



**Moorfields  
Eye Hospital**  
NHS Foundation Trust



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Annual Report and Accounts  
2022/23**



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## **1. Welcome from the chair and chief executive**

Despite the challenges of the post-pandemic recovery, our staff's professionalism, dedication, and commitment remain exemplary. They've worked tirelessly to provide the highest quality eye care and reduce the backlog of patients while meeting national targets, progressing our planned investment in services and maintaining a strong financial position.

We are developing innovative sight-saving treatments and taking further critical steps towards building Oriol, our world-leading eye care, research and education centre. We're also proud to have opened our new facilities in New Cavendish Street and Stratford, providing significant additional services in east and north east London.

Oriol, our joint initiative with the University College London (UCL) Institute of Ophthalmology and Moorfields Eye Charity for a state-of-the-art eye health centre is progressing well. In August 2022, we received full planning permission for the centre, final government and NHS approval in November 2022 and in February 2023, the trust signed a £300 million contract with contractor Bouygues UK to build it. As part of the preparatory work for Oriol, the demolition of six buildings on the St Pancras Hospital site in Camden site began as planned in February 2023 and there is significant ongoing focus being given to the internal design of the building.

Opening our new Stratford hub will offer more appointments for local people in glaucoma, cataracts and medical retina specialties and we expect this significant increase in capacity to help reduce waiting times across east and north east London, as well as being a convenient location for many patients.

Moorfields Private is offering its outstanding patient care, diagnostic and refractive procedures from world-leading consultants and nursing teams in a brand-new facility at New Cavendish Street in the heart of London's medical district. The new facility provides expert advice on a wide range of eye problems for patients from the UK and across the globe and provides a number of treatments not available on the NHS. Its financial surplus is reinvested to support NHS patients and services.

We continue to be at the forefront of ground-breaking research. The National Institute for Health and Care Research (NIHR) Moorfields Biomedical Research Centre (BRC) has been awarded £20 million funding for a five-year period. We are extremely pleased that we have been awarded NIHR BRC funding for the fourth time, demonstrating our joint sites' world leading track record. We are at a turning point in ophthalmology innovation, most notably in areas from gene, cell, laser, surgical and drug therapies through to artificial intelligence. This investment will ensure that our remarkable researchers and clinicians, who are demonstrating true leadership, have the infrastructure to deliver our leading-edge research portfolio.

Following the departure of Tessa Green, we welcomed Laura Wade-Gery as our new chair of the trust board and membership council. Laura joined the Board as chair on 1 February 2023, after serving as a non-executive director on the NHS England board. Previously Laura was chair of the NHS Digital Board.. Laura has over 20 years' experience working in leadership roles for large businesses, including at Marks and Spencer Group and Tesco.

We are excited to look ahead to what 2023/24 will bring. We are confident we will continue to make significant progress on the construction of Oriol and continue to deliver the best possible treatment and care for our patients.

We also recognise we cannot do any of this without our dedicated and talented staff. They are the beating heart of this organisation and we would like to take this opportunity to applaud their commitment and resilience and acknowledge the valuable contribution they make every day to this hospital. No matter what role they have here, the work of every member of staff counts. Thank you for all your hard work, it is appreciated not only by us but by our patients.

**Laura Wade-Gery**  
Chair

**Dr Martin Kuper**  
Chief executive

## **2. Performance report**

### **2.1 Overview**

#### **Annual Performance Statement from Chief Executive**

Following on from the unprecedented and challenging impact on our services during the Covid-19 pandemic, this has been another year of recovery as we return to 'business as usual'.

The continuing provision of safe and effective services for patients underpins everything we do. We strive to maintain high levels of patient feedback to inform the continuous improvement of our services. Our clinical outcomes and safety record remain excellent, with ophthalmic clinical outcomes evidenced amongst the best in the world. Once again, our infection control team has excelled and in 2022/23 we have had no cases of MRSA or Clostridium difficile.

Our national friends and family test stated that the overwhelming majority of respondents would recommend us to their friends and family, with positive scores of 92%, 93% and 96% in our A&E, outpatient and admitted environments respectively.

We had 709,297 patient contacts across our sites (excluding Bedford) which, while not yet at pre-pandemic level, is an increase of over 43,000 compared with 2021/22. We had 70,166 A&E attendances, which was a year-on-year increase of 14%. In our outpatient settings, we also continued to provide telephone and telemedicine environments, with almost 42,000 outpatient appointments held in a virtual setting.

We have continued to maintain many of our key targets in 2022/23, including all cancer waiting time targets, the A&E maximum four-hour waits at 99.4%, and diagnostic waiting times at 99% within 6 weeks. We are still in the process of recovering our referral to treatment performance (77.9%) but this has improved from last year, a notable achievement as we continue to assist other trusts with their longer-waiting ophthalmic patients.

2022/23 saw strong performance in an evolving period with a surplus of £6.7m compared with a prior-year surplus of £19.4 million in 2021/22. Patient activity continued to recover in the year across both NHS and commercial areas. This was in contrast to the previous year where the surplus was as a result of a largely elective organisation receiving funding income based on historical activity levels, whilst performing reduced activity during the emergency phases of the Covid-19 pandemic.

The trust's capital programme was the highest on record, with total capital expenditure for the year of £70.3 million (2021/22 £14.8m). With cautious management of working capital, this enabled the trust to have cash reserves of £60.6 million (2021/22 £69.3m) and maintain a level of liquidity to be able to respond to evolving external circumstances.

We agreed 2022/23 revenue and capital plans and outturns as part of an overall NCL ICS-wide process coordinated by the NCL ICB.

#### **History, purpose and activities of Moorfields**

We are the leading provider of eye health services in the UK and a world-class centre of excellence for ophthalmic research and education. Our reputation for providing the highest quality of ophthalmic care has developed over more than 200 years.

Moorfields Eye Hospital is authorised to operate as a public benefit corporation under the National Health Service Act 2006. We were in the first group of ten selected Trusts to become an NHS foundation trust in 2004. We are registered without conditions and with an overall rating of 'Good' with the Care Quality Commission (CQC).

At the very heart of our strategy is our core belief that people's sight matters. Our purpose is working together to discover, develop and deliver excellent eye care, sustainably and at scale.

NHS Integrated Care System was established on 1 July 2022. Moorfields is located in North Central London ICS (NCL). The white paper, "[Working together to improve health and social care for all](#)", published in 2021, outlined four key aims for integrated care systems:

- Improving outcomes in population health and healthcare.
- Tackling inequalities in outcomes, experience and access.
- Enhancing productivity and value for money.
- Helping the NHS to support broader social and economic development.

NCL is responsible for planning health and care services in its five boroughs, using the money it receives from NHS England. The focus for NCL is on providing care and support that improves the health and wellbeing of everyone living in their boroughs. We have been working productively through the NCL ophthalmology clinical network, together with other eye units in the area, to take forward important programmes of work, particularly in respect of elective surgery reconfigurations, diagnostics and a single point of access, as part of advancing implementation of an improved eye care pathway.

As a specialist trust with 24 NHS sites, we are playing an active part in delivering services that meet these key aims across NCL and for a number of other ICSs.

We provide a wide range of ophthalmic services, caring for patients with routine eye conditions as well as those with rare and complex conditions. We serve the NHS and private sectors in the UK and deliver care through our international services. Together with the UCL Institute of Ophthalmology and other strategic partners, we conduct world-leading research and play a leading role in the training and education of eye care clinicians.

We have a unique patient case mix, and more detail on our services can be found at <https://www.moorfields.nhs.uk/listing/services>

We are recognised as a world-class centre of excellence in eye research. With our partners at the UCL Institute of Ophthalmology, we deliver leading edge, life-changing research for patients with eye disease, to benefit local, national and international patient populations. The Moorfields-UCL partnership was successful in a highly competitive national competition, obtaining 5-year funding from the National Institute for Health Research (NIHR) as a designated National Biomedical Research Centre, and the only national centre in ophthalmology. We were also successful in obtaining five-year NIHR funding for our Clinical Research Facility. This is our fourth successful designation and has provided the critical research infrastructure for our world-leading position in ophthalmology. This infrastructure, together with grants including from Moorfields Eye Charity, has supported most of our major innovative research initiatives, enabling us to fast-track projects to benefit patients more quickly. We have recently completed joint research strategies and are also developing joint strategies on Equality, Diversity and Inclusion and Patient Public Involvement in research, to ensure we involve as many people as we can in the process and the benefits of research.

Some highlights include the HERCULES project at Brent Cross, developing improved ways of running diagnostic clinics at Moorfields and nationally. This is linked to the improved use of data, including imaging and further development of artificial intelligence programmes to try to speed and improve patient care, such as our OCTane software. We continue our development and trials of advanced treatments, including new drugs, stem cell and gene therapy for diseases that were previously untreatable.

We are also developing better systems such ROAM (Research Opportunities At Moorfields) to make our clinical trials available for more patients, particularly those in underserved communities and with diverse populations.

Our researchers at Moorfields and UCL represent the largest number from a single site worldwide on The Ophthalmologist's global [Power List](#).

We also continue to play a leading role in the training and education of eye care clinicians and scientists nationally and internationally, integrating with strategic partners.

We are a founder member of UCL Partners, one of the UK's first academic health science centres. Moorfields is one of only 20 sites nationally that has NIHR BRC status, providing us with the infrastructure to support major innovative research initiatives and enabling us to fast-track projects to benefit patients more quickly.

We have 2,465 (full-time and part-time) staff who are committed to sustaining and building on our pioneering history, and ensuring we remain at the cutting edge of developments in ophthalmology.

Looking ahead to the opportunities and challenges of a changing world, we need to build on our heritage of expertise in eye care, research and education and adapt for the future so that we continue to be relevant and add value for our patients.

## **How we are structured**

We are led by a board of directors, which is accountable to our membership council. The responsibilities of the board and the membership council are set out in our constitution, which you can download from our website. They are summarised as:

Membership council:

- To hold the non-executive directors to account individually and collectively for the performance of the board of directors.
- To represent the interests of the members of the trust as a whole and the interests of the public.
- To give the views of the membership council to directors for consideration in the preparation and approval of the annual plan.
- Respond when consulted by the board of directors

Board of directors:

- To hold overall accountability for the organisation and responsibility for strategic direction and the high-level allocation of resources.
- To govern effectively in order to meet its responsibilities to stakeholders, including patients, staff, the community and system partners.
- To ensure that there is a balance between its three key roles, to formulate strategy, ensure accountability and shape culture.

We have strong clinical leadership arrangements below board level, with three operational divisions each led by a clinical divisional director, and service directors for each of our clinical services.

The divisions and services are complemented and supported by corporate directorates covering operations, nursing and allied health professions, strategy and partnerships, finance, human resources, research and development, IT, estates, and governance.

We operate a networked model of care, with 24 sites in London and the south east of England. Services provided by us are physically located in six Integrated Care System (ICS) footprints: four ICSs in London (North Central London, South West London, North East

London and North West London); Bedfordshire, Luton and Milton Keynes; and Hertfordshire and West Essex. More is being delivered through our “digital estate” (for example Attend Anywhere and asynchronous diagnostic hubs). We expect this to continue to grow as a proportion of our offer to patients, enabling timely triage and treatment at a system level.

Each site is supported by a range of corporate services covering quality and safety, human resources, governance, strategy and business development and finance. Our access directorate is responsible for our business continuity and emergency preparedness and also includes our outpatient booking centre, health records department, medical secretaries, referral to treatment (RTT) team and diabetic retinal screening team.

We are proud to be a critically important provider of eye care services in London, stemming from our role as a national and international centre, but also demonstrated through significant ophthalmology activity shares in each of our served population areas. The NHS long-term plan has reinforced the role of ICSs in establishing more collaborative working and joined-up care for patients and their local populations. NCL ICS has identified ophthalmology as an area where this principle can readily respond. We have “lead” or “coordinating” provider status in NCL and South West London, and we continue to build and model the relationships and behaviours we believe are necessary for successful system working. We are working constructively in the London Ophthalmology Board to promote a shared patient tracking list as an important step in reducing waiting times and health disparities.

We want to build an equitable system of excellent eye care that is also kind. We want to do all we can across our region to achieve this and, where we can, achieve the benefits of scale.

## **Moorfields Private**

Moorfields Private provides private patient services to both national and international patients.

Following the acquisition of the London Claremont Clinic in December 2020, a full refurbishment has created a modern ophthalmology clinic in the heart of London’s medical district. Patients can choose to visit Moorfields Private in New Cavendish Street or City Road to access the full range of private ophthalmology treatments.

Both sites offer outpatient consultations and diagnostic tests, minor procedures, ophthalmic surgery and laser eye surgery. More complex surgery and the treatment of children is carried out at the City Road site.

Moorfields Private invests time and resources in building relationships with optometrists, private GPs and International Health Offices, recognising them as key partners in the referral and treatment of patients. Educational talks given by our consultants are a key element of this strategy. Our marketing team also creates further awareness of the services on offer across both sites to both referrers and patients.

In 2022/23, Moorfields Private fulfilled over 45,500 outpatient appointments, completed laser procedures on over 1,600 patients and admitted over 5,700 patients for surgical procedures.

The year saw the consolidation of our fifteen years of operations in **Moorfields Eye Hospital Dubai** and the completion of six years of operations in Moorfields Eye Hospital Centre in Abu Dhabi. Our hospital in Dubai has seen over 300,000 national and international patients and performed over 25,000 surgeries since its inception.

The healthcare market in the UAE continues to be dynamic. To maintain and grow our existing market share, we focused on contracts to increase patient footfall, attain international

accreditation and new methods to improve brand awareness and promote our high standards of eyecare services in the United Arab Emirates, Gulf Cooperation Council (GCC) and Africa. Our understanding of the market has allowed us to be highly proactive in our marketing efforts, utilising various channels to promote our services to the public, resulting in a higher proportion of new to returning patients than in previous years. Moreover, we have increased our corporate and healthcare referral agreements to maintain and grow the Moorfields brand name.

Furthermore, our annual ophthalmology conference was a success story, with over 1,500 delegates attending both in person and virtually from over 65 countries.

**Moorfields Eye Hospital Centre Abu Dhabi** officially opened in 2016 at Abu Dhabi Marina Village as the first joint venture of Moorfields in the Middle East in partnership with United Eastern Medical Services – a local healthcare operator and investment group. On 11 October 2021 Mubadala Health LLC acquired 60.38% of United Eastern Medical Services. Mubadala Health is ultimately owned 100% by the Government of Abu Dhabi.

We have been very active in the media and in negotiations with insurance companies to facilitate access for Abu Dhabi residents to our facility. Since the commencement of operations in Abu Dhabi, we have seen around 115,000 patients and performed around 5,000 surgical procedures.

### **Oriel 2022/23**

The past 12 months have been eventful and exciting for Oriel. In May 2022, the Mayor of London approved our plans to build Oriel. A few months later in the summer, we received final planning approval from Camden Council.

With planning permission granted, we pressed ahead with our design work and engagement.

In November 2022, we passed another significant milestone: final regulatory approval from HM Treasury and NHS England. We were supported during this process by the New Hospitals Programme that also assisted in our Department of Health gateway review, an important stress test of our final business case.

With Oriel receiving the green light and funding confirmed, we purchased the two-acre Oriel site from Camden and Islington NHS Foundation Trust and looked to the building of our new centre. In February 2023 we signed a £300m contract with Bouygues UK, our main construction partner, to build Oriel. Martin Kuper, chief executive, and Jonathan Wilson, deputy chief executive and chief financial officer, signed the contract, which was also signed by UCL Institute of Ophthalmology executives, and announced this publicly on 23 February.

Since then, it's been full steam ahead, with demolition starting and temporary hoardings being installed around the perimeter of the site. Construction is due to start later in 2023, with a breaking ground ceremony planned for July.

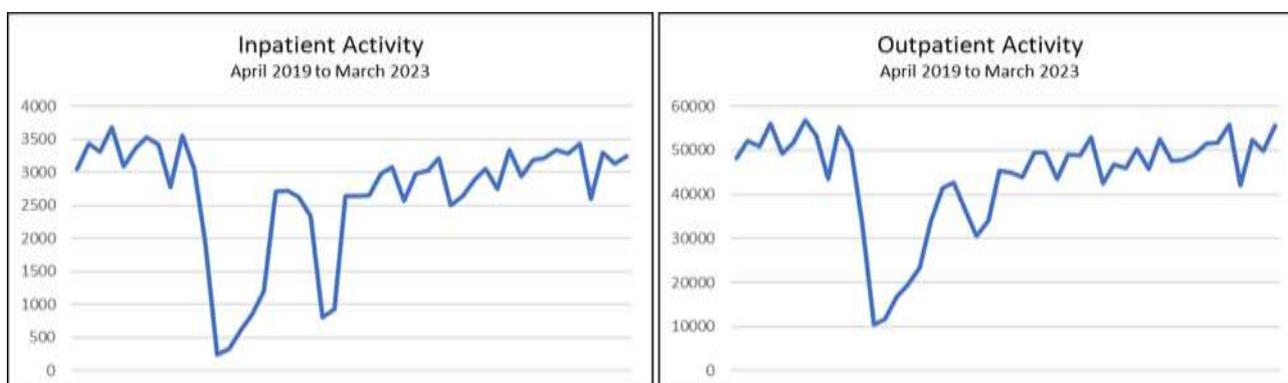
Derwent London plc, the preferred developers of the City Road site, started a public consultation process which will culminate in their planning application in the summer of 2023. Their plans also encompass the Institute of Ophthalmology's Bath Street site.

### **Patient activity**

Moorfields' NHS patient activity and the total volume of Moorfields' NHS activity in 2022/23 are shown in the table below, with the previous two financial years shown for comparison (these figures exclude Bedford activity).

Point of delivery	Activity Totals		
	2020/21	2021/22	2022/23
A&E	61,173	61,404	70,166
Inpatient day case	15,999	31,272	34,401
Inpatient elective (planned)	704	856	957
Inpatient non-elective (unplanned)	1,244	2,089	2,397
Outpatient	340,180	567,553	601,376
<b>Grand total</b>	<b>419,300</b>	<b>663,174</b>	<b>709,297</b>

This activity profile reflects the national response to the Covid-19 pandemic with falls and rises in activity levels that mirror the timelines of government guidance and legislation. As can be seen in the graphs below, our response to bringing services back to pre-pandemic levels continues. When comparing 2019/20 data with 2022/23, Inpatient activity is achieving 95% of pre-pandemic activity levels and outpatients 96% (using April – February comparisons to adjust for the start of Covid-19 in March 2020).



## Summary of principal risks

Our board assurance framework includes the high-level risks to the organisation. These are rated depending on the level and potential impact of risk, with red being the highest category of risk. A summary following a review in March 2023 is included in the Annual Governance Statement on page 51.

## A going concern disclosure

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

## 2.2 Performance analysis 2022/23

The Integrated Performance Report (IPR) provides the board with in-depth information on the performance of Moorfields. Each month, the performance and information department report on the following areas:

- operational measures such as A&E figures, attendance rates and waiting times.
- workforce measures such as staff sickness rates.
- quality and safety measures such as rates of infection, patient satisfaction and incidents.
- research and development measures such as number of patients participating in research studies.
- finance measures such as variance from financial plan; and

- commercial and private patient measures.

