flexible for the trust's newly appointed external auditors, EY. Similarly, the trust's internal auditors have completed some elements of their work remotely with consideration given to the re-sequencing of their planned reviews and the additional pressures on staff as a result of COVID-19.

Given the pressures of the COVID-19 pandemic, NHS England and NHS Improvement determined that trusts' external auditors would not be required to undertake any assurance work on the Quality Accounts 2021/2022, however the trust has continued to prepare its own Quality Account according to guidance and statutory requirements.

Work and performance of the audit committee during 2021/22

The audit committee's business during the year has largely adhered to its work programme with most reports scheduled for each audit committee meeting having been received on time. The audit committee has also sought greater assurance in the following areas:

Data quality	Information governance (IG) assurance
The audit committee has continued to seek assurance that the trust's data quality improvement programme was being embedded across the organisation with a focus on ensuring good quality data at a group and local level. It also sought further assurance as to the impact following the implementation of the Electronic Patient Record (EPR) system during the year and the handling of any manual data mitigation between systems as was required.	The audit committee has maintained oversight of information at the trust. It was informed that the trust did not meet the minimum requirements in its Data Security and Protection Toolkit (DSPT) submission for the financial year 2020/21 and was briefed on remedial actions to be implemented. It considered the related timescales and how this situation benchmarked to other NHS providers.

Freedom to speak up (whistleblowing)	Group board assurance framework (BAF)
<p>During the year, the audit committee has continued to discuss the trust's freedom to speak up programme of work. Particular focus was on the profile of speaking up through recruitment of champions across the trust, along with how to facilitate better reporting through triangulating data with complaints and other enquiries to the patient, advice and liaison service. It has also maintained an ongoing overview of the number of speaking up investigations both during and post-COVID-19, seeking assurances as to the reasons where there were reported delays in completing such investigations.</p>	<p>The audit committee has supported ongoing iteration of format and content of the trust's BAF which links individual risks to a specific committee for oversight and assurance. Management responsibility for the process has also changed in year to the remit of the trust secretary as was recommended by an externally commissioned quality governance review. There was also some evident change in reported risks, and change in methodology to a description of IF, THEN, LEADING TO which ensures all risk definitions and descriptions going forward are future facing. The audit committee has also challenged the scope, controls and assurances of reported risks to ensure that they remain fit for purpose.</p>
Conflicts of interest	
<p>The committee has received and reviewed reports relating to compliance with best practice and guidance on managing conflicts of interest. Whilst the internal audit review in this area was advisory only (and therefore not rated), it advised a strengthening of the policy and processes in this area. The committee has approved an improved policy and a plan to address deficits in this area and will continue to review to ensure these changes are implemented.</p>	

The audit committee has fulfilled its oversight responsibilities with regards to monitoring the integrity of financial statements and the annual accounts, including the annual governance statement before submission to the board. It has considered the following significant issues in relation to the financial statements:

Management override of controls - The audit committee is aware of the main areas of judgment within the financial statements and the approach taken by management. The audit committee holds an annual workshop to scrutinise the accounts and receives an analysis of the key movements within the financial statements and the main areas of judgment. The audit committee also approves, where necessary, any changes to accounting policies.

Risk of fraud in revenue and expenditure recognition - Where significant financial variances are identified, it is normal practice for the audit committee to receive an exception report. It would also be briefed on any instances where significant risk, such as significant sums of money or reputational risk facing the trust as a result of suspected fraud had been identified.

The audit committee has considered the risks which were thought to be either significant or elevated in relation to the external audit of the trust for the year ended 31 March 2022.

Significant risks	Elevated risks
<ul style="list-style-type: none">• Management override of controls• Fraud in revenue recognition• Fraud in expenditure recognition• Valuation of the trust's land and buildings• Inventory	<ul style="list-style-type: none">• Allowance for doubtful debts provisions

Review of effectiveness of the audit committee

Members and attendees of the audit committee undertake an annual assessment of the audit committee's effectiveness in discharging its duties. Audit committee members, the local counter fraud service, internal audit and external audit colleagues plus colleagues from the finance department are asked to respond to a series of questions related to behaviours and processes, with each rated from 1 (hardly ever/poor) through to 5 (all of the time/fully satisfactory).

The responses were rated highly in the main, with most statements rated as 5 (all of the time / fully satisfactory) and 4 (most of the time / above average).

External audit

The audit committee approved the external audit plan 2021/22 which outlined how EY planned to discharge its audit duties for the financial year and, as part of that, considered the risks which were thought to be either significant or elevated in relation to previous auditor PwC's audit for the year ended 31 March 2021. It also approved the external audit fee which had increased following the tender process.

Throughout the year, the audit committee has received and reviewed progress reports from PwC and EY in delivering their responsibilities as the trust's external auditors during a transition year, together with other matters of interest such as key technical areas and sector updates. Both auditors held regular meetings with the trust's finance team to discuss technical matters ahead of year-end, the trust's accounts and audit process, and the gathering of evidence to support their value for money conclusion. Despite some remaining COVID-19 restrictions, EY was able to undertake its stock counts of Royal Free London and RFL Dispensary Services Limited stock to gain assurance over these balances alongside other audit procedures.

The audit committee has confirmed throughout the year that the risks identified in the external audit plan have remained valid.

Review of effectiveness of the trust's external auditors

The audit committee reviews the effectiveness of the trust's external auditors each year. This is particularly important in a foundation trust because the council of governors appoint the external auditor, and the audit committee and finance staff conduct the evaluation on their behalf. Audit committee members and senior finance managers were asked to rate 19 statements related to behaviours and processes in the following areas: quality control, audit team, audit scope, audit fee, audit communication, quality account and audit governance.

Responses to the survey were positive in the main with statements rated as either 'strongly agree' or 'agree' were given for EY as external auditor.

Independence of external auditor

As external auditors of the trust, EY is required to be independent of the trust in accordance with the ethical standards established by the UK Auditing Practices Board. EY confirmed that it acts as an independent accountant with respect to the trust and its subsidiaries and undertakes this role within UK regulatory and professional requirements. There is no matter which it perceives has impacted on its independence or the objectivity of the audit team.

Internal audit

During the reporting period, the trust's internal audit services have been provided by KPMG. KPMG was reappointed in April 2017 for a period of three years and its contract was extended until 2022. This contract has since been subject to a further re-procurement, with KPMG successful and appointed to a new three-year contract from 1 April 2022 (with two further one year extension options).

The head of internal audit opinion 2021/2022 was received, with the wording and overall opinion confirmed at the audit committee's meeting in June 2022. For the period 1 April 2021 to 31 March 2022 an overall rating of 'Significant assurance with minor improvement opportunities' was given on the overall adequacy and effectiveness of the trust's framework of governance, risk management and control.

Five internal audits have resulted in ‘Significant assurance with minor improvement opportunities, six were rated ‘partial assurance with improvements required’ and one was not rated. The majority of areas rated as ‘partial assurance’ were areas that the trust had directed internal audit to review.

Significant assurance with minor improvement potential (amber-green)	Partial assurance with improvements required (amber-red)
<ul style="list-style-type: none"> • Integrated care system: management of Referrals • Core financial controls • Overseas visitors • Ockenden • Data security protection toolkit 	<ul style="list-style-type: none"> • Risk management • Medical devices • Patient property • Outsourced contract management • Data quality (referral to treatment) • Network security

The audit committee noted the conclusions and accepted the recommendations arising from the internal audit 2021/2022 work programme, of which there were 68, with five areas of high priority. It has continued to receive status reports on the implementation of recommendations at each meeting.

The audit committee has focused on ensuring overdue recommendations were being addressed, especially those considered high priority, and reiterated its request to see new recommendations actioned promptly. Seven recommendations were considered overdue at the end of the year. The audit committee reiterated its aim for there to be zero overdue recommendations.

Review of effectiveness of the trust’s internal auditors

The audit committee undertakes an annual review of effectiveness of the internal audit provision. Participants comprising committee members and senior finance managers were asked to rate 14 statements related to behaviours and processes in the following areas: mandate and strategy, organisation and structure, stakeholders, audit fee, leadership, risk assessment and planning, execution, reporting and overall. One statement was for management response only. Respondents were asked to provide any additional comments by exception only.

Overall, responses to the survey were positive in the main with statements having been rated as either ‘strongly agree’ or ‘agree’. As regards strengthening of ownership and visibility of internal audit recommendations and actions, it was considered and agreed that those rated as amber-red would also be reported to the group executive management meeting as well as the audit committee.

Financial matters

Tender waivers - the audit committee receives reports of all single tender actions above

£30,000 at each meeting and requests additional information where it is not satisfied with the explanation provided. The audit committee sought assurance that changes made to the trust's tender waiver processes in response to the COVID-19 pandemic had been robust and had not left the trust open to increased risk of fraud and that the quality of tender waivers had improved, with challenge brought to the process, particularly in respect of value for money.

Losses and special payments - a report on losses and special payments is presented to each meeting.

The audit committee has also covered the following financial issues throughout the year:

- Accounting standards: International Standard on Auditing 570 (revised) in respect of going concern
- Auditor Guidance Note 03 in respect of value for money
- Capital forecast
- Cash flow
- Aged debtors
- Overseas visitor debt
- Other audit issues and related risks

Anti-fraud

During the reporting period, the trust's local counter fraud services have been provided by RSM. RSM was reappointed in April 2017 for a period of three years, with the contract extended to 2022. This contract has since been subject to a further re-procurement, with KPMG appointed to a new three-year contract from 1 April 2022 (with two further one-year extension options).

During COVID-19, RSM has delivered its fraud awareness programme virtually, focusing on specific audiences that were relevant to the themes coming out of the counter fraud investigations, as well as working with the audit committee on identifying potential risks to fraud and bribery. The audit committee noted that referrals, albeit low level issues, had continued to be reported during the pandemic.

The audit committee approved the annual counter fraud work plan for 2021/2022. It also received a report at each meeting detailing cases of possible fraud and the outcome of any investigations. Progress in respect of proactive work and compliance exercises is also reported.

The audit committee monitors the implementation of any recommendations made by RSM by way of a management action tracker. The tracker also includes cases that have been referred to the trust's employee relations team for follow up and which remain on the tracker until RSM is confident that these could be closed. The audit committee receives an annual fraud report and benchmarking report, as well as a self-assessment against NHS Counter Fraud Authority Standards.

The external audit plan 2021/2022 sought the audit committee's views on the fraud risks across the trust.

Review of effectiveness of the counter fraud provision

It is good practice for the audit committee to review the effectiveness of the trust's local counter fraud service (LCFS) on at least an annual basis and the NHS audit committee handbook supports this position. For the 2021/2022 local counter fraud annual assessment, feedback overall was positive in the main with statements rated as either 'strongly agree' or 'agree'.

Accounting policies

The audit committee did not approve any finance or accounting related policies during the year.

Audit committee report to trust board

Throughout the year, the audit committee has submitted a regular report to the trust board. The report has covered key items discussed at meetings, provided assurance to the board on items chosen by the audit committee, and highlighted any risks to the trust.

Priorities for 2022/23

The audit committee will continue to carry out its current functions as per its terms of reference:

- **Controls and governance across the organisation** - to ensure a strong governance and control environment across the group
- **Speaking up** - identifying hotspots; process in terms of deadlines, targets and speeding up the closure of investigations; and also, flexibility within the process during emergency situations.
- **Data quality** - performance trend analysis, risks, mitigations and future actions.

Conclusions

In conclusion, the audit committee has been proactive in requesting reports in areas of concern in both financial and non-financial areas and has continued to respond to the risks arising from the COVID-19 pandemic. It will continue during 2022/23 to understand the themes arising from internal and external reports, ensuring that recommendations are addressed promptly and that risk and controls continue to be assessed as the Royal Free London group model evolves as well as in the event of any future emergency situations.

The audit committee has met its terms of reference as detailed throughout the report.

2.2.7 Council of governors

The council of governors comprises of 27 elected and appointed governors who provide an important link between the trust, our patients, staff, local communities and key stakeholders.

The trust's constitution sets out the key responsibilities of the council, which are to:

- hold the non-executive directors individually and collectively to account for the performance of the trust board; and
- represent the interests of the members of the trust as a whole and the interests of the public and partner organisations in the governance of the trust.

The trust keeps the council fully informed of all aspects of performance through formal council meetings, attendance by nominated governors at trust committees and at other key meetings. The period 1 April 2021 to 31 March 2022 represents the council's eleventh year of working.

There are four constituencies of the council. These constituencies represent patients, the public, staff and community partners. Members of the trust, whether public, patient or staff are all able to stand for election to the council provided they are 16 years of age and are resident in the constituency for which they are standing. Elected members of the council are appointed by the constituency for which they are standing.

The chair of the council is also the chair of the trust board, which promotes transparency and encourages the flow of information between the board and the council.

Composition of council of governors

The council of governors is made up of:

8 elected governors from the patient constituency

6 elected public governors who are resident in Camden, Barnet, Enfield or Hertfordshire

1 elected public governor who is resident in the rest of England

6 staff governors who must include at least one member of staff from each of the three main trust sites

6 appointed governors comprising two commissioner governors representing clinical commissioning groups (CCGs) in north central London and Hertfordshire respectively, four local authority governors appointed by Camden, Barnet and Enfield councils and Hertfordshire district and county councils and one university governor.

The table below sets out the council of governors as at 1 April 2022:

Constituency	Name of governor	Appointed/elected	End of term
Appointed (Camden Council)	Cllr Anna Wright	27/10/21	26/10/24
Appointed (Barnet Council)	Cllr Peter Zinkin	14/09/15	13/09/24
Appointed (Hertfordshire County Council)	Position vacant		
Appointed (Enfield Council)	Cllr Alev Cazimoglu	01/05/21	31/04/24
Appointed (University College London)	Prof Maxine Tran	01/04/21	31/03/24

Appointed (North Central London CCG)	Dr Charlotte Benjamin	01/06/20	31/05/23
Patient	Ms Linda Bogod	01/10/20	30/09/23
Patient	Dr Oswald Fernando	01/10/20	30/09/23
Patient	Mr Anthony Clarke	01/04/21	31/03/24
Patient	Mr Neil Wolstenholme	01/10/19	30/09/22
Patient	Ms Sneha Bedi	01/10/17	30/09/22
Patient	Mr Dov Gerber	01/04/21	31/03/24
Patient	Mr Samuel Collins	01/10/19	30/09/22
Patient	Mr Julian Goodkin	01/10/20	30/09/23
Public	Mr Martin Connolly	01/10/20	30/09/23
Public	Dr Vishaal Virani	01/10/20	30/09/23
Public	Ms Hadiza Adeyemi	01/10/20	30/09/23
Public	Ms Esther Samuels	01/10/19	30/09/22
Public	Ms Emma Cox	01/10/19	30/09/22
Public	Prof Victor Hoffbrand	01/10/19	30/09/22
Public (Rest of England)	Dr Meera Radia	01/04/21	31/03/24
Staff	Ms Susan Tierney	01/10/20	30/09/23
Staff	Mr Bimbi Fernando	01/10/19	30/09/22
Staff	Dr Hemant Vakharia	01/10/20	30/09/23
Staff	Ms Annette Heslop	01/10/20	30/09/23
Staff	Dr Tony Wolff	01/10/14	30/09/23
Staff	Mr George Verghese	01/10/17	30/09/23

The appointed governor for Hertfordshire County Council, William Wyatt-Lowe, who joined the council in December 2014, stood down in May 2021 following the local council elections. He was not re-elected.

The current composition of council of governors is:

- 8 patient governors
- 6 public governors who are residents in Camden, Barnet, Enfield and Hertfordshire
- 1 public governor who is resident in the Rest of England
- 5 appointed governors

- 6 staff governors

Lead governor

Sneha Bedi (patient governor) began a two-year term as lead governor on 1 April 2021.

The lead governor acts as the main point of contact for the chair and trust secretary, and the other governors, when communication is necessary. They are responsible for relaying to the chair any observations or concerns expressed by governors regarding the performance of the trust or any other serious or material matter relating to the trust or its business. The lead governor regularly meets with the chair both informally and formally. In addition, the lead governor communicates with other governors through regular email correspondence, one-to-one meetings if required and informal governor-only sessions. The lead governor attends the trust board as an observer.

Register of interests

On election or appointment to the council, governors must sign a code of conduct and declare any material interests held, with no governor holding a position of director and/or governor of any other NHS foundation trust.

The governors' register of interests is available on the trust's website or in hard copy by contacting the trust secretary.

Formal meetings of the council of governors

Governors attend formal council meetings and there are provisions in the constitution relating to non-attendance. The council met on three occasions during 2021/22. No expenses were paid to governors in 2021/22. All meetings were chaired by the trust chair, with representation from non-executive directors.

In 2021/22, the lead governor held informal council meetings at which a non-executive director attended on rotation. The council did not exercise its formal power to require one or more of the directors to attend a governors' meeting for the purpose of obtaining information about the trust's performance or the non-executive directors' performance.

Any disputes between the council and the board will be resolved informally by the chair in the first instance. If this is not possible, the trust has a dispute resolution procedure set out in its constitution. There have been no such disputes in 2020/21.

Governors attended a number of induction sessions on a range of topics. These included:

- role of the governor
- NHS finances
- raising concerns
- patient advice and liaison service (PALS) and complaints

The table below summarises the attendance of governors at formal meetings of the council of governors during 2021/22.

Constituency	Name of governor	Attendance
Appointed (Camden Council)	Cllr Anna Wright	2/3
Appointed (Barnet) Council	Cllr Peter Zinkin	2/3
Appointed (Hertfordshire County Council)*	Cllr William Wyatt-Lowe	0/0
Appointed (Enfield Council)	Cllr Alev Cazimoglu	2/3
Appointed (University College London)	Prof Maxine Tran	3/3
Appointed (North Central London CCGs)	Dr Charlotte Benjamin	3/3
Patient	Dr Oswald Fernando	3/3
Patient	Ms Linda Bogod	3/3
Patient	Mr Samuel Collins	0/3
Patient	Mr Neil Wolstenholme	3/3
Patient	Mr Anthony Clarke	3/3
Patient	Ms Sneha Bedi	3/3
Patient	Mr Dov Gerber	3/3
Patient	Mr Julian Goodkin	3/3
Public	Mr Martin Connolly	2/3
Public	Dr Vishaal Virani	2/3
Public	Ms Hadiza Adeyemi	3/3
Public	Prof Victor Hoffbrand	2/3
Public	Ms Esther Samuels	3/3
Public	Ms Emma Cox	3/3
Public (Rest of England)	Dr Meera Radia	3/3
Staff	Ms Annette Heslop	2/3
Staff	Ms Susan Tierney	3/3
Staff	Dr Hemant Vakharia	3/3
Staff	Dr Tony Wolff	2/3

Staff	Mr Bimbi Fernando	2/3
Staff	Mr George Verghese	2/3

*Governor stood down in May 2021 following local council elections.

Duties and functions of the council of governors

Governors have a duty to hold the non-executive directors to account for the performance of the board and the trust. A range of mechanisms are in place to support them with this role:

- all formal council meetings include an update from the chief executive on operational performance and other key issues, with an opportunity for governors to ask questions.
- before each formal council meeting, governors are provided with a pack showing performance information, friends and family test satisfaction ratings and minutes of board and committee meetings.
- the lead governor attends public and confidential board meetings.
- governors are consulted on the development of annual trust plans and any significant changes to the delivery of the trust's business plan.
- regular opportunities to witness the non-executive directors holding the executive to account through governor attendance at board committee meetings.
- regular meetings with non-executive directors through non-executive directors' attendance at informal council meetings and 'go see' visits to clinical areas.

Membership and engagement activities

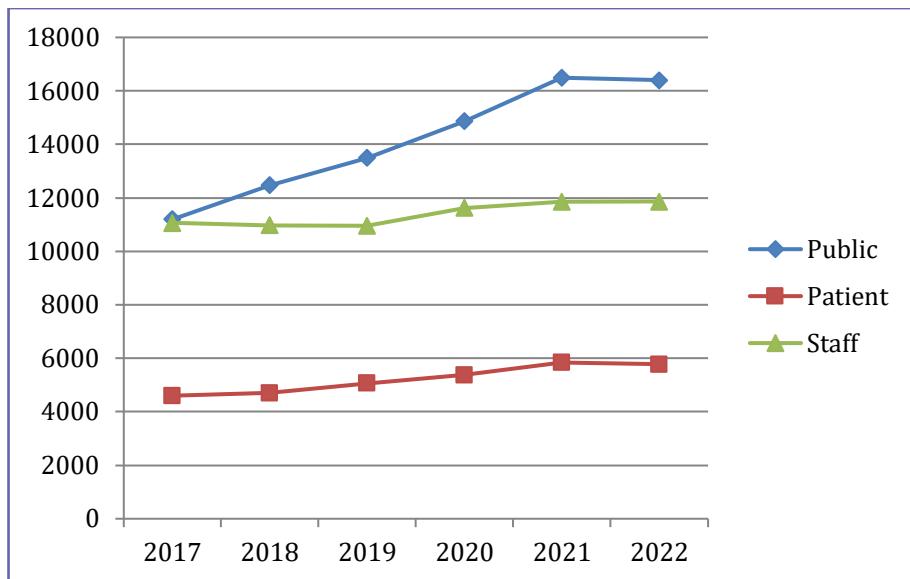
Our current membership breakdown as of 31 March 2022 is as follows:

- Public 16,393
- Patient 5,774
- Staff 11,854

Total: 34,021

Between 1 April 2021 and 31 March 2022 the number of members decreased by 167.

The trust performs a monthly data cleanse of the membership register and as a result 228 members were removed. A data cleanse screens the membership data against national databases including The Bereavement Register, Mortascreen and the National Deceased Register to identify people who have died. This service is provided by the membership database provider Civica. The trend in membership figures is shown below:



Membership community

Our membership community is made up of the following:

Public: open to anyone who resides in England.

Patient: open to people who are or have been a patient of the trust within six years of becoming a member.

Staff: open to individuals who are employed by the trust under a contract of employment including temporary or fixed term (minimum 12 months). All qualifying staff are automatically members unless they choose to opt out.

Keeping members informed

The trust aims to have a membership which will allow us to develop a more locally accountable organisation, delivering healthcare services that reflect the needs of the local communities. Membership supports the trust in increasing local accountability through communicating directly with current and future patients, their carers, friends and families.

We have an active programme of membership engagement including:

- a weekly round-up for governors which includes latest news, events and trust updates
- a monthly email membership update, which includes a link to the trust's Freepress magazine which is for members as well as staff
- Medicine for Members events, which are hosted by governors and showcase topics which are important to patients, staff and the local community
- a dedicated members' area on the trust's website which includes information on the council of governors and what it means to be a member or governor
- an annual members meeting (last held in September 2021) with presentations from the chair and chief executive highlighting performance and achievements for the last year and emerging plans for the ensuing year, as well as senior clinicians presenting work of their departments.

2.2.8 Patient care

Meeting Care Quality Commission standards

The trust undertakes quarterly Care Quality Commission (CQC) self-assessments to ensure standards are being met across services and sites.

The quarterly self-assessment involves the following:

- Each hospital site executive overseeing service compliance, including satellite services.
- Self-assessments led by divisional management; nursing, clinical and operational managers who monitor and report improvement performance through the divisional quality and safety boards.
- Reports sent to site clinical performance and patient safety committees recommending a rating score to the local executive committee.
- Local executive committees identifying where further improvement is needed to validate site level self-assessment rating.
- A monthly report by the group executive committee to the local executive committees to support targeted improvement efforts where required.

Maternity services follow up inspection

The maternity service at the Royal Free Hospital was given an improved rating of ‘requires improvement for being safe and well led’ in August 2021 (rated inadequate in January 2021) following a CQC unannounced follow-up inspection in May and June 2021 at both Royal Free Hospital and Barnet Hospital. The inspection was to assure the regulator that improvement actions had addressed the concerns identified by the Section 29A warning notice issued in November 2020. The notice was issued after safety concerns were raised following a maternal death in February 2020 and in response to a prevention of future deaths coroner’s notification received on 21 August 2020.

Barnet Hospital maternity service retained its ‘good’ rating and the CQC welcomed the trust’s improvements. The August inspection report made 14 recommendations that should be taken across both sites to ensure improvements are met. The report can be accessed [here](#).

Progress of the ongoing improvement actions are reported to Barnet Hospital local executive committee and the trust’s clinical standards and innovation committee.