The IPR gives both an overview and a detailed performance for each individual metric, comparing this month's performance with previous months and the target. A red, amber or green rating method shows whether a target is achieved, with green indicating performance is on target. Importantly, the report also identifies additional information and remedial action plans for any metrics which are rated red or amber. The report is shared with internal and external stakeholders.

### 18-weeks referral to treatment (RTT) standard

Indicator	Target	2020/21	2021/22	2022/23
18-weeks RTT incomplete – all pathways	≥ 92%	59.7%	78.1%	77.9%
18-weeks RTT incomplete – pathways with a decision to admit	n/a	50.9%	71.2%	66.6%
New RTT periods all patients	n/a	74,001	123,954	132,192

Performance for the measure retained as the primary key performance indicator (18-weeks referral to treatment incomplete) remained stable but has yet to return to pre-pandemic levels and remains below the annual target of 92%. However, this performance must be seen in the context of supporting our Integrated Care System partners with Mutual Aid through the transfer of their patients onto our treatment pathways.

### A&E

Indicator	Target	2020/21	2021/22	2022/23
A&E four-hour performance	≥ 95%	99.98%	99.9%	99.4%
Total number of arrivals in A&E	N/A	61,173	61,404	70,166
Time to treatment in A&E department – median	≤ 60 mins	85	87	91
Time to assessment in A&E department – median	≤ 15mins	10	18	28

The national requirement is to report the proportion of attendances lasting fewer than four hours from arrival to admission, transfer or discharge in A&E. This has a minimum target of 95% which we have consistently exceeded across the year.

### Cancer waiting times

Indicator	Target	2020/21	2021/22	2022/23
Cancer two week waits – first appointment urgent GP referral	≥ 93%	97.80%	98.7%	97.3%
% cancer 14-day target – NHS England referrals (ocular oncology)	≥ 93%	94.50%	97.9%	95.0%
Cancer 31-day waits – diagnosis to first appointment	≥ 96%	100%	99.1%	99.1%
Cancer 31-day waits – subsequent treatment	≥ 94%	100%	100%	96.3%
Cancer 62-days from urgent GP referral to first definitive treatment	≥ 85%	100%	100%	100%
28-day Faster Diagnosis Standard	≥ 85%	87.2%	93.3%	100%

Cancer waiting times performance has seen all measures maintain their high levels this year and the national targets for these metrics have been exceeded. This includes the '28-day' Faster Diagnosis Standard, which requires patients to be informed about their diagnosis within 28 days of urgent GP referral for suspected cancer. For this metric we adopted a 'stretch' target of 85% rather than the national target of 75% and it is pleasing to note that this has been achieved.

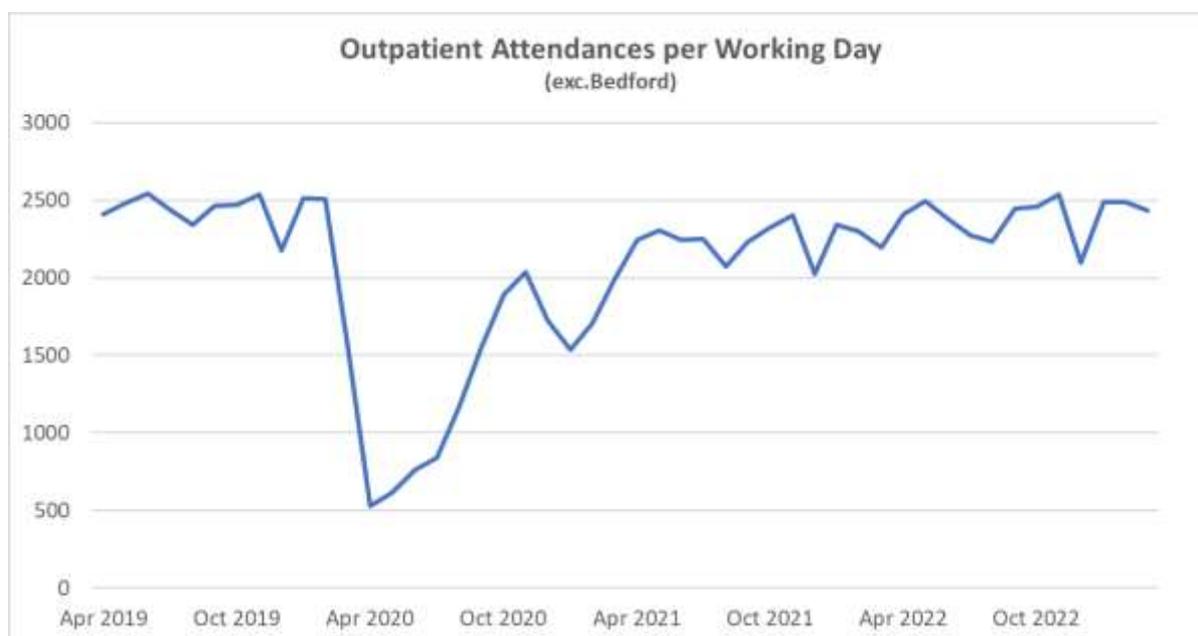
Cancer targets are challenging, and the relatively low number of patients makes performance percentages fluctuate. Performance can be influenced by patient choice or the fitness of the patient to undergo surgery, much of which is outside of the control of the trust. Despite this, the trust has continued to ensure that cancer patients receive exceptional service.

### Diagnostics

Indicator	Target	2020/21	2021/22	2022/23
Diagnostic waiting times – six weeks	≥ 99%	64.4%	99.0%	99.4%

Diagnostic waiting times have returned to their pre-pandemic level of performance where the national target has again been achieved.

### Outpatient activity



The graph above shows the pattern of average outpatient's attendances undertaken by the trust over the last three years and the impact of the pandemic is clear to see. After the steady increases across 2021/22 it is pleasing to note that the trust has returned to the levels of activity previously delivered.

The table below shows all activity for Moorfields systems (excluding Bedford).

<b>Indicator</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
Outpatient total attendances – first appointment	67,421	125,351	140,255
Outpatient total attendances – follow up appointments	278,644	442,245	461,422
Outpatient cancellations (hospital cancellations)	28.4%	4.0%	4.6%
Outpatient DNA* rate – first appointment	13.3%	13.3%	13.6%
Outpatient DNA* rate – follow up appointment	14.4%	13.2%	11.9%

## Safety

<b>Indicator</b>	<b>Target</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
Number of MRSA cases	0	0	0	0
Number of Clostridium difficile cases	0	0	0	0
Venous thromboembolism (VTE) screening	≥ 95%	98.5%	97.5%	98.2%
Mixed sex accommodation	0	0	0	0

Performance within the safety arena has been strong, with all key targets met. The trust monitors an additional number of infection control metrics all of which have recorded zero cases over the last year.

## Service delivery measures

Ward staffing levels are calculated for those wards with inpatient beds which, for Moorfields, includes the observation unit and Francis Cumberlege wing at City Road and Duke Elder ward at St George's Hospital. The data included reflects the national methodology, which requires trusts to publish fill rates for both registered nursing staff and care staff separated into day and night periods. This data is shown in the table below.

<b>Designation</b>	<b>Percentage fill rate 2022/23</b>
Registered nurses – day	100.3%
Registered nurses – night	99.5%
Care staff – day	101.6%
Care staff – night	98.1%
<b>Total fill rate</b>	99.6%

## Tackling health inequalities

During the year, the trust has established a project team, led by the organisation's consultant in public health and ophthalmology and, with the support of the trust's analytical and informatics team, has begun research into the issue of health inequality and disparity in service provision. This important piece of work will aid the trust in better understanding how it delivers its activity to Moorfields patients, who have a broad socio-economic and cultural diversity.

The work will identify any areas of disparity and inequality, seek to establish strategies and

actions to address these and act as a focal point for change where required. It will also look to ensure that there is a sustainable mechanism for analysis and reporting to ensure this issue is at the heart of the way in which the trust monitors its service delivery and levels of performance.

### Future developments for performance analysis and reporting to board

The trust has recently undertaken a review of the way in which performance is analysed and reported to the trust board through the Integrated Performance Report. This has resulted in the approval by the board of the adoption of an improved way of interpreting and visualising performance data in the form of statistical process charts. A methodology advocated by the 'Making Data Count' directorate from NHS England will be adopted from April 2023.

### Financial report

During the financial period the trust reported a surplus of £6.7m compared with a surplus of £19.4 million in the prior year.

### Statement of comprehensive income

Income for the year was £296.4 million (2021/22: £283.8 million), an increase of £12.6m on the prior year, as patient activity recovered from the abnormally low levels of 2021/22.

### Income and expenditure

All figures in £ million	2022/23	2021/22
<b>Income</b>		
<b>Income from activities</b>		
NHS income	224.5	215.8
Private patient income	40.8	37.2
<b>Total income from activities</b>	<b>265.3</b>	<b>253.0</b>
Other operating income	31.1	30.8
<b>Total other operating income</b>	<b>31.1</b>	<b>30.8</b>
<b>Total income</b>	<b>296.4</b>	<b>283.8</b>
<b>Expenses</b>		
Pay costs	161.5	145.8
Non-pay costs	113.8	108.9
Depreciation and amortisation	14.4	8.5
<b>Total operating expenses</b>	<b>289.7</b>	<b>263.2</b>
<b>Operating surplus</b>	<b>6.7</b>	<b>20.6</b>
Interest and dividends	(0.7)	(1.5)
Other one-off gains for disposal of assets and share of joint venture profit	0.7	0.3
<b>Surplus for the year</b>	<b>6.7</b>	<b>19.4</b>

Income from our Private and overseas patient activities in London and United Arab Emirates increased during the year by £3.6 million (10%) to £40.8 million (2021/22: £37.2 million) as a result of income recovering and exceeding pre-pandemic levels.

Other operating income, including research and development, education and training, charitable income, and other income, increased by £0.3 million (1%), to £31.1 million (2021/22: £30.8 million).

Operating expenditure excluding impairments increased in-year by £26.5 million (10%) to £289.7 million (2021/22: £263.2 million).

Pay costs increased by £15.7 million (11%) to £161.5 million (2021/22: £145.8 million), and non-pay costs increased by £4.9 million (4%) to £113.8 million (2021/22: £108.9 million), an impact of the return to increased patient activity to pre-pandemic levels.

### **Income disclosures**

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

The trust met this requirement. In 2022/23, 15.4% of income from provision of goods and services was derived from non-NHS income (2021/22 14.7%).

Section 43(3A) of the NHS Act 2006 requires NHS foundation trusts to provide information on the impact that other income it has received has had on its provision of goods and services for the purposes of the health service in England.

Surpluses from other income the trust received have been used to support the provision of goods and services for the purposes of the health service in England.

### **Statement of financial position**

Total assets have increased by £55.1 million to £175.1 million as at 31 March 2023 (2021/22: £120.0 million). Non-current assets increased by £101.6 million to £213.2 million (2021/22: £111.6 million).

Current assets decreased by £3 million to £94.5 million (2021/22: £97.5 million).

Current liabilities have increased by £13 million to £68.2 million (2021/22: £55.2 million) due to an increase in accruals and deferred income, alongside the adoption of international financial reporting standards (IFRS 16) resulting in lease liabilities. Non-current liabilities increased by £30.6 million to £64.4 million (2021/22: £33.8 million) because of IFRS16 long term lease liabilities.

Taxpayers' equity increased by £55.1 million during the year.

### **Statement of cash flows**

The trust generated a net cash in-flow of £6.8 million from operations in 2022/23. The net cash surplus from operations, together with historic cash reserves, was used to internally fund capital expenditure of £18.4 million (2021/22: £17.9 million) and loan repayment, net interest, and Public Dividend Capital (PDC) dividend payments of £9.8 million (2021/22: £3.1 million). The trust also received £46.2m of PDC for externally funded capital.

The trust ended the year with a reduced level of cash at £60.6 million (2021/22 £69.3 million), a reduction of £8.7 million.

### **Counter-fraud arrangements**

The trust has established a counter-fraud policy and response plan to minimise the risk of fraud or corruption. The trust's local counter-fraud specialist (LCFS) reports to the chief financial officer and

performs a programme of work designed to provide assurance to the board with regard to fraud and corruption. The LCFS also gives regular fraud awareness sessions for Moorfields' staff and investigates concerns reported by staff. If these are substantiated, the trust takes appropriate criminal, civil or disciplinary measures.

### Political donations

The trust made no political donations during 2022/23 (2021/22: nil).

### Commissioning arrangements

During 2022/23 transitional funding flows were implemented to reimburse organisations on a block contract value basis to provide certainty during the emergency response to Covid-19.

Further information on the trust's financial position can be found in the annual accounts.

### Better payment practice code

The better payments practice code requires the trust to aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later.

The trust achieves the aims of the better payment practice code in the majority of cases, and works with staff and suppliers throughout the year to minimise the remaining cases.

	2022/23 Number	2022/23 £000	2021/22 Number	2021/22 £000
<b>Non NHS</b>				
Total bills paid in the year	35,874	170,861	33,280	157,352
Total bills paid within target	33,995	161,884	30,237	142,952
Percentages of bills paid within target	95%	95%	91%	91%
<b>NHS</b>				
Total bills paid in the year	1,936	19,306	1,830	15,251
Total bills paid within target	1,737	18,006	1,724	13,382
Percentages of bills paid within target	90%	93%	94%	88%
<b>Total</b>				
Total bills paid in the year	37,810	190,167	35,110	172,603
Total bills paid within target	35,732	179,890	31,961	156,334
Percentages of bills paid within target	95%	95%	91%	91%

### Single Oversight Framework and Finance and Use Of Resources

During the Covid-19 Pandemic, the 'Single Oversight Framework' and 'Finance and Use Of Resources' reporting was suspended.

The trust has complied with all cost allocation and charging guidance issued by HM Treasury.

The trust has no income generating schemes with an individual cost exceeding £1m.

## **Improved facilities and sustainability**

While the trust continued to exercise its pandemic related controls, a drive to increase activity levels led to a full review of existing plans to ensure they could cater for additional throughput whilst maintaining a safe and suitable service.

The learning garnered from the ongoing research into efficient and cost-effective patient flow layouts underway at Brent Cross and practical pathway improvements at its forerunners in City Road and Hoxton fed into design changes being factored into new schemes.

Specifically, this learning has fed into the designs for our Northeast hub in Stratford. This facility is an externally funded (by the Targeted Investment Fund [TIF]) conversion of a standalone four-storey office block central to Stratford's great transport links and offering the opportunity to integrate asynchronous and synchronous clinical space alongside injection rooms and two operating rooms utilising Surgicube technology.

Schemes that improve our network facilities were also undertaken, with Croydon day case area re-purposed, St Ann's changing rooms upgraded, and St George's outpatients area final consolidation started.

As part of the TIF bid, we also applied for funding to re-configure parts of our Cayton Street laser service and City Road Clinic 4 for enhanced services, adding four more rooms to Clinic 4 and consolidating parts of the optometry department to create more efficient use of the space available, again taking learning from the Brent Cross pathway improvements.

The environment for our non-emergency patient transport (NEPT) users at City Road was recognised as being sub-optimal, so a project was instigated to create a larger and more suitable facility for these vulnerable patients. This involved a re-configuration of the main desk in City Road, resulting in a brighter and larger space adjacent to the NEPT team, located at the main desk.

It was also recognised that demand for our counselling services has grown, so a bespoke counselling room, bookable by others when not in use, has been created on the 3<sup>rd</sup> floor behind orthoptics. This project also allowed the creation of a large multi-use clinical room to supplement the treatments offered within the orthoptics service.

During the pandemic, the ultrasound service was provided with a temporary home to facilitate additional space for the vitreo-retinal service. The ultrasound service now has a permanent home on the lower ground floor, providing two bespoke rooms, further enhancing this service as part of the ophthalmology and clinical support services division.

The drive to manage a backlog of maintenance has prioritised roof repairs, fire door remedial works and refreshing toilets across the Richard Desmond Children's Eye Centre and City Road sites. LED lighting upgrades have been undertaken during this year, alongside metering projects, so we can better understand our carbon footprint and identify areas of the main site that could benefit from further energy management projects.

## **Sustainability**

Work continues with our Green Plan, furthering the Greener NHS campaign, supporting the drive towards net zero emissions by 2040. We continuously strive to be a truly sustainable trust, which means we must make effective use of public funding and make smart and efficient use of natural resources to support healthy, resilient, and greener communities.

Demonstrating that we consider the social and environmental impacts ensures that the legal requirements in the Public Services (Social Value) Act (2012) are met. We acknowledge this responsibility to our patients, local communities, and the environment by working hard to minimise our carbon footprint. The trust is working with its board approved green plan, which details the efforts taken to meet our sustainability ambitions.

Energy management remains a priority and the trust has moved to a full renewable electricity supply for its City Road campus whilst installing more consumption meters at main distribution points within the hospital to assist with identifying 'hotspots' which can be investigated for remedial action. As we install more meters, the level of detail allows for greater isolation of high usage areas that can lead to energy improvement projects.

But achieving net zero is not just about reducing energy consumption and reliance on fossil

fuels, but includes medicines, travel and our supply chain. The table below details our current carbon footprint and identifies with the thematic areas for focus within our green plan.



We continue to look to the future with Oriol, our plan to develop a new integrated centre for advancing eye health, in the next five years. Whilst this building will be a huge step forward in the reduction of our carbon footprint, we must keep focus on other contributors and our network sites.

Over the past year, the trust has continued to work with its staff and partner organisations to reduce its impact on the environment. This is through workstreams focusing on our green plan themes.

Our sustainability communications campaign, engaging our staff, students, visitors and patients in our journey to become more sustainable, has not yet borne the fruit initially desired but its integration with staff forums in early Q1 of 23/24 will create more impetus.

Paperless campaigns are being run alongside the trust’s digitization projects, aiming to remove hundreds of thousands of printed items associated with patient letters and records.

In anaesthetics, whilst we have already eradicated the use of desflurane gas and removed the nitrous oxide manifold systems, small pockets of nitrous oxide use still exist. Different, less harmful greenhouse gas-emitting products are being reviewed to aid the final removal of nitrous oxide in the future.

Procurement is a vital area for measuring and reducing our scope three emissions and implementing a ‘carbon cost’ to business cases allows for the greenest option to be considered alongside the more usual cost versus care analysis.

Our ongoing engagement with North Central London Integrated Care System (NCL ICS) anchor working group, continues to bring alternate views through shared learning and scale that are only available through this joint approach.

**Emergency planning, preparedness and resilience (EPPR)**

Each year we undertake an EPPR process review, the aim of which is to assure NHS England that we are prepared to respond to an emergency and have the resilience in place to continue to provide safe patient care during a major incident or business continuity event. The most recent review saw us awarded a green rating with substantial compliance in all standards.

**Equality, diversity and inclusion**

The trust’s aspiration for equality, diversity and inclusion (EDI) is a culture that enables all staff and patients to feel welcome and be respected, and supports staff in realising their potential while helping patients achieve the best possible health outcomes.

Our EDI policy sets out how we ensure that neither patients nor staff are treated differently because of any protected characteristic they may have.

In 2021, our equality, diversity and human rights steering group, chaired by the chief executive, agreed our EDI strategic priorities as they relate to our staff experience. These are informed by qualitative and quantitative data, which includes our Staff Survey results, our Workforce Race Equality Standard (WRES) and Workforce Disability Equality Standard (WDES) submissions, our Gender Pay Gap (GPG) submission, and feedback from our staff networks. They are:

- Increase the diversity of our leadership and management teams.
- Build a strong and positive culture of inclusion and belonging.
- Improve the collection, reporting and transparency of our EDI data.

Our strategic priorities are underpinned by a delivery plan that is governed via our Working Together programme board.

In the last year, the trust has appointed an EDI manager to provide capacity and expertise to further enhance our work in this area. We have refreshed the leadership of all three of our staff networks, as part of our ongoing commitment to maturing, growing, and supporting them and ensuring under-represented and diverse staff feel empowered and have a voice. Further, we have undertaken an external EDI audit, which confirmed that the Board can have reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

We have also invested in Active Bystander training, designed to equip colleagues with the skills and confidence to intervene if they witness inappropriate behaviour. To date, 585 colleagues have participated in the training. And we relaunched our bullying and harassment pathway.

We remain accredited with the 'two ticks' status, which guarantees people with a disability an interview if they meet the minimum criteria for a role.

### **Our patient equality objectives**

To improve the equality outcomes for patients, carers and visitors, we are committed to:

- improving the experience of people identified by the protected characteristics when waiting for their appointment; and
- making information more accessible and specific to patients who have a clinical need.

In the past year, this has included further enhancing our approach to accessible information standards via a dedicated project to further improve our compliance, respond to patient feedback, and to ensure we become an exemplar, noting our patient demographic and specialty. Additionally, the trust has developed new patient experience principles in collaboration with staff and patients to elevate patient experience and incorporate our values of excellence, equity and kindness across the whole patient pathway. We are also implementing the National Patient Safety Strategy, which focusses on maximising the things that go right and minimising the things that go wrong. This has included the formal launch of the Patient Safety Incident Response Framework (PSIRF) and a “Safer September” campaign to promote World Patient Safety Day and create a culture of continuous learning and improvement.

### **Modern slavery and human trafficking**

The Modern Slavery Act 2015 establishes a duty for commercial organisations with an annual turnover in excess of £36 million to prepare an annual slavery and human trafficking

statement. This organisation takes the following steps 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:

- identifies and mitigate the risks of modern slavery and human trafficking in our own business and our supply chain;
- adheres to the national NHS employment checks/standards (this includes employees' UK address, right to work in the UK and suitable references);
- follows NHS Agenda for Change terms and conditions to ensure that staff receive fair pay rates and contractual terms;
- consults trade unions on any proposed changes to employment terms and conditions;
- has systems to encourage the reporting of concerns and the protection of whistle blowers;
- purchases a significant number of products through NHS Supply Chain, whose 'supplier code of conduct' includes a provision around forced labour. Other contracts are governed by standard NHS terms and conditions;
- upholds professional practices relating to procurement and supply, and ensures procurement staff attend regular training on changes to procurement legislation;
- ensures the majority of our purchases utilise existing supply contracts or frameworks which have been negotiated under the NHS standard terms and conditions of contract, and have the requirement for suppliers to have modern slavery and human trafficking policies and processes in place; and
- requests all suppliers comply with the provisions of the Modern Slavery Act (2015), through agreement of our 'supplier code of conduct', purchase orders and tender specifications.

Further information on policies and procedures and training can be found here: [Modern slavery and human trafficking statement | Moorfields Eye Hospital NHS Foundation Trust](#)



**Dr Martin Kuper**  
Chief Executive and Accounting Officer  
30 June 2023

## 3 Accountability report

### 3.1 Directors' report

We benefit from a strong board of directors, whose wide-ranging experience underpins our continued success.

The board of directors holds overall accountability for the organisation and is responsible for its strategic direction and the high-level allocation of resources. It delegates decision making for the operational running of the trust to the chief executive. The board of directors is accountable, via the chair and non-executive directors, to the membership council, which represents the public, patients and staff.

The directors are additionally responsible for preparing the annual report and accounts. Taken as a whole, they consider these are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess our performance, business model and strategy.

The board comprises 16 members, nine non-executive directors (including the chair; eight are considered to be independent, the ninth being a representative of the UCL Institute of Ophthalmology as defined in the trust's constitution) and seven executive directors.

Non-executive directors, including the chair, are appointed by the membership council following recommendations from the remuneration and nomination committee for non-executive directors. Executive directors are appointed by the remuneration and nomination committee of the board.

Tessa Green ended her tenure on 30 November 2022 and our vice chair, Ros Given-Wilson, was appointed as acting chair until 31 January 2023. Laura Wade-Gery was appointed as chair from 1 February 2023. Her significant other commitments are non-executive director, British Land plc and non-executive director, Legal & General Group plc. The full declarations of interest for our directors is on our website.

The board of directors believes it has the appropriate balance and completeness in its composition to meet the requirements of an NHS foundation trust. As at 31 March 2023, the following individuals comprised the voting members of the board of directors (expiry of terms of office for non-executive directors are listed):

**Laura Wade-Gery – chair** from 1 February 2023 (female) (3 years to 31 January 2026)  
**Rosalind Given-Wilson – vice chair** and senior independent director (female) (1 year to 30 April 2024)

Asif Bhatti – independent non-executive director (male) (2 years to 22 May 2025)

Vineet Bhalla – independent non-executive director (male) (3 years to 15 March 2026)

Professor Andrew Dick – non-executive director (male) (2 years to 30 September 2025)

Nick Hardie – independent non-executive director (male) (1 year to 31 December 2023)

David Hills – independent non-executive director (male) (1 year to 31 March 2024)

Richard Holmes – independent non-executive director (male) (3 years to 15 March 2026)

Adrian Morris – independent non-executive director (male) (1 year to 28 February 2024)

Martin Kuper – chief executive (male)

Jonathan Wilson – chief financial officer (male)

Louisa Wickham – medical director (female)

Sheila Adam – chief nurse and director of allied health professionals (female) – From 1 April 2022

Professor Sir Peng Tee Khaw – director of research and development (male)

Jon Spencer – chief operating officer (male)

The non-voting directors listed below attend board meetings, but do not have voting rights:

Nick Roberts – chief information officer (male)

Ian Tomblison – director of quality & patient safety (male)

Sandi Drewett – director of workforce & OD (female)

Kieran McDaid – director of estates, capital and major projects (male)

Full profiles of all board members can be found here:  
<https://www.moorfields.nhs.uk/content/trust-board>

**2022/23 attendance record – voting board of directors**

<b>Name</b>	28 Apr 22	13 May 22	26 May 22	28 Jul 22	22 Sept 22	24 Nov 22	26 Jan 23	21 Mar 23	Total
Tessa Green End of tenure 30/11/22	✓	✓	✓	✓	✓	✓	*	*	6/6
Laura Wade-Gery Appointed 1/2/23	*	*	*	*	*	*	*	✓	1/1
Martin Kuper	✓	✓	✓	✓	✓	✓	✓	✓	8/8
Vineet Bhalla	✓	✓	✓	✓	✓	✓	✓	✓	8/8
Asif Bhatti Appointed 23/5/22	*	*	✓	✓	x	✓	✓	✓	5/6
Andrew Dick	✓	✓	✓	✓	✓	✓	✓	✓	8/8
Ros Given-Wilson	✓	✓	✓	✓	✓	✓	✓	✓	8/8
Nick Hardie	✓	✓	✓	x	✓	✓	✓	✓	7/8
David Hills	✓	✓	x	x	x	✓	✓	✓	5/8
Richard Holmes	✓	✓	✓	✓	✓	✓	✓	✓	8/8
Adrian Morris	✓	✓	✓	✓	✓	✓	✓	✓	8/8
Sumita Singha End of tenure 21/4/22	*	*	*	*	*	*	*	*	0/0
Sheila Adam Appointed 1/04/22	✓	✓	✓	✓	✓	✓	✓	✓	8/8
Peng Tee Khaw	✓	✓	✓	✓	✓	✓	✓	✓	8/8
Johanna Moss Resigned 30/9/22	✓	✓	✓	✓	✓	*	*	*	5/5
Jon Spencer	✓	✓	✓	✓	✓	✓	✓	✓	8/8
Louisa Wickham	✓	✓	✓	✓	✓	✓	✓	✓	8/8
Jonathan Wilson	✓	✓	✓	✓	✓	✓	✓	✓	8/8

\* Not in post  
x Did not attend

The **register of interests** of individual directors is available to the public on request and also on our website <https://www.moorfields.nhs.uk/content/trust-board>. Please write to: Company secretary, Moorfields Eye Hospital NHS Foundation Trust, 162 City Road, London EC1V 2PD, email: [Moorfields.foundation@nhs.net](mailto:Moorfields.foundation@nhs.net) or phone 020 7566 2490.

## **NHS England's Well-Led Framework**

In 2022/23 we kept our corporate governance arrangements under review to ensure they meet the standards set out in the NHS England's Well-Led Framework. This included a Well-Led Developmental Review in July 2022 by our internal auditor, RSM UK. More details on this report are included in the Annual governance statements on page 50.

During 2022/23 Moorhouse Consulting has been working with us to conduct a review of the current functional model and governance framework. The final report will support us to shape and define a future state functional model and governance framework aligned to our strategy and objectives. Moorhouse Consulting has no other connection to the trust.

## **Audit and risk committee**

The board is required to maintain a sound system of internal control to safeguard its NHS clinical services, assets and non-NHS commercial services and investments. The audit and risk committee provides assurance to the board about the adequacy and effectiveness of our systems of internal control, its governance processes, service quality and economy, efficiency and effectiveness (value for money). The committee also recommends to the board the approval of our annual accounts and financial statements, management letter of representation and annual governance statement. Together with the quality and safety committee, the audit and risk committee recommend to the board the approval of our annual quality report.

In carrying out its duties, the audit and risk committee draws on, but is not limited to, the work of internal and external audit, the local counter-fraud specialist, financial, performance and other evidenced assurance reports from management.

The audit and risk committee provides written activity reports following each committee meeting. These reports increase the visibility of the audit process to stakeholders.

The audit and risk committee assists the board in fulfilling its oversight responsibilities in respect of the integrity of our accounts, risk management and internal control arrangements, compliance with legal and regulatory requirements, the performance, qualifications and independence of the external auditors and the performance of the internal audit function.

Management supplies the audit and risk committee with the information necessary for the performance of its duties. The internal auditors, the local counter-fraud specialist and the external auditors have direct access to the committee chair and members separately from management.

The audit and risk committee comprises four non-executive directors, including the quality and safety committee chair. The board has satisfied itself that all the members of the committee are competent in financial matters. The chair has recent and relevant financial experience. The committee's meetings are attended by the chief financial officer, internal auditor, local counter-fraud specialist, external auditor and others as required. The chief executive has a standing invitation to attend the committee on an annual basis.

During 2022/23, the audit and risk committee met as follows:

Members/dates	12 Apr 22	21 Jun 22	5 July 22	11 Oct 22	17 Jan 23	Total
Nick Hardie (chair)	✓	✓	✓	✓	✓	5/5
Asif Bhatti	n/a	n/a	✓	✓	✓	3/3
Ros Given-Wilson	✓	✓	x	✓	✓	4/5
David Hills	x	✓	✓	✓	✓	4/5
<b>Total</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>	

The audit and risk committee work plan covers a wide range of issues, and reports were received during the year from a number of sources. Key areas and issues that were considered include core financial systems, board assurance framework, Covid-19 and recovery, theatre management, data quality and performance and divisional performance.

Our **internal audit** function is performed by RSM UK Risk Assurance Services LLP. The role of internal audit is to focus on reviewing areas that either complement or underpin delivery of our strategy, based on risk assessment. RSM provide written updates on progress against an annual internal audit work plan and any recommendations made to management. This enables the committee to track both the timely completion of the work plan and the implementation of recommendations by management.

Where internal audit reviews indicate a material, significant or repeated theme of concern, the committee also makes recommendations for the board to assess and seek adequate assurance from executive management as necessary.

Our **external auditor** is Grant Thornton UK LLP. We and Grant Thornton have safeguards in place to avoid the possibility that the external auditors' objectivity and independence could be compromised. The audit and risk committee has responsibility for reviewing the annual report from the external auditors and ensuring their independence from the trust. The committee also ensures that actions are taken to comply with professional and regulatory requirements and best practice.

The audit and risk committee also reviews the statutory audit and other services (as relevant) provided by Grant Thornton, and compliance with our policy which describes in detail the types of services which the external auditors can and cannot provide. The services provided by Grant Thornton relate to:

- external audit
- other audit services, for example work that regulators require the auditors to undertake, such as on behalf of a regulator

All engagements with the external auditors over a specified amount require the advance approval of the chair of the audit and risk committee. The policy is regularly reviewed and, where necessary, is amended in the light of internal developments, external requirements and best practice.

So far as the directors are aware, there is no relevant audit information of which the auditors are unaware and the directors have taken all the steps they should in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

## Recommendations from the audit and risk committee to the membership council

Following completion of the work of the external auditors, the audit and risk committee did not identify any matters where it considered that action or improvement needed to be reported to the membership council. The committee made a positive report to the governors which included that the external audit was of a sufficiently high standard and the fees were reasonable and in line with the agreed contract.

## Remuneration and nominations committee

The remuneration and nominations committee is responsible for two key areas:

- Setting the pay and terms of employment of executive directors and other board-level posts, as well as taking an overview of our performance reward strategy; and
- Making recommendations to the board about the appointment of executive and other director positions.

The committee is chaired by the trust's chair and comprises all independent non-executive directors. The chief executive and the director of workforce and organisation development attend meetings of the remuneration and nominations committee in an advisory capacity. The committee's decisions are informed by benchmarking information from published reward research, such as the NHS boardroom pay report, and surveys of other trusts' remuneration for similar posts.

During 2022/23, the remuneration and nominations committee met as follows:

Members / dates	26 May 22	2 Sept 22	24 Nov 22	15 Dec 22	21 Mar 23	Totals
Tessa Green (chair)	✓	✓	✓	n/a	n/a	3/3
Laura Wade-Gery (chair)	n/a	n/a	n/a	n/a	✓	1/1
Adrian Morris	✓	✓	✓	✓	✓	5/5
Ros Given-Wilson	✓	✓	✓	✓	✓	5/5
Nick Hardie	X	✓	✓	✓	✓	4/5
David Hills	X	✓	✓	✓	✓	4/5
Vineet Bhalla	✓	✓	✓	✓	✓	5/5
Richard Holmes	✓	✓	✓	✓	✓	5/5
Total	5	7	7	6	7	

Accounting policies for pensions are set out in note 1.6 and other retirement benefits are set out in note 10 in the annual accounts. Details of employee costs can be found in note 9 in the

annual accounts.

### **Performance evaluation**

Executive directors each undergo formal annual appraisals led by the chief executive which are considered further by the board's remuneration and nominations committee. The chair appraises the performance of the chief executive, and all non-executive directors, and discusses the outcome of these meetings with the governors' remuneration and nominations committee, with a particular focus on those due for reappointment. The vice-chair of the board discussed the chair's performance with non-executive directors. The outcomes of these discussions are taken to the remuneration and nominations committee of the membership council.

The following non-statutory committees have also been established by the board of directors:

### **Strategy and commercial committee**

The purpose of the committee is to review, on behalf of the board, the following key areas:

- the development of strategic plans and in particular the network strategy;
- the development of business cases and investment proposals, including the approval of business cases within the limits set out in the standing financial instructions;
- oversight of the research strategy carried out by and for the trust;
- oversight of the education strategy carried out by and for the trust; and
- oversight of all commercial activity and areas of income generation.

### **Quality and safety committee**

The purpose of the committee is to review, on behalf of the board, the following key areas:

- to provide oversight and board assurance about the quality and safety aspects of clinical services;
- to provide assurance about legal compliance with health and safety and related legislation;
- to steer the quality elements of the trust's strategy;
- to support the implementation of the quality strategy and quality improvement plan; and
- to oversee the development and implementation of the quality account.

### **People and culture committee**

The purpose of the committee is to review, on behalf of the board, the following key areas:

- the recruitment, retention, management and development of the trust's workforce;
- The workforce strategy of the trust and its implementation;
- the education strategy of the trust and its implementation; and
- the trust's obligations under the public sector equality duty.

### **Finance committee**

The purpose of the committee is to review, on behalf of the board, the following key areas:

- financial policies and strategy; and
- financial performance and delivery of the trust's budget.

### **Capital scrutiny committee**

The purpose of the committee is to provide advice and scrutiny to the trust board on all capital investment projects above £1m.

The committee is led by a property professional able to advise and challenge the executive responsible for the trust's capital programme (currently the director of estates, capital and major projects).

## 3.2 Membership report

The **membership council** has a duty under the NHS Act 2006 to represent the interests of NHS foundation trust members, the public and our staff in our governance. The membership council continues to play a vital role in our work, advising us on how best to meet the needs of patients and the wider stakeholder community.

It has a number of statutory duties, including appointing the chair and non- executive directors and deciding on their remuneration, as well as ratifying the appointment of the chief executive. The membership council holds the non-executive directors to account individually and collectively for the performance of the board of directors. The membership council approve significant transactions, such as Oriol, and also receives our annual report and accounts, the auditor's report and contributes to our annual business planning process.

The membership council includes elected and nominated governors as shown in the table below and has decision-making powers defined by statute. These powers are described in the constitution and are mainly concerned with holding to account the non-executive directors individually and collectively for the performance of our board; the appointment, removal and remuneration of the chair and non- executive directors; the appointment and removal of our external auditors; the provision of views on strategic plans; and representing the views of members.

The membership council formally met five times during 2022/23 to discuss a wide range of subjects, including patient engagement and communication, digital and technology progress, Oriol engagement and progress and diagnostic hubs. All meetings were held online. An extraordinary meeting was held in May 2022 to approve the significant Oriol transactions and specifically to:

- Approve the full business case;
- Exercise the Option Agreement to purchase two acres of land on the St Pancras Hospital site;
- Establish a Joint Development Vehicle with UCL; and
- Enter into a c£300m contract with the preferred bidder to construct Oriol.

In October 2022, the membership council met to approve the recommendation from the remuneration and nominations committee, to appoint Laura Wade-Gery as chair of Moorfields Eye Hospital NHS Foundation Trust.

During 2022/23 the membership council, like other groups, continued to adapt to new ways of working imposed on us by the pandemic, but continued to provide essential oversight of our efforts to provide the best possible care for the communities we serve.