National survey programme

In 2021/22 the results of four national surveys were published:

- Urgent and emergency care 2020 (September 2021)
- In-patient 2020 (October 2021)
- Children and young people’s 2020 (December 2021)
- Maternity 2021 (February 2022)

The results of these national surveys are standardised by the CQC and benchmarked reports are produced. These reports inform trusts, patients and other stakeholders whether

each trust is performing ‘better than’, ‘worse than’ or ‘about the same’ as most other trusts. These results can be seen on the CQC website (www.cqc.org.uk).

This year the in-patient and maternity surveys were completed using a mixed-mode methodology for this first time. Patients were offered the opportunity of completing the survey online before receiving a postal questionnaire. This change meant an increase in the response rates for the trust in these surveys.

Urgent and emergency care survey

This survey consists of two separate questionnaires; one for patients attending a type one service (major A&E departments which are consultant led, have full resuscitation facilities and operate 24 hours a day, seven days a week) and another for those attending a type three service (urgent treatment centres which can be doctor or nurse led, treat at least minor injuries and illnesses and can be routinely accessed without an appointment).

Survey results for patients attending a type one service

A total of 259 patients responded to the survey out of a possible 916, which was a response rate of 28.3% compared to 30.5% nationally. Of the nine sections of 38 questions in the survey, all were scored ‘about the same’ as most other trusts.

Survey results for patients attending a type three service

Out of a possible 414 patients, 126 completed a survey, giving the trust a response rate of 30.4% compared to 30.8% nationally. Only patient data from the urgent treatment centre at Chase Farm Hospital was submitted for this survey. The trust scored ‘about the same’ as most other trusts for all of the nine sections, but ‘better than’ most other trusts in three out of the 32 scored questions:

T14. Did the health professional listen to what you had to say?



RFL score = 9.7, range of scores across England = 8.5 – 9.7

T17. Did health professionals talk to each other about you as if you weren't there?



RFL score = 9.8, range of scores across England = 7.5 – 9.8

T36. Did a member of staff discuss with you whether you may need further health or social care services after leaving the Urgent Treatment Centre?



RFL score = 9.5, range of scores across England = 6.3 – 9.7

Adult in-patient survey

As well as the move to mix-mode methodology, there were significant changes made to the adult in-patient questionnaire for 2020, including question wording, response options and a reduction in the number of questions. The sampling month also changed from July to November. These changes mean that the results cannot be compared to previous years.

The categories of results also changed from three to seven to provide more detailed analysis as shown below:

Much worse	Worse	Somewhat worse	About the same	Somewhat better	Better	Much better
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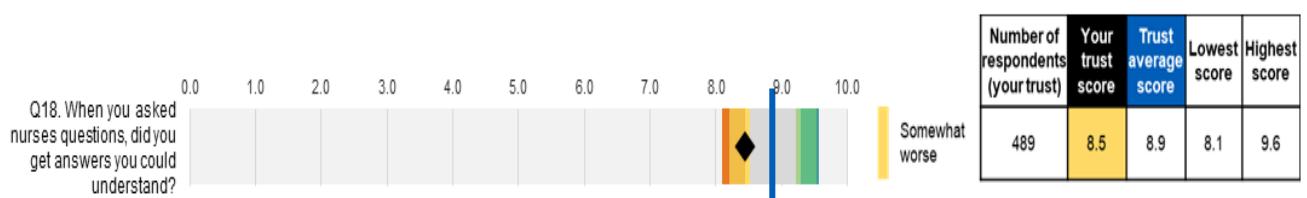
The response rate was higher for this survey than in 2019; 516 patients completed the survey, giving a response rate of 45% (up from 38%), compared to 46% nationally. This increase is partly due to the mix-mode methodology described above.

Overall, we scored 'about the same' as most other trusts for all sections of the survey (now 10 instead of 12), the same as we have for each in-patient survey since 2014, but for three questions we scored 'somewhat worse':

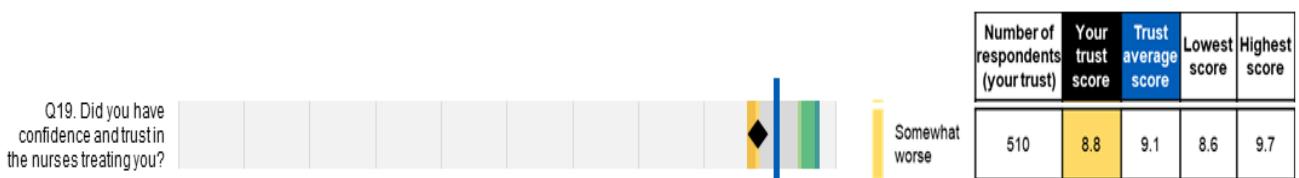
- How clean was the hospital room or ward that you were in?



- When you asked nurses questions, did you get answers you could understand?



- Did you have confidence and trust in the nurses treating you?



Children and young people's survey

Three different questionnaires are used in this survey, depending on the age of the patient:

- 0-7 years (for parents/carers to complete only)
- 8-11 years
- 12-15 years

The 8-11 and 12-15 questionnaires include sections for both the patient and parent or carer to complete. A total of 29% responded to the survey, compared to the national response rate of 24%. Unlike the other CQC national surveys, no section scores are published, just individual questions ratings. When compared to other trusts six questions were rated as better than expected, two as somewhat better than expected, three as somewhat worse and one as much worse. The remaining 53 were rated about the same:

Parent/ patient	Question	RFL score	Average score	Range of scores
Better than expected				
8-15 patient	Did you like the hospital food?	7.7	6.8	4.6 – 8.8
12-15 patient	Was the ward suitable for someone of your age?	9.2	8.3	7.3 – 9.7
8-15 patient	When the hospital staff spoke with you, did you understand what they said?	9.0	8.4	7.1 – 9.5
8-15 patient	Did you feel able to ask questions?	9.8	9.5	8.4 – 10.0
12-15 patient	If you wanted, were you able to talk to a doctor or nurse without your parent or carer being there?	9.7	9.2	7.9 – 10.0
8-15 patient	Before the operation or procedure, did hospital staff explain to you what would be done?	9.9	9.6	8.6 – 10.0
Somewhat better than expected				
0-15 parents	Before your child had any operations or procedures, did a member of staff explain to you what would be done?	9.8	9.6	9.0 – 10.0
8-15 patient	Do you think the people looking after you were friendly	9.7	9.5	8.8 – 10.0
Somewhat worse than expected				
0-7 parents	Were there enough things for your child to do in hospital?	6.9	7.5	5.2 – 9.7
0-15 parents	Did staff involve you in decisions about your child's care and treatment?	8.2	8.6	7.7 – 9.4
0-15 parents	Did a staff member give you advice about caring for your child after you went home?	8.4	8.8	8.0 – 9.7
Much worse than expected				

0-7 parents	Did a member of staff tell you who to talk to if you were worried about your child when you got home?	7.0	8.6	6.8 – 9.8
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Overall, the trust scored significantly better in 21 of the 55 scored questions compared to the 2018 survey and significantly worse in one: ‘Were there enough things for your child to do in hospital?’.

Maternity survey

A total of 54% of women completed the 2021 maternity survey (up from 35% in 2019), compared to an average response rate of 53%. As with the increase in the in-patient survey response rate, this is partly due to the move to mix-mode methodology. Of the eight sections in the survey, the trust scored somewhat worse than expected in two (during your pregnancy and care in hospital after birth) and worse in a further two (feeding and care at home after the birth). Fourteen questions were scored worse than expected outlined in the table below:

Question	RFL score	Average score	Range of scores
Somewhat worse than expected			
B16. During your pregnancy did midwives provide relevant information about feeding your baby?	5.7	6.7	4.5 – 8.0
D6. Thinking about the care you received in hospital after the birth of your baby, were you treated with kindness and understanding?	7.6	8.3	7.1 – 9.2
D7. Thinking about your stay in hospital, if your partner or someone else close to you was involved in your care, were they able to stay with you as much as you wanted?*	1.8	3.5	0.9 – 9.8
E3. Did you feel that midwives and other health professionals gave you active support and encouragement about feeding your baby?*	6.9	7.6	6.3 – 8.5
Worse than expected			
B10. During your antenatal check-ups, did your midwives ask you about your mental health?	6.6	8.0	6.5 – 9.4
B12. Were you given enough support for your mental health during your pregnancy?	7.4	8.4	6.3 – 9.6
D8. Thinking about your stay in hospital, how clean was the hospital room or ward you were in?	8.2	8.9	8.0 – 9.8
E2. Were your decisions about how you wanted to feed your baby respected by midwives?*	8.4	8.9	8.1 – 9.4
F2. When you were at home after the birth of your baby, did you have a phone number for a midwifery or health visiting team that you could contact?	9.0	9.5	8.5 – 10.0
F3. If you contacted a midwifery or health visiting team, were you given the help you needed?	7.7	8.5	7.1 – 9.6
F12. Did a midwife or health visitor ask you about your mental health?*	8.9	9.5	8.4 – 9.9

F16. In the six weeks after the birth of your baby did you receive help and advice from a midwife or health visitor about feeding your baby?*	6.0	7.1	5.1 – 8.3
F18. In the six weeks after the birth of your baby did you receive help and advice from health professionals about your baby's health and progress?*	6.6	7.6	6.1 – 8.7
Much worse than expected			
F17. If, during evenings, nights or weekends, you needed support or advice about feeding your baby, were you able to get this?	3.9	6.0	3.9 – 7.9

*These questions also saw a statistically significant decrease in the trust score in 2021.

National cancer patient experience survey

The results of the 2020 National Cancer Patient Experience Survey were published in November 2021. The survey was run on a voluntary basis in 2020 due to the unprecedented pressure that the pandemic put on cancer services. A total of 52% of patients responded to the survey, compared to 59% nationally. Of the 52 scored questions in the survey, the trust did not meet the expected range for 31. There were no statistically significant decreases in scores compared to the 2019 survey.

Five questions which recorded significant year-on-year improvement were:

Question	Score 2020	Score 2019
Q.14 Patient felt that treatment options were completely explained	85%	79%
Q.33 Patient had confidence and trust in all ward nurses treating them	82%	63%
Q.34 Patient thought there were always or nearly always enough nurses on duty to care for them	75%	53%
Q. 37 Patient definitely found hospital staff to discuss worries or fears during their in-patient visit	58%	41%
Q.59 Patient felt length of time for attending clinics and appointments for cancer was about right	70%	63%

Friends and family test

The friends and family test (FFT) asks patients to rate what their overall experiences of our services are from 'very good' to 'very poor'.

Patient experience feedback is collected using a combination of feedback kiosks, tablets and QR codes linked to online surveys. In the autumn, it was noted that the number of responses received via the QR code in the emergency departments was very low, so SMS was introduced. This saw a dramatic increase in the amount of feedback received.

The results for 2021/22 can be seen below:

In-patient

Month	% of patients reporting a good/very good experience	Responses
April 2021	72%	495
May 2021	80%	418
June 2021	78%	380
July 2021	84%	364
August 2021	79%	238
September 2021	84%	342
October 2021	79%	254
November 2021	84%	369
December 2021	82%	275
January 2022	82%	277
February 2022	85%	407
March 2022	85%	401

Out-patient

Month	% of patients reporting a good/very good experience	Responses
April 2021	84%	540
May 2021	84%	436
June 2021	86%	551
July 2021	84%	574
August 2021	89%	479
September 2021	83%	499
October 2021	86%	425
November 2021	81%	483
December 2021	83%	352
January 2022	84%	416
February 2022	84%	593
March 2022	88%	620

Maternity

Month	Q1 - antenatal care		Q2 - labour and birth		Q3 - postnatal care		Q4 - postnatal community services	
	% of patients reporting a good/very good experience	Responses	% of patients reporting a good/very good experience	Responses	% of patients reporting a good/very good experience	Responses	% of patients reporting a good/very good experience	Responses
Apr-21	47%	17	96%	105	94%	88	63%	8

May-21	50%	14	94%	79	92%	59	100%	1
Jun-21	33%	33	89%	102	93%	76	71%	7
Jul-21	40%	35	92%	111	90%	92	100%	5
Aug-21	57%	14	91%	110	89%	88	67%	6
Sep-21	47%	19	91%	115	89%	87	89%	9
Oct-21	58%	38	94%	155	92%	131	90%	10
Nov-21	70%	20	91%	143	89%	114	100%	3
Dec-21	47%	17	93%	99	89%	85	67%	9
Jan-22	58%	24	87%	100	82%	83	100%	6
Feb-22	56%	18	95%	131	87%	101	100%	5
Mar-22	55%	29	96%	144	96%	112	88%	8

Emergency department

Month	% of patients reporting a good/very good experience	Responses
April 2021	82%	85
May 2021	82%	90
June 2021	71%	113
July 2021	79%	82
August 2021	72%	79
September 2021	78%	86
October 2021	77%	96
November 2021	77%	2,184
December 2021	82%	2,697
January 2022	81%	2,497
February 2022	78%	2,791
March 2022	74%	3,216

Patient advice and liaison service (PALS)

Feedback from our patients, their relatives and carers is a valuable opportunity for us to review our services and make improvements. We encourage dialogue with staff, giving an opportunity for immediate action and resolution.

PALS provides information and advice on how patient concerns can be managed and takes action to resolve matters quickly and informally.

During 2021/22, PALS dealt with 9,576 matters, compared to 11,267 in the previous financial year. Due to staff sickness at the Royal Free Hospital, there is a backlog of cases to be inputted onto our Datix system. Consequently, the numbers being reported since August 2021 are not representative of the cases being received which, in turn, has impacted on the overall number reported for this financial year.

The table below shows the top five themes from this year and how they rank from the previous year:

	2020/21	2021/22
1	General assistance/enquiries	General assistance/enquiries
2	Communication	Communication
3	Appointments	Appointments
4	Positive comments	Positive comments
5	Clinical treatment	Clinical treatment

The PALS team can be contacted by telephone, email, website, in writing and are ordinarily available to talk in person (on request at Chase Farm Hospital). Due to COVID-19, the PALS team has had to work remotely for significant periods throughout 2021/22 and face-to-face discussion has been limited.

Complaints

We recognise that in the majority of instances it is best to resolve issues as soon as possible. Our patient information leaflets and posters encourage concerns to be raised immediately with the person in charge of a patient's care. Alternatively, contact details are provided for the PALS and complaints teams.

Complaints and PALS data is regularly reviewed by the trust's patient experience committees alongside other data, including patient surveys and friends and family test responses. Complaints data, including lessons learnt and actions taken is also included in:

- divisional monthly quality and safety boards
- quarterly reports taken to the people committee
- annual complaints report taken to the July trust board
- quarterly CLIPS (complaints, litigation, incidents, PALS and safety) reports taken to the patient safety committee.

The table below shows the main causes of complaints received in 2021/22 are very similar to 2020/21:

	2020/21	2021/22
1	Clinical treatment	Clinical treatment
2	Communication	Values and behaviours
3	Values and behaviours	Communication
4	Appointments	Appointments
5	Nursing care	Admission/discharge arrangements

Here are some examples of positive changes as a result of complaints made:

- An additional waiting area was created at the urgent treatment centre at Chase Farm Hospital to ensure that the increasing number of patients attending the unit can wait comfortably and safely.
- Improved food menus on maternity wards. Menus now outline what each item consists of, including calories, fat and sugar content and each bedside table has an allocated QR code that contains information about daily menus and the dishes served on the food trolley on the ward, as well as alternative menus.
- DHL, who provides our patient transport service, has employed an extra 34 drivers and increased its fleet by 15 vehicles to prevent delays and create greater capacity and flexibility in the system.
- Extended phlebotomy opening hours to meet the increased demand on the service.

The table below shows the number of complaints received by the trust and those that have escalated to the Parliamentary Health Service Ombudsman:

	2020/21	2021/22
Complaints received by the trust	857	1,286
Complaints upheld (partially or fully) by the trust	588	659
Complaints taken to the Parliamentary Health Service Ombudsman	17	17
Complaints upheld (partially or fully) by the Parliamentary Health Service Ombudsman	2	0
Complaints still under investigation with the Parliamentary Health Service Ombudsman	15	17

Note: The figures in the above table are accurate as of 29 April 2022 and will change over the coming months.

Interpreting

Our interpreting service ensures that we meet the needs of the diverse population which visit our hospitals. The three types of interpretation we provide are:

- Face-to-face interpreting
- Telephone interpreting (24 hours a day, seven days a week)
- Sign language interpreting
- Remote video appointments.

Departments are able to stipulate interpreter requirements, for example requesting a female interpreter for an antenatal appointment. The needs of patients with different impairments can also be accommodated, for instance, touch signing or lip reading.

The trust's current interpreting service provider is able to offer interpreting services in over 200 languages. Between 1 April 2021 and 31 March 2022 there were 3,300 face-to-face interpreting sessions and 16,400 telephone interpreting calls facilitated for patients, in 83 different languages.

The languages requested are reflective of the demographic of the trust's local area. The top 10 requested languages in the above period were:

1. Romanian
2. Arabic (Middle Eastern)
3. Turkish
4. Farsi (Persian)
5. Albanian
6. Polish
7. Portuguese
8. Bulgarian
9. Spanish
10. Pashto

Caring for patients with learning disabilities

During the COVID-19 pandemic reasonable adjustments were made for people with learning disabilities and/or autism by ensuring that their carers or family could still visit, or stay overnight if required, while they were in hospital. Patients with a learning disability and autism are also given longer appointment times and/or the first or last appointments of the day.

We have also developed easy read complaints information and an easy read 'do not attempt cardiopulmonary resuscitation' leaflet as this was an area of concern for people with learning disabilities, especially during the pandemic.

Chaplaincy

The chaplaincy and spiritual care team seeks to provide appropriate spiritual and religious care to all regardless of faith, belief or philosophy of life. The team encourage compassionate, non-judgmental care and are respectful of diversity. Its team includes an Imam, female Muslim chaplain, Rabbi, Roman Catholic priest, Anglican priest and several volunteers from other faith/belief backgrounds (Humanist, Buddhist, Anglican and Jewish).

Among its numerous services for patients, staff and visitors, are:

- end of life care support, such as commendation prayers, religious rituals or spending time with people
- pastoral and spiritual care
- emotional support and counselling

- the celebration or observance of key religious/cultural festivals including Eid, Chanukah, Diwali and Christmas
- places for prayer, reflection or worship (chapel, Muslim prayer room, Shabbat room) and prayer materials
- funerals, memorial services, weddings, baptisms
- pregnancy loss
- staff and volunteer training.

This year we continued to offer an online service of remembering for the Global Wave of Light for pregnancy loss and Transgender Day of Remembrance and set up regular visiting of patients at the trust's renal satellite sites. For staff we ran a weekly online mindfulness course, with more than 100 staff attending throughout the year. Thanks to funding from the Royal Free Charity, we have also been able recruit a psychotherapist and art therapist to support staff wellbeing either as part of group sessions or individually. Art therapy is aimed at helping staff to reduce stress and anxiety and promote their strengths and interests. The group sessions are an opportunity for staff to share their experiences, get to know one another better and support each other.



Our chaplains are involved in all staff networks: Black, Asian and Minority Ethnic (BAME), disabled staff network (ability@ the free), Lesbian, Gay, Bisexual and Transgender (LGBT+) and the women's network. They help facilitate colleague and senior leadership discussions around staff concerns in areas such as bullying and harassment and racial inequality. Our support for staff has also included reflective sessions and debriefs on the wards to help staff cope with the challenges brought about by COVID-19.

During the pandemic, we had to temporarily suspend volunteer visiting, but from May 2021 this was able to resume with infection control policies in place.

Working with our partners

The trust prioritises effective working with our partners to ensure our services are patient-focused, based on best practice and good value for taxpayers' money. Our most important partners among statutory bodies in north London and Hertfordshire include:

- acute, single specialty, community services and mental health providers, with which a growing number of joint delivery partnerships are being explored
- social services authorities in local London boroughs and Hertfordshire, which are collaborating with us to improve efficiency and quality in patient and client services
- commissioners, including local clinical commissioning groups (CCGs), NHS England and local authorities.

Our non-statutory partners play equally essential roles. Primary care federations support the delivery of more integrated services across a range of clinical pathways and the trust maintains regular communications with local Healthwatch groups.

As a large healthcare institution rooted deeply in the community, we have always been aware of our responsibility to improve the health and wellbeing of our patients, as well as the wider community and our staff. We take a population health approach of aiming to improve the health of the entire community, which extends beyond our hospitals. We work closely with our borough colleagues to agree priorities and develop an integrated approach to promoting good health, preventing disease and managing ill health as close to home as possible with clear pathways into, and out of, the hospital when required.

The trust keeps its key stakeholders informed of developments/news in a range of ways including sharing a fortnightly stakeholder update by email with approximately 150 individuals, holding briefing sessions, private meetings and attending events/meetings.

Partnership working across North Central London (NCL)

Throughout the last year, the Royal Free London (RFL) has worked closely with partners across NCL to ensure patients received the best care possible.

North London Partners in Health and Care has continued to oversee the whole health and care system in NCL. Together, we have been responding to the COVID-19 pandemic and taking steps to recover from the crisis.

We have been working closely across the sector to ensure the communities that we serve receive the best care possible. The sector has been working in partnership to reduce waiting lists and the pressures faced in all emergency departments.

The COVID-19 vaccination programme continues. In autumn, booster vaccinations were introduced, and the Royal Free London offered this to all staff. The Royal Free Hospital also opened its vaccination clinic to members of the local community, and they have been able to book to have their vaccine at the hospital through the national booking system. Throughout the year, collective efforts have been focused on supporting equitable uptake among all communities and age groups for first, second and booster jabs.

North Central London provider alliance

The North Central London Provider Alliance, comprising of 12 NHS trusts and foundation trusts, including the Royal Free London, has made significant progress since it was established in 2021.

Now called UCL Health Alliance, it has recruited a managing director, Nick Kirby, to work alongside chair Dominic Dodd. The alliance has also established a board made up of chief executive officers of all the member provider organisations, which meets monthly.

Its aim is to build on the strong global brand of UCL, as well as other globally-renowned expertise based in north central London, such as biomedical research centre The Francis Crick Institute, to improve health outcomes and inequalities for the populations we serve.

Formal partnerships with North Middlesex University Hospital NHS Trust (NMUH), Royal National Orthopaedic Hospital (RNOH) and West Hertfordshire Hospitals NHS Trust

The Royal Free London formed a formal partnership with NMUH in 2020, building on several years of clinical collaboration through our Clinical Practice Group (CPG) programme.

Over the last year, there have been further developments to deepen and broaden the links between our organisations including:

- the appointment of Mark Lam as chair of NMUH
- the participation of NMUH senior leadership in RFL board and executive management meetings
- the establishment of committees-in-common between RFL and NMUH to strengthen governance arrangements for the work we do together.

Looking ahead, a significant collaborative programme of work has been developed to meet our shared organisational objectives in improving outcomes for our patients and the experience of our staff.

The clinical partnership we established with RNOH during 2021 continues to progress and through sharing resources and clinic capacity, we have already improved access for our patients with musculoskeletal problems.

Together, we are also focused on creating additional capacity to undertake planned orthopaedic surgery at our centres in NCL, reducing unwarranted variation in the clinical care our patients receive, exploring ways we can develop our future workforce and establishing digital platforms that enable better system working. Regular partnership board meetings oversee this collaborative work.

We are now entering the fourth year of our clinical partnership with West Herts and have recently agreed to extend the partnership to deliver further benefits.

One of the main priorities for this partnership was the implementation of up-to-date Electronic Patient Record (EPR) systems at our acute sites and we are pleased that this was achieved, successfully, in autumn of 2021.

Good progress has also been made in other priority partnership programmes, in particular the estates development work at West Herts supported by the RFL estates team and the CPG programme, which is being extended from eight to 20 pathways at West Herts.

North London Partners Shared Services

North London Partners Shared Services (NLPSS) – a partnership between the Royal Free London and nine other north central London NHS trusts to deliver more efficient and effective corporate services – officially launched on 1 December 2021.

NLPSS has been established in line with the model of partnership working outlined in the NHS Long Term Plan after it was stated that all parts of England would be served by an integrated care system from April 2021. One of the expectations for integrated care systems is the establishment of a shared platform for corporate and clinical support services, such as payroll, patient administration, recruitment and finance.

The first service to come under the umbrella of NLPSS is transactional recruitment services (checks involved to make employment happen such as professional registration, IDs, references, right to work etc) which are provided to eight of the 10 trusts in the partnership who have chosen to transfer this service to NLPSS. Occupational health services followed in May 2022, which eight trusts chose to transfer. Partner trusts can decide which services they decide to transfer to NLPSS, on a case-by-case basis.

The adoption of automated technology will be a key part of NLPSS's approach, which will free staff from mundane, repetitive tasks and enable them to focus more on the NHS staff who rely on their support services.

For NHS staff who will use the new shared service, the benefits will be its 'customer-service' ethos with the ability to support NHS colleagues immediately and the opportunity to move seamlessly between north central London organisations with an existing understanding of support services and without unnecessary duplication of employment checks.

North London Partners Shared Services (NLPSS) is hosted by the trust on behalf of the partners acting as the legal entity, contracting authority and main employer of staff.

GPs

The trust continues to forge strong and productive relationships with local GPs. Our well-regarded GP liaison service solves practical problems for GPs by:

- responding to enquiries received via email, an informal route for GPs to raise concerns or issues
- producing routine communications, including a GP newsletter which is sent directly every three weeks to 151 GP contacts across north central London and Hertfordshire, and local commissioners to cascade

The trust also meets with primary care colleagues across north central London in a monthly clinical interface group. This meeting gives our primary care colleagues the chance to discuss any concerns they have and has helped maintain strong working relationships and open communication with local GPs.

The trust is actively involved in the Barnet, Camden and Enfield Borough Partnerships alongside GPs to improve care for local people. We have also launched a number of joint projects with local GPs, such as managing heart failure in Barnet and Camden. These projects will help improve services in our hospitals and in the community.

Every quarter, a summary report of enquiries received is produced to help identify themes and trends. These are presented to the local executive committees at each of our hospitals and shared with primary care colleagues at a monthly meeting.

Clinical Commissioning Groups (CCGs)

We have been working closely with all our clinical commissioning groups, community trusts, mental health organisations and local authority partners to deliver the best possible service for our patients over what has been another incredibly challenging year.

We continue to work across NCL to determine how together, as a system, pressure can be reduced across our hospitals, and we can address our waiting lists. This involves work to develop, redesign and streamline services and pathways.

Health Services Laboratories

Health Services Laboratories (HSL) continue to provide pathology services at the Royal Free Hospital. HSL is a joint venture between the Royal Free London, University College London Hospitals and the Doctors Laboratory, which has been running pathology services at the Royal Free Hospital since 2015.

Maggie's

The Royal Free London has been working with Maggie's, a national charity which provides support to people with cancer, their families and friends, to create a Maggie's Centre on the Royal Free Hospital site.

Construction work began in October 2021 and the centre is expected to be completed by the end of 2022.

Maggie's centres are built in the grounds of specialist NHS cancer hospitals and offer social, emotional and practical help to those whose lives are affected by cancer.

Working with the Royal Free Charity

During the first year of the pandemic, the charity helped us respond to the immediate challenges we faced, including making sure our staff had food, accommodation, spaces to rest at work and psychological support. This year, the charity's focus shifted towards supporting our pandemic recovery, launching the Breaking Point fundraising appeal in September. The appeal highlighted the impact of the pandemic on our staff, on patients waiting for their treatment and on those struggling with long COVID. Thanks to the generosity of supporters who donated £700,000 to the appeal, the charity is funding several projects:

- Pioneering research to improve understanding of long COVID**

The charity awarded £261,846 for a ground-breaking long COVID research project to help clinicians to learn more about the condition. Led by renowned

consultant respiratory physician Dr Swapna Mandal, the research seeks to enable clinicians to predict who is most at risk of developing long COVID, and how severe their symptoms are likely to be. In the long term, the findings could lead to the development of better targeted treatments that will help people to recover faster.

- **Two initiatives to boost staff wellbeing**

A pilot study into how virtual reality (VR) therapy could reduce stress and anxiety for Royal Free London staff was awarded £63,000 to help expand the project across the trust, test the best headsets and understand more about the benefits of VR.

Staff surveys have highlighted the need for more and better rest spaces across our hospitals. £50,000 of the Breaking Point funding was awarded to support the refurbishment of key areas for wellbeing spaces so that staff can have some respite from the intensity of a busy shift.

- **An innovative digital approach to reducing surgery waiting times**

A new digital platform, that will increase the efficiency of the preoperative assessment and informed consent processes, will be scaled up thanks to charity funding worth £145,694. Transforming this part of a patient's journey will get them into surgery more quickly and reduce the number of patients on long waiting lists.

Alongside delivering a major fundraising appeal, the charity adopted a new strategic framework, with a new vision and mission, that works in tandem with the trust's strategic direction. It ensures that all charity grant funding is used to support our patients, our staff or locally delivered research.

This ranges from pump priming investment in innovative and early-stage work to making long-term strategic investments to help our patients here and others around the world. We saw the benefits of this approach in two hugely significant developments this year:

- The Clinical Research Facility (CRF) based at the Royal Free Hospital was awarded £4.9million in funding from the National Institute for Health Research (NIHR). The CRF was set up thanks to Royal Free Charity funding that covered the initial set-up costs to get the facility up and running and to employ core staff.
- This year also saw researchers and scientists move into the Pears Building, the new home of the UCL Institute of Immunity and Transplantation and the new base for the charity on our Royal Free Hospital campus. The innovative partnership behind this £60million building – UCL, the Royal Free London NHS Foundation Trust and the Royal Free Charity, as well as generous donors, particularly the Pears Foundation – are working together to bring new hope for patients through cutting edge immunology research in conditions like cancer, HIV, severe immune disorders and of course COVID-19.

As well as grants, the charity provides direct services in our hospitals, delivered by an army of volunteers, a team of clinical massage therapists and a support hub for patients with long-term conditions who need help with the benefits system, housing and other issues.

As the year ended, we welcomed the return of most volunteers to their hospital roles following the easing of pandemic restrictions. The indispensable dementia companions are back providing much needed company and distraction for those on the wards who need it most and the much-loved therapy dogs have returned to give patients and staff a boost. With footfall increasing, the return of meet and greet volunteers guarantees a warm welcome to our visitors and patients.



Caroline Clarke
Chief Executive

21 June 2022

2.3 Remuneration report

The pay of board level directors who have the authority and responsibility for directing and controlling the activities of the trust is determined by the remuneration committee (for executives) and nominations committee (for non-executives). These committees also oversee the recruitment and performance of board members.

The remuneration committee also includes approving the appointment and salaries for very senior managers below board level. This is typically the senior leadership roles in each hospital or corporate area. The remuneration of board members and senior staff in wholly owned subsidiary companies, such as RFL Property Services Limited and RFL Dispensary Services Limited, is also set by the remuneration committee, reflecting that the trust is the sole shareholder in these companies.

2.3.1 Annual statement on remuneration

The key activities and decisions this year were:

- No general increase in board executive director basic salaries as they are, in the committee's judgment, broadly thought to be currently reasonable.
- Increases in salary for some executive directors who had either obtained new roles or had taken on additional responsibilities. These increases were made in accordance with NHS guidance and approvals requirements.
- A review of the salaries of very senior (VSM) and senior managers (SM) resulted in a number of posts below hospital executive level being re-assigned to Agenda for Change paypoints, reducing the number of VSM and SM roles the committee will set salaries for. Its remit has been reduced to senior roles at hospital executive team level and corporate equivalents.
- Approval of a number of secondments and internal acting arrangements to cover the COVID-19 pandemic and staff moves to support the wider NHS.
- No performance-related pay or bonuses or other incentive payments were made in addition to, or separate from, the annual salary of directors in 2021/22.

No exit or other payments were agreed in 2021/22 for any board members or directors of the trust, or in any wholly owned subsidiary.

See page 95 for board member salaries in 2021/22.

2.3.2 Approach to executive directors' remuneration and other senior staff

The pay of executive directors and other senior staff is determined by the trust's remuneration committee made up of non-executive directors. The trust's approach is to review board level director salaries annually but with no automatic entitlement to any increase. The review is based on:

- an analysis of comparable salaries and remuneration in other organisations

- overall executive team and wider VSM/SM staff performance
- the general context of NHS pay and awards to other staff groups, including public sector pay policy.

The remuneration committee aims to pay competitively but not excessively for high quality directors and senior managers, typically within the median of expected salaries across comparable organisations and in line with guidance from NHS England and Improvement. Salaries over £150,000 per annum are reviewed regularly to ensure they are within the benchmarks provided by NHS Improvement and other survey data.

Performance related pay has not been a component of remuneration for director roles. Medical appointees may have local or national clinical excellence awards make up part of their remuneration and are subject to eligibility and assessment under those schemes.

Remuneration components – directors	Approach	Review process	Benefits
Basic salary	Competitive but not excessive pay for high quality directors and senior managers - typically within the median of expected salaries across comparable organisations.	Reviewed annually by the remuneration committee based on comparable salaries and executive director and VSM/SM performance in the context of wider NHS pay and applicable guidelines.	Transparent base pay which is felt to be fair by senior staff for the responsibilities they hold and encourages commitment.
Taxable benefits	No allowances or payments made in addition to basic salary.	N/A	N/A
Annual performance related bonuses or incentive payments	One made in 2021/22. For 2021/22 performance related pay made up an element of remuneration for the managing director of group corporate services.	Performance targets established at the start of the review period and performance measured at the end.	Provides focused incentives for addressing key targets. Requires balancing measures to ensure one key priority does not destabilise others. Trust is seeking to evaluate impact of targeted performance related pay in 2021/22.
Long-term performance related bonuses or incentive payments	None made in 2021/22.	N/A	N/A
Pension benefits	All directors and VSM/SM staff are entitled to join the NHS pension scheme	N/A	Attractive career average defined benefits pension

	<p>with associated employer and employee contributions paid on their salary – a statement of pension benefits for directors is on page 97.</p> <p>The trust has not paid the employer contribution directly to any director choosing to opt-out of the pension scheme. This position will be reviewed in the light of any national changes to approach.</p>		<p>scheme consistent with the rest of the NHS.</p>
Cars, health or other benefits	<p>None paid (but managers have access to a car lease scheme and other benefits as do other staff).</p>	N/A	N/A

2.3.3 Executive directors' notice periods and payments for loss of office

Directors are appointed subject to a notice period of three months and benefit from NHS terms and conditions relating to any severance payment for reasons of redundancy (as outlined in Schedule 16 of the agenda for change terms and conditions of service). There is no contractual entitlement to a severance payment in any other circumstances. The same applies to VSM and SM staff.

Other staff employed by the trust are paid under national terms and conditions of service for the relevant NHS staff (agenda for change or the national medical terms and conditions of service). Rates of pay are determined by the government on the advice of the NHS pay review bodies or in negotiation with NHS trade unions.

2.3.4 Non-executive directors' remuneration

Pay and allowances for the chairman and non-executive directors are determined by the trust's nominations committee made up of governors. Their payments are comparable to those made by other foundation trusts. There was no increase in 2021/22. The non-executive directors and chairman are office holders and the terms of their appointments are such that they receive no severance or other payments at the end of their term of office. Details of their remuneration and expenses are set out in the table below.

The trust appointed a new chairman, Mark Lam, in April 2021 whose remuneration was set at the same level as his predecessor.

2.3.5 Policy on the use of off-payroll engagement

The trust uses off-payroll engagements (contractors) for some tasks and roles. Sometimes interim cover is required for an established role or there is work to be undertaken for which specialist skills are required or which is of short duration. Such use of contracts is subject to approval by senior managers and regularly reviewed by the trust's senior pay group.

2.3.6 High paid off-payroll engagements

Table 1: Highly paid off-payroll worker engagements as of 31 March 2022 earning £245 per day or greater

Existing engagements as of 31 March 2022	0
Of which:	
No. that have existed for less than one year at time of reporting	0
No. that have existed for between one and two years at time of reporting	0
No. that have existed for between two and three years at time of reporting	0
No. that have existed for between three and four years at time of reporting	0
No. that have existed for four or more years at time of reporting	0

All existing off-payroll engagements outlined above have, at some point, been subject to a risk-based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.

Table 2: All highly paid off-payroll engagements workers engaged at any point during the year ended 31 March 2022 earning £245 per day or greater

Number of off-payroll workers engaged during the year ended 31 March 2022	0
Of which:	
- Not subject to off-payroll legislation	0
- Subject to off-payroll legislation and determined as in-scope of IR35	0
- Subject to off-payroll legislation and determined as out-of-scope of IR35	0
Number of engagements reassessed for compliance or assurance purposes during the year	0
Of which: number of engagements that saw a change to IR35 status following review	0

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2021 and 31 March 2022

No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
No. of individuals that have been deemed “board members and/or senior officials with significant financial responsibility” during the financial year. This figure should include both off-payroll and on-payroll engagements.	12

2.3.7 Directors' salaries and allowances – subject to audit

Board level directors have been informed in advance of the intention to disclose information about them and have been notified that they can object under Article 21 of the General Data Protection Regulation (GDPR).

2021/22						2020/21			
Name	Title	Start/leave dates	Salary and fees (bands of £5,000)	Pension-related benefits (in bands of £2,500)	Total (in bands of £5,000)		Salary and fees (bands of £5,000)	Pension-related benefits (in bands of £2,500)	Total (in bands of £5,000)
			£000	£000	£000		£000	£000	£000
Chair and vice chair									
Mark Lam	Chair	Appointed 1 April 2021	60-65		60-65				
Dominic Dodd	Chair	Left 31 March 2021					60-65		60-65
Mary Basterfield	Vice chair and non-executive director		10-15		10-15		10-15		10-15
Non-executive directors									
Prof. Anthony Schapira	Non-executive director	Left 31 August 2020					5-10		5-10

Akta Raja	Non-executive director		10-15		10-15		10-15		10-15
Sir Christopher Ham	Non-executive director	Left 31 December 2021	10-15		10-15		10-15		10-15
Prof David Lomas	Non-executive director	Appointed 1 September 2020	10-15		10-15		5-10		5-10
Doris Olulode	Non-executive director		10-15		10-15		10-15		10-15
James Tugendhat	Non-executive director		10-15		10-15		10-15		10-15
Dr Mohini Parmar	Non-executive director	Appointed 1 January 2022	0-5		0-5				
Wanda Goldwag	Non-executive director	Left 30 November 2020					5-10		5-10
Amanda Gibbon	Associate non-executive director	Appointed 1 April 2021	10-15		10-15				
Sarah Rapson	Associate non-executive director	Appointed 1 December 2021	0-5		0-5				
Executive directors									

Caroline Clarke	Group chief executive		240-245	67.5-70	310-315	240-245		240-245
Vicky Clarke	Group chief financial officer	Appointed 13 January 2022	30-35	90-92.5	125-130			
Timothy Callaghan**	Acting chief finance and compliance officer	20 September 2021 – 12 January 2022	130-135	52.5-55	185-190			
Peter Ridley	Chief finance and compliance officer	Left 19 September 2021	80-85	52.5-55	135-140	170-175	40-42.5	215-220
Dr Chris Streather	Group chief medical officer		235-240		235-240	235-240		235-240
Deborah Sanders	Barnet Hospital chief executive		190-195		190-195	120-125		120-125
Kate Slemec	Royal Free Hospital chief executive	Left 31 August 2021	80-85	72.5-75	155-160	190-195	15-17.5	210-215
John Connolly*	Royal Free Hospital chief executive	Appointed 25 July 2021	200-205	450-452.5	650-655			
Julie Hamilton (commenced August 2020)	Chief nurse	Appointed August 2020	160-165	160-162.5	320-325	95-100	112.5-115	205-210

*John Connolly: Salary includes £50,000-£55,000 in respect of remuneration prior to becoming a senior manager.

**Tim Callaghan: Salary includes £85,000-£90,000 in respect of remuneration for his non senior manager role.

Taxable benefits

There are no 'taxable benefits' during 2021/22 and 2020/21.

Annual performance related bonuses

There are no 'annual performance related bonus' awards during 2021/22 and 2020/21.

Long term performance pay and bonuses

There are no 'long term performance pay and bonus' awards during 2021/22 and 2020/21.

Definitions

Salary and fees: all amounts paid or payable by the trust, including recharges from any other health body.

Expense payments (taxable): this is the gross value of taxable expenses and benefits before tax.

Annual performance related bonuses: These comprise money or other assets received or receivable for the financial year as a result of achieving performance measures and targets relating to a period ending in the relevant financial year.

Long-term performance-related bonuses: These comprise money or other assets received or receivable for periods of more than one year where final vesting is determined as a result of achieving performance measures or targets relating to a period ending in the relevant financial year and is not subject to the achievement of performance measures or targets in a future financial year.

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

any increase or decrease due to a transfer of pension rights. This value does not represent an amount that will be received by the individual. It is a calculation that is intended to convey to the reader of the accounts an estimation of the benefit that being a member of the pension scheme could provide. The pension benefit table provides further information on the pension benefits accruing to the individual.

Total: This is the total of all the above columns and does not necessarily represent the total the individual personally received from the trust.

2.3.8 Pension entitlements of senior managers 2021/22 – subject to audit

Name	Title	Real increase/ (decrease) in pension at pension age (bands of £2,500)	Real increase/ (decrease) in lump sum at pension age (bands of £2,500)	Total accrued pension at 31 March 2022 (bands of £5,000)	Lump sum related to accrued pension at 31 March 2022 (bands of £5,000)	Cash equivalent transfer value at 1 April 2021 £000	Real increase in cash equivalent transfer value £000	Cash equivalent transfer value at 31 March 2022 £000
Caroline Clarke	Group chief executive	2.5-5	2.5-5	65-70	150-155	1,195	70	1,292
Vicky Clarke	Group chief financial officer	0-2.5	0-2.5	35-40	55-60	463	6	540
Peter Ridley	Chief finance and compliance officer	0-2.5	0-2.5	45-50	75-80	624	2	686
John Connolly	Royal Free Hospital Chief Executive	12.5-15	35-37.5	85-90	215-220	1,403	309	1,921
Kate Slemecik	Royal Free Hospital chief executive	2.5-5	0-2.5	55-60	105-110	1,019	74	1,110
Julie Hamilton	Chief nurse	7.5-10	15-17.5	40-45	85-90	565	124	716
Timothy Callaghan	Acting chief finance and compliance officer	0-2.5	0-2.5	40-45	65-70	497	0	551

Dr Chris Streather and Deborah Sanders chose not to be covered by the pension arrangements during the reporting year. Figures are supplied by the NHS Pensions Agency and are based on their employment as executive directors of the trust.

Certain members including non-executive directors do not receive pensionable remuneration and therefore there are no entries in respect of pensions for these members.

2.3.9 Pension benefits of executive director

A cash equivalent transfer value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's (or other allowable beneficiary's) pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV: This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation or contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement).

NHS Pensions are still assessing the impact of the McCloud judgement in relation to changes to benefits in the NHS 2015 Scheme. The benefits and related CETVs disclosed do not allow for any potential future adjustments that may arise from this judgement.

2.3.10 Fair pay – subject to audit

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

The banded remuneration of the highest paid director in the organisation in the financial year 2021/22 was £240,000 to £245,000 (2020/21: £240,000 to £245,000). In 2021/22 this is a change between years of 0% (2020/21: 4.3%).

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

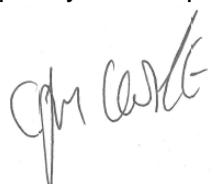
For employees of the trust, the range of remuneration in 2021/22 was from £1,000 to £245,000 (2020/21 £3,000 to £245,000). The percentage change in average employee remuneration (based on the total for all employees on an annualised basis divided by full time equivalent number of employees) between years is 14.3% (2020/21: 3.5%). The reason for the relatively high increase in percentage is because the 2020/21 average does not include bank and agency staff (see note on prior year comparatives below). No employees received remuneration in excess of the highest paid director in 2021/22, which is the same as the previous year.

Pay ratio information

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

2021/22	25 th percentile £000's	Median £000's	75 th percentile £000's
Total pay and benefits excluding pension benefits	£27,780	£39,467	£50,017
Pay and benefits excluding pension: pay ratio for highest paid director	8.7	6.1	4.8
2020/21	25 th percentile £000's	Median £000's	75 th percentile £000's
Total pay and benefits excluding pension benefits	£24,157	£32,691	£44,503
Pay and benefits excluding pension: pay ratio for highest paid director	10.0	7.5	5.4

Prior year comparatives: The 2021/22 figures include bank and agency staff pay for the first time. Due to the absence of comparable data for 2020/21, the trust is unable to restate its prior year comparatives for average employee remuneration.



Caroline Clarke
Chief executive
21 June 2022

2.3.11 Staff costs – subject to audit

		2021/22	2020/21
	Permanent	Other	Total
	£000	£000	£000
Salaries and wages	445,406	61,097	506,503
Social security costs	69,127	-	69,127
Apprenticeship levy	2,547	-	2,547
Employer's contributions to NHS pensions	100,909	-	100,909
Temporary staff	-	25,004	25,004
Total staff costs	617,989	86,101	704,090
Of which			
Costs capitalised as part of assets	3,481	486	3,966
			3,043

2.3.12 Average number of employees (WTE basis) – subject to audit

		2021/22	2020/21
	Permanent	Other	Total
	Number	Number	Number
Medical and dental	718	1,025	1,743
Administration and estates	2,320	521	2,841
Healthcare assistants and other support staff	1,414	286	1,700
Nursing, midwifery and health visiting staff	3,117	613	3,731
Scientific, therapeutic and technical staff	932	193	1,126
Healthcare science staff	184	34	218
Total average numbers	8,685	2,672	11,359
Of which:			
Number of employees (WTE) engaged on capital projects	50	7	57
			40

2.3.13 Reporting of compensation schemes – exit packages 2021/22 – subject to audit

Exit package cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages	Total cost of exit packages
	No.	£000	No.	£000	No.	£000
<£10,000	1	8	10	46	11	54
£10,000 - £25,000	1	22	3	45	4	67
£25,001 - £50,000	5	199	0	0	5	199
£50,001 - £100,000	1	81	0	0	1	81
£100,001 - £150,000	1	107	0	0	1	107
Total	9	417	13	91	22	508

Reporting of compensation schemes – exit packages 2020/21

Exit package cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages	Total cost of exit packages
	No.	£000	No.	£000	No.	£000
<£10,000	2	7	10	55	12	62
£10,000 - £25,000	5	92	7	97	12	189
£25,001 - £50,000	4	138	1	27	5	165
£50,001 - £100,000	2	126	0	0	2	126
£100,001 - £150,000	0	0	0	0	0	0
Total	13	363	18	179	31	

Analysis of other agreed departures

	Number of agreements	Total value of agreements
	No.	£000
Contractual payments in lieu of notice	13	91
Total	13	91

2.3.14 Better payment practice code

Better payment practice code	Actual 31/03/22 YTD Number	Actual 31/03/22 YTD £'000
Non NHS		
Total bills paid in the year	223,419	630,414
Total bills paid within target	204,116	514,173
Percentage of bills paid within target	91.4%	81.6%
NHS		
Total bills paid in the year	4,949	96,798
Total bills paid within target	2,371	44,705
Percentage of bills paid within target	47.9%	46.2%
Total		
Total bills paid in the year	228,368	727,212
Total bills paid within target	206,487	558,878
Percentage of bills paid within target	90.4%	76.9%

2.4 Staff report

About our employees

The trust employs 11,359 staff (as of 31 March 2022) and spent £704.1million million on pay and benefits in 2020/22. A breakdown of our employees and pay spend is provided below.