Governors receive a copy of the public board papers and are invited and actively encouraged to observe six board meetings in public a year. This allows governors to gain assurance that we continue to work well under considerable pressure. The governors' governance development group reflects on the board meeting at its next session. They then report back to their colleagues at the next meeting of the membership council.

Feedback from membership council meetings is provided at the next available board meeting. Governors are encouraged to provide as much feedback to membership council meetings as possible, including reporting from their established subgroups and any courses they attend. Our governors ensure that the non-executive directors are accountable and listen to the needs and views of our patients and stakeholders. This includes providing input to our annual plan, including our objectives, priorities and strategy.

Governors also held their annual accountability session with the chairs of the audit and risk and quality and safety committees.

The board of directors interacts regularly with the membership council to ensure that it understands their views and those of our members. Governors are invited to meet other

members at the annual public meeting.

The process for resolving any dispute between the membership council and the board of directors is described in the constitution (paragraph 17). We are proud of the way that directors and governors work together to ensure that we have a strong and cohesive system of mutually supportive governance.

### Membership Council composition and attendance report 2022/23

Name and constituency	13 May 22	26 July 22	12 Oct 22	1 Nov 22	1 Feb 23	Subgroup representation
Andrew Clark (Public: Beds and Herts) Elected 28 March 2022 (2 years)	✓	X	✓	✓	✓	
John Sloper (Public: Beds and Herts) Elected 28 March 2022 (2 years)	✓	✓	✓	✓	✓	GDG
Jeremy Whelan (Public: North Central London) Elected 28 March 2022 (2 years)	X	X	✓	✓	✓	Chair, GDG
Emmanuel Zuridis (Public South West London) Elected 28 March 2022 (2 years)	X	✓	✓	✓	✓	
Kimberley Jackson (Public South West London) Elected 28 March 2022 (2 years)	✓	✓	X	✓	X	GDG RNC
Roy Henderson (Patient) Elected 25 March 2020 (3 years)	✓	✓	X	✓	✓	GDG RNC
<b>Rob Jones (Patient)</b> <b>Lead governor</b> Elected 31 March 2021 (1 year)	X	✓	X	✓	X	GDG Oriental Patient Advisory Group
<b>Allan MacCarthy (Public: South East London) Vice-chair</b> Elected 28 March 2022 (2 years)	✓	✓	✓	✓	✓	GDG RNC
Robert Goldstein (Public: North West London) Elected 28 March 2022 (2 years)	X	✓	✓	X	✓	
Paul Murphy (Public: NCL) Elected 31 March 2021 (1 year)	✓	✓	✓	✓	X	GDG
Naga Subramanian (Public: SEL) Elected 31 March 2021 (1 year)	✓	✓	✓	✓	✓	RNC
Richard Collins (Public: NEL and Essex) Elected 31 March 2021 (1 year)	✓	✓	✓	✓	✓	Chair, RNC Equalities, Diversity and Human Rights Committee

John Russell (Public: NEL and Essex) Elected 28 March 2022 (2 years)	X	✓	X	X	X	GDG
Marcy Ferrer (Patient) Elected 31 March 2021 (1 year)	X	X	X	X	X	
Vijay Arora (Public: NWL) Elected 31 March 2021 (1 year)	✓	✓	✓	X	✓	
<b>Name and constituency</b>	<b>13 May 22</b>	<b>26 July 22</b>	<b>12 Oct 22</b>	<b>1 Nov 22</b>	<b>1 Feb 23</b>	<b>Subgroup representation</b>
Modupe Gisanrin (Staff: network sites) Elected 25 March 2020 (3 years)	X	X	X	X	X	
Anup Shah (Staff: network sites) Elected 28 March 2022 (2 years)	X	✓	✓	X	X	GDG
Joy Adesanya (Staff: City Road) Elected 28 March 2022 (2 years)	X	X	X	X	X	
Vijay Tailor-Hamblin (Staff: City Road) Elected 31 March 2021 (1 years)	X	✓	X	X	✓	RNC
Cllr Santiago Bell-Bradford, London Borough of Islington Appointed: 1 September 2022	n/a	n/a	X	X	X	
Una O'Halloran, London Borough of Islington Appointed 1 October 2020. Stood down 31 August 2022	✓	X	n/a	n/a	n/a	Equality, Diversity and Human Rights group
Ian Humphreys, College of Optometrists Appointed 5 December 2019	✓	✓	✓	✓	X	GDG
David Shanks, University College London Appointed 14 November 2017	✓	✓	X	X	✓	
Tricia Smikle, Royal National Institute for the Blind Appointed 14 November 2017	✓	✓	X	X	✓	RNC

<b>GDG</b>	Governance development group	✓	Present	<b>X</b>	Did not attend
<b>RNC</b>	Remuneration and nominations committee	<b>n/a</b>	Not in role		

Elected governors hold their positions for three years. Nominated governors are proposed by their host organisation and hold the position until a new nomination is made.

The membership council has one formal committee and one subgroup:

The **remuneration and nominations committee** of the membership council met five times in 2022/23. This committee is established to ensure that the selection and appointment process for non-executive directors is robust, and to regularly review non-executive director remuneration levels to ensure an appropriate balance between value for money and attracting candidates of sufficient calibre.

During 2022/23, the remuneration and nominations committee considered and recommended the appointment of the chair and reappointment of three non-executive directors for three-year terms of office, One non-executive director was recommended for an additional two year period and two non-executive directors for additional one year periods of office.

The **governance development group** is established to propose and carry out initiatives that will improve the role of the membership council in our governance and the development of governors individually and collectively. In 2022/23 the group was largely focused on how best to engage with membership and the board, the membership magazine, the changing ICS landscape and other engagement ideas.

The **register of interests** of individual governors on the membership council is available on the website and to the public on request. Please write to: company secretary, Moorfields Eye Hospital NHS Foundation Trust, 162 City Road, London EC1V 2PD, email: [moorfields.foundation@nhs.net](mailto:moorfields.foundation@nhs.net) or phone: 020 7566 2490.

## Our membership

We have approximately 20,500 members, including 2,465 staff members.

Our membership is an essential and valuable asset. It helps guide our work, decision making and adherence to NHS values. It also provides one of the ways in which we communicate with patients, the public and staff. Membership numbers in each public constituency reflect to some degree the size of the service provision in the area. For example, north west and north east London have the greatest number of members because they include some of our largest locations. North central London includes the main City Road site. The patient constituency is the largest constituency overall with members from across all services and geographical locations.

All members are invited to the annual meeting which took place virtually in July 2022. As at 31 March 2023 the breakdown of our membership between constituencies is as follows:

Constituency	Number of members
Patient constituency	11,217
Bedfordshire and Hertfordshire public constituency	483
North central London public constituency	1,308
North east London and Essex public constituency	1,842
North west London public constituency	2,207
South east London public constituency	466
South west London public constituency	696
Staff constituencies	2,465
TOTAL	20,684

## Representing our membership

Members are represented by elected patient, public and staff governors on the membership council which meets at least four times a year. Governors participate in a range of activities, such as membership development and engagement, conducting site visits, reviewing quality initiatives and attending recruitment panels for non-executive appointments.

We draw our public membership from six geographic constituencies, set out in the table above. Any member of the public who lives in one of these areas and is aged 14 years or over can join as a public member. Any patient aged 14 years or over can join the wider patient constituency. Eligible staff will be automatically registered as members and are able to opt out. A member of the trust may cease their membership at any time via the contact below.

Members who want to contact their representative governor or a member of the board should write to: company secretary, Moorfields Eye Hospital NHS Foundation Trust, 162 City Road, London, EC1V 2PD, email: [moorfields.foundation@nhs.net](mailto:moorfields.foundation@nhs.net). This information is also available on the trust's website: [www.moorfields.nhs.uk/membership](http://www.moorfields.nhs.uk/membership).

## Elections

Elections were held in March 2022 and terms of office of those elected commenced on 1 April 2022. The constituencies and outcomes are set out below.

Constituency	Number of seats	Successful candidates
Patient	8	John Sloper Andrew Clark Jeremy Whelan John Russell Robert Goldstein Allan MacCarthy Kimberley Jackson Emmanuel Zuridis
Staff: Network sites	1	Anup Shah
Staff: City Road	1	Joy Adesanya

Una O'Halloran stepped down on 31 August 2022 as the nominee governor from the London Borough of Islington. We welcomed Cllr Santiago Bell-Bradford from 1 September 2022 as Una's replacement.

If a successfully elected governor is unable or ineligible to take up their role at the start of their term of office, the vacancy is offered to the next placed candidate.

Full details of the composition of the membership council and election results are posted on our website.

All elections are held in accordance with the election rules set out in the constitution. This has been confirmed by the returning officer for the elections held during 2022/23.

## Compliance with the Foundation Trust Code of Governance

Moorfields Eye Hospital NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a 'comply or explain' basis. This code was revised in July 2014 and is based on the principles of the UK corporate governance code issued in 2012. The board of directors support and agree with the principles set out in the NHS Foundation Trust Code of Governance. The following areas have been identified as non-compliant with the code, or are in the process of being implemented:

The procedure for resolving conflicts between the board of directors and the membership council

is outlined at section 17 of our constitution.

**Areas of non-compliance**

The code refers to the appointment of executive directors that should be on fixed term arrangements and reviewed every five years. All executive directors have permanent contracts of employment which cannot be changed without agreement by both parties. Therefore, their position on the board is co-terminous with their executive contract.

A handwritten signature in blue ink, appearing to read 'Dr', is positioned above the typed name.

**Dr Martin Kuper**  
**Chief executive**  
**30 June 2023**

### 3.3 Remuneration report

The trust's remuneration committee makes decisions in relation to directors' pay in light of benchmarking information derived from published research on reward, such as the NHS Providers remuneration survey, and surveys of other trusts' remuneration for similar posts. In 2022/23 existing directors received a cost-of-living increase in line with guidance from NHS England. No other uplifts were agreed, although performance and appraisals of all executives were discussed at the remuneration committee. Details of the remuneration committee can be found on page 27.

Remuneration is not split into different elements. The committee is always mindful of the national NHS pay uplift for staff and the system within which staff are remunerated, including restraints that apply to trusts and foundation trusts in special measures, when considering each individual. The final determination of the pay level for any individual is based on an assessment of performance. All contracts are open ended. As at 31 March 2023, all trust executive directors are on a six-month notice period. There is no termination payment built into the contract and there are no contractual provisions for early retirement beyond that required by the law. In certain circumstances, an individual may benefit from the provisions of the NHS pension scheme. The trust does not provide any non-cash benefits within the remuneration package.

Accounting policies for pensions and other retirement benefits are set out in note 9. Details of the board of directors' remuneration can be found on page 38, and details of employee costs can be found in note 8 in the annual accounts. Information relating to off-payroll arrangements is included in the staff report.

Acting on the recommendations of the Hutton review of fair pay and the reporting requirements of HM Treasury, the trust makes the following declarations [these declarations are subject to audit]:

- 3.37.1 For employees of the Trust as a whole, the range of remuneration in 2022/23 was from £18,147 to £275,450 (2021/22 £23,154 to £220,000). The percentage change in average employee remuneration (based on total for all employees on an annualised basis divided by full time equivalent number of employees) between years is 4.3%. Two employees received remuneration in excess of the highest-paid director in 2022-2023
- 3.37.2 The banded remuneration of the highest-paid director in the organisation in the financial year 2022-23 was £226,600 (2021-22, £220,000). This is a change between years of 3.09%.
- 3.37.3 The median remuneration of staff employed at the trust during the 2022/23 financial year was £40,447 (2021/22: £38,767). The calculation is based on full-time equivalent staff of the reporting entity at the reporting period end date on an annualised basis.
- 3.37.4 The mid-point of the banded remuneration of the highest paid director of the trust for the sample period 2022/23 was £226,600 (2021/22: £220,000) – only those directors whose remuneration the trust is directly able to determine are included in this calculation.
- 3.37.5 The ratio of the two amounts was 5.60:1 in 2022/23 (2021/22: 5.67:1) – that is, the mid-point of the banded remuneration of the highest paid director of the trust was 5.60 times that of the median remuneration for all staff employed at the trust.
- 3.37.6 The ratio for the 25th Percentile in 2022/ 23 is 7.92 (2021/22 8.16) and the 75th Percentile in 2022/23 is 4.12 (2021/22 4.16).
- 3.37.7 No payments for compensation for loss of office were made during 2022/23.

The fair pay multiple does not include any agency costs.

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

As required by section 156(1) of the Health and Social Care Act 2012, I declare that the total out-of-pocket expenses paid to governors of the trust in 2022/23 was £53 (2021/22: nil), and that total out-of-pocket expenses paid in 2022/23 to the directors was £1,082 (2021/22 £873).

A handwritten signature in blue ink, appearing to read 'Dr Martin Kuper'.

**Dr Martin Kuper**  
**Chief executive**  
**30 June 2023**

**Salary entitlements of the board of directors [the following table is subject to audit]**

<b>2022/23</b>				
<b>Name and Title</b>	<b>Executive Salary (bands of £5,000) £'000s</b>	<b>Clinical / Research Salary (bands of £5,000) £'000s</b>	<b>Pension-Related Benefits (bands of £2,500) £'000s</b>	<b>Total Entitlement (bands of £5,000) £'000s</b>
Mr Martin Kuper - Chief Executive	225 - 230	-	107.5 - 110	335 - 340
Mr J Wilson - Chief Financial Officer and Deputy Chief Executive	160 - 165	-	-	160 - 165
Prof P Khaw - Research Director	30 - 35	210 - 215	-	245 - 250
Ms L Wickham - Medical Director	55 - 60	135 - 140	57.5 - 60	245 - 250
Ms J Moss Director of Strategy & Business Development (end date 23.10.22)	75 - 80	-	87.5 - 90	165 - 170
Mr J Spencer - Chief Operating Officer	135 - 140	-	-	135 - 140
Ms S Adam - Director of Nursing & Allied Health Professions (start date 1.04.22)	130 - 135	-	-	130 - 135
Ms T Green - Chairman (end date 30.11.22)	30 - 35	-	-	30 - 35
Ms L Wade- Gery - Chairman (start date 1.02.23)	5 - 10	-	-	5 - 10
Ms R Given-Wilson - Non-Executive Director and Acting Chairman from 1.12.22 to 31.01.23	25 - 30	-	-	25 - 30
Ms S Singha - Non-Executive Director (end date 21.04.22)	0 - 5	-	-	0 - 5
Mr A Dick - Non-Executive Director	10 - 15	-	-	10 - 15
Mr A Morris - Non-Executive Director	10 - 15	-	-	10 - 15
Mr N Hardie - Non-Executive Director	15 - 20	-	-	15 - 20
Mr D Hills - Non-Executive Director	15 - 20	-	-	15 - 20
Mr M Bhatti - Non-Executive Director (start date 1.09.22)	10 - 15	-	-	10 - 15
Mr V Bhalla - Non-Executive Director	10 - 15	-	-	10 - 15
Mr R Holmes - Non-Executive Director	10 - 15	-	-	10 - 15

<b>2021/22</b>				
<b>Name and Title</b>	<b>Executive Salary (bands of £5,000) £'000s</b>	<b>Clinical / Research Salary (bands of £5,000) £'000s</b>	<b>Pension-Related Benefits (bands of £2,500) £'000s</b>	<b>Total Entitlement (bands of £5,000) £'000s</b>
Dr Martin Kuper - Chief Executive (start date 01.09.2021)	125 - 130	-	37.5 - 40	165 - 170
Mr D Probert - Chief Executive (end date 30.08.2021)	85 - 90	-	32.5 - 35	120 -125
Mr J Wilson - Chief Financial Officer and Deputy Chief Executive	155 - 160	-	0 – 2.5	155 -160
Prof P Khaw - Research Director	30 - 35	205 - 210	0 -2.5	240 -245
Ms T Lockett - Director of Nursing & Allied Health Professions (end date 31.01.2022)	100 -105	-	70.0 – 72.5	170 – 175
Ms S Needham - Director of Nursing & Allied Health Professions (start date 01.01.2022, end date 31.03.2022)	25-30	-	7.0 – 7.25	30 – 35
Ms L Wickham - Medical Director	55 -60	120 -125	20.0 – 22.5	195 - 200
Ms J Moss Director of Strategy & Business Development	135 - 140	-	52.5 – 55.0	190 - 195
Mr J Spencer - Chief Operating Officer	135 - 140	-	42.5 – 45.0	175 - 180
Ms T Green - Chairman	45 -50	-	-	45 -50
Ms R Given-Wilson - Non-Executive Director	15 -20	-	-	15 -20
Ms S Singha - Non-Executive Director	15 -20	-	-	15 -20
Mr A Dick - Non-Executive Director	10- 15	-	-	10- 15
Mr A Morris - Non-Executive Director	10-15	-	-	10-15
Mr N Hardie - Non-Executive Director	15 -20	-	-	15 -20
Mr D Hills - Non-Executive Director	15 -20	-	-	15 -20
Mr V Bhalla - Non-Executive Director	10- 15	-	-	10- 15
Mr R Holmes - Non-Executive Director	10- 15	-	-	10- 15

Pension-related benefits are intended to show the notional increase or decrease in the value of directors' pensions assuming the pension is drawn for 20 years after retirement. It is calculated as 20 x annual pension increase + lump sum increase, adjusted for inflation, less employees' pension contributions paid in the year.

Four members of the board were paid more than the threshold of £150,000 per annum used in the Civil Service for approval by the Chief Secretary of the Treasury, which equates to the Prime Minister's ministerial and parliamentary salary. We are mindful of our responsibility in ensuring value for money.

Nevertheless, we have an obligation to secure suitable individuals, and therefore the trust's remuneration committee agreed the salaries in excess of the threshold following benchmarking and market testing.

**Pension benefits of directors [the following table is subject to audit]**

<b>Name and Title</b>	<b>Value of accrued pension at 31 March 2022</b> <b>(bands of £5,000)</b> <b>£'000s</b>	<b>Value of accrued pension at 31 March 2023</b> <b>(bands of £5,000)</b> <b>£'000s</b>	<b>Real increase in year in the value of accrued pension</b> <b>(bands of £2,500)</b> <b>£'000s</b>
Dr Martin Kuper – Chief Executive	70 - 75	80 - 85	5.0 – 7.5
Ms L Wickham – Medical Director	40 - 45	45 - 50	2.5 – 5.0
Ms J Moss Director of Strategy & Business Development	35 - 40	45 - 50	2.5 – 5.0
Mr J Spencer – Chief Operating Officer	30 - 35	30 - 35	0 – 2.5

<b>Name and Title</b>	<b>Value of automatic lump sums at 31 March 2022</b> <b>(bands of £5,000)</b> <b>£'000s</b>	<b>Value of automatic lump sums at 31 March 2023</b> <b>(bands of £5,000)</b> <b>£'000s</b>	<b>Real increase in year in the value of automatic lump sums</b> <b>(bands of £2,500)</b> <b>£'000s</b>
Dr Martin Kuper – Chief Executive	165 - 170	175 - 180	5.0 – 7.5
Ms L Wickham – Medical Director	80 - 85	90 - 95	2.5 – 5.0
Ms J Moss Director of Strategy & Business Development	65 - 70	65 - 70	0.0 – 2.5
Mr J Spencer – Chief Operating Officer	60 - 65	40 - 45	0 – 2.5

<b>Name and Title</b>	<b>Cash equivalent transfer value at 31 March 2022</b>	<b>Cash equivalent transfer value at 31 March 2023</b>	<b>Real increase in cash equivalent transfer value in 2022/23</b>
	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>
Dr Martin Kuper - Chief Executive	1,405	1,591	112
Ms L Wickham - Medical Director	730	823	54
Ms J Moss Director of Strategy & Business Development	529	611	55
Mr J Spencer - Chief Operating Officer	462	410	0

Prof P Khaw is not a member of the NHS Pension Scheme through Moorfields.