Average number of employees (WTE basis)	Permanent	Other	2020/22 Total	2020/21 Total
Medical and dental	718	1,025	1,743	1,708
Ambulance staff	0	0	0	0
Administration and estates	2,320	521	2,841	2,715
Healthcare assistants and other support staff	1,414	286	1,700	1,676
Nursing midwifery and health visiting staff	3,117	613	3,731	3,461
Nursing, midwifery and health visiting learners	0	0	0	0
Scientific therapeutic and technical staff	932	193	1,126	1,050
Healthcare science staff	184	34	218	209
Social care staff	0	0	0	0
Other	0	0	0	0
Total average numbers	8,685	2,672	11,359	10,818
Of which				
Number of employees (WTE) engaged on capital projects	50	7	57	40

Directors	Trust total	% of trust total
Female	24	52.17%
Male	22	47.83%
Total		

Total staff	Trust total	% of Trust total
Female	8,077	72.47%
Male	3,068	27.53%
Total		

Senior managers*	Trust total	% of trust total
Female	648	68.6%
Male	293	31.14%
Total		

*Band 8A+ and senior medics (medical and clinical directors)

Staff group	Trust total	% of Trust total
Add prof scientific and technic	394	3.54%
Additional clinical services	479	4.30%
Administrative and clerical	2,368	21.25%
Allied health professionals	701	6.29%
Estates and ancillary	423	3.80%
Healthcare assistants	1,020	9.15%
Healthcare scientists	234	2.10%
Medical and dental	1,860	16.69%
Nursing and midwifery registered	3,637	32.63%
Students	29	0.26%
Total		

Ethnic Origin	Trust total	% of trust total
Asian	3,130	28.08%
Any other Asian background	1,344	12.06%
Bangladeshi/British Bangladeshi	163	1.46%
Chinese	182	1.63%
Indian/British Indian	1,263	11.33%
Pakistani/British Pakistani	178	1.60%
Black	1,974	17.71%
African/Black British African	1,379	12.37%
Black/Black British Other	146	1.31%
Caribbean/Black British Caribbean	449	4.03%
Mixed	398	3.57%
Any other mixed/multiple ethnic background	158	1.42%
White and Asian	101	0.91%
White and Black African	72	0.65%
White and Black Caribbean	67	0.60%
Other	222	1.99%
Other	222	1.99%
Other BME	566	5.08%

Other BME	566	5.08%
White	4,855	43.56%
White British	3,255	29.21%
White Irish	298	2.67%
White Other	1,302	11.68%
Total	11,145	100.00%

Disabled	Trust total	% of trust total
Yes	330	2.96%
No	9,317	83.60%
Not declared	214	1.92%
Undefined	1,274	11.43%
Prefer not to answer	10	0.09%
Total	11,145	100.00%

Sexual orientation	Trust total	% of trust total
Bisexual	122	1.09%
Heterosexual or straight	8,800	78.96%
Gay or lesbian	254	2.28%
Undecided	21	0.19%
Other sexual orientation not listed	6	0.05%
Not stated	973	8.73%
Unknown	969	8.69%
Total	11,145	100.00%

Religious belief	Trust total	% of trust total
Atheism	1,151	10.33%
Buddhism	190	1.70%
Christianity	5,070	45.49%
Hinduism	718	6.44%
Islam	908	8.15%
Jainism	40	0.36%
Judaism	199	1.79%

Sikhism	73	0.66%
Other	582	5.22%
I do not wish to disclose my religion/belief	1,188	10.66%
Undefined	1,026	9.21%
Total	11,145	100.00%

Age group	Trust total	% of trust total
Under 20	19	0.17%
21-25	754	6.77%
26-30	1,631	14.63%
31-35	1,764	15.83%
36-40	1,348	12.10%
41-45	1,308	11.74%
46-50	1,328	11.92%
51-55	1,217	10.92%
56-60	954	8.56%
61-65	587	5.27%
66-70	175	1.57%
71+	60	0.54%
Total	11,145	100.00%

For figures on staff turnover at the trust see [here](#).

2.4.1 Sickness absence data

Total sickness absence data for 2020/21 is as follows:

	2020/21	2020/22
Average wte	9,626	10,063
Cumulative sickness absence rate	4.47%	4.42%
Average days lost	10.01	9.90

2.4.2 Consultancy expenditure

The trust spent £1.7million on consultancy in 2021/22 compared to £1.7million in 2020/21. This includes payments for specialist services and advice that is not available in house, including cyber security and IT support, research and development, transformed patient

administration services project, North London Partners Shared Services set up, West Hertfordshire Hospitals NHS Trust development project, University College London business consultancy and financial systems upgrade.

2.4.3 Workforce overview

Our staff have continued to work under incredible pressure to ensure high quality patient care despite the challenges brought about by the pandemic, including supporting elective recovery targets and staff shortages. To ensure staff are able to enjoy their work and that their wellbeing is prioritised, we have a range of support programmes in place.

To do this we operate:

- a comprehensive range of workforce policies and procedures regularly reviewed and updated with staff and trade unions
- training and development opportunities for all staff
- a strong portfolio of undergraduate and postgraduate education and training for health professionals
- regular performance and development reviews
- leadership development for managers and leaders
- health and wellbeing services and support
- support for equality, diversity and inclusion
- efficient and effective recruitment and HR support and development services
- a wide range of communications with staff and representatives using digital and written media, forums and formal groups and committees
- change management and organisational development support.

2.4.4 Education, training and development

The trust is proud of its strong tradition in educating and training both the future NHS workforce and its current staff. We are a partner of University College London (UCL) Medical School, and our undergraduate medical education is internationally recognised. We are one of the largest providers of postgraduate medical education in the country, with over 600 doctors in training in our hospitals across a wide range of specialties. We also have a track record of excellence in our teaching of nurses, midwives, therapists and other healthcare professionals, working closely in collaboration with our university partners. Throughout 2021/22 we have taken a number of steps to continue the trust's record of excellence in education, training and development:

Undergraduate medical education

Students gave very good feedback on the quality of undergraduate medical teaching at our hospitals for the 2021/22 academic year. A total of 23 placements/attachments received a green rating, eight amber and none red, which is a continuation of the previous year's strong performance.

This year educators across our hospitals continued to adapt teaching to reflect the realities of COVID-19, ensuring teaching commitments to medical students were continued through peaks in the pandemic and virtual and hybrid models of learning were applied where necessary. As in the previous year, medical students provided invaluable and exceptional

levels of support to the delivery of clinical services during COVID surges, particularly within critical care and acute medical wards.

We have continued our successful clinical teaching fellow programme to drive innovation in teaching in several services, notably in paediatrics, oncology, endocrinology and cardiology, and continue to offer a range of innovative elective placements in areas such as emergency medicine, simulated laparoscopic surgery and intensive care medicine.

Postgraduate medical education

Trainee doctor ratings gave the trust an overall satisfaction score of 73.58 for their training in the General Medical Council National Trainee Survey 2021. Whilst the overall satisfaction score has declined, some likely influencing factors include; the impact of the pandemic on wellbeing, burnout and morale; redeployment into roles outside of training programmes as part of the COVID-19 response; and impact of reduced access to curriculum aligned learning opportunities such as theatre lists, clinics and formal teaching programmes.

Trainees gave particularly good feedback on the quality of training in several areas such as gastroenterology (Royal Free Hospital), foundation surgery (Royal Free Hospital), acute care common stem (Barnet Hospital) and core surgical training (Barnet Hospital). Quality visits from Health Education England (HEE) have focused on the following specialties: cardiology, ophthalmology, acute care common stem, and obstetrics and gynaecology (all Royal Free Hospital). All of these visits identified examples of good practice as well as areas for improvement that are being addressed.

To further improve the quality of our postgraduate medical education, numerous steps have been taken over the last year, including:

- Embedding and strengthening HEE's standards for supervision
- Strengthening the quality of local faculty groups
- Targeted use of HEE training recovery funding
- Closer working with guardians of safe working hours and speaking up guardians
- A faculty masterclass programme to support the development needs of clinical and educational supervisors.

This year we also participated in an extremely successful medical support worker (MSW) programme for doctors from Myanmar. In total 54 MSWs were employed and given educational supervision and support to progress to General Medical Council (GMC) registration. The majority have now completed and gone on to employment within the NHS, with some remaining within the trust for an extended period to receive additional support to complete their registration.

Nursing, midwifery and allied health professional education

As part of our high-quality placements for pre-registration nursing and midwifery students, we have continued to work with university partners on the rollout of new Nursing and Midwifery Council (NMC) standards for pre-registration education, including the Standards for Student Supervision and Assessment (SSSA). In line with the national NHS People Plan

we have also expanded clinical placement capacity through a number of innovative placement models.

We have taken significant steps in the development of our education and training pathway for unregistered (band 2-4) nursing staff, running further cohorts of apprenticeships for nursing assistants and continuing our trainee nursing associate programme. In addition, in January 2022 we launched our first degree-level registered nurse apprenticeships, with a further cohort planned in 2022/23.

For training of overseas qualified nurses who wish to register with the NMC, we have significantly expanded our intake and expect more than 400 nurses to go through the programme and successfully become registered nurses in 2022/23. We have also expanded our range of university-accredited in-house post-registration programmes for nursing staff with 12 programmes currently accredited by university partners in acute medical care, frailty, perioperative care and critical care.

For allied health professionals, we continue to offer a wide range of clinical placements and have expanded in line with the NHS People Plan. We have also successfully rolled out apprenticeships for staff wishing to train as occupational therapists and operating department practitioners and have plans to expand further in 2022/23.

Within healthcare sciences, we have increased our places on the national scientific training programme and continue to play a leading role in regional training events such as Reach Out for Healthcare Science and the pan-London HCS Education Collaborative. We have also started to use apprenticeships for the first time to support career pathways in healthcare sciences.

As in 2020/21, pre-registration students and trainees from across all disciplines provided invaluable support to clinical services during COVID-19 surges. Their support was widely acknowledged, particularly within acute care environments.

Apprenticeships

We achieved a record 168 apprentice placements in 2021/22, compared to 144 in 2020/21, representing both professional development opportunities for our own staff plus new ways into healthcare careers for those working in the NHS for the first time. Of particular note, following our successful application to join the Register of Approved Training Providers (RoATP) the trust received a satisfactory outcome in its New Provider Monitoring Visit from Ofsted. We have started our leadership and management and healthcare support worker apprenticeships and are a provider on behalf of partner organisations in the NHS for primary care business and administration and mammography assistant apprenticeships.

Wider workforce development

The trust supports applications for study leave funding for the continuing personal and professional development of non-medical staff across the organisation, such as postgraduate certificates, master's programmes, attendance at clinical conferences and professional qualifications. Medical staff were supported to access study leave entitlements in line with contractual terms and conditions.

Examples of other training provided in-house for staff includes medical terminology for non-

clinical staff, AMSPAR (Association of Medical Secretaries, Practice Managers, Administrators and Receptionists) qualifications, Sage and Thyme and advanced communication skills.

2.4.5 Staff engagement

We use a variety of channels to communicate with staff consistently and regularly, including:

- Freemail – our electronic newsletter used to inform staff of key news and events to cascaded on a flexible basis, at times daily (during COVID-19 surges) and reverting to weekly as required
- Freepress – a monthly staff magazine distributed to all sites
- Managers briefing – a fortnightly update for line managers on key issues they needed to be aware of and act upon
- COVID-19 weekly updates – these were re-established during surge periods as well as in the planning of the now revoked ‘vaccine as condition of deployment for healthcare workers’ via a vlog/Q&A session
- Chief executive briefings – a monthly face-to-face briefing, open to all staff, from the chief executive at each of our hospitals. This is then communicated via video and written channels on the intranet
- Freenet – the intranet available to staff across all sites which is updated daily. The people pages on this have been heavily utilised, particularly the COVID-19 and vaccines FAQs, and the staff health and wellbeing section
- Microsoft Teams meetings – as in 2020, this year we have continued to engage staff via virtual meetings which has enabled us to reach a much larger audience. This method was used in all of our staff networks (women’s, LGBT, BAME and Ability at the Free)

There were also regular forums where senior managers heard feedback and ideas from different groups of staff, including:

- junior doctors
- clinical directors and service line leads
- senior leadership.

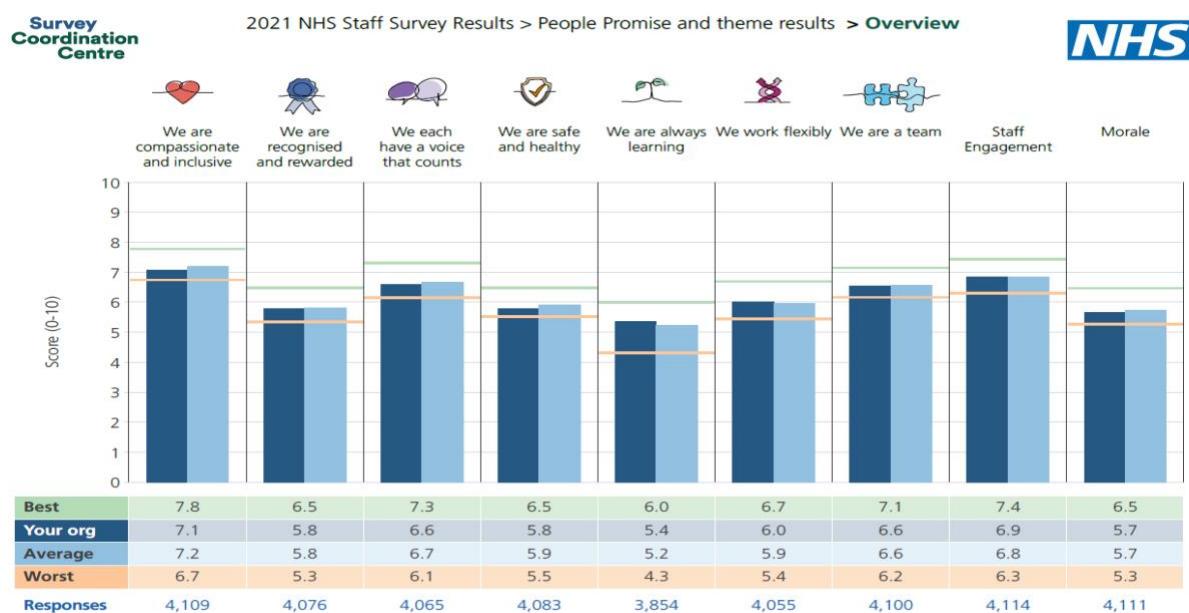
2.4.6 Staff survey

The annual national NHS staff survey was conducted between September and November 2021. A total of 4,123 members of staff responded, 40% of our workforce. The survey was distributed by email (80%) and postal copy (20%).

The response rate was as follows:

Business unit	Total sent	Completed	Non returned	Response rate
Barnet Hospital	3247	1197	2050	37%
Chase Farm Hospital	462	326	136	71%
Corporate	1445	752	693	52%
Group clinical services	798	317	481	40%
Royal Free Hospital	4472	1531	2941	34%
Total	10,424	4,123	6,301	40%

The trust's performance against the national average and the best and worst performing hospitals is summarised below:



We scored higher in the following areas than we did last year:

- Staff were able to make improvements happen in their work area.
- Staff felt satisfied with opportunities for flexible working patterns.
- Staff felt their role made a difference to patients and service users.
- Staff were satisfied with the extent to which the organisation values their work.
- Staff would recommend the organisation as a place to work.
- If a friend or relative needed treatment staff would be happy with the standard of care provided by the organisation.

Areas for improvement

The key areas of focus to improve the staff experience are:

- bullying and harassment
- staff engagement
- equality, diversity and inclusion
- morale.

We aim to address these by identifying areas with good performance and exploring why many of the staff there feel the way they do, locating hot spots and addressing findings in these places, setting up staff working groups and planning targeted actions and communicating their implementation and outcomes.

2.4.7 Equality, diversity and inclusion (EDI)

The trust board is committed to providing a workplace that is free from discrimination and inclusive of all staff. Over the past 12 months the trust has focused on embedding equality, diversity and inclusion in its workforce processes, systems, and policies, taking steps to continually address the gaps in equality in line with The Equality Act 2010 and supporting the delivery of the general Public Sector Equality Duty.

We have strengthened our working arrangements with the staff networks with their chairs invited to participate in board meetings to discuss how to progress the EDI agenda, address discrimination, bias, and bullying and harassment, through a recently established programme of attendance.

Governance arrangements

Responsibility for EDI is split between the group chief nurse and the chief people officer reporting into the people committee and the group board. We have an EDI task force chaired by a non-executive director to oversee and provide strategic direction for patient and workforce equality. The task force receives equality performance reports for discussion and scrutiny on a regular basis.

We also have a monthly equality, diversity, inclusion and human rights workforce working group which in the past year has provided operational support in areas such as disability and the staff vaccine programme. It reports on actions taken to improve gaps identified and progress on trust initiatives, reporting to the task force mentioned above. The trust's staff network chairs are also a key part of the group.

In addition, staff forums, patient experience groups and equal access groups for service users have helped identify key tasks within these programmes of work, which are reported back through the action plan to the people committee.

The trust board is committed and accountable for the delivery of the Workforce Race Equality Standard and the Workforce Disability Equality Standard and works with the wider system in north central London and in collaboration with NHS England to drive improvements.

We have a standard equality statement included in all our policies which clarifies our intent:

"The Royal Free London NHS Foundation Trust is committed to creating a positive culture of respect for all individuals, including job applicants, employees, patients, their families, and carers, as well as community partners. The intention is, as required by the Equality Act 2010, to identify, remove or minimise discriminatory practice in the nine named protected characteristics of age, disability (including HIV status), gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation. It is also intended to use the Human Rights Act 1998 to treat fairly and value equality of opportunity regardless of socio-economic status, domestic circumstances, employment status, political affiliation or trade union membership, and to promote positive practice and value the diversity of all individuals and communities. This document forms part of the trust's commitment.

"All staff are responsible for ensuring that the trust's policies, procedures and obligation in respect of promoting equality and diversity are adhered to in relation to both staff and service delivery."

Equality objectives

In addition to the equality objectives outlined in the performance section of this report, the EDI task force agreed three further areas of focus for the first year as follows:

- Implementing training to improve senior leaders' cultural awareness
- Improving staff engagement
- Improving Workforce Disability Standards

Equality achievements in 2020/21

- **Recruitment:** The trust rolled out diverse interview panels for all posts on 1 June 2021. Since this date, the number of colleagues from a minority ethnic background in senior management has increased slightly from 32.29% to 33.68%. Since 2019, we have also seen trust board diversity increase from 15% to 26%.
- The number of managers sharing that they have a disability also rose from 2.53% to 3.43%. Overall, perceptions of whether the organisation acts fairly with regard to career progression/promotion, regardless of ethnic background, gender, religion, sexual orientation, disability or age has improved at the trust, as evidenced in the staff survey. We also met our target to have trained enough members of staff in diverse recruitment and where a shortlisted BAME candidate is not selected a clear explanation must be provided by the recruiting manager to support that candidate's future development for such roles.
- **Declaration campaign for disabled staff:** The visibility of senior leaders sharing that they have a disability has helped to empower staff to self-disclose and participate in the trust's Ability @ The Free staff network to contribute to improving working conditions for colleagues and patients who share that they are disabled. This has led to an increase in the number of staff disclosing that they have a disability on

the trust's Electronic Staff Record (ESR) from 266 to 325. The number of trust board colleagues who have shared that they are disabled has also risen from 0% to 33%.

- **Access to Work guidance and monthly support sessions:** Launched on International Persons with Disabilities Day on 3 December to raise staff awareness of the benefits of the Government's Access to Work scheme for people who have a disability or health condition and how the trust can support reasonable adjustments to the workplace. We are working in collaboration with the Department of Work and Pensions to support managers and staff via monthly virtual sessions to help navigate processes swiftly.
- **Calibre leadership programme for disabled staff:** Six members of staff have completed this course funded by NHS England aimed at helping them overcome barriers, empowering them to improve their career development and support them to apply for senior leadership posts in the NHS.
- **Fair, just, and restorative culture for disciplinary processes:** As part of the London workforce race equality strategy, the trust is a pilot site for this collaborative 18-month project with NHS England. The likelihood of colleagues from a minority ethnic background proceeding to formal disciplinary hearing has now reduced from 1.73 to 1.60.
- **New menopause guidance and café:** Launched by the women's network on World Menopause Day in October 2021 to support staff.
- **Mission Include:** An external cross sector mentoring programme successfully completed by 20 staff with a second cohort of participants already in progress.
- **Reverse mentoring:** 20 pairs of mentors and mentees were trained in July 2021 to participate in a reverse mentoring initiative to help senior leaders gain insight into staff lived experiences to inform policy decisions.
- **Active bystander training to tackle bullying and harassment:** 126 staff from areas with bullying and harassment issues attended active bystander training over a five-month period to help them challenge unacceptable behaviour and reduce the number of incidences. More speaking up champions have also been recruited with the numbers increasing from 70 in the last 12 months to 105.
- **COVID-19 vaccination:** The BAME staff network supported the uptake of staff COVID-19 vaccinations, which rose from 15% at the start to 81.66%.
- **Staff picnics and coffee sessions:** The LGBT+ staff network held health and wellbeing summer picnics for staff as well as virtual coffee sessions to support those who felt isolated.

- **White Allies Programme:** Six trust executives have completed the White Allies programme aimed at supporting participants and organisations to become actively 'anti-racist'.

The key areas of focus for the next 12 months include:

- Enabling new ways of working by developing and embedding an inclusive culture for staff, patients and carers through our policies, systems, training and development, and protocols.
- Creating a great employee experience through a representative and supportive workforce in a safe and compassionate work environment where there is zero tolerance towards discrimination, bullying and harassment and abuse.
- Ensuring belonging and inclusion for all by recruiting and developing an inclusive leadership representative of the communities we serve and continuously improving to provide high quality patient care to our local population.

Gender pay gap

Our gender pay group is currently at its lowest since the Government introduced reporting in 2017. In 2021 we recorded a mean of 14.74% and median gender pay gap of 11.82%.

The following table shows our gender pay gap comparative data from 2017-2021:

Gender pay gap year-on-year comparison

All Staff	Mean		Median		Gender Pay Gap %	
	Female	Male	Female	Male	Mean	Median
2017	£19.44	£23.61	£17.60	£20.31	17.68%	13.32%
2018	£20.14	£23.97	£18.31	£20.64	15.98%	11.28%
2019	£20.65	£24.51	£18.90	£21.31	15.74%	10.51%
2020	£21.11	£25.16	£19.36	£22.18	16.08%	12.72%
2021	£21.67	£25.41	£20.19	£22.90	14.74%	11.82%

The gender pay gap is highest among consultant staff (medical and dental grades) at 13.73%, followed closely by administrative and clerical at 13%, and healthcare scientists. Consultant Clinical Excellence Awards - a national scheme which rewards consultants for the delivery of safe and high-quality care and the improvement of NHS services – is a key driver for this gap. Whilst we have no influence in the distribution, we have taken steps to train the internal Clinical Excellence Award panellists in unconscious bias and expanding representation in the panel to reflect the composition of the overall workforce. For the full report, click [here](#).

Ethnicity pay gap

The trust also conducts an ethnicity pay gap analysis although this is not a legislative requirement. We currently have a mean ethnicity pay gap of 10.87% between white and ethnic minority staff groups, lower than last year's figure of 11.26%. Healthcare scientists have the highest ethnicity pay at 14.35%, followed by administrative and clerical at 12.57%. The roles staff occupy are a key driver of the ethnicity pay gap, with a difference of £9.73 between the highest and lowest rates, as outlined below:

Ethnicity	Median hourly pay	% of overall staff
Chinese	£27.61	1.53%
Pakistani	£25.74	1.95%
Indian	£25.12	10.45%
White Irish	£25.10	2.82%
White British	£24.50	29.48%
White Other	£23.11	11.58%
Mixed Other	£22.65	1.43%
Asian Other	£21.11	11.38%
Bangladeshi	£20.61	1.27%
White & Black African	£19.62	0.61%
Black African	£19.01	13.39%
Black Caribbean	£17.96	4.03%
White & Black Caribbean	£17.88	0.64%

Other factors contributing to the ethnicity pay gap include educational attainment, whether roles are full or part time, permanent or temporary, unemployment spells, length of service and migration history. For the full report, see [here](#).

2.4.8 Employee relations

Partnership working with trade unions continues to be well embedded in the trust. People policies are discussed and approved, with trade union colleagues, at the joint negotiating and consultative committee which is supported by a policy development forum. Positive working relationships are developed, and groups work in a collaborative way to ensure that the views of all stakeholders are incorporated.

The groups currently manage 40 policies and during March 2022 all of these were in date. The pandemic and preparation for mandatory vaccination has had a significant impact on this workstream, and work was paused during COVID-19 surges. As a priority, work is now underway to review all policies that will soon be expiring. Key actions for completion are:

- Continue to introduce updated modern employee relations policies that reflect the trust's priorities and which support individuals and managers.
- Work with north central London colleagues to agree policies that apply to staff working across the sector and which remove unnecessary deviation between local employers.
- Review policies that are due to expire, including:
 - Staff expenses
 - Equality, diversity and inclusion
 - Induction
 - Mandatory training
 - Disclosure and barring service
 - Temporary workers

- Recruitment and selection
- Staff e-roster
- Protection of pay and conditions
- Study leave and funding (for non-medical staff)
- Appeals
- Flexible working
- Bullying and harassment
- Managing attendance and sickness absence
- Staff wellbeing and managing stress
- Apprenticeships
- Professional registration
- Speaking up
- Maternity, adoption, paternity and parental leave
- Performance and capability management
- Probationary
- Special leave
- On call and irregular working
- Managing organisational change
- Grievance
- Dress code and uniform
- Annual leave
- Medical appraisal
- Appraisal and pay progression
- Conflicts of interest
- Overarching
- Smoke free
- Alcohol and drug
- Latex
- Sharps
- Trade union recognition & partnership agreement
- Disciplinary
- Safe staffing
- Car lease
- Secondment

A disability policy is to be introduced during 2022/2023.