J Wilson is not a member of the NHS Pension Scheme in 2022/23. Non-executive directors do not receive pensionable remuneration.

A cash equivalent transfer value (CETV) is the actuarially assessed capital value of the pension scheme benefits accumulated by a member at a particular point in time. The benefits valued are the member's accumulated benefits and any contingent spouse's pension payable from the scheme. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

The real increase in CETV reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the year. Benefits and related CETVs do not allow for a potential future adjustment for some eligible employees arising from the McCloud judgement.

The value of trust contributions to the NHS Pension Scheme in 2022/23 in respect of executive directors was £87k (2021/22: £91k).

## Staff report

Staff sickness absence		
Average full time equivalent (FTE)	FTE days lost	Average sick days per FTE
0.85	42,820 (12 months)	19.46

Staffing WTE & Headcount 2023			
Permanently employed Staff with a permanent (UK) employment contract directly with the entity		Other Staff that do not have a permanent (UK) employment contract with the entity.	
HC 2144	WTE 1827.73	HC 464	WTE 384.84
		HC 11	WTE 9.20

The following figures show our staffing breakdown by staff group, age, gender, ethnicity, disability and sexual orientation, as at 31<sup>st</sup> March 2023.

Workforce by staff group		
Staff Group	Headcount	FTE
Additional professional scientific and technical	325	164.38
Additional clinical services	401	368.22
Administrative and clerical	841	790.23
Allied health professionals	62	41.26
Estates and ancillary	35	34.92
Healthcare scientists	59	54.47
Medical and dental	389	329.75
Nursing and midwifery registered	492	425.14
Students	4	4.00

Workforce by ethnicity		
Ethnicity	Headcount	FTE
BME	1440	1227.09
White	873	724.77
Not disclosed	295	260.502

Workforce by sexual orientation		
Sexual Orientation	Headcount	FTE
Bisexual	25	23.23
Gay or lesbian	46	38.59
Heterosexual or straight	1676	1450.10
Other sexual orientation not listed	2	2.00
Undecided	2	2.00
Not disclosed	857	696.45

Workforce by disability status		
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<b>Disability</b>	<b>Headcount</b>	<b>FTE</b>
No	2379	2006.86
Not declared	54	47.63
Prefer not to answer	11	8.51
Unspecified	93	83.96
Yes	71	65.41

**Workforce by gender**

<b>Gender</b>	<b>Headcount</b>	<b>FTE</b>
Female	1796	1510.69
Male	812	701.67

**Workforce by age**

<b>Age Band</b>	<b>Headcount</b>	<b>FTE</b>
<=20 Years	6	6.00
21-25	124	118.89
26-30	315	270.43
31-35	381	324.42
36-40	380	296.15
41-45	293	237.06
46-50	357	313.22
51-55	323	285.79
56-60	223	197.72
61-65	133	111.54
66-70	52	38.91
>=71 Years	21	12.23

## Staff friends and family test (FFT)

Due to the COVID-19 Pandemic, the Staff FFT was suspended. Since then, we have started using the National Quarterly Pulse Survey via NHS England and Improvement. However, due to small sample sizes in our quarterly pulse surveys, we have reported the results from our last staff survey, in 2022.

	<b>2022</b>
	Staff Survey Results
% staff recommending Moorfields as a place for treatment	85%  (Q23d)
% staff recommending Moorfields as a place to work	62%  (Q23c)

NB: The phrasing of the questions is as follows:

- Q23d - If a friend or relative needed treatment, I would be happy with the standard of care provided by this organisation
- Q23c - I would recommend my organisation as a place to work

**Data for the period April 2022 – March 2023**

**Table 1 – Relevant union officials**

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
	10.80

**Table 2 – Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	0
1-50%	10

**Table 3 – Percentage of pay bill spent on facility time**

	£
Provide the total cost of facility time	63,620
Provide the total pay bill	632,422
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	10.06%

**Table 4 – Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:  (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	100%
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**Staff exit packages 2022/23 [this information is subject to audit]**

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	-	-
£10,001 – £25,000	1	-	1
£25,001 – £50,000	3	-	3
£50,001 - £100,000	4	-	4
Total number of exit packages by type	-	-	-
Total resource cost £000s	381	-	381

Exit packages - non-compulsory departure payments	Agreements Number	Total Value of Agreements £000s
Voluntary redundancies, including early retirement contractual costs	-	-
Mutually agreed resignations (MARS) contractual costs	-	-
Early retirements in the efficiency of the service contractual costs	-	-
Contractual payments in lieu of notice	-	-
Exit payments following employment tribunals or court orders	-	-
Non-contractual payments requiring HMT approval (special severance payments)*	-	-
Total	-	-
Of which: non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months of their annual salary	-	-

#### Staff exit packages 2021/22

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	-	-
£10,001 – £25,000	-	-	-
£25,001 – £50,000	-	-	-
£50,001 - £100,000	-	1	1
Total number of exit packages by type	-	-	-
Total resource cost £000s	-	60	60

Exit packages - non-compulsory departure payments	Agreements Number	Total Value of Agreements £000s
Voluntary redundancies, including early retirement contractual costs	1	60
Mutually agreed resignations (MARS) contractual costs	-	-
Early retirements in the efficiency of the service contractual costs	-	-
Contractual payments in lieu of notice	-	-
Exit payments following employment tribunals or court orders	-	-
Non-contractual payments requiring HMT approval (special severance payments)*	-	-
Total	1	60
Of which: non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months' of their annual salary	-	-

## Off-payroll engagements

<b>For all off-payroll engagements as of 31 Mar 2023, for more than £245 per day and that last for longer than six months</b>	<b>2022/23 Number</b>
<b>No. of existing engagements as of 31 Mar 2023</b>	<b>8</b>
Of which, the number that have existed:	
for less than one year at the time of reporting	6
for between one and two years at the time of reporting	1
for between 2 and 3 years at the time of reporting	0
for between 3 and 4 years at the time of reporting	1
for 4 or more years at the time of reporting	0

<b>For all new off-payroll engagements, or those that reached six months in duration, between 01 Apr 2022 and 31 Mar 2023, for more than £245 per day and that last for longer than six months</b>	<b>2022/23 Number</b>
Of which:	
No. assessed as caught by IR35	0
No. assessed as not caught by IR35	8
Number engaged directly (via PSC contracted to trust) and are on the trust's payroll	0
Number of engagements reassessed for consistency/assurance purposes during the year	0
Number of engagements that saw a change to IR35 status following the consistency review	0

<b>For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 Apr 2022 and 31 Mar 2023</b>	<b>2022/23 Number</b>
Number of off-payroll engagements of board members, and/or senior officers with significant financial responsibility, during the financial year.	0
Total no. of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure must include both on payroll and off-payroll engagements.	18

### 3.38 Disclosures in the NHS Foundation Trust Code of Governance

Moorfields Eye Hospital NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a 'comply or explain' basis. It keeps its governance arrangements under regular review, including membership of board committees, their terms of reference and board performance assessments. 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.

We are required to provide a specific set of disclosures in our annual report to meet the requirements of the NHS Foundation Trust Code of Governance. All provisions which require a supporting explanation in the annual report, even where we are compliance with the provision, are described in the appropriate section. A reference to the location of these disclosures is contained in the table below to avoid unnecessary duplication.

Code provision	Page number	Code provision	Page number	Code provision	Page number
A.1.1	9	B.5.6	30	C.3.9	26-27
A.1.2	26-28	B.6.1	29	D.1.3	35-40
A.5.3	31	B.6.2	na	E.1.4	34
B.1.1	23	C.1.1	48-49	E.1.5	33-34
B.1.4	23	C.2.1	56-57	E.1.6	33
B.2.10	28	C.2.2	26, 50		
B.3.1	23	C.3.5	na		

### 3.39 NHS Oversight Framework

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

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

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

NHS England and Improvement assigned a score of '1' to Moorfields Eye Hospital NHS Foundation Trust in March 2023. Current segmentation information for NHS trusts and foundation trusts is published on the NHS England website.

### 3.40 Statement of the chief executive's responsibilities as the accounting officer of Moorfields Eye Hospital 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 England.

NHS England has given accounts directions which require Moorfields Eye Hospital 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 Moorfields Eye Hospital 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 England, 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 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 Moorfields Eye Hospital 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 Moorfields Eye Hospital 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 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.



**Dr Martin Kuper**

Chief executive and accounting officer

30 June 2023

### **3.41 Annual governance statement**

#### **Scope of responsibility**

As accounting officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the 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 trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the NHS Foundation Trust Accounting Officer Memorandum.

#### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Moorfields Eye Hospital 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 Moorfields Eye Hospital NHS Foundation Trust for the year ended 31 March 2023 and up to the date of approval of the annual report and accounts.

#### **Capacity to handle risk**

The board of directors is responsible for ensuring that a system of internal control is in place. As accounting officer, I have overall accountability for risk management in the trust and chair the management executive, through which executive responsibility for risk management is exercised. The control of risk is embedded in the roles of executive directors through to the managerial staff within the organisation.

The risk management strategy of the organisation is to maintain systematic and effective arrangements for identifying and managing risk to an acceptable level which fits within our risk appetite. The strategy provides a framework for managing risk across the organisation which is consistent with best practice and Department of Health and Social Care guidance. The director of quality and safety has responsibility for the design, development and maintenance of operational risk systems, policies and processes. Divisional and directorate governance arrangements implement and maintain risk management processes, including the maintenance of risk registers. The day-to-day working of risk systems is therefore managed through our operational and departmental teams. The risk strategy provides a clear, systematic approach to the identification and assessment of risks to ensure that risk management is an integral part of clinical, managerial and financial processes across the organisation. The audit and risk committee, comprising non-executive directors, oversees the system of internal control and overall assurance processes associated with managing risk.

The risk and safety committee provides additional support to ensure that risk management processes are working effectively. The committee reviews themes and trends in risk and incident management and shares and encourages best practice across our network. As well as having individual and team responsibilities for policies, the risk and safety committee also supports divisions and directorates in ensuring that policies are kept up to date and that compliance is maintained. Oversight of our risk management arrangements is provided by the quality and safety committee.

The board of directors routinely receives updates from board committees including from the chair of the quality and safety committee. The board also receives assurance from the medical director and chief nurse and director of allied health professionals, through comprehensive quality and safety reports, about the management of "never events", serious incidents, complaints, claims, revalidation and incidents.

Risk management training is provided through the induction programme for new staff and this is supplemented by local inductions organised by managers. These include the induction of junior doctors in relation to key policies, standards and practices in clinical areas. Staff are required to undertake and maintain mandatory training in a number of areas relating to risk management. Examples of this are safeguarding of children and adults, fire, general health and safety, infection control and risk and safety management. Different roles and responsibilities have associated training requirements; for example, those staff who work most closely with children are required to have a higher level of safeguarding, whilst

all staff are required to have a minimum of level one training.

### **The risk and control framework**

The trust has a risk management strategy and policy that remains relevant and fit for purpose. Levels of accountability and responsibility for risk are set out within this document. It has risk management systems in place for identifying, evaluating, monitoring, controlling and recording risk. The management of risk is embedded in management roles at all staff levels, and primary control for risk management takes place through divisions, departments and frontline teams. All risk registers are located in the risk management module of our Safeguard system which enables a more robust and consistent system of reviewing risks.

The principles of risk management are core to the organisation's business. The first stage of the risk process is the systematic identification of risks via structured risk assessments. Risks that are identified are documented on risk registers. These risks are analysed to determine their relative importance using a risk scoring matrix. Where relevant, risks are managed and mitigated locally. However, where they cannot be resolved, systems exist, and are described in the policy, to escalate risks progressively to higher level risk registers. Achieving control of the higher scoring risks is given priority over lower scoring risks. Key performance indicators (KPIs) related to risks are identified to improve board assurance and complement risk management processes.

Incident reporting is openly encouraged through our policies on incident reporting, being open and duty of candour, and staff training. We have an open culture which is demonstrated through staff survey results and reporting rates which increase year-on-year.

Divisional operational and quality dashboards are available for monitoring many types of performance activity, both clinical and non-clinical. The board assurance framework (BAF) has been developed using our corporate risk register (CRR) and is linked to monitoring our annual corporate priorities. The BAF details the principal strategic risks to the organisation and how those risks are being mitigated. The BAF and CRR were reviewed during the year by the management executive, audit and risk committee and the board of directors.

The organisation continues to have a low appetite for risk in relation to patient safety and aims to minimise avoidable risk – this approach is built into all our risk systems although it recognises that healthcare is not without risk. It has a higher risk appetite in respect of developing its commercial divisions, of which it has two, Moorfields Private and Moorfields United Arab Emirates, and in the area of research, enterprise and innovation. The tolerances against risk appetite are derived based on the definitions from the Good Governance Institute.

The trust has a range of quality governance systems (including a quality governance framework) in place which have been proactively developed over the previous three years and include systems for collecting, assessing and presenting quality and safety information from operational to board level. Oversight and scrutiny of these governance arrangements are provided by the quality and safety committee, which is a subcommittee of the board.

To achieve the trust's commitment to providing high quality care in a safe environment, it strives to embed risk awareness and management at the core of its activities by developing and maintaining systems and procedures that identify and minimise risk to patients, visitors, staff and others.

Implementation of the strategy is actively supported by risk management processes that:

- raise awareness and develop a culture where all risks are identified, defined and managed;
- provide ongoing assessments of the organisation's objectives and identify the principal risks associated with failing to achieve these objectives;
- integrate risk management into the overall arrangements for clinical and corporate governance by developing robust arrangements in all areas for managing risk;
- ensure an appropriate system and organisational structure is in place for identification and control of key risks;
- apply a comprehensive, risk and evidence-based quality and safety assurance model;
- assure that key processes are in place to provide reliable information and enable management to make appropriate decisions;
- integrate risk management into the annual planning process; and

- encourage a culture of openness in terms of reporting and learning from event for both staff and patients, that enables and positively encourages organisational wide learning.

A programme of annual health and safety assessments is in place, led by the risk and safety department. In areas where this process has matured sufficiently, self-assessments take place. These reviews are complemented by a programme of patient safety data reviews that consider data and information about patient safety including trends and the need for any remedial action.

The trust is registered and is fully compliant with the Care Quality Commission's (CQC) registration requirements. Systems exist to ensure compliance with the CQC's fundamental standards.

Quality and safety performance is monitored through a range of quality reports that are provided to the trust management committee, the quality and safety committee and board of directors. These reports are structured around the three Darzi themes of patient experience, patient safety and clinical effectiveness and the CQC domains. The organisation also uses various dashboards to review both operational performance and quality indicators. These dashboards enable divisions and services to scrutinise data in a timely manner to drive improvements and share learning across the network.

The BAF includes the high-level risks to the organisation. The board has oversight of the BAF and receives an update twice a year. This is supported by reviews by the relevant board committee; for example, workforce risks are reviewed by the people committee. The level of board assurance in relation to individual risks forms part of the corporate risk register. Day-to-day management of corporate risks is the responsibility of directors with review by the management executive. Each risk has a linked mitigation plan led by the respective director, and the corporate risk register contains an assessment of how mitigations aim to reduce overall risk scores. These are rated dependent on the level and potential impact of risk with red being the highest. A summary is included below:

Five board assurance framework risks are rated as red:

- If the key assumptions behind Oriol are not achieved, then there may be insufficient capital and resources available, leading to a failure to be able to deliver a new facility that is fit for purpose and improves the patient and staff experience.
- Future funding models are now being provided under a block funding approach rather than payment by results, creating significant uncertainty in funding.
- If the trust fails to put in place sufficient support for staff and processes/procedures to manage staff health, wellbeing and engagement, and to mitigate the impact of increased activity (118% activity) and reduce the variation between different groups on drivers of staff engagement, then this could lead to increased stress and sickness absence, poor staff engagement with the organisation, poor recruitment and retention, significant impact on staff morale and employee relations issues.
- If there is a successful cyber-attack then we may suffer from a loss of service and/or corruption of data leading to poor patient care or experience, loss of income and damage to reputation.
- If our digital infrastructure fails to provide robust resilience and adequate performance, then treatment of patients may be compromised through either a lack of access to digital patient and administrative data, or a slowness of information delivery that reduces patient throughput enough that some patients may need to re-book and return for their treatment.

A further five risks on the board assurance framework are rated as amber:

- If the trust is unable to manage appropriately the ongoing impact of the Covid-19 virus there could be an impact in a number of areas, including significant harm to staff and patients, significant financial risk both in the short and long term, reputational risk, workforce impact and system working risk.
- If the recovery of clinical services post-Covid-19 does not ensure timely access to ophthalmic care for both new and existing patients, then this may lead to patient harm, reputational risk and potential financial risk through litigation.
- If the growth in commercial activity is not to plan, then there will not be sufficient revenue generated, leading to pressure on our finances elsewhere and a lack of ability to compete

effectively in the market and to continue to provide high quality NHS services to patients, as well having an impact on the assumptions for Oriel.

- If the trust does not have a robust workforce plan in place, then there will be staff shortages and skill gaps leading to insufficient numbers of staff available in key areas and a subsequent impact on the quality of patient care, pressure on staff and a decrease in morale which will affect both the staff and patient experience.
- If the trust cannot attract sufficient research funding to maintain its position, then its capacity to conduct appropriate research will diminish leading to an inability to compete effectively for funding and a significant risk to our brand and reputation in the field.

The board has seen some changes within the year, with Laura Wade-Gery starting as the new chair in February 2023, Asif Bhatti as a non-executive director in May 2022 and Sheila Adam as the new chief nurse and director of allied health professions in April 2022.

In 2022/23, the trust kept its corporate governance arrangements under review to ensure that it meets the standards set out in the NHS England's well-led framework. This included a Well-Led Developmental Review in July 2022 by the internal auditor, RSM UK.

The aim of this Well-Led Developmental Review was to assess the trust's leadership and governance as described in the 'Well-Led framework: guidance for NHS Trusts and NHS Foundation Trusts, June 2017' and to identify any developmental actions. This was the first Well-Led Developmental Review undertaken by us under the auspices of the revised framework.

The outcome of the review will inform further targeted development work to sustain the trust's future as part of its desire to maintain its CQC Good overall rating. The previous CQC full inspection visit was October 2018, when the trust received Outstanding for the Caring domain and Good for all others, including the Well-Led domain. Good practice determines that we should undertake a Well-Led Developmental Review every three to five years and this, combined with the length of time since the last CQC inspection, means that the trust felt that it was timely for this review to be undertaken. A small CQC review focused on City Road theatres, including the Well-Led domain, took place in September 2022 and led to no changes in our ratings.

The detailed Well-Led Review was undertaken in line with the Well-Led Framework and considered existing and planned practice against the eight domains of the framework. The key findings were summarised under each domain below:

1. Leadership capacity and capability
2. Vision and strategy
3. Culture and engagement
4. Governance
5. Risk and performance management
6. Information, data and reporting
7. Stakeholder engagement; and
8. Innovation, learning and improvement

29 recommendations were made. 17 were low priority, nine medium and the following three were rated as high priority:

- The trust should develop a timely plan to engage staff and relevant stakeholders on the new strategy;
- The trust should seek to understand and deal with the underlying drivers of the poor annual staff survey result areas; and
- The trust should continue to focus on improving the consistency of approach across all sites to create a 'one trust' feel.

Overall, RSM UK found that there is a consistent view that the trust's leadership is strong. Members of

the board are held in high esteem and considered very credible, offering depth in experience and capabilities. Non-executives are experts in their fields, and it is clear that individuals have been recruited to help deliver our objectives. A very committed membership council was noted, many with long and well-established links with the trust.

Under NHS foundation trust Licence 4, the board must apply those principles, systems and standards of good corporate governance which reasonably would be regarded as appropriate for a supplier of health care services to the NHS. In order to mitigate any risks, the board has in place well developed systems of corporate and financial governance. Assurance on this is provided through the audit & risk committee, via both internal and external audit. NHSE guidance is circulated to the board as and when it becomes available and is also scrutinised by board subcommittees where relevant.

The board committee structure is fit for purpose and terms of reference are reviewed on an annual basis. Committees also undertake an annual review of effectiveness. There are governance structures in place that set out reporting lines and lines of accountability. The standing orders of the board of directors and membership council are reviewed annually and in detail every three to four years. The standing financial instructions are reviewed and updated annually.

The work of the committees is reported to the board via regular assurance reports.

We work within a framework that devolves responsibility and accountability throughout the organisation through robust service delivery arrangements. There are clear structures with clear responsibility and accountability below director level. We also have in place cycles of business for the board of directors, membership council and other key decision-making forums.

The board and audit and risk committee regularly review the BAF, which is linked to the CRR and divisional/departmental risk registers.

We have an integrated performance function that links into all data systems to provide comprehensive reporting to the board and its committees. We recognise the importance of having timely and effective monitoring reports using data as a fundamental requirement to support the delivery of safe and high-quality care.

The board receives regular reports on finance, operational performance, quality and strategy. The board and its subcommittees receive presentations on specific areas that allow them to assess the position and receive assurance on issues such as operational performance, opportunities for growth and risks/uncertainties.

The trust has a finance function underpinned by policies and procedures overseen by the chief financial officer. The board dedicates time to strategy, including financial strategy, at its board development sessions. The board's committees meet regularly to review financial performance, contracts, the capital programme, financial viability, etc. Appropriate finance controls and governance have been maintained during 2022/23. The trust's standing financial instructions provide clear limits on financial decision making including when board approval is required for significant financial decisions.

There is a succession plan in place and board development sessions for the whole board and executive directors.

The board concerns itself with quality of care at each meeting and through its committee structure; The board and committees receive intelligence about staff and patient experience via a number of routes throughout the year such as the annual staff survey, integrated performance report, complaints and serious incident reporting. The board receives a number of reports on quality of care. A committee of the board, the quality and safety committee, is dedicated to looking in detail at quality issues and this committee reports to the board following each meeting. The board also reviews the annual quality report. A number of risks on the BAF and CRR relate to care and are reviewed on a quarterly basis. All serious incidents and/or never events are reported to the board. The board has a mix of clinical, quality and performance expertise to provide leadership across the organisation and to take account of all board accountabilities in relation to quality. There are regular specific reports that provide data, using a variety

of sources that enable the board to take timely and accurate account of quality of care.

There is a clear set of guidelines around ensuring that those board members and governors comply with the fit and proper persons regulations and that an annual assurance report is provided to the audit & risk committee. The trust has systems in place to ensure that staff employed at every level are appropriately qualified for their role. The board and its committees receive information on workforce issues and are assured in particular through the people and culture committee.

The trust has systems in place to ensure that staff employed at every level are appropriately qualified for their role. The board and its committees receive information on workforce issues and are assured in particular through the people and culture committee.

The trust has a group of experienced governors that have been involved with Moorfields for a number of years - new governors are assigned a 'buddy' to provide them with support and assistance. New governors meet with the chair and company secretary as part of their induction, and to assess any development needs. An induction pack has been developed that provides governors with key information about us, including our structure, strategy, governance and leadership. This is given to all governors. Governors attend regular briefing sessions on the work of the trust committees in order to bring them up to speed on the issues that are being discussed. Other ad-hoc meetings are arranged about relevant areas. Governors have an established governance subgroup and have access to third party expertise as and when necessary. Governors have access to non-executive and executive directors at every membership council meeting. NHS Providers (through Govern Well) provide a variety of governor training courses to which all governors are invited to attend.

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure compliance with all employer obligations contained within the scheme. 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 compliance with all the organisation's obligations under equality, diversity and human rights legislation.

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 it is compliant with its obligations under the Climate Change Act and the Adaptation Reporting requirements.

The trust is fully compliant with the registration requirements of the Care Quality Commission. We received an overall rating of 'Good' in our last full CQC inspection in 2018/19.

The trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by the trust with reference to the guidance) within the past twelve months as required by the Managing Conflicts of Interest in the NHS27 guidance.

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure that it is compliant with all employer obligations contained within the Scheme regulations. 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 we are compliant with all the organisation's obligations under equality, diversity, and human rights legislation.

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

The trust's annual plan, which contains the financial plan, is approved by the board and submitted to NHS England although planning has been delayed in 2022/23. The board receives monthly financial reports. Overseen by the board, the executive team has responsibility for overseeing our day-to-day operations and for ensuring that resources are being used economically, efficiently, and effectively. Trust resources are managed via financial controls set out in the standing financial instructions, and on a day-to-day basis local financial and performance controls are in place in divisions and departments. Financial governance

arrangements are supported by internal and external audit to ensure economic, efficient and effective use of resources.

The Trust uses the following outsourced service organisations:

### **NHS Shared Business Services Limited ('SBS'): Finance and Accounting Services**

SBS received an ISAE 3402 Type II (service auditor report) for the year ended 31 March 2023. This had a clean audit opinion.

### **The Electronic Staff Record Programme ('ESR')**

ESR received an ISAE 3402 Type II (service auditor report) for the year ended 31 March 2023. This had a qualified audit opinion. There were 3 control deficiencies highlighted by the report, 2 of which were not relevant to the Trust. The finding deemed relevant was as follows:

*"The controls related to the authorisation and revocation of logical access did not operate effectively during the period 1 April 2022 to 31 March 2023 to achieve the control objective of "controls provide reasonable assurance that security configurations are created, implemented and maintained to prevent inappropriate access."*

The Trust is satisfied that it has local compensating controls in place that sufficiently mitigate this control deficiency.

### **Workforce**

The board receives regular reports on staffing issues, such as the guardian of safe working report and the staff survey. Safer staffing levels are also reported through the monthly integrated performance report. The board is developing a workforce strategy that includes short, medium and long-term objectives.

### **Information governance**

The trust's information governance is overseen by the information governance committee, which reports to the trust management committee and also provides reports to the quality and safety committee. The information governance committee is chaired by the senior information risk owner (SIRO), who is the director of quality and safety; membership includes the Caldicott Guardian, deputy Caldicott Guardian, chief information officer and head of information governance, who is also our data protection officer.

The information governance agenda is driven by key standards set down in the NHS Operating Framework and measured by compliance with the Data Security and Protection Toolkit (DSPT).

The trust is required to process information (personal and corporate) in line with the standards set out in statute, regulation, and guidance. Information governance includes strategy, policy and procedures that enable staff to handle information in line with these requirements. Annual data security awareness training is mandatory for all staff. During 2022/23 (as in previous years) the trust achieved close to the target 95% of staff completing their training, a leading national performance.

The DSPT annual submission is used to demonstrate compliance with IG standards and the national Data Security Standards. The DSPT period of assessment runs from July to June; the trust expects to make its submission on time and expects to attain a 'standards met' return for all items. The DSPT internal audit for 2022/23 took place in March 2023 and its findings were reported to the audit and risk committee.

There was a minor incident notified to the Information Commissioner's Office within the year. However, since reporting (correctly, based on the information available at the time), it transpired that the incident did not meet the threshold for reporting and the ICO considered the matter closed.

### **Data quality and governance**

We have a comprehensive data quality assurance framework that reviews organisational data capture processes and identifies any issues. The data covered includes key indicators and those that are included in the quality report. The framework works as an integral part of the trust's data quality policy and strategy

and is underpinned by an audit function for ensuring compliance with national data completeness targets, an area in which the trust perform extremely well.

Process audits, which utilise ISO9000 methodology, are also undertaken to ensure compliance with standard operating procedures for the collection, collation and submission of data, and these audits are currently being expanded across Moorfields. Similar audits are also undertaken by a dedicated referral to treatment (RTT) team to ensure specifically the accuracy of patient waiting times and to reduce risks to patients. All of this activity is overseen by the information management and data quality group, which reports to the information governance committee.

### **Review of effectiveness**

As accounting 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 the review of the effectiveness of the system of internal control by the board, the audit & risk committee and quality and safety committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

### **The process that has been applied in maintaining and reviewing the effectiveness of the system of internal controls has involved:**

- the board's work programme which includes ensuring that the key compliance and regulatory requirements are reported and reviewed, and that the key risks are considered, and that these are collated through the board assurance framework;
- the audit and risk committee providing the board with independent review of financial and system controls. There has been a programme of internal audit to review the systems, controls and processes and the outcomes of these reports have been reviewed by the audit and risk committee;
- review of progress in meeting the Care Quality Commission's standards by divisional teams and the trust management committee; and
- review of serious untoward and other incidents by the board and the quality & safety committee.

The overall opinion from the head of internal audit for the period 1 April 2022 to 31 March 2023 is that 'the organisation has an adequate and effective framework for risk management, governance and internal control', however further enhancements were identified to ensure that it remains adequate and effective.

This opinion covers the period 1 April 2022 to 31 March 2023 inclusive and is based on the nine audits that were completed in this period, with 7 reasonable and 2 partial assurances.

### **The design and operation of the assurance framework and associated processes**

Our assurance framework reflects our key objectives and risks and is regularly reviewed by the board. The audit and risk committee and executive review the board assurance framework on a quarterly basis and they provide reviews as to whether our risk management procedures are operating effectively.

The range of individual opinions arising from risk-based audit assignments are contained within our risk-based plans that have been reported throughout the year.

### **Conclusion**

The board has a wide range of governance assurance systems in place. These include an effective incident reporting system and systems for the identification and control of risk through the board assurance framework. Internal and external audit reviews, audits and inspections and walkabouts provide sufficient evidence that no significant internal control issues have been identified during 2022/23 and that control systems are fit for purpose with potential areas for improvement.



**Dr Martin Kuper**  
Chief Executive  
30 June 2023

## **Independent auditor's report to the Council of Governors of Moorfields Eye Hospital NHS Foundation Trust**

### **Report on the audit of the financial statements**

#### **Opinion on financial statements**

We have audited the financial statements of Moorfields Eye Hospital NHS Foundation Trust (the 'Trust') and its subsidiaries (the 'group') for the year ended 31 March 2023, which comprise the Consolidated Statement of Comprehensive Income, the Statements of Financial Position, the Consolidated Statement of Changes in Equity, the Statement of Changes in Equity, the Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 7 of the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2022-23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Trust as at 31 March 2023 and of the group's expenditure and income for the year then ended; and
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2022-23; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report.

We are independent of the group and the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We are responsible for concluding on the appropriateness of the Accounting Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the Trust to cease to continue as a going concern.

In our evaluation of the Accounting Officer's conclusions, and in accordance with the expectation set out within the Department of Health and Social Care Group Accounting Manual 2022-23 that the group and Trust's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group and Trust. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and Trust and the group and Trust's disclosures over the going concern period.

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's and the Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The 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 our 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 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the disclosure requirements set out in the NHS foundation trust annual reporting manual 2022/23 or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

### **Opinion on other matters required by the Code of Audit Practice**

In our opinion:

- the parts of the Remuneration Report and the Staff Report to be audited have been properly prepared in accordance with NHS foundation trust annual reporting manual 2022/23; and
- based on the work undertaken in the course of the audit of the financial the other information published together with the financial statements in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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

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

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

## **Responsibilities of the Accounting Officer**

As explained more fully in the Statement of the Chief Executive's responsibilities as the accounting officer, the Chief Executive, as Accounting Officer, is responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions included in the NHS foundation trust annual reporting manual 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's responsibilities for the audit of the financial statements**

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Trust and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (international accounting standards and the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2022-23).
- We enquired of management concerning the group and Trust's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management and internal audit, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the group and Trust's financial statements to material misstatement, including how fraud might occur, evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls, and fraudulent income and expenditure recognition. We determined that the principal risks were in relation to:
  - journal entries that altered the Group or Trusts's financial performance for the year;
  - potential management bias in determining management estimates, especially in relation to:
    - the calculation of the valuation of the Group and Trust's land and buildings; and
    - the accruals of income and expenditure at the end of the financial year.

- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
  - testing of income and year end receivables to invoices and cash payment or other supporting evidence;
  - journal entry testing, with a focus on journals meeting a range of criteria defined as part of our risk assessment;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and building valuations;
  - testing of liabilities recorded in the ledger, to gain assurance that these existed and were accurate at the reporting date;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and/or expenditure recognition, and the significant accounting estimates related to the Group and Trust's land and building valuations.
- Our assessment of the appropriateness of the collective competence and capabilities of the group and Trust's engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the health sector and economy in which the group and Trust operates
  - understanding of the legal and regulatory requirements specific to the group and Trust including:
    - the provisions of the applicable legislation
    - NHS England's rules and related guidance
  - the applicable statutory provisions.
  - In assessing the potential risks of material misstatement, we obtained an understanding of:
    - The group and Trust's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, financial statement consolidation processes, expected financial statement disclosures and business risks that may result in risks of material misstatement.
    - The group and Trust's control environment, including the policies and procedures implemented by the group and Trust to ensure compliance with the requirements of the financial reporting framework.

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

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

**Matter on which we are required to report by exception – the Trust's arrangements for securing**

### **economy, efficiency and effectiveness in its use of resources**

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

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

### **Responsibilities of the Accounting Officer**

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

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

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

### **Report on other legal and regulatory requirements – Certificate**

We certify that we have completed the audit of the financial statements of Moorfields Eye Hospital NHS Foundation Trust in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice.

### **Use of our report**

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

Joanne Brown, Key Audit Partner  
for and on behalf of Grant Thornton UK LLP, Local Auditor  
London  
Date: 30 June 2023





**Moorfields Eye Hospital NHS Foundation Trust**

**Annual Accounts for the year ended 31 March 2023**

## **Moorfields Eye Hospital NHS Foundation Trust - Financial Statements 2022/23**

### **Foreword to the accounts**

These accounts, for the year ended 31 March 2023, have been prepared by the Moorfields Eye Hospital NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the NHS Act 2006 and are presented to Parliament pursuant to Schedule 7, paragraph 25 (4) (a) of the National Health Service Act 2006.



**Dr Martin Kuper**

Chief executive and accounting officer

30 June 2023

**Foreword to the accounts**

**Moorfields Eye Hospital NHS Foundation Trust**

These accounts, for the year ended 31 March 2023, have been prepared by Moorfields Eye Hospital NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

A handwritten signature in blue ink, appearing to be 'Dr Martin Kuper', enclosed in a thin blue rectangular border.

**Dr Martin Kuper**  
**Chief executive and accounting officer**

**30 June 2023**

## Consolidated Statement of Comprehensive Income

	Note	Group	
		2022/23	2021/22
		£000	£000
Operating income from patient care activities	3	265,344	252,979
Other operating income	4	31,073	30,800
Operating expenses	7, 9	<u>(289,655)</u>	<u>(263,147)</u>
<b>Operating surplus from continuing operations</b>		<b><u>6,762</u></b>	<b><u>20,632</u></b>
Finance income	11	1,565	35
Finance expenses	12	(1,270)	(970)
PDC dividends payable		<u>(982)</u>	<u>(614)</u>
<b>Net finance costs</b>		<b><u>(687)</u></b>	<b><u>(1,549)</u></b>
Other gains	13	46	74
Share of profit of associates / joint arrangements	20	602	203
<b>Surplus for the year</b>		<b><u>6,723</u></b>	<b><u>19,360</u></b>
<b>Other comprehensive income</b>			
<b>Will not be reclassified to income and expenditure:</b>			
Impairments	8	(2,199)	(29)
Revaluations	18	4,178	3,236
Foreign exchange gains recognised directly in OCI		<u>264</u>	<u>176</u>
<b>Total comprehensive income for the period</b>		<b><u>8,966</u></b>	<b><u>22,743</u></b>

## Statements of Financial Position

	Note	Group		Trust	
		31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
<b>Non-current assets</b>					
Intangible assets	14	3,240	4,249	3,240	4,249
Property, plant and equipment	15	170,696	106,034	166,708	104,415
Right of use assets	19	37,113	-	29,556	-
Investments in associates and joint ventures	20	1,676	1,029	3,478	3,432
Receivables	23	517	263	4,517	263
<b>Total non-current assets</b>		<b>213,241</b>	<b>111,574</b>	<b>207,498</b>	<b>112,358</b>
<b>Current assets</b>					
Inventories	22	3,745	3,557	3,717	3,543
Receivables	23	30,147	24,642	29,585	24,040
Cash and cash equivalents	24	60,571	69,261	60,095	68,947
<b>Total current assets</b>		<b>94,463</b>	<b>97,460</b>	<b>93,397</b>	<b>96,530</b>
<b>Current liabilities</b>					
Trade and other payables	25	(56,694)	(46,121)	(55,197)	(44,426)
Borrowings	27	(7,504)	(1,893)	(6,733)	(1,893)
Provisions	28	(2,123)	(3,009)	(2,123)	(3,009)
Other liabilities	26	(1,905)	(4,225)	(1,905)	(4,225)
<b>Total current liabilities</b>		<b>(68,226)</b>	<b>(55,248)</b>	<b>(65,958)</b>	<b>(53,553)</b>
<b>Total assets less current liabilities</b>		<b>239,478</b>	<b>153,786</b>	<b>234,937</b>	<b>155,335</b>
<b>Non-current liabilities</b>					
Trade and other payables	25	(1,291)	(975)	(1,291)	(975)
Borrowings	27	(59,781)	(30,084)	(52,882)	(30,084)
Provisions	28	(3,301)	(2,746)	(3,126)	(2,604)
<b>Total non-current liabilities</b>		<b>(64,373)</b>	<b>(33,805)</b>	<b>(57,299)</b>	<b>(33,663)</b>
<b>Total assets employed</b>		<b>175,105</b>	<b>119,982</b>	<b>177,638</b>	<b>121,673</b>
<b>Financed by</b>					
Public dividend capital		76,475	30,318	76,475	30,318
Revaluation reserve		12,999	11,020	12,999	11,020
Other reserves		1,141	877	1,141	877
Income and expenditure reserve		84,491	77,768	87,023	79,458
<b>Total taxpayers' equity</b>		<b>175,105</b>	<b>119,982</b>	<b>177,638</b>	<b>121,673</b>

The notes on pages 73 to 122 form part of these accounts.