Trade union facility time

Number of union officials	
Number of employees who were relevant union officials during the year: 22	Number of full-time equivalent employees: 1.6
Percentage of time spent on facility time	
Percentage of time: 0% 1-50%	Number of employees: 6 14

51-99%	1
100%	1
Percentage of pay bill spent on facility time	
Total cost of facility time	£80,415
Total pay bill (excluding subsidiaries)	£606,389,000
Percentage of pay bill spent on facility time	0.01%

Leadership

We support our leaders through curated programmes and our organisational development leadership (ODL) consultants who provide development training on topics such as recruitment and selection, appraisals, leading resilient teams, change, and leading a team or clinical unit.

During the second wave of COVID-19, the ODL team offered drop-in leadership and agile coaching sessions to support leaders with challenges brought about by the pandemic. The team also provided support as part of the trust's group and integrated care system collaborative goals. This has included working with North London Partners Shared Services, a corporate service partnership between 10 north central London trusts, which is hosted by the Royal Free London, to develop its shared identity, through clear cultural and service values and behaviours.

We have developed a learning programme for leaders who are new to leadership or new to the trust. The 22 participants who took part this year found it a valuable learning experience that providing them with knowledge, skills, and a supportive peer group during the first few months of their appointment. This programme will now be offered six times a year to ensure we can support and develop frontline leaders as they start in their new roles.

Health and wellbeing

We have appointed a health and wellbeing guardian, James Tugendhat, who is also a non-executive director at the trust, to support and challenge the trust board in relation to the health and wellbeing of our staff. Health and wellbeing champions have been recruited and trained to form a new staff network which aims to identify staff needs, raise awareness of the support available and increase staff engagement. The network was launched by the trust's wellbeing guardian in November 2021 and plans are underway to expand it for 2022. Wellbeing conversations are also incorporated into appraisals and six-monthly reviews.

The occupational health and wellbeing centre continues to lead the trust's psychological support services for staff. In response to staff needs identified during the pandemic, a three-tiered psychological support service is provided including peer support from mental health first aiders, qualified support from counsellors and clinical support from clinical psychologists. Clinical leadership and supervision are in place to provide a consistent service with clear referral and treatment pathways to support colleagues in the workplace and to be able to return to work.

This is supported by an employee assistance programme that operates 24 hours, seven days a week for every day of the year to support emotional and wellbeing needs. The service can provide advice on matters relating to legal, financial, employment and family needs. Colleagues have telephone access to a counsellor for assistance with any immediate issues and can also receive counselling sessions if required. A physiotherapist also provides advice and treatment to staff who are experiencing musculoskeletal issues.

Workplace nurseries

To ensure the financial sustainability of our workplace nurseries at the Royal Free Hospital site, a decision has been made to close the Pond Street nursery after repairs have been completed at the Ofsted rated 'Good' Busy Bees nursery. The trust also has nurseries at Chase Farm Hospital and Barnet Hospital, which are also currently rated 'Good' by Ofsted. The nurseries are beneficial to staff, enabling easier return to work decisions and helping to improve their work/life balance.

2.4.8 Application of the Modern Slavery Act

The Modern Slavery Act 2015 established a duty for commercial organisations to prepare an annual slavery and human trafficking statement of the steps it has taken during the financial year to ensure that slavery and human trafficking is not taking place in any of its supply chains or in any part of its own business.

The Department of Health and Social Care and the Home Office have established that NHS bodies are not considered to be carrying on a business where they are engaged in publicly funded activities and that it was not intended that such activities should be within the scope of the Act. Income earned by NHS providers like the trust from government sources, including clinical commissioning groups and local authorities, is considered to be publicly funded for this purpose so the trust does not meet the threshold for having to provide a statement. Nevertheless, the trust undertakes its procurement from suppliers in line with NHS standards and includes standard NHS terms. In relation to its own activities the trust has employment, identity and employee welfare arrangements in place to combat any exploitation of people.

2.5 System oversight framework

NHS Improvement's system oversight framework (formerly the single oversight framework) describes how local systems and providers are regulated and, in its current form, considers five themes:

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

Based on information from these themes, providers are scored from 1 to 4, where '4' is providers who receive the most support, and '1' is for those with maximum autonomy.

The trust is currently in category 3, mainly reflecting concerns regarding the number of our patients who are waiting a long time for out-patient and in-patient care.

As national, regional and local structures for NHS oversight and governance evolve over the year ahead, we can expect to see changes to this framework; however, given the priorities set out in the most recent NHS mandate, we can also expect continued focus on access to care and productivity for all NHS providers.

Statement of the chief executive's responsibilities as the accounting officer of Royal Free London NHS Foundation Trust

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

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

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

- observe the accounts direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual (and the Department of Health and Social Care Group Accounting Manual) have been followed, and disclose and explain any material departures in the financial statements
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance
- confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS foundation trust's performance, business model and strategy and
- prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

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

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

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



Caroline Clarke
Chief executive

21 June 2022

2.6 Annual governance statement 2021/22

Scope of responsibility

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

The purpose of the system of internal control

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

Capacity to handle risk

As group chief executive I have overall responsibility for risk management within the trust and that there is a group risk management policy. Day to day management of risks is undertaken by operational management, who ensure risk assessments are undertaken proactively and remedial actions are undertaken when problems are identified. Responsibility to ensure adequate structures, processes and actions are in place to manage risk sits with the trust audit committee. Regular training on risk management is given.

The risk and control framework

The risk management policy and supporting procedures set out the key responsibilities for managing risk in the organisation. Risks are scored using the NHS five by five matrix which balances likelihood of occurrence against the consequences of the risk happening. Risk management is regularly considered by the board and group executive management meeting (and/or its sub groups) and reviewed by the audit committee. A clinical standards and innovation committee is established as a sub-committee of the board to oversee quality and safety assurance, which also oversees Care Quality Commission (CQC) registration and any related rectification measures or actions.

The trust is fully compliant with the registration requirements of the CQC.

The trust has not published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by the trust with reference to the guidance) within the past 12 months, as required by the 'Managing Conflicts of Interest in the NHS' guidance. At present a register only for trust board directors is routinely published.

However, this is to be rectified during 2022/23 with the launch of a new platform to ease the declaration and publication of interests.

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the scheme are in accordance with the scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the regulations.

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

The trust has undertaken risk assessments and has plans in place which take account of the 'Delivering a Net Zero Health Service' report under the Greener NHS programme. The trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

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

The system of internal control as described above is also designed to ensure that resources are used economically, efficiently and effectively. The board, internal audit and the established audit committee have a combined role in receiving assurance that this is so.

Information governance and data security risks

Information governance provides the framework for handling information in a secure and confidential manner, covering the collection, storage and sharing of information.

The senior information risk owner chairs the information governance group, the principal body overseeing the management of information risks. This group reports into the group executive committee via the digital transformation board and oversees the submission of the trust's annual data security and protection toolkit.

The trust's control and assurance processes for information governance include:

- a trained Caldicott Guardian, senior information risk owner and data protection officer
- a risk management and incident reporting process
- staff data protection and security training
- data protection, information security, records management and confidentiality policies
- information governance risk register
- self-assessment data security and protection toolkit
- regular audit review of data security and protection toolkit.

The data security and protection toolkit (DSPT) is an online self-assessment tool that allows organisations to measure their performance against the national data guardian's 10 data

security standards. It is a statutory requirement to comply with the DSPT as it is an information standard published under section 250 of the Health and Social Care Act 2012. All organisations that have access to NHS patient data and systems must use the DSPT to provide assurance that they are practising good data security and that personal information is handled correctly. The requirements of The Network & Information Systems (NIS) Regulations also align to DSPT standards. The DSPT is an annual assessment. As data security standards evolve, the requirements of the toolkit are reviewed and updated to ensure they are aligned with current best practices.

The 2019/20 DSPT incorporated additional requirements into the standards. This was to provide comparable assurance to that of Cyber Essentials – a government-backed scheme to help organisations protect themselves against common online threats. NHS Digital's strategy is to gradually raise standards across NHS trusts with regards to cyber security.

The trust is working towards the 2021/22 DSPT submission deadline of June 2022 and is expected to reach a status of 'approaching standards'. Where partial or non-compliance is identified, the trust will take appropriate measures. The trust has an action plan in place which it will continue to complete to ensure that 'standards met' is reached prior to NHS Digital's remediation deadline of December 2022.

Public bodies are required to publish details of personal data-related incidents in their annual reports. In 2021/22 there were 10 information governance incidents which were investigated and reported to the Information Commissioner's Office (ICO).

Date of incident	Nature of incident	Nature of data involved	Number of data subjects potentially affected	Notification steps	Information Commissioner's Office investigation outcome
28/07/2021	Envelope containing medical records damaged during transit and contents lost	Electronic (encrypted) and paper, personal confidential data	1	Information Commissioner's Office (ICO)	Investigated, no further action taken The investigation later found that the paper records were received by the recipient.
04/08/2021	Medical records shared without the patient's written consent	Electronic (encrypted), personal confidential data	1	Information Commissioner's Office (ICO) Affected patients notified	Investigated, no further action taken
26/10/2021	Email sent to patients contained an attachment that included the patients' personal	Email, personal confidential	14	Information Commissioner's Office (ICO) Affected patients notified	Investigated, no further action taken

Date of incident	Nature of incident	Nature of data involved	Number of data subjects potentially affected	Notification steps	Information Commissioner's Office investigation outcome
	confidential data				
03/11/2021	A processor of the trust was subjected to a cyber attack	Electronic, personal confidential data	488	Department of Health and Social Care/NHS England and Information Commissioner's Office(ICO) Affected data subject notified	Investigated, no further action taken
11/11/2021	Member of staff left the trust but had retained access to a shared mailbox which they then accessed without authorisation	Electronic, personal confidential data	Unknown	Information Commissioner's Office (ICO)	Investigated, no further action taken
18/11/2021	Unauthorised access to medical records	Electronic, personal confidential data	1	Information Commissioner's Office (ICO) Affected data subject notified	Investigated, no further action taken
28/01/2022	A temporary staff member posted two videos on social media which included patient information	Electronic, personal confidential data	18	Information Commissioner's Office (ICO)	Investigated, no further action taken
28/01/2022	Patient information sent to incorrect address	Paper, personal confidential data	1	Department of Health and Social Care/NHS England and Information Commissioner's Office (ICO)	Investigated, no further action taken

Date of incident	Nature of incident	Nature of data involved	Number of data subjects potentially affected	Notification steps	Information Commissioner's Office investigation outcome
				Affected data subject notified	

Data quality and governance

As regards appropriate controls in place to ensure the accuracy of data, the trust has in place a specific data quality audit schedule, with the results and outcomes reported for assurance to trust board sub-committees in line with their work plans with further escalation to trust board if there is a need to do so. Each audit is undertaken in line with clearly defined and pre-determined criteria to ensure an appropriate scope.

This further includes assurance on the quality and accuracy of elective waiting time data through the group access committee (bi-monthly), alongside review of performance against access standards and targets through internal local executive committees (monthly) and business unit performance days (monthly)

These combined monitor delivery against plan, risks, and mitigations reviewed against each of the four main constitutional access targets.

Risks to quality and accuracy has been known to include, in emergency care, discrepancies between discharge times and emergency department clock times (four-hour clock) and also completeness of ethnicity recording.

Risk management embedded in the organisation

The group executive committee has overall responsibility for risk management in the organisation. To reflect the group structure, there is a group executive management meeting as well as each hospital site having its own local executive committee that regularly monitors risk and performance. There are also site-based quality and safety boards.

The trust engages with the north central London overview and scrutiny committee, where each of the five local council chief executives and Healthwatch are represented.

Local members' councils (LMCs) have been established for each hospital site to engage with local communities and monitor individual hospital performance. They are chaired by non-executive directors and attended by Healthwatch representatives. During 2021/22 LMCs remained suspended due to the pandemic but are now restarting.

Summary of the major organisational risks

The board assurance framework (BAF) is reviewed regularly by the board and the group executive management meeting (GEMM). The purpose of the BAF is to record the risks to the achievement of the trust's strategy with each risk being owned by a board sub-committee and by a lead executive. Any member of staff can identify and record a risk using the Datix system and all three trust hospitals have their own risk register. The risk

management policy and processes are regularly reviewed by the audit committee to ensure they are working effectively, universally implemented and fit for purpose.

In 2021/22 the following risks (in order of severity) were identified:

1. Waiting times and access for patients (including emergency departments)
2. Staff resilience and fatigue
3. Failure to address inequalities among trust staff
4. Failure to address inequalities amongst our populations
5. Implementation of the Vaccination as a Condition of Deployment legislation and impact on healthcare workers
6. Tighter financial constraints
7. Challenges of new ways of working (including infection control and prevention and agile working)
8. Infection outbreaks both in the hospital and in the wider community
9. Legacy IT infrastructure and cyber security
10. Personal protective equipment, consumables and equipment and supply chain resilience.
11. Reduction in public support for the NHS

Maintaining an effective control environment during COVID-19

Throughout 2021-2022, the trust continued appropriate action to respond to events arising from the pandemic including its approach to decision making and flexibility in how it arranged its meetings. It also convened where necessary an executive group specifically to react and respond to pandemic matters as regards infection control measures, testing, managing the supply chain, external engagement and waiting lists.

Workforce safeguards

In accordance with ‘Managing Conflicts of Interest in the NHS’ guidance, decision-making staff are required to declare their interests. During 2021/2022 the process for declaration of interests was subject to ongoing improvement to amplify levels of compliance.

Staff are entitled to membership of the NHS Pension Scheme, with control measures in place to ensure all our obligations are complied with. This includes ensuring deductions from salary, employer’s contributions and payments into the scheme are in accordance with the scheme rules and the member pension scheme records are accurately updated in accordance with the timescales detailed in the regulations.

Control measures are in place to ensure that our obligations under equality, diversity and human rights legislation are complied with.

Review of effectiveness

As accountable officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS foundation trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on performance information available to me.

My review is also informed by comments made by the external auditors in their management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the audit committee, the clinical standards and innovation committee, and a plan to address weaknesses and ensure continuous improvement of the system in place.

The audit committee met five times during 2021/22. Thirteen internal audit reports have been considered by the committee and their assurance ratings are shown below:

Report	Assurance rating
Medical devices - reviewed processes in place to track and record the location of medical devices across the trust's three sites.	Partial assurance with improvements required (amber-red).
Ockenden review - review of the evidence to support the self-assessment completed against the seven immediate and essential actions identified in the Ockenden review of maternity services.	Significant assurance with minor improvement opportunities (amber-green).
Patient property - considered the processes in place to store and track patient property.	Partial assurance with improvements required (amber-red).
Outsourced contract management – focused on processes in place to manage a sample of the trust's strategic suppliers.	Partial assurance with improvements required (amber-red).
Data quality (referral to treatment) - reviewed processes in place to record RTT data in line with the NHS dimensions of data quality.	Partial assurance with improvements required (amber-red).
Network security - reviewed the processes in place for ensuring network resilience.	Partial assurance with improvements required (amber-red).
Integrated care system (ICS) management of referrals - reviewed processes in place at ICS level to monitor waiting times.	Significant assurance with minor improvement opportunities (amber – green).

Core financial controls - review focused on accounts receivable and core general ledger processes.	Significant assurance with minor improvement opportunities (amber – green).
Overseas visitors – reviewed processes in place to identify and bill patients who are not eligible for NHS care.	Significant assurance with minor improvement opportunities (amber – green).
Managing conflicts of interest – reviewed processes in place to document interests and identify and manage conflicts.	N/A – no assurance rating provided.
Risk management - reviewed local processes to identify and manage risks within hospitals and divisions.	Partial assurance with improvements required (amber-red).
Data security and protection toolkit - reviewed the overall design and operation of key mandatory data security and protection toolkit controls at the trust.	Significant assurance with minor improvement opportunities (amber – green).

Conclusion

Our financial position remained challenging in 2021/22. From a cash perspective, we are confident that the trust will continue to be able to access Department of Health and Social Care funds as we progress our strategic financial plan and deliver clinical services for the foreseeable future. For this reason, the trust continues to adopt the going concern basis in preparing the accounts.

The trust has received a Head of Internal Audit opinion of 'significant assurance with minor improvement opportunities'. It has identified its major risks and is committed to continuous improvement of its governance arrangements to ensure that risks are correctly identified and managed, and that serious incidents and non-compliance with regulatory requirements are escalated and subject to prompt and effective remedial action, so that patients, service users, staff and stakeholders at the Royal Free London can be confident in the quality of services we deliver.

My review confirms that the Royal Free London NHS Foundation Trust has sound systems of internal control with no significant internal control issues identified in this report.


Caroline Clarke
Chief executive

21 June 2022

3 Annual accounts

Foreword to the accounts

Royal Free London NHS Foundation Trust

These accounts, for the year ended 31 March 2022, have been prepared by Royal Free London NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

A handwritten signature in black ink, appearing to read "Caroline Clarke".

Caroline Clarke
Chief executive
21 June 2022

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Statement of Comprehensive Income for the Year Ended 31 March 2022

	Note	Group		Trust	
		2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000
Operating income from patient care activities	3	1,248,217	1,099,485	1,248,217	1,099,485
Other operating income	3	118,699	214,223	115,067	211,316
Operating expenses	4	(1,347,010)	(1,305,299)	(1,344,806)	(1,303,742)
Operating surplus from continuing operations		19,906	8,409	18,478	7,059
Finance income	9	78	120	5,627	5,656
Finance expenses	10	(4,788)	(5,062)	(10,696)	(10,979)
PDC dividends payable		(15,001)	(13,349)	(15,001)	(13,349)
Net finance costs		(19,711)	(18,291)	(20,070)	(18,672)
Other gains and losses	11	(237)	2,004	(237)	2,004
Share of profit of associates and joint arrangements	15	6,400	5,452	6,400	5,452
Corporation tax expense		(355)	(288)	-	-
Surplus / (deficit) for the year		6,004	(2,714)	4,572	(4,157)
Other comprehensive income / (expense)					
Will not be reclassified to income and expenditure:					
Impairments	5	(9,776)	(67,817)	(9,776)	(67,817)
Revaluations	13	17,591	44,815	17,591	44,815
Total comprehensive income / (expense) for the year		13,818	(25,716)	12,387	(27,159)

The notes on pages 139 to 182 form part of these accounts.

Statement of Financial Position as at 31 March 2022

	Note	Group		Trust	
		31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
Non-current assets					
Intangible assets	12	26,200	13,834	26,200	13,834
Property, plant and equipment	13	719,222	701,421	718,450	700,258
Investments in associates and joint ventures	15	31,002	24,602	31,002	24,602
Investments in subsidiaries	16	-	-	50	50
Receivables	18	1,858	83	125,841	126,588
Total non-current assets		778,282	739,941	901,543	865,332
Current assets					
Inventories	17	17,504	14,687	15,465	12,907
Receivables	18	57,384	68,873	62,126	75,703
Cash and cash equivalents	19	133,051	110,681	129,285	105,525
Total current assets		207,939	194,241	206,876	194,135
Current liabilities					
Trade and other payables	20	(264,418)	(252,453)	(258,410)	(246,446)
Borrowings	22	(7,159)	(6,887)	(8,715)	(8,453)
Provisions	24	(37,529)	(31,526)	(37,529)	(31,526)
Other liabilities	21	(21,780)	(13,535)	(21,780)	(13,535)
Total current liabilities		(330,886)	(304,401)	(326,434)	(299,960)
Total assets less current liabilities		655,335	629,780	781,985	759,507
Non-current liabilities					
Trade and other payables	20	(425)	(425)	(425)	(425)
Borrowings	22	(47,499)	(54,636)	(176,928)	(185,710)
Provisions	24	(14,555)	(8,941)	(14,555)	(8,941)
Other liabilities	21	(3,761)	(3,101)	(3,761)	(3,101)
Total non-current liabilities		(66,240)	(67,103)	(195,669)	(198,177)
Total assets employed		589,095	562,677	586,316	561,330
Financed by					
Public dividend capital		690,108	677,509	690,108	677,509
Revaluation reserve		188,741	180,926	188,741	180,926
Income and expenditure reserve		(289,754)	(295,758)	(292,533)	(297,105)
Total taxpayers' equity		589,095	562,677	586,316	561,330

The notes on pages 139 to 182 form part of these accounts.



Caroline Clarke
Chief Executive
21 June 2022

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

2021/22	Group			Total £000
	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	
Taxpayers' and others' equity at 1 April 2021	677,509	180,926	(295,758)	562,677
Surplus for the year	-	-	6,004	6,004
Impairments	-	(9,776)	-	(9,776)
Revaluations	-	17,591	-	17,591
Public dividend capital received *	12,599	-	-	12,599
Taxpayers' and others' equity at 31 March 2022	690,108	188,741	(289,754)	589,095

* Public dividend capital (PDC) received of £12.6m is in respect of capital projects.

Statement of Changes in Equity for the year ended 31 March 2021

2020/21	Group			Total £000
	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	
Taxpayers' and others' equity at 1 April 2020	509,127	204,415	(293,531)	420,011
Deficit for the year	-	-	(2,714)	(2,714)
Impairments	-	(67,817)	-	(67,817)
Revaluations	-	44,815	-	44,815
Transfer to retained earnings on disposal of assets	-	(487)	487	-
Public dividend capital received *	168,382	-	-	168,382
Taxpayers' and others' equity at 31 March 2021	677,509	180,926	(295,758)	562,677

* Public dividend capital (PDC) received comprises of;

1. £145.7million in respect of debt to equity transfer of all interim revenue loans as per Department of Health and Social Care (DHSC) guidance, effective from 1 April 2020.
2. £22.7million in respect of capital projects.

The notes on pages 139 to 182 form part of these accounts.

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

2021/22	Trust			Total £000
	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	
Taxpayers' and others' equity at 1 April 2021	677,509	180,926	(297,105)	561,330
Surplus for the year	-	-	4,572	4,572
Impairments	-	(9,776)	-	(9,776)
Revaluations	-	17,591	-	17,591
Public dividend capital received *	12,599	-	-	12,599
Taxpayers' and others' equity at 31 March 2022	690,108	188,741	(292,533)	586,316

* Public dividend capital (PDC) received of £12.6m is in respect of capital projects.

Statement of Changes in Equity for the year ended 31 March 2021

2020/21	Trust			Total £000
	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	
Taxpayers' and others' equity at 1 April 2020	509,127	204,415	(293,435)	420,107
Deficit for the year	-	-	(4,157)	(4,157)
Impairments	-	(67,817)	-	(67,817)
Revaluations	-	44,815	-	44,815
Transfer to retained earnings on disposal of assets	-	(487)	487	-
Public dividend capital received *	168,382	-	-	168,382
Taxpayers' and others' equity at 31 March 2021	677,509	180,926	(297,105)	561,330

* Public dividend capital (PDC) received comprises of;

1. £145.7million in respect of debt to equity transfer of all interim revenue loans as per Department of Health and Social Care (DHSC) guidance, effective from 1 April 2020.
2. £22.7million in respect of capital projects.

Notes 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.
The notes on pages 139 to 182 form part of these accounts.

Statement of Cash Flows

	Note	Group		Trust	
		2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000
Cash flows from operating activities					
Operating surplus		19,906	8,409	18,478	7,059
Non-cash income and expense:					
Depreciation and amortisation	4	45,054	39,531	44,667	39,065
Net impairments	5	4,205	6,106	4,205	6,106
Income recognised in respect of capital donations		(1,384)	(3,771)	(1,384)	(3,771)
Decrease in receivables and other assets		3,882	67,551	8,492	68,542
(Increase) / decrease in inventories		(2,817)	142	(2,558)	(54)
Increase in payables and other liabilities		8,051	21,797	8,034	18,531
Increase in provisions		11,660	25,703	11,617	25,703
Tax paid		(411)	-	-	-
Net cash flows from / (used in) operating activities		88,146	165,468	91,551	161,181
Cash flows from investing activities					
Interest received		78	120	5,627	5,716
Purchase of intangible assets		(12,691)	(1,131)	(12,691)	(1,131)
Purchase of PPE		(45,298)	(76,991)	(45,298)	(76,560)
Receipt of cash donations to purchase assets		400	1,678	400	1,678
Net cash flows from / (used in) investing activities		(57,511)	(76,324)	(51,962)	(70,297)
Cash flows from financing activities					
Public dividend capital received		12,599	168,382	12,599	168,382
Movement on loans from DHSC		(1,578)	(147,234)	(1,578)	(147,234)
Other capital receipts		2,900	-	2,900	918
Capital element of finance lease rental payments		(2,824)	(871)	(4,479)	(1,837)
Capital element of PFI and other service concession payments		(2,461)	(2,137)	(2,461)	(2,137)
Interest on loans		(596)	(799)	(596)	(799)
Other interest		-	-	(5,909)	(6,005)
Interest paid on finance lease liabilities		(1,550)	(1,415)	(1,550)	(1,415)
Interest paid on PFI and other service concession obligations		(2,686)	(3,010)	(2,686)	(3,010)
PDC dividend paid		(12,069)	(15,943)	(12,069)	(15,943)
Net cash flows used in financing activities		(8,265)	(3,027)	(15,829)	(9,080)
Increase in cash and cash equivalents		22,370	86,117	23,760	81,804
Cash and cash equivalents at beginning of year		110,681	24,564	105,525	23,721
Cash and cash equivalents at end of year	19	133,051	110,681	129,285	105,525

The notes on pages 139 to 182 form part of these accounts.