**Dr Martin Kuper**  
Chief Executive  
30 June 2023

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

Group	Public dividend capital £000	Revaluation reserve £000	Other reserves £000	Income and expenditure reserve £000	Total £000
<b>Taxpayers' and others' equity at 1 April 2022 - brought forward</b>	<b>30,318</b>	<b>11,020</b>	<b>877</b>	<b>77,768</b>	<b>119,982</b>
Surplus for the year	-	-	-	6,723	6,723
Impairments	-	(2,199)	-	-	(2,199)
Revaluations	-	4,178	-	-	4,178
Foreign exchange gains recognised directly through OCI	-	-	264	-	264
Public dividend capital received	46,157	-	-	-	46,157
<b>Taxpayers' and others' equity at 31 March 2023</b>	<b>76,475</b>	<b>12,999</b>	<b>1,141</b>	<b>84,491</b>	<b>175,105</b>

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

Group	Public dividend capital £000	Revaluation reserve £000	Other reserves £000	Income and expenditure reserve £000	Total £000
<b>Taxpayers' and others' equity at 1 April 2021 - brought forward</b>	<b>29,693</b>	<b>7,813</b>	<b>701</b>	<b>58,407</b>	<b>96,614</b>
Surplus for the year	-	-	-	19,360	19,360
Impairments	-	(29)	-	-	(29)
Revaluations	-	3,236	-	-	3,236
Foreign exchange gains recognised directly through OCI	-	-	176	-	176
Public dividend capital received	625	-	-	-	625
<b>Taxpayers' and others' equity at 31 March 2022</b>	<b>30,318</b>	<b>11,020</b>	<b>877</b>	<b>77,768</b>	<b>119,982</b>

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

Trust	Public dividend capital	Revaluation reserve	Other reserves	Income and expenditure reserve	Total
	£000	£000	£000	£000	£000
<b>Taxpayers' and others' equity at 1 April 2022 - brought forward</b>	<b>30,318</b>	<b>11,020</b>	<b>877</b>	<b>79,458</b>	<b>121,673</b>
Surplus for the year	-	-	-	7,565	7,565
Impairments	-	(2,199)	-	-	(2,199)
Revaluations	-	4,178	-	-	4,178
Foreign exchange gains recognised directly in OCI	-	-	264	-	264
Public dividend capital received	46,157	-	-	-	46,157
<b>Taxpayers' and others' equity at 31 March 2023</b>	<b>76,475</b>	<b>12,999</b>	<b>1,141</b>	<b>87,023</b>	<b>177,638</b>

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

Trust	Public dividend capital	Revaluation reserve	Other reserves	Income and expenditure reserve	Total
	£000	£000	£000	£000	£000
<b>Taxpayers' and others' equity at 1 April 2021 - brought forward</b>	<b>29,693</b>	<b>7,813</b>	<b>701</b>	<b>59,950</b>	<b>98,157</b>
Surplus for the year	-	-	-	19,508	19,508
Impairments	-	(29)	-	-	(29)
Revaluations	-	3,236	-	-	3,236
Foreign exchange gains recognised directly in OCI	-	-	176	-	176
Public dividend capital received	625	-	-	-	625
<b>Taxpayers' and others' equity at 31 March 2022</b>	<b>30,318</b>	<b>11,020</b>	<b>877</b>	<b>79,458</b>	<b>121,673</b>

## **Information on reserves**

### **Public dividend capital**

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

### **Revaluation reserve**

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

### **Financial assets reserve**

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

### **Other reserves**

Exchange gains or losses on non-monetary assets and liabilities, including on revaluation, are recognised in other reserve under equity.

### **Income and expenditure reserve**

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

## Statements of Cash Flows

	Note	Group		Trust	
		2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000
<b>Cash flows from operating activities</b>					
Operating surplus		6,762	20,632	7,871	20,981
<b>Non-cash income and expense:</b>					
Depreciation and amortisation	7.1	14,440	8,512	13,574	8,368
Net impairments	8	-	187	-	187
Income recognised in respect of capital donations	4	(49)	(133)	(49)	(133)
Increase in receivables and other assets		(5,310)	(3,723)	(5,087)	(3,700)
Increase in inventories		(188)	(117)	(174)	(130)
Increase / (decrease) in payables and other liabilities		2,863	(4,350)	3,061	(5,025)
Decrease in provisions		(951)	(10)	(951)	(80)
<b>Net cash flows from operating activities</b>		<b>17,567</b>	<b>20,998</b>	<b>18,245</b>	<b>20,468</b>
<b>Cash flows from investing activities</b>					
Interest received		1,373	35	1,373	35
Purchase of intangible assets		(46)	(1,515)	(46)	(1,515)
Purchase of PPE and investment property		(64,504)	(16,403)	(61,989)	(14,876)
Sales of PPE and investment property		93	104	93	104
Receipt of cash donations to purchase assets		49	133	49	133
<b>Net cash flows from used in investing activities</b>		<b>(63,035)</b>	<b>(17,646)</b>	<b>(60,520)</b>	<b>(16,119)</b>
<b>Cash flows from financing activities</b>					
Public dividend capital received		46,157	625	46,157	625
Movement on loans from DHSC		(1,823)	(1,823)	(1,823)	(1,823)
Movement on other loans		-	-	(4,000)	-
Capital element of lease liability repayments		(5,296)	-	(4,723)	-
Interest on loans		(929)	(974)	(929)	(974)
Interest paid on lease liability repayments		(358)	-	(286)	-
PDC dividend paid		(1,354)	(300)	(1,354)	(300)
<b>Net cash flows from / (used in) financing activities</b>		<b>36,397</b>	<b>(2,472)</b>	<b>33,042</b>	<b>(2,472)</b>
<b>(Decrease)/ Increase in cash and cash equivalents</b>		<b>(9,071)</b>	<b>880</b>	<b>(9,233)</b>	<b>1,877</b>
<b>Cash and cash equivalents at 1 April - brought forward</b>		<b>69,261</b>	<b>68,385</b>	<b>68,947</b>	67,074
Unrealised gains / (losses) on foreign exchange		381	(4)	381	(4)
<b>Cash and cash equivalents at 31 March</b>	24	<b>60,571</b>	<b>69,261</b>	<b>60,095</b>	<b>68,947</b>

## **Notes to the Accounts**

### **Note 1 Accounting policies and other information**

#### **Note 1.1 Basis of preparation**

NHS England 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 2022/23 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts

#### **Accounting convention**

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

#### **Note 1.2 Going concern**

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

#### **Note 1.3 Interests in other entities**

Subsidiary entities are those over which the trust has the power to exercise control or a dominant influence so as to gain economic or other benefits. 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 Trust established MEH Ventures LLP during 2013/14 as a wholly-owned subsidiary. The Trust is able to exert control over this entity and accordingly the transactions of MEH Ventures LLP have been consolidated into the Moorfields Eye Hospital NHS Foundation Trust accounts.

On 04 December 2020, the Trust acquired 100% of the issued share capital and voting interests in Moorfields Private West End Limited (MP). MP is a multispecialty clinic located near Harley Street, in the heart of central London's renowned private medical community, and this site replaces the previous trust location on Wimpole Street. The Trust is able to exert control over this entity and accordingly the transactions of MP have been consolidated into the Moorfields Eye Hospital NHS Foundation Trust accounts.

The exemption to exclude the Trust's Statement of Comprehensive Income as allowed by DHSC GAM 2022/23 has been applied by the directors. All notes in the accounts refer to the Group. The Trust notes are included only where they are deemed to be materially differ.

In 2022/23 the Trust reported a surplus of £7,565k (2021/22 surplus of £19,508k).

#### **Note 1.4 Revenue from contracts with customers**

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

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

#### **Revenue from NHS contracts**

The main source of income for the Trust is contracts with commissioners for health care services. Funding envelopes are set at an Integrated Care System (ICS) level. The majority of the Trust's income is earned from NHS commissioners in the form of fixed payments to fund an agreed level of activity.

In 2022/23 fixed payments are set at a level assuming the achievement of elective activity targets. These are termed 'aligned payment and incentive' contracts. These payments are accompanied by a variable-element to adjust income for actual activity delivered on elective services and advice and guidance services. Where actual elective activity delivered differs from the agreed level set in the fixed payments, the variable element either increases or reduces the income earned by the Trust at a rate of 75% of the tariff price.

Elective recovery funding provides additional funding for the delivery of elective services. In 2022/23 elective recovery funding was included within the aligned payment and incentive contracts. In 2021/22 income earned by the system based on achievement of elective recovery targets was distributed between individual entities by local agreement and income earned from the fund was accounted for as variable consideration.

The Trust also receives income from commissioners under Commissioning for Quality Innovation (CQUIN) . Delivery under this scheme is part of how care is provided to patients. As such CQUIN is not considered distinct performance obligations in their own right; instead it forms part of the transaction price for performance obligations under the overall contract with the commissioner. In 2022/23 payment under this scheme is included in fixed payments from commissioners based on assumed achievement of criteria. Adjustments for actual performance are made through the variable element of the contract payments.

#### **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.

## **Revenue from Private Patients**

The Trust generates income from providing healthcare to private patients. A performance obligation relating to delivery of a spell of health care is generally satisfied over time as healthcare is received and consumed simultaneously by the customer as the Trust performs it. The customer in such a contract is the private patient, but the customer benefits as services are provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligns with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that are substantially the same and have a similar pattern of transfer.

## **Note 1.5 Other forms of income**

### **Grants and donations**

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grants is used to fund capital expenditure, it is credited to the 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.

## 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.

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 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.

### Useful lives of property, plant and equipment

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

	Min life Years	Max life Years
Land	-	-
Buildings, excluding dwellings	5	77
Plant & machinery	3	25
Transport equipment	7	7
Information technology	4	11
Furniture & fittings	5	10

### Note 1.9 Intangible assets

#### Recognition

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

#### *Internally generated intangible assets*

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

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

#### *Software*

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

#### Measurement

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

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

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

#### *Amortisation*

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

### Useful lives of intangible assets

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

	Min life Years	Max life Years
Information technology	5	8
Websites	5	8
Software licences	5	8
Licences & trademarks	5	8

#### **Note 1.10 Inventories**

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

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

#### **Note 1.11 Cash and cash equivalents**

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

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

#### **Note 1.12 Financial assets and financial liabilities**

##### **Recognition**

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

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

##### **Classification and measurement**

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

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

Financial assets are classified as subsequently measured at amortised cost.

Financial liabilities classified as subsequently measured at amortised cost.

##### **Financial assets and financial liabilities at amortised cost**

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

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

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

### **Impairment of financial assets**

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

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

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

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

### **Derecognition**

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

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

**Note 1.13 Leases**

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

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

**The Trust as a lessee**

*Recognition and initial measurement*

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

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

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

Where an implicit rate cannot be readily determined, the Trust's incremental borrowing rate is applied. This rate is determined by HM Treasury annually for each calendar year. A nominal rate of 0.95% applied to new leases commencing in 2022 and 3.51% to new leases commencing in 2023.

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

*Subsequent measurement*

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

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

**The Trust as a lessor**

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

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

*Finance leases*

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

*Operating leases*

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

**Initial application of IFRS 16**

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

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

*The Trust as lessee*

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

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

*The Trust as lessor*

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

*2021/22 comparatives*

Comparatives for leasing transactions in these accounts have not been restated on an IFRS 16 basis. Under IAS 17 the classification of leases as operating or finance leases still applicable to lessors under IFRS 16 also applied to lessees. In 2021/22 lease payments made by the Trust in respect of leases previously classified as operating leases were charged to expenditure on a straight line basis.

**Note 1.14 Provisions**

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective from 31 March 2023:

		Nominal rate	Prior year rate
Short-term	Up to 5 years	3.27%	0.47%
Medium-term	After 5 years up to 10 years	3.20%	0.70%
Long-term	After 10 years up to 40 years	3.51%	0.95%
	Exceeding 40 years	3.00%	0.66%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective from 31 March 2022:

	Inflation rate	Prior year rate
Year 1	7.40%	4.00%
Year 2	0.60%	2.60%
Into perpetuity	2.00%	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of 1.70% in real terms (prior year: minus 1.30%).

**Clinical negligence costs**

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 28.2 but is not recognised in the Trust's accounts.

**Non-clinical risk pooling**

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

**Note 1.15 Contingencies**

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

Contingent liabilities are not recognised, but would be disclosed as a note to the accounts, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

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

**Note 1.16 Public dividend capital**

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

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

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

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

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

**Note 1.17 Value added tax**

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

**Note 1.18 Climate change levy**

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

**Note 1.19 Foreign exchange**

The functional and presentational currency of the trust is sterling.

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

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

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

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

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

**Note 1.20 Third party assets**

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

**Note 1.21 Losses and special payments**

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

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

**# Note 1.22 Gifts**

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

**Note 1.23 Early adoption of standards, amendments and interpretations**

No new accounting standards or revisions to existing standards have been early adopted in 2022/23.

**Note 1.24 Standards, amendments and interpretations in issue but not yet effective or adopted**

**Other standards, amendments and interpretations**

IFRS 14 Regulatory Deferral Accounts Not EU-endorsed. Applies to first time adopters of IFRS after 1 January 2016. Therefore not applicable to DHSC group bodies.

IFRS 17 Insurance Contracts Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM which is expected to be from April 2025: early adoption is not therefore permitted.

**Note 1.25 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**

Under IFRS10 (Consolidated Financial Statements) and IAS 27 (Separate Financial Statements) , 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 1.26 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**

In line with this policy specialised assets are valued using the Modern Equivalent Asset (MEA) approach. Both physical and functional obsolescence is applied to buildings, to reflect their actual characteristics and value. Gerald Eve 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 18 to the accounts. Future revaluations of property may result in further changes to the carrying values of non-current assets. It is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial years that are different from the assumptions could require a material adjust to the carrying value of non current assets. The carrying values of land and buildings are disclosed in notes 15 and 16.

**Note 2 Operating Segments**

The trust reports results by two segments - NHS and Commercial.

	<b>Group</b>		
	<b>NHS</b>	<b>Commercial</b>	<b>Total</b>
<b>2022/23</b>	£000	£000	£000
<b>Income by segment</b>			
Income from activities	224,656	40,688	265,344
Other operating income	30,180	893	31,073
	<u>254,836</u>	<u>41,581</u>	<u>296,417</u>
Operating and other expenditure	(254,601)	(35,093)	(289,694)
<b>Surplus for the year</b>	<u>235</u>	<u>6,488</u>	<u>6,723</u>
	<b>Group</b>		
	<b>NHS</b>	<b>Commercial</b>	<b>Total</b>
<b>2021/22</b>	£000	£000	£000
<b>Income by segment</b>			
Income from activities	215,947	37,032	252,979
Other operating income	28,937	1,863	30,800
	<u>244,884</u>	<u>38,895</u>	<u>283,779</u>
Operating and other expenditure	(231,466)	(32,766)	(264,232)
Impairment of non-current assets	(187)	-	(187)
<b>Surplus for the year</b>	<u>13,231</u>	<u>6,129</u>	<u>19,360</u>

Commercial includes results for Moorfields Private, Moorfields UAE, and Moorfields Private West End Limited.

Moorfields UAE includes the impact of foreign exchange fluctuations in its overall results, arising from the conversion of transactions in its functional currency (United Arab Emirates dirhams) to sterling. The net assets of Moorfields UAE are restated on a monthly basis for exchange rate fluctuations, with movements expressed as unrealised gains or losses in other reserve. Moorfields UAE includes the operations of Moorfields Dubai and the share of surplus/deficit of Moorfields Eye Centre Abu Dhabi.

**Note 3 Operating income from patient care activities (Group)**

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

<b>Note 3.1 Income from patient care activities (by nature)</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
Income from commissioners under API contracts*	156,974	194,216
High cost drugs income from commissioners (excluding pass-through costs)	36,673	2,689
Private patient income	40,843	37,194
Elective recovery fund	11,521	4,573
Agenda for change pay award central funding***	3,984	-
Additional pension contribution central funding**	5,244	5,065
Other clinical income	10,105	9,242
<b>Total income from activities</b>	<b>265,344</b>	<b>252,979</b>

\*Aligned payment and incentive contracts are the main form of contracting between NHS providers and their commissioners. More information can be found in the 2022/23 National tariff payments system documentation.

<https://www.england.nhs.uk/publication/past-national-tariffs-documents-and-policies/>

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

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

**Note 3.2 Income from patient care activities (by source)**

<b>Income from patient care activities received from:</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
NHS England	36,205	31,002
Clinical commissioning groups	44,767	175,541
Integrated care boards	133,424	-
Other NHS providers	9,895	8,965
Non-NHS: private patients	40,843	37,194
Non-NHS: overseas patients (chargeable to patient)	182	97
Injury cost recovery scheme	-	12
Non NHS: other	28	168
<b>Total income from activities</b>	<b>265,344</b>	<b>252,979</b>

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

	2022/23	2021/22
	£000	£000
Income recognised this year	182	97
Cash payments received in-year	107	99
Amounts added to provision for impairment of receivables	47	-
Amounts written off in-year	-	78

**Note 4 Other operating income (Group)**

	2022/23		
	Contract income	Non-contract income	Total
	£000	£000	£000
Research and development	12,706	6,735	19,441
Education and training	4,064	-	4,064
Reimbursement and top up funding	100	-	100
Receipt of capital grants and donations and peppercorn leases	-	49	49
Revenue from operating leases	-	455	455
Other income*	6,964	-	6,964
<b>Total other operating income</b>	<b>23,834</b>	<b>7,239</b>	<b>31,073</b>

	2021/22		
	Contract income	Non-contract income	Total
	£000	£000	£000
Research and development	9,659	7,012	16,671
Education and training	3,737	-	3,737
Reimbursement and top up funding	1,306	-	1,306
Receipt of capital grants and donations and peppercorn leases	-	133	133
Charitable and other contributions to expenditure	-	336	336
Revenue from operating leases	-	426	426
Other income*	8,191	-	8,191
<b>Total other operating income</b>	<b>22,893</b>	<b>7,907</b>	<b>30,800</b>

\* other income includes income generation schemes such as pharmacy and wholesale drugs, education and services to other nhs bodies.