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

NHS England and Improvement (NHSE/I), in exercising the statutory functions conferred upon it, 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 2021/22 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the 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, in accordance with the definition as set out in section 4 of the DHSC Group Accounting Manual (GAM) which outlines the interpretation of IAS1 'Presentation of Financial Statements' as "the anticipated continuation of the provision of a service in the future, as evidenced by the inclusion of financial provision for that service in published documents".

The directors of the trust have considered whether there are any local or national policy decisions that are likely to affect the continued funding and provision of services by the trust. The trust is a member of the North Central London Integrated Care System (ICS). The ICS has stated its immediate strategic plans, initially focused on recovery post COVID-19, but also on the NCL response to the NHS long term plan. NCL plans assume the continued provision of services by the trust. No circumstances were identified causing the directors to doubt the continued provision of NHS services.

This year the trust has closed with a surplus of £6.0million against a planned deficit of £25.9million. This is mainly due to additional sector funding received during the year. Income from commissioners was largely based on the simplified block payments system introduced in response to the COVID-19 pandemic, which improved liquidity and cash flow during the year. Additional costs due to the pandemic were supported either on an actual cost reimbursement basis (e.g. for vaccination and testing expenditure) or on an advance block payment basis (e.g. for ward and critical care resilience, soft FM provision etc.).

For 2022/23 financial funding arrangements will continue as per 2021/22, with additional funding made available by NCL and NHSE/I to support COVID-19 related activities, elective recovery and winter resilience. Based on available local and national guidance, the trust has assumed the need for:

- continued NCL funding support
- agreed performance improvement trajectories, in particular;
- increased elective activity volumes vs. the 2019/20 baseline
- a reduction in the number of patients waiting >52 weeks to access RFL services; and
- a reduction in the number of patients waiting >104 weeks for access to RFL services

The trust has produced its financial plans based on these assumptions which have been approved by the trust board. The control target for the 2021/22 year agreed with NCL is £25.4million deficit against which the trust achieved an adjusted surplus of £7.3million. The assumptions to achieve the control target include a savings/operational efficiency target of £20.5million. This is lower than annual efficiency targets pre-COVID; the trust is reasonably assured that this target has been achieved.

Our going concern assessment is made up 30 June 2023. This includes the first quarter of the 2023/24 financial year. NHS operating and financial guidance is not yet issued for that year, and so the trust has based its assessment for the first quarter of 2023/24 on the same assumptions used to forecast for the second half of 2022/23.

The trust has prepared a cash forecast modelled on the above expectations for funding during the going concern period to 30 June 2023. The cash forecast shows sufficient liquidity for the trust to continue to operate during that period without any need to borrow and still retain a cash balance of approximately £83million (group £84.7million) at the end of the forecast period. Interim support can be accessed if it were required, but there is currently no such identified requirement. This assessment has been made using the £35.4million deficit plan currently proposed for 2022/23. Although not yet finalised, the 2022/23 plan is not expected to change materially.

In conclusion, these factors, and the anticipated future provision of services in the public sector, support the trust's adoption of the going concern basis for the preparation of the accounts.

Note 1.3 Consolidation

Subsidiaries

The group financial statements consolidate the financial statements of the trust and entities controlled by the trust (its subsidiaries) and incorporate its share of the results of wholly controlled entities and associates using the equity method of accounting. The financial statement of the subsidiaries is prepared for the same reporting year as the trust.

Subsidiary entities are those over which the trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines. The capital and reserves attributable to minority interests are included as a separate item in the Statement of Financial Position.

The amounts consolidated are drawn from the published financial statements of the subsidiaries for the year.

Where subsidiaries' accounting policies are not aligned with those of the trust (including where they report under UK FRS 101) then amounts are adjusted during consolidation where the differences are material. Inter-entity balances, transactions and gains/losses are eliminated in full on consolidation.

Subsidiaries which are classified as held for sale are measured at the lower of their carrying amount and 'fair value less costs to sell'.

See note 16 for details of investments in subsidiaries.

Associates

Associate entities are those over which the trust has the power to exercise a significant influence. Associate entities are recognised in the trust's financial statement using the equity method. The investment is initially recognised at cost. It is increased or decreased subsequently to reflect the trust's share of the entity's profit or loss or other gains and losses (eg revaluation gains on the entity's property, plant and equipment) following acquisition. It is also reduced when any distribution, eg, share dividends are received by the trust from the associate.

Associates which are classified as held for sale are measured at the lower of their carrying amount and "fair value less costs to sell".

Joint ventures

Joint ventures are arrangements in which the trust has joint control with one or more other parties, and where it has the rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method.

See note 15 for the trust's interests in associates and joint ventures.

Note 1.4 Revenue

Note 1.4.1 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. In 2021/22 and 2020/21, the majority of the trust's income from NHS commissioners was in the form of block contract arrangements. The trust receives block funding from its commissioners, where funding envelopes are set at an Integrated Care System level. For the first half of the 2020/21 comparative year these blocks were set for individual NHS providers directly, but the revenue recognition principles are the same. The related performance obligation is the delivery of healthcare and related services during the period, with the trust's entitlement to consideration not varying based on the levels of activity performed.

The trust also receives additional income outside of the block payments to reimburse specific costs incurred and, in 2020/21, other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as variable consideration.

In 2021/22, the Elective Recovery Fund enabled systems to earn income linked to the achievement of elective activity targets including funding any increased use of independent sector capacity. Income

earned by the system is distributed between individual entities by local agreement. Income earned from the fund is accounted for as variable consideration.

Revenue from research contracts

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

NHS injury cost recovery scheme

The 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 Pensions Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less an allowance for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

Note 1.4.2 Revenue grants and other contributions to expenditure

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.

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, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Note 1.5 Other forms of income

Grants and donations

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

Apprenticeship service income

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

at the point of recognition for the benefit.

Note 1.6 Expenditure on employee benefits

Short-term employee benefits

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

Pension costs

NHS Pension Scheme

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

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

Note 1.7 Expenditure on other goods and services

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

Where the trust has incurred grant expenditure, the grant provider recognises expenditure at the earlier of the following events:

- a) When the grant provider has a present obligation to transfer resources; and
- b) When the grant provider ceases to control the resource

Note 1.8 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential be provided to, the trust

- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably
- the item has cost of at least £5,000, or
- collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.

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

Subsequent expenditure

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

Measurement

Valuation

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

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

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

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

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

Valuation guidance issued by the Royal Institute of Chartered Surveyors states that valuations are performed net of VAT where the VAT is recoverable by the entity. This basis has been applied to the trust's Private Finance Initiative (PFI) scheme for Barnet Hospital where the construction is completed by a special purpose vehicle and the costs have recoverable VAT for the trust. In addition, Chase Farm has been valued on a net basis on the basis that this was transacted through the set-up of a wholly owned subsidiary of the trust and the VAT was fully recoverable as approved by HMRC.

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

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

Depreciation

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

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

Revaluation gains and losses

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

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

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

Impairments

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

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

impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

De-recognition

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

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

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

Donated and grant funded assets

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

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

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

Private Finance Initiative (PFI)

PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-Statement of Financial Position' by the trust. In accordance with HM Treasury's FReM, the underlying assets are recognised as property, plant and equipment, together with an equivalent liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

The annual contract payments are apportioned between the repayment of the liability, a finance cost, the charges for services and lifecycle replacement of components of the asset. The element of the annual unitary payment increase due to cumulative indexation is treated as contingent rent and is expensed as incurred.

The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Statement of Comprehensive Income.

Useful lives of property, plant and equipment

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

	Min life Years	Max life Years

Buildings, excluding dwellings	18	60
Dwellings	18	60
Plant & machinery	3	7
Transport equipment	1	7
Information technology	3	5
Furniture & fittings	1	7

Finance-leased assets (including land) are depreciated over the shorter of the useful life or the lease term, unless the trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

Note 1.9 Intangible assets

Recognition

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

Internally generated intangible assets

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

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

Software

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

Measurement

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

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

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

Amortisation

Useful lives of intangible assets

	Min life Years	Max life Years
Information technology (internally generated and third party)	1	12
Development expenditure	1	12
Software licences	1	10
Licences & trademarks	1	20

Note 1.10 Inventories

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

In 2020/21 and 2021/22, the trust received inventories including personal protective equipment from the Department of Health and Social Care at nil cost. In line with the GAM and applying the principles of the IFRS Conceptual Framework, the trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department.

Note 1.11 Cash and cash equivalents

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

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

Note 1.12 Financial assets and financial liabilities

Recognition

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

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

Classification and measurement

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

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

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

Financial assets and financial liabilities at amortised cost

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

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

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

Financial assets measured at fair value through other comprehensive income

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

Financial assets and financial liabilities at fair value through income and expenditure

Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or at fair value through other comprehensive income. This category also includes financial assets and liabilities acquired principally for the purpose of selling in the short term (held for trading) and derivatives. Derivatives which are embedded in other contracts, but which are separable from the host contract are measured within this category. Movements in the fair value of financial assets and liabilities in this category are recognised as gains or losses in the Statement of Comprehensive income.

Impairment of financial assets

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

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

Expected credit losses are determined using a combination of general and specific provision rates applied to trade debtors. In respect of NHS organisations, a provision for credit notes is made.

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

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

Derecognition

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

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

Note 1.13 Grants payable

Where grant funding is not intended to be directly related to activity undertaken by a grant recipient in a specific period, the trust recognises the expenditure in the period in which the grant is paid. All other grants are accounted for on an accruals basis.

Note 1.14 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

The trust as a lessee

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for as an item of property, plant and equipment.

The annual rental charge is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to finance costs in the Statement of Comprehensive Income.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially in other liabilities on the Statement of Financial Position and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Leases of land and buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

The trust as a lessor

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

Rental income from operating leases is recognised on a straight-line 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.

Note 1.15 Provisions

The trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates. For 2021/22 early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 1.30% in real terms (2020/21: minus 0.95).

Note 1.16 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 24 but is not recognised in the trust's accounts.

Note 1.17 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 1.18 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.

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

Contingent liabilities are defined as:

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

Note 1.19 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 of the audit of the annual accounts.

Note 1.20 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 1.21 Corporation tax

The tax expense for the period comprises current tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income. The current tax charge is calculated on the basis of the tax laws enacted in the UK at the date of the Statement of Financial Position where the company operates and generates taxable income. Management evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Note 1.21.1 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income

statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively. The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised, or the deferred income tax liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Note 1.22 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 1.23 Foreign exchange

The functional and presentational currency of the trust is sterling.

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

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

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

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

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

Note 1.24 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 1.25 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 1.26 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 Early adoption of standards, amendments, and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2021/22.

Note 1.28 Standards, amendments, and interpretations in issue but not yet effective or adopted

IFRS 16 Leases

IFRS 16 Leases will replace IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease and other interpretations and is applicable in the public sector for periods beginning 1 April 2022. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the Statement of Financial Position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the Statement of Financial Position, the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The trust will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

On transition to IFRS 16 on 1 April 2022, the trust will apply the standard retrospectively without restatement and with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be defined by HM Treasury. For 2022, this rate is 0.91%. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income

and expenditure reserve on transition. No adjustments will be made on 1 April 2022 for existing finance leases.

For leases commencing in 2022/23, the trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

Rental of properties between DHSC organisations is often undocumented and this means that where undocumented lease arrangements are identified, it is often difficult to assign a definite term to them. The trust is party to several agreements that are as yet undocumented, and a certain amount of estimation has been necessary in arriving at a reasonable lease term. Where no documented rental values are available, the amounts currently being invoiced to the trust is used to establish the minimum lease payments used in calculating the right-to-use asset values and lease liabilities.

The trust has identified asset rental agreements that fall under IFRS16 and calculated the lease liabilities, asset to be capitalised and impact on the 2022/23 accounts. However, the implementation project is not yet finalised due to uncertainties relating to some property contracts being under renegotiation, work around documentation of leases, and planning processes for new leases and renewals from 2022/23 onwards.

The trust has estimated the impact of applying IFRS 16 in 2022/23 on the opening Statement of Financial Position and the in-year impact on the Statement of Comprehensive Income and capital additions as follows:

	£m
Estimated impact on 1 April 2022 Statement of Financial Position	
Additional right of use assets recognised for existing operating leases	46.6
Additional lease obligations recognised for existing operating leases	(42.3)
Net impact on net assets on 1 April 2022	4.3

The £42.3million net impact on net assets reflects the recognition of two right-to-use assets that are peppercorn leases where no consideration is paid. Therefore, there is no lease liability associated with these assets. The carrying amount of these right-to-use assets will be adjusted in the opening balances in the Statement of Changes in Equity in the 2022/23 accounts.

	£m
Estimated in-year impact in 2022/23	
Additional depreciation on right of use assets	(6.6)
Additional finance costs on lease liabilities	(0.4)
Lease rentals no longer charged to operating expenditure	7.1
Estimated impact on surplus/(deficit) in 2022/23	0.1

At the time of reporting, the trust is unable provide a reliable estimate of increases in capital additions for new leases commencing in 2022/23.

From 1 April 2022, the principles of IFRS 16 will also be applied to the trust's PFI liabilities where future payments are linked to a price index representing the rate of inflation. The PFI liability will be remeasured when a change in the index causes a change in future repayments and that change has taken effect in the cash flow. Under existing accounting practices, amounts relating to changes in the price index are expensed as incurred. This is expected to increase the PFI liability on the Statement

of Financial Position upon transition to IFRS 16. The effect of this has not yet been quantified.

Note 1.29 Critical judgements in applying accounting policies

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

Consolidation of charitable funds

The trust has assessed its relationship to the charitable fund and determined that it is not a subsidiary. This is because the trust has no power to govern the financial and operating policies of the charitable fund so as to obtain the benefits from its activities for itself, its patients or its staff.

Note 1.30 Sources of estimation uncertainty

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

Valuation of land and buildings

The trust's land and buildings are valued by an independent professional valuer. This involves a significant degree of judgement and estimation techniques, and the results reflect the specialist professional assessment of the conditions in line with the current tender price index published by the Building Cost Information Service (BCIS) and within the external property market. See note 13.4 for further information on revaluation of land and buildings. The trust's land and building assets are valued on the basis explained in note 1.8 and note 13 to the accounts. Gerald Eve LLP provided the trust with a valuation of land and building assets (estimated fair value and remaining useful life). The valuation, based on estimates provided by a suitably qualified professional in accordance with HM Treasury guidance, leads to revaluation adjustments as described in note 13 to the accounts. Future revaluations of the trust's property may result in further changes to the carrying values of non-current assets.

For both years 2021/22 and 2020/21, no fundamental uncertainty as a result of COVID-19 pandemic or other factors was included in the valuation report by Gerald Eve and this has been endorsed by the Royal Institute of Chartered Surveyors.

Depreciation of property, plant and equipment and intangible assets, and useful lives

The depreciation of buildings is based on the value and life of the assets as periodically determined by an independent professional valuer. The depreciation of other assets is based on the value and life of the assets in line with the accounting standard, IAS 16 Property, Plant and Equipment. The standard requires that the useful life of an asset be reviewed regularly and, if expectations differ from previous estimates, any change is accounted for prospectively as a change in estimate under the accounting standard, IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The estimated economic lives are disclosed in note 1.7 and the carrying values of property, plant and equipment and intangible assets in notes 14.1 and 13.1 respectively.

Provisions

Provisions have been made for legal and constructive obligations of uncertain timing or amount as at the reporting date. These are based on estimates using relevant and reliable information as is available at the time the accounts are prepared. These provisions are estimates of the actual costs of future cash flows and are dependent on future events. Any difference between expectations and the actual future liability will be accounted for in the period when such determination is made. The

carrying amounts and basis of the trust's provisions are detailed in note 24 to the accounts.

Allowances for credit losses

The trust makes allowances for different categories of receivables at rates determined by the age of the debt. Additionally, specific receivables are impaired where the trust deems it will not be able to collect the amounts due. The trust reviews these annually. Amounts are disclosed in note 18 to the accounts.

Allowances for credit notes for whole government department bodies

The trust carries out a full review of its receivables with whole government department bodies at the end of the year and makes allowance for possible credit notes to be issued where there is uncertainty that the receivables will be paid.

Note 2 Operating segments

The board as 'chief operating decision maker' has determined that healthcare services operate in a single reportable segment, which is the provision of healthcare services. The segmental reporting format reflects the trust's management and internal reporting structure. The trust has identified segments in line with the thresholds in IFRS 8, applying the requirement of the GAM to adopt three significant operating segments subject to the external reporting requirement of IFRS 8. Applying the aggregation criteria to the trust's three significant operating segments found that in all cases the segments had similar economic characteristics, the nature of the services is similar, the nature of the production process is similar, the type or class of customer for the services is similar, the methods used to provide the services is similar and the nature of the regulatory environment is similar.

The trust's significant operating segments satisfy all the criteria listed for an aggregation to be deemed appropriate. The three significant operating segments of the trust are all active in the same business – the provision of healthcare, and all operate within the same economic environment – the United Kingdom. Given that the purpose of disclosing segmental information is to enable users of the annual report and accounts to evaluate the nature and financial effects of business activities and economic environments, reporting a single segment of "Healthcare" would be consistent with the core principle of IFRS 8, as it would show the singular nature of both the business activity and the economic environment of the trust.

Note 3 Operating income from patient care activities

Note 3.1 Income from patient care activities (by nature)

	Group and Trust	
	2021/22 £000	2020/21 £000
Block contract / system envelope income ¹	1,148,240	1,036,914
High cost drugs income from commissioners (excluding pass-through costs) ²	15,642	3,964
Other NHS clinical income	17,546	16,639
All services		
Private patient income ³	11,707	3,598
Elective recovery fund ⁴	15,270	-
Additional pension contribution central funding ⁵	30,605	27,077
Other clinical income	9,207	11,293
Total income from activities	1,248,217	1,099,485

Notes:

1. In 2021/22 as the trust continued to return to pre-pandemic levels of activity, the NHS commissioning regime continued to operate primarily on a block funded basis, with additional funds being available for elective recovery and specific targeted investment via bidding processes, with the elective recovery fund and high-cost drugs elements effectively being on a cost and volume basis.
2. The high-cost drugs spend covers highly specialised drugs, funded on a pass-through basis. 2021/22 saw an increase in the number drugs classified as cost and volume, and an increase in usage of drugs previously funded. The £15.6million is the high-cost drugs spend over and above notional amounts allocated for drugs within the block payments.
3. The increase during 2021/22 represents partial recovery of the 2020/21 reduction in private patient income as a result of the COVID-19 pandemic.
4. Elective Recovery Fund (ERF) was an incentive scheme in 2021/22 that paid providers an incentive payment to encourage elective recovery. Providers were paid over and above block payments at a national tariff for activity over and above a target threshold compared against 2019/20 activity levels (i.e. against pre-pandemic).
5. 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.

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

Note 3.2 Income from patient care activities (by source)

	Group and Trust	
	2021/22	2020/21
	£000	£000
Income from patient care activities received from:		
NHS England	424,191	468,357
Clinical commissioning groups	785,566	599,597
Other NHS providers	10,500	10,032
NHS other	7,046	6,607
Non-NHS: private patients	11,707	3,598
Non-NHS: overseas patients (chargeable to patient)	1,754	1,693
Injury cost recovery scheme	1,307	1,108
Non NHS: other	6,146	8,493
Total income from activities	1,248,217	1,099,485
of which:		
Related to continuing operations	1,248,217	1,099,485

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

	Group and Trust	
	2021/22	2020/21
	£000	£000
Income recognised this year	1,754	1,693
Cash payments received in-year	478	288
Amounts added to provision for impairment of receivables	2,936	1,265
Amounts written off in-year	812	1,234

Note 3.4 Other operating income

	Group		Trust	
	2021/22	2020/21	2021/22	2020/21
	£000	£000	£000	£000
Contract income				
Research and development	11,985	9,849	11,985	9,849
Education and training	36,301	36,140	36,301	36,140
Non-patient care services to other bodies	23,100	20,481	22,805	20,380
Reimbursement and top up funding ¹	10,017	107,978	10,017	107,978
Other income ²	32,325	20,653	28,988	17,847
Non-contract income				
Receipt of capital grants and donations	1,384	3,771	1,384	3,771
Charitable and other contributions to expenditure ³	3,315	15,083	3,315	15,083
Rental revenue from operating leases	272	268	272	268
Total other operating income	118,699	214,223	115,067	211,316
Of which:				
Related to continuing operations	118,699	214,223	115,067	211,316

Notes:

1. In 2020/21, of the £107.9million 'reimbursement and top up' funding, £96.4million relates to retrospective and top up funding. In 2021/22 the trust received equivalent funding, which is not shown above, but is included within 'block contract/system envelope' income per note 3.1 as this is now part of the block contract funding.
2. Includes income from accommodation, car parking, pharmacy sales, catering, trust hosted services and community diagnostic hub.
3. During 2021/22 the trust received £223k (2020/21: £680k) from the Royal Free Charity and £4k (2020/21: £8k) from the Barnet League of Friends as contributions to expenditure.

Note 3.5 Income from activities arising from commissioner requested services

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

	Group and Trust	
	2021/22 £000	2020/21 £000
Income from services designated as commissioner requested services	1,227,303	1,084,594
Income from services not designated as commissioner requested services	20,914	14,891
Total	1,248,217	1,099,485

Note 4 Operating expenses

	Group		Trust	
	2021/22 £000	Restated * £000	2021/22 £000	Restated * £000
Purchase of healthcare from NHS and DHSC bodies	11,937	11,974	11,937	11,974
Purchase of healthcare from non-NHS and non-DHSC bodies	74,694	70,825	74,694	70,825
Staff and executive directors costs	690,018	658,822	683,494	654,480
Remuneration of non-executive directors	319	213	261	167
Supplies and services - clinical (excluding drugs costs)	90,805	83,150	76,202	83,150
Supplies and services - general	22,593	39,110	13,488	29,797
Drug costs (inventory consumed and purchase of non-inventory drugs)	220,415	212,359	233,022	212,359
Inventories written down	156	384	115	361
Consultancy costs	1,668	1,656	1,349	1,656
Establishment	7,374	6,035	7,308	5,977
Premises*	36,760	53,335	34,987	46,964
Transport (including patient travel)	19,508	18,087	19,504	18,087
Depreciation on property, plant and equipment	39,904	34,387	39,518	33,921
Amortisation on intangible assets	5,149	5,144	5,149	5,144
Net impairments	4,205	6,106	4,205	6,106
Movement in credit loss allowance: contract receivables / assets	5,337	(525)	5,337	(525)
Increase in other provisions	10,933	27,408	10,933	27,408
Change in provisions discount rate	130	178	130	178
Fees payable to external auditor: Audit services - statutory audit ¹	413	258	331	216
Internal audit costs	192	154	192	154
Clinical negligence	30,612	28,781	30,612	28,781
Legal fees	924	596	905	596
Insurance	1,098	999	993	977
Research and development	11,581	9,683	11,581	9,683
Education and training	3,752	1,708	3,731	1,708
Rentals under operating leases*	5,146	2,787	5,146	2,787
Early retirements	36	-	36	-
Redundancy	-	998	-	998
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (PFI)	29,063	28,494	29,063	28,494
Car parking and security	309	81	289	81
Other expenditure ²	21,979	2,112	40,294	19,273
Total	1,347,010	1,305,299	1,344,806	1,301,777
Of which:				
Related to continuing operations	1,347,010	1,305,299	1,344,806	1,303,742

Notes:

- The limitation on auditor's liability (group) for external audit work is £2million (2020/21: £1million). Included within the external audit fees for 2021/22 is £40k in respect of additional fees for the 2020/21 audit. The trust has appointed new auditors from 2021/22, EY. The previous auditors were PwC. Audit fees are inclusive of VAT.

2. 'Other' expenditure includes a grant of £16million to The Royal Free Charity and £4million to Middlesex University.

Note 4.1 Covid expenditure

2021/22: Included within expenditure is £59.7million in respect of the COVID-19 pandemic. Trust related COVID-19 expenditure is £49.7million (£31.6million pay within 'staff and executive directors' costs' line above and £18.1million non-pay). COVID-19 expenditure on behalf of London and nationally for continued support of a Nightingale Hospital and purchasing and distribution of PPE is £10.0million (£1.6million pay, £8.4million non-pay). COVID-19 expenditure has been funded by NHS Improvement and is included in Income (see note 3).

2020/21: Included within expenditure is £85.9million in respect of the COVID-19 pandemic. Trust related COVID-19 expenditure is £51.9million (£23.5million pay within 'staff and executive directors' costs' line above and £28.4million non-pay). COVID-19 expenditure on behalf of London and nationally for continued support of a Nightingale hospital and purchasing and distribution of PPE is £34.1million (£0.7million pay, £33.4million non-pay). COVID-19 expenditure has been funded by NHS Improvement and is included in Income (see note 3).

Note 4.2 Nightingale facility

Since 2019/20 the trust was a host trust for a Nightingale facility as part of the regional coronavirus pandemic response. The lease/license was between NHS England and the Excel Centre. NHS England then commissioned The Royal Free London NHS Foundation Trust to carry out the construction and mobilisation of the Nightingale and then its transformation to a rehabilitation unit. The costs incurred by the trust in operating the facility have been included within the operating expenses note in these accounts. The total costs associated with the facility are disclosed below for information; this includes where existing resources were redeployed so the note below does not represent the additional cost to the trust of operating the facility. Incremental costs associated with operating the facility have been reimbursed by NHS England. Decommissioning work commenced during 2020/21 and is now complete.

The total gross costs are shown below;

	Group and Trust	
	2021/22	2020/21
	£000	£000
Set up costs: other operating costs	-	14,607
Running costs: staff costs	-	236
Running costs: other operating costs	-	2
Decommissioning costs: other operating costs	13	4,877
Total gross costs	13	19,722

Note 5 Impairment of assets

	Group and Trust	
	2021/22	2020/21
	£000	£000
Net impairments charged to operating surplus / (deficit) resulting from:		
Over specification of assets	2,937	-
Changes in market price	1,268	6,106
Total net impairments charged to operating surplus / (deficit)	4,205	6,106
Impairments charged to the revaluation reserve	9,776	67,817
Total net impairments	13,981	73,923

The impairments charged to revaluation reserve above arise as a result of the external revaluation exercise undertaken in the year, as described in note 13.4.

Note 6 Employee benefits

	Group		Trust	
	2021/22	2020/21	2021/22	2020/21
	Total £000	Total £000	Total £000	Total £000
Salaries and wages	506,503	497,340	500,938	493,577
Social security costs	69,127	59,569	68,610	59,202
Apprenticeship levy	2,547	2,476	2,524	2,459
Employer's contributions to NHS pensions ¹	100,909	89,171	100,708	89,028
Temporary staff (including agency)	25,004	21,720	24,786	21,667
Total staff costs	704,090	670,276	697,566	665,933
Of which				
Costs capitalised as part of assets	3,966	3,043	3,966	3,043

Further details of staff numbers and directors' remuneration is available in the annual report.

Note 7 Pension costs

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2022, is based on valuation data as at 31 March 2021, updated to 31 March 2022 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

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

20.6% of pensionable pay.

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

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

Note 8 Operating leases

Note 8.1 Royal Free London NHS Foundation Trust as a lessor

This note discloses income generated in operating lease agreements where Royal Free London NHS Foundation Trust is the lessor. Operating lease income arises principally to leasing parts of buildings belonging to the trust.

	Group and Trust	
	2021/22 £000	2020/21 £000
Operating lease revenue		
Minimum lease receipts	255	251
Contingent rent	17	17
Total	272	268
	31 March	31 March
	2022 £000	2021 £000
Future minimum lease receipts due:		
- not later than one year;	159	215
- later than one year and not later than five years;	394	532
- later than five years.	-	20
Total	553	767

Note 8.2 Royal Free London NHS Foundation Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Royal Free London NHS Foundation Trust is the lessee.

From April 2022 the trust will report on its leases under IFRS16 Leases. An exercise has been undertaken by the trust to identify such arrangements in readiness for implementation of the new reporting standard.

In preparation for IFRS 16 implementation, five additional rental arrangements with organisations external to the DHSC Group were identified. These had not previously been recognised as either an operating or finance lease under IAS 17 but have been included in the figures for 2021/22 below.

	Group and Trust					
	2021/22			2020/21		
	Land & Buildings £000	Plant & Equipment £000	Total £000	Building £000	Plant & Equipment £000	Total £000
Operating lease expense						
Minimum lease payments	2,671	2,186	4,857	678	1,640	2,318
Contingent rents	-	289	289	16	453	469
Total	2,671	2,475	5,146	694	2,093	2,787
	31 March 2022			31 March 2021		
	Land & Buildings £000	Plant & Equipment £000	Total £000	Building £000	Plant & Equipment £000	Total £000
Future minimum lease payments due						
- not later than one year;	2,797	2,295	5,092	678	669	1,347
- later than one year and not later than five years;	6,712	4,593	11,305	2,712	2,676	5,388
- later than five years.	10,448	-	10,448	-	-	-
Total	19,957	6,888	26,845	3,390	3,345	6,735

Prior year comparatives have not been restated for the inclusion of the leases identified under IFRS16. The impact of the additional operating lease expenses during the period ending 31 March 2021 is an increase from £2,787k to £4,752k (an increase of £1,965k). The costs relating to the additional leases identified under IFRS 16 are currently charged to premises costs in note 4.

Prior year comparatives for minimum lease payments should involve an increase from £6,735k to £29,114k (an increase of £22,379k).

Note 9 Finance income

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

	Group		Trust	
	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000
Interest on bank accounts	78	120	-	89
Interest on other investments / financial assets	-	-	5,627	5,567
Total finance income	78	120	5,627	5,656

Note 10 Finance expenditure

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

	Group		Trust	
	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000
Interest expense:				
Loans from the Department of Health and Social Care	594	641	594	641
Other loans	-	-	5,909	5,915
Finance leases	1,550	1,415	1,550	1,415
Main finance costs on PFI schemes obligations	2,686	3,010	2,686	3,010
Total interest expense	4,830	5,066	10,739	10,981
Unwinding of discount on provisions	(43)	(4)	(43)	(2)
Total finance costs	4,788	5,062	10,696	10,979

Note 11 Other gains and losses	Group and Trust	
	2021/22	2020/21
	£000	£000
Gains on disposal of assets	-	2,004
Losses on disposal of assets	(237)	-
Total gain on disposal of assets	(237)	2,004

The gain on disposal during 2020/21 is in respect of the sale of an investment property.

Note 12 Intangible assets

31 March 2022	Group and Trust					
	Software licences	Licences & trademarks	IT (Internally generated & 3rd party)	Development expenditure	Intangible assets under construction	Total
						£000
Gross cost as at 1 April 2021	1,800	63	-	37,049	-	38,912
Additions	220	92	250	9,311	2,818	12,691
Reclassifications	59	6	51,119	(46,360)	-	4,824
Gross cost as at 31 March 2022	2,079	161	51,369	-	2,818	56,427
Amortisation at 1 April 2021	866	28	-	24,184	-	25,078
Provided during the year	269	60	-	4,820	-	5,149
Reclassifications	-	-	29,004	(29,004)	-	-
Amortisation at 31 March 2022	1,135	88	29,004	-	-	30,227
Net book value at 31 March 2022	944	73	22,365	-	2,818	26,200
Net book value at 1 April 2021	934	35	-	12,865	-	13,834

All intangible assets are owned by the trust.

In 2021/22 the trust split out development expenditure between 'IT (internally generated and third party)' and 'Intangible assets under construction' to better reflect the nature of intangible assets.

During the year the trust capitalised the role out of a new Electronic Patient Record system (EPR) at a cost of £18.8million, of which £6.8million is shown in PPE information technology (note 13) as it relates to hardware infrastructure and £11.9million is shown within intangible assets, IT (internally generated and third party).

31 March 2021

	Group and Trust					
	Software licences	Licences & trademarks	IT (Internally generated & 3rd party)	Development expenditure	Intangible assets under construction	Total
	£000	£000	£000	£000	£000	£000
Gross cost at 1 April 2020	1,185	63	-	33,413	-	34,661
Additions	95	-	-	1,036	-	1,131
Reclassifications	520	-	-	2,600	-	3,120
Gross cost at 31 March 2021	1,800	63	-	37,049	-	38,912
Amortisation at 1 April 2020	655	18	-	19,261	-	19,934
Provided during the year	211	10	-	4,923	-	5,144
Amortisation at 31 March 2021	866	28	-	24,184	-	25,078
Net book value at 31 March 2021	934	35	-	12,865	-	13,834
Net book value at 1 April 2020	530	45	-	14,152	-	14,727

All intangible assets are owned by the trust.

Note: Reclassification adjustments for 2020/21 and 2021/22 do not net off to nil above, as there have been reclassification adjustments between intangible assets and tangible assets (PPE) note 13. The net impact of reclassifications between intangible assets and PPE is nil. The reclassification between the two asset categories arose because the trust uses assets under construction within PPE to hold tangible and intangible assets until the point they are capitalised and then reclassified them. From 2022/23 the trust will account for assets under construction for tangible and intangible assets separately within their respective categories.

Note 13 Property, plant and equipment

Group

31 March 2022	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 2021	100,616	473,658	161	50,874	122,844	43	38,628	28,123	814,947
Additions	-	10,140	-	17,196	13,556	-	16,443	1,821	59,156
Impairments	-	(13,981)	-	-	-	-	-	-	(13,981)
Revaluations	10,009	(9,804)	(4)	-	-	-	-	-	201
Reclassifications	-	27,036	-	(50,668)	11,078	-	7,562	168	(4,824)
Disposals / derecognition	-	-	-	-	(3,916)	-	-	-	(3,916)
Valuation/gross cost at 31 March 2022	110,625	487,049	157	17,402	143,562	43	62,633	30,112	851,583
Accumulated depreciation at 1 April 2021	-	-	-	-	84,869	43	18,136	10,478	113,526
Provided during the year	-	17,386	4	-	12,736	-	7,119	2,659	39,904
Revaluations	-	(17,386)	(4)	-	-	-	-	-	(17,390)
Disposals / derecognition	-	-	-	-	(3,679)	-	-	-	(3,679)
Accumulated depreciation at 31 March 2022	-	-	-	-	93,926	43	25,255	13,137	132,361
Net book value at 31 March 2022	110,625	487,049	157	17,402	49,636	-	37,378	16,975	719,222
Net book value at 1 April 2021	100,616	473,658	161	50,874	37,975	-	20,492	17,645	701,420

31 March 2021	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 2020	66,231	529,354	170	38,977	104,630	43	22,560	27,771	789,736
Additions	-	21,399	-	45,803	6,935	-	1,443	323	75,903
Impairments	-	(73,923)	-	-	-	-	-	-	(73,923)
Revaluations	34,385	(7,773)	(9)	-	-	-	-	-	26,603
Reclassifications	-	4,852	-	(33,906)	11,279	-	14,625	29	(3,121)
Disposals / derecognition	-	(251)	-	-	-	-	-	-	(251)
Valuation/gross cost at 31 March 2021	100,616	473,658	161	50,874	122,844	43	38,628	28,123	814,947
Accumulated depreciation at 1 April 2020	-	-	-	-	75,899	43	13,928	7,481	97,351
Provided during the year	-	18,203	9	-	8,970	-	4,208	2,997	34,387
Revaluations	-	(18,203)	(9)	-	-	-	-	-	(18,212)
Accumulated depreciation at 31 March 2021	-	-	-	-	84,869	43	18,136	10,478	113,526
Net book value at 31 March 2021	100,616	473,658	161	50,874	37,975	-	20,492	17,645	701,421
Net book value at 1 April 2020	66,231	529,354	170	38,977	28,731	-	8,632	20,290	692,384

Trust

The 'Group' property, plant and equipment includes assets which belong to RFL Dispensary Services Limited. The net book value of these assets as at 31 March 2022 is £772k (total cost £1,931k less accumulated depreciation £1,159k). The net book value as at 31 March 2021 was £1,159k (total cost £1,931k less accumulated depreciation £772k). The trust net book value at 31 March 2022 is £718,450k (31 March 2021: £700,261k).

Note: Reclassification adjustments for 2020/21 and 2021/22 do not net off to nil above, as there have been reclassification adjustments between tangible assets (PPE) and intangible assets note 12. The net impact of reclassifications between PPE and intangible assets is nil. The reclassification between the two asset categories arose because the trust uses assets under construction within PPE to hold tangible and intangible assets until the point they are capitalised and then reclassifies them. From 2022/23 the trust will account for assets under construction for tangible and intangible assets separately within their respective categories.

Note 13.1 Property, plant and equipment financing

Group

31 March 2022	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2022								
Owned - purchased	110,625	406,715	157	17,394	47,382	33,601	12,968	628,842
Finance leased	-	3,348	-	-	-	3,777	4,003	11,128
On-SoFP PFI contracts and other service concession arrangements	-	67,634	-	-	-	-	-	67,634
Owned - donated/granted	-	9,352	-	8	2,254	-	4	11,618
NBV total at 31 March 2022	110,625	487,049	157	17,402	49,636	37,378	16,975	719,222

31 March 2021	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2021								
Owned - purchased	100,616	385,683	161	49,271	35,947	16,004	12,997	600,679
Finance leased	-	7,348	-	-	-	4,488	4,648	16,484
On-SoFP PFI contracts and other service concession arrangements	-	72,248	-	-	-	-	-	72,248
Owned - donated/granted	-	8,379	-	1,603	2,028	-	-	12,010
NBV total at 31 March 2021	100,616	473,658	161	50,874	37,975	20,492	17,645	701,421

Trust

The 'Group' property, plant and equipment - financing note above includes assets which belong to RFL Dispensary Services Limited. The net book value of these assets as at 31 March 2022 is £772k of which £135k is included in plant & machinery - owned purchased and £637k is included in buildings - finance leased.

In June 2018 the trust entered into an agreement with RFL Property Services Limited (RFLPS) to manage and be financially and operationally responsible for the completion of the Chase Farm site in accordance with the development contract novated to it. RFLPS substantially funded this additional construction work through the receipt of loans from the trust and is subsequently recovering these costs, together with a margin, from the trust through a 'unitary charge' payable by the trust in accordance with the service agreement.

The trust granted RFL Property Services Limited a non-exclusive licence to occupy the Chase Farm site to enable the completion of the development of the site and to enable it to access the site to provide contracted property services. RFL Property Services Limited is not granted legal title over the site, nor does it acquire any other property or ownership rights under the licence and the trust continues to retain the rights to occupy and use the site as well as allow other parties access to it should it wish. The trust therefore retains the right to direct and control the asset and secures all the economic benefits arising from its use.

Note 13.2 Donations of property, plant and equipment

During the year the trust received donated assets with a net book value totalling £293k from University College London as part of an agreement to transfer the amyloid service to the trust.

Note 13.3 Centrally procured equipment

In response to the COVID-19 pandemic, the Department of Health and Social Care donated centrally procured ventilators, medical and imaging equipment to the trust. The total value of these assets during 2021/22 is £289k (2020/21: £2,372k) of which £288k (2020/21: £2,093k) was capitalised as a donated asset and £1k (2020/21: £279k) expensed as the criteria to capitalise them was not met. During the year donated assets with a net book value of £110k were returned to the Department of Health.

Note 13.4 Revaluations of property, plant and equipment

A valuation exercise was carried out on the trust's land and buildings by Gerald Eve. The purpose of this exercise was to determine a fair value for those assets as at 31 March 2022.

The valuation was undertaken having regard to IFRS as applied to the United Kingdom public sector and in accordance with HM Treasury guidance, International Valuation Standards and the requirements of the Royal Institution of Chartered Surveyors (RICS) Valuation Standards 8th Edition.

Fair value is defined as “the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date”. Fair values are determined as follows:

- for non-specialised operational assets, this equates in practice to Existing Use Value (EUV), as defined below.
- for specialised operational assets, if there is no market-based evidence of fair value because of the specialised nature of the property and the item is rarely sold, except as part of a continuing business, fair value is estimated using a depreciated replacement cost approach subject to the assumption of continuing use.

The basis used for the valuation of non-specialised operational owner-occupied property for financial accounting purposes under IAS 16 is fair value, which is the market value subject to the assumption that the property is sold as part of the continuing enterprise in occupation. This can be equated with EUV, which is defined in the RICS Standards at UKVS 1.3 as:

“The estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion – assuming that the buyer is granted vacant possession of all parts of the asset required by the business, and disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at least cost.”

Depreciated Replacement Cost (DRC) is the valuation approach adopted for reporting the value of specialised operational property for financial accounting purposes. RICS GN 6, entitled “Depreciated Replacement Cost Method of Valuation for Financial Reporting”, at para 2.3 defines DRC as:

“The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.”

Those buildings which qualify as specialised operational assets, and therefore fall to be assessed using the Depreciated Replacement Cost approach, have been valued on a modern equivalent asset (MEA) basis.

In addition, the valuers have taken account of RICS Valuation Information Paper No. 10 (VIP10): the DRC method of valuation for financial statements. This guidance covers both interpretation of site location and gross internal area. The guidance asks the valuer to consider whether the actual site remains appropriate, and this will normally depend on the locational requirements of the service that is being provided.

VIP (10) guidance also states that where DRC is being used to value specialised property it will rarely be appropriate to cost a modern reproduction of the asset. The value of the property should normally be based on the cost of a modern equivalent asset that has the same service potential as the existing assets and then adjusted to take account of obsolescence.

Note 14 Investment Property

	Group and Trust	
	2021/22	2020/21
	£000	£000
Carrying value at 1 April	-	750
Disposals	-	(750)
Carrying value at 31 March	-	-

Note 14.1 Investment property income	Group and Trust	
	2021/22 £000	2020/21 £000
Investment property income	-	17

Note 15 Investments in associates and joint ventures

Details of the trust's investments in joint arrangements are as follows.

UCL Partners Limited

The group holds a 20% interest in UCL Partners Limited ('UCLP'), a company limited by guarantee in the UK, acquired by a guarantee of £1.

The company's costs are funded by its partners who contribute to its running costs on an annual basis. The contributions paid by the trust are included within operating expenditure.

The most recent available signed financial statements for UCLP have been prepared for the year ended 31 March 2021; the reported assets, liabilities, revenues, and profit are not material to the trust.

Health Services Laboratories LLP ('HSL LLP')

The group holds a 24.5% equity stake in HSL LLP and is accounted for as a joint venture. The main purpose of the entity is to provide pathology services. The movements in investment values for these joint arrangements for the trust is as follows.

	Group and Trust	
	2021/22 £000	2020/21 £000
Carrying value at 1 April	24,602	19,150
Share of profit	6,400	5,452
Carrying value at 31 March	31,002	24,602

Note 16 Investments in Subsidiaries

RFL Property Services Limited

RFL Property Services Limited was incorporated on 28 June 2018 with £50,000 of called up share capital. It is a wholly owned subsidiary of the trust. The primary purpose of the company is to manage the provision of estates and facilities services to the trust.

The agreement with RFL Property Services Limited (RFLPS) is to manage and be financially and operationally responsible for the completion of the Chase Farm site in accordance with the development contract novated to it. RFLPS will substantially fund this additional construction work through the receipt of loans from the trust and will subsequently recover those costs, together with a margin, from the trust through the 'unitary charge' payable by the trust in accordance with the service agreement.

RFL Dispensary Services Limited

RFL Dispensary Services Limited was incorporated on the 31 July 2018 with £1 of called up share capital. It is a wholly owned subsidiary of the trust. The primary purpose of the company is to deliver out-patient pharmacy services. The principal customer of RFL Dispensary Services Limited is the

trust, with whom it has a service level agreement for the dispensing of out-patient prescriptions at the Royal Free Hospital and Chase Farm Hospital.

RFL Decontamination Services Limited

RFL Decontamination Services Limited was incorporated on the 31 July 2018 with £1 of called up share capital. It is a wholly owned subsidiary of the trust and has been dormant since incorporation. The primary purpose of the company will be to provide decontamination and sterilization services to the Royal Free London and other entities. This has not been included in the consolidation of group accounts on the basis that any adjustments are not material.

Note 17 Inventories

	Group		Trust	
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	£000	£000	£000	£000
Drugs	8,555	7,427	6,587	5,738
Consumables	8,680	7,090	8,609	6,999
Energy	269	170	269	170
Total inventories	17,504	14,687	15,465	12,907

Inventories recognised in expenses for the year were £264,711k (2020/21: £212,359k). Write-down of inventories recognised as expenses for the year were £156k (2020/21: £384k).

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 2021/22 the Trust received £3,086k of items purchased by DHSC (2020/21: £14,116k).

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 18 Receivables

	Group		Trust	
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
Current				
Contract receivables - invoiced	50,269	58,815	47,247	61,509
Contract receivables - not yet invoiced	18,923	14,715	22,088	16,469
Capital receivables	-	2,900	-	2,900
Allowance for impaired contract receivables / assets	(24,758)	(26,006)	(24,758)	(26,006)
Prepayments (non-PFI)	8,524	7,440	9,830	8,017
PDC dividend receivable	955	3,887	955	3,887
VAT receivable	2,900	6,918	3,684	6,217
Other receivables	571	204	3,080	2,710
Total current receivables	57,384	68,873	62,126	75,703
Non-current				
Contract receivables - not yet invoiced *	-	-	124,033	126,505
Prepayments (non-PFI)	30	83	30	83
Other receivables	1,828	-	1,828	-
Total non-current receivables	1,858	83	125,891	126,588
Of which receivable from NHS and DHSC group bodies:				
Current	37,884	45,242	37,744	41,318
Non-current	1,828	-	1,828	-

* Non-current receivables (trust): In June 2018 the trust entered into an agreement with RFL Property Services Limited (a wholly owned subsidiary of the trust) to manage and be financially and operationally responsible for the completion of the Chase Farm site in accordance with the development contract novated to it. RFL Property Services Limited substantially funded this additional construction work through the receipt of loans from the trust which are disclosed here. For further details of the arrangement see note 13.1.

Note 18.1 Allowances for credit losses - contract receivables

	Group and Trust	
	31 March	31 March
	2022	2021
	£000	£000
Allowances as at 1 April	26,006	40,289
New allowances arising	7,678	4,752
Changes in existing allowances	-	741
Reversals of allowances	(2,341)	(6,018)
Utilisation of allowances	(6,585)	(13,758)
Allowances as at 31 March	24,758	26,006

Note 18.2 Exposure to credit risk

The majority of the group's income comes from binding contracts with other public sector bodies; therefore, the group has low exposure to credit risk. A provision for bad and doubtful debt is made at 100% for all non-clinical debt over 180 days past due date. All other non-clinical debt is reviewed, and a provision made for specific debts where there is a higher risk of non-recovery. All clinical debt is reviewed and a provision for credit notes is made to recognise a risk of non-recovery of debt.

Note 19 Cash and cash equivalents

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	
	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000
At 1 April	110,681	24,564	105,525	23,721
Net change in year	22,370	86,117	23,760	81,804
At 31 March	133,051	110,681	129,285	105,525
Broken down into:				
Cash at commercial banks and in hand	6,970	5,845	3,204	689
Cash with the Government Banking Service	126,081	104,836	126,081	104,836
Total cash and cash equivalents as in SoCF	133,051	110,681	129,285	105,525

Note 19.1 Third party assets held by the trust

Royal Free London NHS Foundation Trust held cash and cash equivalents which relate to monies held by the trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	Group and Trust	
	31 March 2022 £000	31 March 2021 £000
	11	11
Bank balances		
Total third party assets	11	11

Note 20 Trade and other payables

	Group		Trust	
	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
	11	11	11	11
Current				
Trade payables	63,476	67,945	63,619	65,607
Capital payables	37,464	24,187	37,464	24,187
Accruals	130,502	128,426	124,901	125,842
Social security costs	9,708	8,378	9,635	8,316
VAT payables	-	617	-	-
Other taxes payable	9,048	9,252	8,747	8,905
Other payables	14,220	13,648	14,044	13,589
Total current trade and other payables	264,418	252,453	258,410	246,446
Non-current				
Other payables	425	425	425	425
Total non-current trade and other payables	425	425	425	425
Of which payables from NHS and DHSC group bodies:				
Current	21,043	31,644	21,043	31,644

Note 20.1 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	31 March	31 March	31 March
	2022	2022	2021	2021
	£000	Number	£000	Number
- to buy out the liability for early retirements over 5 years	54	-	114	-
- number of cases involved	-	1	-	4

Note 21 Other liabilities

Current	Group and Trust	
	31 March	31 March
	2022	2021
	£000	£000
Deferred income: contract liabilities	21,529	13,367
Lease incentives	168	168
Other deferred income	83	-
Total other current liabilities	21,780	13,535
Non-current		
Deferred income: contract liabilities	828	-
Lease incentives	2,933	3,100
Other deferred income	-	1
Total other non-current liabilities	3,761	3,101

Note 22 Borrowings

Current	Group		Trust	
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	£000	£000	£000	£000
Loans from DHSC	1,598	1,600	1,598	1,600
Obligations under finance leases	2,726	2,826	4,282	4,392
Obligations under PFI or other service concession contracts	2,835	2,461	2,835	2,461
Total current borrowings	7,159	6,887	8,715	8,453
Non-current				
Loans from DHSC	17,376	18,954	17,376	18,954
Obligations under finance leases	17,717	20,441	147,146	151,515
Obligations under PFI, LIFT or other service concession contracts	12,406	15,241	12,406	15,241
Total non-current borrowings	47,499	54,636	176,928	185,710

Further details of loans from Department of Health and Social Care

2021/22

Loan and purpose	Interest rate	Date of Loan	Date of Maturity	Amount Borrowed £000	Amount Outstanding		
					Current		Non Current £000
					£000	£000	
Capital loan	2.63%	2014/15	2033/34	30,000	1,598	1,598	17,376
				30,000	1,598	1,598	17,376

2020/21

Loan and purpose	Interest rate	Date of Loan	Date of Maturity	Amount Borrowed £000	Amount Outstanding		
					Current		Non Current £000
					£000	£000	
Capital loan	2.63%	2014/15	2033/34	30,000	1,600	1,600	18,954
				30,000	1,600	1,600	18,954

Note 22.1 Reconciliation of liabilities arising from financing activities

Group

2021/22	DHSC Loans £000	Finance leases £000	PFI schemes £000	Total £000
Carrying value at 1 April 2021	20,554	23,267	17,702	61,523
Cash movements:				
Financing cash flows - payments and receipts of principal	(1,578)	(2,824)	(2,461)	(6,863)
Financing cash flows - payments of interest	(596)	(1,550)	(2,686)	(4,832)
Non-cash movements:				
Application of effective interest rate	594	1,550	2,686	4,830
Carrying value at 31 March 2022	18,974	20,443	15,241	54,658

2020/21	DHSC Loan £000	Finance leases £000	PFI schemes £000	Total £000
Carrying value at 1 April 2020	167,946	24,138	19,835	211,919
Cash movements:				
Financing cash flows - payments and receipts of principal	(147,234)	(871)	(2,137)	(150,242)
Financing cash flows - payments of interest	(799)	(1,415)	(3,006)	(5,220)
Non-cash movements:				
Application of effective interest rate	641	1,415	3,010	5,066
Carrying value at 31 March 2021	20,554	23,267	17,702	61,523

Trust

2021/22	DHSC Loans £000	Finance leases £000	PFI schemes £000	Total £000
Carrying value at 1 April 2021	20,554	155,909	17,702	194,165
Cash movements:				
Financing cash flows - payments and receipts of principal	(1,578)	(4,481)	(2,461)	(8,520)
Financing cash flows - payments of interest	(596)	(1,550)	(2,686)	(4,832)
Non-cash movements:				
Application of effective interest rate	594	1,550	2,686	4,830
Carrying value at 31 March 2022	18,974	151,428	15,241	185,643

2020/21	DHSC Loans £000	Finance leases £000	PFI schemes £000	Total £000
Carrying value at 1 April 2020	167,946	157,746	19,835	345,527
Cash movements:				
Financing cash flows - payments and receipts of principal	(147,234)	(1,837)	(2,137)	(151,208)
Financing cash flows - payments of interest	(643)		(3,006)	(3,649)
Non-cash movements:				
Application of effective interest rate	485		3,010	3,495
Carrying value at 31 March 2021	20,554	155,909	17,702	194,165

Note 23 Finance leases

Royal Free London NHS Foundation Trust as a lessee

Obligations under finance leases where the trust is the lessee.

	Group		Trust	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	£000	£000	£000	£000
Gross lease liabilities	38,812	43,047	279,504	288,359
of which liabilities are due:				
- not later than one year;	4,248	4,235	11,643	11,710
- later than one year and not later than five years;	13,798	15,171	46,192	46,879
- later than five years.	20,766	23,641	221,669	229,770
Finance charges allocated to future periods	(18,369)	(19,780)	(128,076)	(132,453)
Net lease liabilities	20,443	23,267	151,428	155,906
of which payable:				
- not later than one year;	2,726	2,826	4,271	4,392
- later than one year and not later than five years;	8,600	9,778	18,264	18,683
- later than five years.	9,117	10,663	128,893	132,830

Group

The group has entered into two contracts to lease accommodation under finance leases, whereby the assets were made available for use and rental payments commenced on 1 April 2000 and 1 June 2005. The group also holds finance leases for various miscellaneous equipment.

Trust

In June 2018 the trust entered into an agreement with RFL Property Services Limited (RFLPS) to manage and be financially and operationally responsible for the completion of the Chase Farm site in

accordance with the development contract novated to it. RFLPS will substantially fund this additional construction work through the receipt of loans from the trust and will subsequently recover those costs, together with a margin, from the trust through the 'unitary charge' payable by the trust in accordance with the service agreement.

The completion work elements of the total asset are in effect being acquired by the trust on the basis of an undertaking to subsequently make payments to RFLPS over the full period of the service agreement. This agreement reimburses RFLPS the initial cost to it of the works and the interest it is charging the trust for accepting a form of deferred payment for those works. As such the arrangement is an asset financing arrangement analogous to a finance lease or service concession arrangement under which the trust secures the right to control the use of the underlying asset in return for a series of payments, namely the capital element of the 'unitary charge'. The element of this arrangement is therefore classified as a finance lease.

Note 24 Provisions

	Group and Trust						
	Pensions: early departure costs £000	Pensions: injury benefits £000	Legal claims £000	Equal Pay (including Agenda for Change) £000	Redundancy £000	Other £000	Total £000
At 1 April 2021	4,376	424	139	2,557	905	32,066	40,467
Change in discount rate	114	16	-	-	-	-	130
Arising during the year	68	-	-	773	-	14,266	15,107
Utilised during the year	(495)	(51)	-	-	(237)	-	(783)
Reversed unused	(104)	-	(12)	(266)	(399)	(2,013)	(2,794)
Unwinding of discount	(41)	(2)	-	-	-	-	(43)
At 31 March 2022	3,918	387	127	3,064	269	44,319	52,084
Expected timing of cash flows:							
- not later than 1 year;	517	51	127	3,064	269	33,501	37,529
-between 1 and 5 years;	2,068	202	-	-	-	2,844	5,114
- later than 5 years.	1,333	134	-	-	-	7,974	9,441
Total	3,918	387	127	3,064	269	44,319	52,084

Pensions: early departure costs - in respect of early retirement of staff resulting from reorganisation. The provision is calculated using a prescribed methodology and information is supplied by the NHS Business Services Authority.

Pensions: injury benefits - this is a legacy provision administered by NHS Resolution in respect of injury benefit claims.

Legal claims - in respect of a proportion of excess and defence costs incurred by NHS Resolution, who manage negligence and other claims on behalf of its member organisations. IAS 37 allows for the non-disclosure of further information which may prejudice the outcome of litigation.

Equal pay - in respect of potential contractual claims under agenda for change.

Redundancy - in respect of staff on the redeployment register.

Other provisions - comprise of;

1. Clinical Pensions - £1.8million in respect of reimbursing the tax charge for clinicians for additional work carried out during COVID-19 in 2020/21. The provision is mostly non-current and is offset by a non-current receivable with NHSI.
2. Storage and destruction of records - £5.2million in respect of storage of patient records in line with the Records Management Code of Practice 2021 and destruction of the same records under GDPR regulations. The provision is mostly non-current.
3. Contractual disputes - £1.7million in respect of contractual disputes likely to be resolved in 2022/23.
4. Chase Farm obligations - £11million in respect of contractual obligations likely to be settled in 2022/23.

Remaining provisions includes sums held in respect of charges arising from provision of services, dilapidations associated with leases and other contractual challenges and obligations. No further information has been disclosed as IAS 37 allows the withholding of information which may seriously prejudice the trust.

Note 25 Clinical negligence liabilities

At 31 March 2022, £782.2million was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Royal Free London NHS Foundation Trust (31 March 2021: £502.9million).

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

Note 26 Contingent liabilities

	Group and Trust	
	31 March	31 March
	2022	2021
	£000	£000
Value of contingent liabilities		
NHS Resolution legal claims	(75)	(43)
Net value of contingent liabilities	(75)	(43)

Note 27 Contractual capital commitments

	Group and Trust	
	31 March	31 March
	2022	2021
	£000	£000
Property, plant and equipment	16,022	8,202
Total	16,022	8,202

Note 28 On-SoFP PFI, or other service concession arrangements

Barnet Hospital operates under a PFI arrangement with Metier Healthcare which began in February 1999 under a 33-year contract for the provision of a fully managed hospital. This is recognised in the

Statement of Financial Position and is included as part of the trust estate for the purposes of revaluation. The land at Barnet Hospital remains the property of the trust during the contract period. The building transfers to the trust at the end of the contract period subject to payment of consideration. The PFI contract is also responsible for the provision of managed technology services, non-clinical hotel services and equipment and building maintenance services at Barnet Hospital.

Note 28.1 On-SoFP PFI, or other service concession arrangement obligations

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

	Group and Trust	
	31 March 2022 £000	31 March 2021 £000
Gross PFI or other service concession liabilities	24,921	30,068
Of which liabilities are due		
- not later than one year;	5,147	5,147
- later than one year and not later than five years;	12,239	14,808
- later than five years.	7,535	10,113
Finance charges allocated to future periods	(9,680)	(12,366)
Net PFI or other service concession arrangement obligation	15,241	17,702
- not later than one year;	2,835	2,461
- later than one year and not later than five years;	6,429	7,812
- later than five years.	5,977	7,429

Note 28.2 Total on-SoFP PFI and other service concession arrangement commitments

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

	Group and Trust	
	31 March 2022 £000	31 March 2021 £000
Total future payments committed in respect of the PFI or other service concession arrangements	322,120	351,183
Of which payments are due:		
- not later than one year;	34,210	33,641
- later than one year and not later than five years;	117,062	117,062
- later than five years.	170,848	200,480

Note 28.3 Analysis of amounts payable to service concession operator

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

	Group and Trust	
	2021/22	2020/21
	£000	£000
Unitary payment payable to service concession operator	34,210	33,641
Consisting of:		
- Interest charge	2,686	3,010
- Repayment of balance sheet obligation	2,461	2,137
- Service element and other charges to operating expenditure	29,063	28,494
Total amount paid to service concession operator	34,210	33,641

Note 29 Financial instruments

Note 29.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the service provider relationship that the group has with clinical commissioning groups and the way those organisations are financed, the NHS group is not exposed to the degree of financial risk faced by business entities. In addition, 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. Financial assets and liabilities are typically generated by day-to-day operational activities rather than being held to change the risks facing the group in undertaking its activities. The group does not undertake speculative treasury transactions.

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

Currency risk

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

Interest rate risk

The group borrows from government for capital expenditure, subject to affordability. The borrowings are for up to 20 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The group therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the group's income comes from binding contracts with other public sector bodies, the group has low exposure to credit risk. The maximum exposures as at 31 March 2022 and 31 March 2021 are in receivables from customers, as disclosed in the receivables note, note 18.

Liquidity risk

The group's operating costs are incurred under contracts with clinical commissioning groups, which are financed from resources voted annually by Parliament. The group funds its capital expenditure from funds obtained within its prudential borrowing limit. The group is therefore not exposed to significant liquidity risks.

Note 29.2 Financial assets

	Group		Trust	
	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
Financial assets measured at amortised cost				
Trade & other receivables excluding non financial assets	46,833	50,277	173,567	184,137
Cash and cash equivalents	133,051	110,681	129,285	105,525
Total carrying value of financial assets	179,884	160,958	302,852	289,662

Note 29.3 Financial liabilities

	Group		Trust	
	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
Financial liabilities measured at amortised cost				
Loans from the Department of Health and Social Care	18,974	20,554	18,974	20,554
Obligations under finance leases	20,443	23,267	151,428	155,906
Obligations under PFI and other service concessions	15,241	17,702	15,241	17,702
Trade & other payables excluding non financial liabilities	246,087	234,206	240,453	229,225
Provisions under contract	41,004	31,623	41,004	31,623
Total carrying value of financial liabilities	341,749	327,352	467,100	455,010

Note 29.4 Fair values of financial assets and liabilities

Due to the nature of financial instruments, the carrying value approximates their fair value.

Note 29.5 Maturity of financial liabilities

	Group		Trust	
	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
In one year or less	287,797	263,868	289,558	266,362
In more than one year but not more than five years	36,922	64,442	69,317	96,150
In more than five years	48,572	53,123	249,474	259,252
Total at 31 March 2022	373,291	381,433	608,349	621,764

Note 30 Losses and special payments

Group and trust	2021/22		2020/21	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Bad debts and claims abandoned	308	1,372	183	2,168
Stores losses and damage to property	3	169	2	142
Total losses	311	1,541	185	2,310
Special payments				
Ex-gratia payments	161	212	53	15
Total special payments	161	212	53	15
Total losses and special payments	472	1,753	238	2,325

Note 31 Events after the reporting date

There have been no events after the reporting date which require adjustment or disclosure within these financial statements.

Note 32 Related parties

Members of the governing body are required to declare any interests that they hold, either directly or through close family members, in organisations other than the trust. Where the trust incurs expenditure with or receives income from those organisations, the organisations are known as related parties and the transactions must be reported. Those transactions, together with the nature of the interest and the nature of the transaction, are shown below.

During the year the board members including executive directors and non-executive directors, or parties related to them, have undertaken transactions with the trust listed below.

Department of Health and Social Care Group bodies

The Department of Health and Social Care is regarded as a parent department for the Royal Free NHS Foundation Trust and other NHS entities including NHS England, clinical commissioning groups, trusts and foundation trusts, as they are under the same government control. These entities are considered to be related parties. As per para 5.258 - 5.259 of the Department of Health and Social Care Group Accounting Manual, no transactions are required to be disclosed for such entities but only a note of the main bodies. NHS entities with whom the trust has had material transactions, greater than £6.8million (0.5% of trust income), are shown below:

2021/22	2020/21
NHS England	NHS England
NHS North East London CCG	NHS Brent CCG
NHS Herts Valleys CCG	NHS Herts Valleys CCG
NHS East and North Hertfordshire CCG	NHS East and North Hertfordshire CCG
NHS North West London CCG	NHS Harrow CCG
NHS North Central London CCG	NHS North Central London CCG
University College London Hospitals NHSFT	University College London Hospitals NHSFT
Barts Health NHS Trust	

In addition the following governing body members have interests with NHS entities;

Governing body member and title	NHS entity	Position
Mark Lam, Group Chair	East London NHS FT	Chair
Mark Lam, Group Chair	North Middlesex Hospital NHST	Chair
Doris Olulode, NED	Royal National Orthopaedic NHST	NED & Senior Independent Director
Dr Mohini Parmar, NED	North West London CCG	Chair
Amanda Gibbon	Whittington Health NHST	NED
Sarah Rapson, Associate NED	North Middlesex University NHST	NED & Senior Independent Director
Caroline Clarke, Group Chief Executive	North Middlesex University NHST	Accountable Officer

Other government organisations

The trust has had a number of material transactions with other government organisations as per below:

2021/22	2021/22	2021/22	31 March 22	31 March 22
	Expenditure	Income	Payables	Receivables
	£000	£000	£000	£000
Health Education England	-	37,023	-	2,561
NHS Resolution	31,321	-	3	-
NHS Property Services	3,601	-	5,105	-
NHS Pension Scheme	100,909	-	10,598	-
HMRC	72,029	-	18,756	-

2020/21	2020/21	2020/21	31 March 21	31 March 21
	Expenditure	Income	Payables	Receivables
	£000	£000	£000	£000
Health Education England	-	33,680	-	881
NHS Resolution	28,229	-	136	-
NHS Property Services	15,228	-	9,852	-
NHS Pension Scheme	89,171	-	9,026	-
HMRC	62,045	-	17,222	-

Trust Affiliates

2021/22	2021/22 Expenditure £000	2021/22 Income £000	31 March 22 Payables £000	31 March 22 Receivables £000
Health Services Laboratories LLP (HSL) ¹	92,687	3,394	48,557	67
UCL Partners Limited ²	994	694	613	550
Royal Free Charity ³	382	2,160	31	699
RFL Dispensary Services Limited ⁴	24,021	21,933	3,117	950
RFL Property Services Limited ⁵	22,881	6,872	131,523	128,069
University College London ⁶	18,342	6,235	9,201	4,949
RFC Developments Limited ⁷	-	87	-	-

2020/21	2020/21 Expenditure £000	2020/21 Income £000	31 March 21 Payables £000	31 March 21 Receivables £000
Health Services Laboratories LLP (HSL) ¹	48,769	-	10,912	-
UCL Partners Limited ²	490	239	96	444
Royal Free Charity ³	1,507	1,838	-	441
RFL Dispensary Services Limited ⁴	20,623	18,980	864	5,494
RFL Property Services Limited ⁵	22,234	6,182	132,906	129,205

Notes:

Related Party

1. HSL Laboratories

2. UCL Partners Limited

Nature of Interest

1. The group holds a 24.5% equity stake in HSL LLP

1. The group holds a 20% interest in UCL Partners Limited

2. Mark Lam, Group Chair (Director since 12 April 2021)

3. Prof. David Lomas, Non Executive Director (Board Member since 20 October 2015)

4. Caroline Clarke, Group Chief Executive (Director since 29 April 2019)

3. Royal Free Charity

The following directors of the Royal Free London NHS Foundation Trust are Trustees of the Royal Free Charity;

1. Akta Raja, Non Executive Directors (Trustee since 3 June 2019)

2. Caroline Clarke, Group Chief Executive (Trustee since 24 June 2020)

3. Chris Streather, Group Chief Medical Officer (Trustee since 31 March 2020)

4. RFL Dispensary Services Limited

Wholly owned subsidiary of the Trust

5. RFL Property Services Limited

Wholly owned subsidiary of the Trust

6. University College London

1. Chris Ham, Non Executive Director (Vice Provost)

7. RFC Developments Limited

1. Caroline Clarke, Group Chief Executive (Director since 21 March 2019)

2. Chris Streather, Chief Medical Officer (Director since 23 July 2018)

3. Kate Slemeck, Royal Free Chief Executive (Resigned as a Director on 27 July 2021)

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS OF ROYAL FREE LONDON NHS FOUNDATION TRUST

Opinion

We have audited the financial statements of Royal Free London NHS Foundation Trust for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 32, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Financial Reporting Standards as interpreted and adapted by the 2021/22 HM Treasury's Financial Reporting Manual (the 2021/22 FReM) to the extent that they are meaningful and appropriate to NHS foundation trusts.

In our opinion the financial statements:

- give a true and fair view of the financial position of Royal Free London NHS Foundation Trust and of the Group as at 31 March 2022 and of Foundation Trust's and Group's income and expenditure for the year then ended;
- have been properly prepared in accordance with the Department of Health and Social Care Group Accounting Manual 2021 to 2022; and
- have been properly prepared in accordance with the National Health Service Act 2006 (as amended by the Health and Social Care Act 2012).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Foundation Trust and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's Guidance Note 01 (AGN01) and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or Foundation Trust's ability to continue as a going concern for a period of 12 months (to 30 June 2023) from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Foundation Trust's and the Group's ability to continue as a going concern.

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Code of Audit Practice

In our opinion:

- the information given in the performance report and accountability report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the parts of the Remuneration and Staff report identified as subject to audit have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2021/22.

Matters on which we are required to report by exception The Code of Audit Practice requires us to report to you if:

We issue a report in the public interest under schedule 10(3) of the National Health Service Act 2006;

- We refer the matter to the regulator under schedule 10(6) of the National Health Service Act 2006 because we have reason to believe that the Foundation Trust, or a director or officer of the Foundation Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency;
- We are not satisfied that the Foundation Trust has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources;
- We have been unable to satisfy ourselves that the Annual Governance Statement, and other information published with the financial statements meets the disclosure

requirements set out in the NHS Foundation Trust Annual Reporting Manual 2021/22 and is not misleading or inconsistent with other information forthcoming from the audit; or

- We have been unable to satisfy ourselves that proper practices have been observed in the compilation of the financial statements.

We have nothing to report in respect of these matters.

Responsibilities of the Accounting Officer

As explained more fully in the Statement of the chief executive's responsibilities as the accounting officer of Royal Free London NHS Foundation Trust the chief executive is the Accounting Officer of Royal Free London NHS Foundation Trust. The Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the group and the Foundation Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council of Governors intend to cease operations of the group or the Foundation Trust, or have no realistic alternative but to do so.

As explained in the statement of the Statement of the chief executive responsibilities as the Accounting Officer of Royal Free London NHS Foundation Trust, the Accounting Officer is responsible for the arrangements to secure economy, efficiency and effectiveness in the use of the group and Foundation Trust's resources.

Auditor's responsibility for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud

rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Foundation Trust and determined that the most significant are the National Health Service Act 2006 (as amended by the Health and Social Care Act 2012), as well as relevant employment laws of the United Kingdom. In addition, the Foundation Trust has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection and health & safety.
- We understood how Royal Free London NHS Foundation Trust is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, head of internal audit and those charged with governance and obtaining and reviewing documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our review of the Foundation Trust's board minutes, through enquiry of employees to verify Foundation Trust policies, and through the inspection of employee handbooks and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation. Royal Free London NHS Foundation Trust has robust policies and processes in place to mitigate potential for override of controls, there is a culture of honesty and ethical behaviour, supported by a number of policies in respect of human resources and counter fraud, bribery and corruption.
- We assessed the susceptibility of the Foundation Trust's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified manipulation of reported financial performance (through improper recognition of revenue), inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.
- To address our fraud risk around the manipulation of reported financial performance through improper recognition of revenue, we
 - Tested revenue and expenditure cut-off at the period end date
 - Reviewed the Department of Health and Social Care Agreement of Balances data and investigated differences with counter-parties which we considered to be significant.
 - Tested the appropriateness of manual journal entries recorded in the general ledger and other adjustments made in preparing the financial statements.
 - Focused our testing on manual year-end debtor and creditor accruals where we believed the risk of management override and/or inappropriate revenue recognition to be greater.

- Assessed accounting estimates for evidence of management bias.
- To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Foundation Trust's capitalised expenditure using lower testing thresholds to ensure the capitalisation criteria were properly met and the expenditure was genuine.
- To address our fraud risk of management override of controls, we implemented a journal entry testing strategy, assessed accounting estimates for evidence of management bias and evaluated the business rationale for significant unusual transactions. This included testing specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately.

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

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2020, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in December 2021, as to whether the Foundation Trust had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Foundation Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Foundation Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under schedule 10(1)(d) of the National Health Service Act 2006 to be satisfied that the Foundation Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Under the Code of Audit Practice, we are required to report to you if the Foundation Trust has not made proper arrangement for securing economy, efficiency and effectiveness in the use of resources.

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

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have issued our Auditor's Annual Report for the year ended 31 March 2022. We have completed our work on

the value for money arrangements and will report the outcome of our work in our commentary on those arrangements within the Auditor's Annual Report.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the National Health Service Act 2006 and the Code of Audit Practice issued by the National Audit Office on behalf of the Comptroller and Auditor General.

Use of our report

This report is made solely to the Council of Governors of Royal Free London NHS Foundation Trust in accordance with Schedule 10 of the National Health Service Act 2006 and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors, for our audit work, for this report, or for the opinions we have formed.

*Janet Dawson
Ernst & Young LLP*

Janet Dawson
for and on behalf of Ernst & Young LLP
London
22 June 2022

Certificate

In our report dated 22 June 2022, we explained that we could not formally conclude the audit on that date until we had issued out Auditor's Annual Report for the year ended 31 March 2022. We have now completed our procedures and no matters have come to our attention that would have resulted in a different opinion on the financial statements or additional exception reporting on significant weaknesses in the Foundation Trust's value for money arrangements.

We certify that we have completed the audit of the accounts of the Royal Free London NHS Foundation Trust in accordance with the requirements of the National Health Service Act 2006 and the Code of Audit Practice issued by the National Audit Office on behalf if the comptroller and Auditor General.

*Janet Dawson
Ernst & Young LLP*

Janet Dawson
for and on behalf of Ernst & Young LLP
London
1 September 2022