**Note 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:

	2022/23	2021/22
	£000	£000
Income from services designated as commissioner requested services	224,656	215,947
Income from services not designated as commissioner requested services	71,761	67,832
	<b>296,417</b>	<b>283,779</b>

**Note 6 Operating leases - Moorfields Eye Hospital NHS Foundation Trust as lessor**

This note discloses income generated in operating lease agreements where Moorfields Eye Hospital NHS Foundation Trust is the lessor.

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

The trust receives income from rental of building space to external parties.

**Note 6.1 Operating leases income (Group)**

	<b>2022/23</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
<b>Lease receipts recognised as income in year:</b>		
Minimum lease receipts	455	426
<b>Total in-year operating lease income</b>	<b>455</b>	<b>426</b>

**Note 6.2 Future lease receipts (Group)**

	<b>31 March</b>
	<b>2023</b>
	<b>£000</b>
<b>Future minimum lease receipts due at 31 March 2023:</b>	
- not later than one year	424
- later than one year and not later than two years	385
- later than two years and not later than three years	385
- later than three years and not later than four years	385
- later than four years and not later than five years	85
<b>Total</b>	<b>1,664</b>
	<b>31 March</b>
	<b>2022</b>
	<b>£000</b>
<b>Future minimum lease receipts due at 31 March 2022:</b>	
- not later than one year;	436
- later than one year and not later than five years;	1,589
<b>Total</b>	<b>2,025</b>

**Note 7.1 Operating expenses (Group)**

	<b>2022/23</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
Purchase of healthcare from NHS and DHSC bodies	2,473	2,261
Staff and executive directors costs	150,568	135,047
Remuneration of non-executive directors	185	176
Supplies and services - clinical (excluding drugs costs)	22,181	21,249
Supplies and services - general	14,662	14,786
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	38,131	39,386
Consultancy costs	3,681	3,897
Establishment	8,307	6,413
Premises	8,136	6,077
Transport (including patient travel)	3,066	3,147
Depreciation on property, plant and equipment	13,377	7,414
Amortisation on intangible assets	1,063	1,098
Net impairments	-	187
Movement in credit loss allowance: contract receivables / contract assets	645	(1,400)
Change in provisions discount rate(s)	(53)	6
Fees payable to the external auditor		
audit services- statutory audit	115	102
Internal audit costs	98	108
Clinical negligence	559	427
Legal fees	519	601
Insurance	719	652
Research and development	14,882	12,211
Education and training	2,643	2,407
Expenditure on short term leases (current year only)	139	-
Operating leases expenditure (comparative only)	-	5,468
Redundancy	60	207
Car parking & security	557	573
Losses, ex gratia & special payments	-	28
Other services, eg external payroll	99	103
Other	2,843	516
<b>Total</b>	<b>289,655</b>	<b>263,147</b>

**Note 7.2 Limitation on auditor's liability (Group)**

The limitation on auditor's liability for external audit work is £2,000,000 (2021/22: £140,000).

**Note 8 Impairment of assets (Group)**

	2022/23	2021/22
	£000	£000
<b>Net impairments charged to operating surplus resulting from:</b>		
Abandonment of assets in course of construction	-	187
<b>Total net impairments charged to operating surplus</b>	<u>-</u>	<u>187</u>
Impairments charged to the revaluation reserve	2,199	29
<b>Total net impairments</b>	<u><u>2,199</u></u>	<u><u>216</u></u>

**Note 9 Employee benefits (Group)**

	<b>2022/23</b>	<b>2021/22</b>
	<b>Total</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
Salaries and wages	110,175	104,109
Social security costs	11,980	10,644
Apprenticeship levy	525	511
Employer's contributions to NHS pensions	17,250	16,624
Pension cost - other	17	12
Temporary staff (including agency)	21,515	14,303
<b>Total staff costs</b>	<b>161,462</b>	<b>146,203</b>
<b>Of which</b>		
Costs capitalised as part of assets	-	357

**Note 9.1 Retirements due to ill-health (Group)**

During 2022/23 there was 1 early retirement from the trust agreed on the grounds of ill-health (2 in the year ended 31 March 2022). The estimated additional pension liabilities of these ill-health retirements is £362k (£37k in 2021/22).

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

## **Note 10 Pension costs**

Past and present employees are covered by the provisions of the 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](http://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 2023, is based on valuation data as 31 March 2022, updated to 31 March 2023 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 actuarial valuation as at 31 March 2020 is currently underway and will set the new employer contribution rate due to be implemented from April 2024.

**Note 11 Finance income (Group)**

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

	2022/23	2021/22
	£000	£000
Interest on bank accounts	1,565	35
<b>Total finance income</b>	<b>1,565</b>	<b>35</b>

**Note 12.1 Finance expenditure (Group)**

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

	2022/23	2021/22
	£000	£000
<b>Interest expense:</b>		
Interest on loans from the Department of Health and Social Care	916	973
Interest on lease obligations	358	-
<b>Total interest expense</b>	<b>1,274</b>	<b>973</b>
Unwinding of discount on provisions	(4)	(3)
<b>Total finance costs</b>	<b>1,270</b>	<b>970</b>

**Note 13 Other gains (Group)**

	2022/23	2021/22
	£000	£000
Gains on disposal of assets	46	74
<b>Total gains on disposal of assets</b>	<b>46</b>	<b>74</b>

**Note 14 Intangible assets - 2022/23**

Group and Trust	Software	Internally	Websites	Intangible	Total
	licences	generated		assets under	
	£000	information	£000	construction	£000
		technology		£000	
<b>Valuation / gross cost at 1 April 2022 - brought forward</b>	<b>5,780</b>	<b>4,976</b>	<b>66</b>	<b>1,946</b>	<b>12,768</b>
Additions	46	-	-	-	46
Remeasurements - retranslation gains / (losses) on foreign operations	58	-	-	(6)	52
Reclassifications	1,933	-	-	(1,933)	-
Disposals / derecognition	(739)	(4,976)	-	-	(5,715)
<b>Valuation / gross cost at 31 March 2023</b>	<b>7,078</b>	<b>0</b>	<b>66</b>	<b>7</b>	<b>7,151</b>
<b>Amortisation at 1 April 2022 - brought forward</b>	<b>3,508</b>	<b>4,976</b>	<b>35</b>	<b>-</b>	<b>8,519</b>
Provided during the year	1,050	-	13	-	1,063
Remeasurements - retranslation gains on foreign operations	43	-	1	-	44
Disposals / derecognition	(739)	(4,976)	-	-	(5,715)
<b>Amortisation at 31 March 2023</b>	<b>3,862</b>	<b>0</b>	<b>49</b>	<b>-</b>	<b>3,911</b>
<b>Net book value at 31 March 2023</b>	<b>3,215</b>	<b>-</b>	<b>17</b>	<b>7</b>	<b>3,240</b>
<b>Net book value at 1 April 2022</b>	<b>2,271</b>	<b>-</b>	<b>31</b>	<b>1,946</b>	<b>4,249</b>

**Note 14.1 Intangible assets - 2021/22**

Group	Software	Internally	Websites	Intangible	Total
	licences	generated		assets under	
	£000	information	£000	construction	£000
		technology		£000	
<b>Valuation / gross cost at 1 April 2021 - as previously stated</b>	<b>6,025</b>	<b>4,976</b>	<b>66</b>	<b>750</b>	<b>11,817</b>
Additions	319	-	-	1,196	1,515
Impairments	(207)	-	-	-	(207)
Remeasurements - retranslation gains on foreign operations	30	-	-	-	30
Disposals / derecognition	(387)	-	-	-	(387)
<b>Valuation / gross cost at 31 March 2022</b>	<b>5,780</b>	<b>4,976</b>	<b>66</b>	<b>1,946</b>	<b>12,768</b>
<b>Amortisation at 1 April 2021 - as previously stated</b>	<b>2,855</b>	<b>4,976</b>	<b>22</b>	<b>-</b>	<b>7,853</b>
Provided during the year	1,085	-	13	-	1,098
Impairments	(20)	-	-	-	(20)
Remeasurements - retranslation losses on foreign operations	(25)	-	-	-	(25)
Disposals / derecognition	(387)	-	-	-	(387)
<b>Amortisation at 31 March 2022</b>	<b>3,508</b>	<b>4,976</b>	<b>35</b>	<b>-</b>	<b>8,519</b>
<b>Net book value at 31 March 2022</b>	<b>2,271</b>	<b>-</b>	<b>31</b>	<b>1,946</b>	<b>4,249</b>
<b>Net book value at 1 April 2021</b>	<b>3,169</b>	<b>-</b>	<b>44</b>	<b>750</b>	<b>3,964</b>

## Note 15.1 Property, plant and equipment - 2022/23

Group	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Valuation/gross cost at 1 April 2022 - brought forward</b>	<b>26,037</b>	<b>47,647</b>	<b>12,809</b>	<b>38,485</b>	<b>5</b>	<b>8,433</b>	<b>1,420</b>	<b>134,836</b>
Additions	-	6,928	55,022	6,783	-	1,015	577	70,325
Impairments	(1,307)	(892)	-	-	-	-	-	(2,199)
Revaluations*	-	3,062	-	-	-	-	-	3,062
Remeasurements - retranslation gains on foreign operations	-	42	-	265	-	6	16	329
Disposals / derecognition	-	(1,801)	-	(2,994)	-	(1,153)	(505)	(6,453)
<b>Valuation/gross cost at 31 March 2023</b>	<b>24,730</b>	<b>54,986</b>	<b>67,831</b>	<b>42,539</b>	<b>5</b>	<b>8,301</b>	<b>1,508</b>	<b>199,900</b>
<b>Accumulated depreciation at 1 April 2022 - brought forward</b>	<b>-</b>	<b>1,898</b>	<b>-</b>	<b>19,619</b>	<b>5</b>	<b>6,254</b>	<b>1,026</b>	<b>28,802</b>
Provided during the year	-	2,991	-	3,780	-	745	116	7,632
Revaluations**	-	(1,116)	-	-	-	-	-	(1,116)
Remeasurements - retranslation gains on foreign operations	-	36	-	231	-	10	15	292
Disposals / derecognition	-	(1,801)	-	(2,947)	-	(1,153)	(505)	(6,406)
<b>Accumulated depreciation at 31 March 2023</b>	<b>-</b>	<b>2,008</b>	<b>-</b>	<b>20,683</b>	<b>5</b>	<b>5,856</b>	<b>652</b>	<b>29,204</b>
<b>Net book value at 31 March 2023</b>	<b>24,730</b>	<b>52,978</b>	<b>67,831</b>	<b>21,856</b>	<b>-</b>	<b>2,444</b>	<b>857</b>	<b>170,696</b>
<b>Net book value at 1 April 2022</b>	<b>26,037</b>	<b>45,749</b>	<b>12,809</b>	<b>18,866</b>	<b>-</b>	<b>2,178</b>	<b>395</b>	<b>106,034</b>

\* The revaluations figure on cost is made up of an upward revaluation of £1,606k and £1,456k adjustment to a historic impairment.

\*\* The revaluations on accumulated depreciation is made up of depreciation written out of £2,572k less a £1,456k adjustment to a historic impairment.

## Note 15.2 Property, plant and equipment - 2021/22

Group	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Valuation / gross cost at 1 April 2021 - as previously stated</b>	<b>23,671</b>	<b>47,218</b>	<b>8,913</b>	<b>41,519</b>	<b>5</b>	<b>13,936</b>	<b>2,226</b>	<b>137,488</b>
Additions	-	3,196	3,896	5,511	-	625	71	13,299
Impairments	-	(29)	-	-	-	-	-	(29)
Revaluations	2,366	(1,572)	-	-	-	-	-	794
Remeasurements - retranslation gains on foreign operations	-	29	-	193	-	8	11	241
Disposals / derecognition	-	(1,195)	-	(8,738)	-	(6,136)	(888)	(16,957)
<b>Valuation/gross cost at 31 March 2022</b>	<b>26,037</b>	<b>47,647</b>	<b>12,809</b>	<b>38,485</b>	<b>5</b>	<b>8,433</b>	<b>1,420</b>	<b>134,836</b>
<b>Accumulated depreciation at 1 April 2021 - as previously stated</b>	<b>-</b>	<b>2,715</b>	<b>-</b>	<b>24,909</b>	<b>5</b>	<b>11,184</b>	<b>1,781</b>	<b>40,594</b>
Provided during the year	-	2,819	-	3,256	-	1,206	133	7,414
Revaluations	-	(2,442)	-	-	-	-	-	(2,442)
Remeasurements - retranslation gains on foreign operations	-	-	-	163	-	-	-	163
Disposals / derecognition	-	(1,194)	-	(8,709)	-	(6,136)	(888)	(16,927)
<b>Accumulated depreciation at 31 March 2022</b>	<b>-</b>	<b>1,898</b>	<b>-</b>	<b>19,619</b>	<b>5</b>	<b>6,254</b>	<b>1,026</b>	<b>28,802</b>
<b>Net book value at 31 March 2022</b>	<b>26,037</b>	<b>45,749</b>	<b>12,809</b>	<b>18,866</b>	<b>-</b>	<b>2,178</b>	<b>395</b>	<b>106,034</b>
<b>Net book value at 1 April 2021</b>	<b>23,671</b>	<b>44,503</b>	<b>8,913</b>	<b>16,610</b>	<b>-</b>	<b>2,751</b>	<b>446</b>	<b>96,894</b>

Note 15.3 Property, plant and equipment financing - 31 March 2023

Group	Buildings excluding dwellings		Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	Land						
	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	24,730	42,926	67,831	21,270	2,444	822	160,023
Owned - donated/granted	-	10,052	-	586	-	35	10,673
<b>NBV total at 31 March 2023</b>	<b>24,730</b>	<b>52,978</b>	<b>67,831</b>	<b>21,856</b>	<b>2,444</b>	<b>857</b>	<b>170,696</b>

Note 15.4 Property, plant and equipment financing - 31 March 2022

Group	Buildings excluding dwellings		Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	Land						
	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	26,037	36,514	12,809	18,013	2,176	379	95,928
Owned - donated/granted	-	9,235	-	853	2	16	10,106
<b>NBV total at 31 March 2022</b>	<b>26,037</b>	<b>45,749</b>	<b>12,809</b>	<b>18,866</b>	<b>2,178</b>	<b>395</b>	<b>106,034</b>

Note 15.5 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2023

Group	Buildings excluding dwellings		Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	Land						
	£000	£000	£000	£000	£000	£000	£000
Subject to an operating lease	-	-	-	-	-	-	-
Not subject to an operating lease	24,730	52,978	67,831	21,856	2,444	857	170,696
<b>NBV total at 31 March 2023</b>	<b>24,730</b>	<b>52,978</b>	<b>67,831</b>	<b>21,856</b>	<b>2,444</b>	<b>857</b>	<b>170,696</b>

## Note 16.1 Property, plant and equipment - 2022/23

Trust	Buildings excluding dwellings		Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	Land	£000						
<b>Valuation/gross cost at 1 April 2022 - brought forward</b>	<b>26,037</b>	<b>47,485</b>	<b>11,416</b>	<b>38,352</b>	<b>5</b>	<b>8,389</b>	<b>1,411</b>	<b>133,095</b>
Additions	-	6,164	53,543	6,862	-	928	312	67,809
Impairments	(1,307)	(892)	-	-	-	-	-	(2,199)
Revaluations*	-	3,062	-	-	-	-	-	3,062
Remeasurements - retranslation gains on foreign operations	-	42	-	265	-	6	16	329
Disposals / derecognition	-	(1,801)	-	(2,994)	-	(1,153)	(505)	(6,453)
<b>Valuation/gross cost at 31 March 2023</b>	<b>24,730</b>	<b>54,060</b>	<b>64,959</b>	<b>42,485</b>	<b>5</b>	<b>8,170</b>	<b>1,234</b>	<b>195,643</b>
<b>Accumulated depreciation at 1 April 2022 - brought forward</b>	<b>-</b>	<b>1,836</b>	<b>-</b>	<b>19,585</b>	<b>5</b>	<b>6,231</b>	<b>1,023</b>	<b>28,680</b>
Provided during the year	-	2,927	-	3,716	-	733	109	7,485
Revaluations**	-	(1,116)	-	-	-	-	-	(1,116)
Remeasurements - retranslation gains on foreign operations	-	36	-	231	-	10	15	292
Disposals / derecognition	-	(1,801)	-	(2,947)	-	(1,153)	(505)	(6,406)
<b>Accumulated depreciation at 31 March 2023</b>	<b>-</b>	<b>1,882</b>	<b>-</b>	<b>20,585</b>	<b>5</b>	<b>5,821</b>	<b>642</b>	<b>28,935</b>
<b>Net book value at 31 March 2023</b>	<b>24,730</b>	<b>52,178</b>	<b>64,959</b>	<b>21,900</b>	<b>(0)</b>	<b>2,349</b>	<b>592</b>	<b>166,708</b>
<b>Net book value at 1 April 2022</b>	<b>26,037</b>	<b>45,649</b>	<b>11,416</b>	<b>18,767</b>	<b>(0)</b>	<b>2,158</b>	<b>388</b>	<b>104,415</b>

\* The revaluations figure on cost is made up of an upward revaluation of £1,606k and £1,456k adjustment to a historic impairment.

\*\* The revaluations on accumulated depreciation is made up of depreciation written out of £2,572k less a £1,456k adjustment to a historic impairment.

## Note 16.2 Property, plant and equipment - 2021/22

Trust	Buildings excluding dwellings		Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	Land	£000						
<b>Valuation / gross cost at 1 April 2021 - as previously stated</b>	<b>23,671</b>	<b>47,060</b>	<b>8,913</b>	<b>41,431</b>	<b>5</b>	<b>13,914</b>	<b>2,219</b>	<b>137,213</b>
Additions	-	3,192	2,503	5,466	-	603	69	11,833
Impairments	-	(29)	-	-	-	-	-	(29)
Revaluations	2,366	(1,572)	-	-	-	-	-	794
Remeasurements - retranslation gains on foreign operations	-	29	-	193	-	8	11	241
Disposals / derecognition	-	(1,195)	-	(8,738)	-	(6,136)	(888)	(16,927)
<b>Valuation/gross cost at 31 March 2022</b>	<b>26,037</b>	<b>47,485</b>	<b>11,416</b>	<b>38,352</b>	<b>5</b>	<b>8,389</b>	<b>1,411</b>	<b>133,095</b>
<b>Accumulated depreciation at 1 April 2021 - as previously stated</b>	<b>-</b>	<b>2,703</b>	<b>-</b>	<b>24,887</b>	<b>5</b>	<b>11,181</b>	<b>1,779</b>	<b>40,555</b>
Provided during the year	-	2,769	-	3,244	-	1,186	132	7,331
Revaluations	-	(2,442)	-	-	-	-	-	(2,442)
Remeasurements - retranslation gains on foreign operations	-	-	-	163	-	-	-	163
Disposals / derecognition	-	(1,194)	-	(8,709)	-	(6,136)	(888)	(16,927)
<b>Accumulated depreciation at 31 March 2022</b>	<b>-</b>	<b>1,836</b>	<b>-</b>	<b>19,585</b>	<b>5</b>	<b>6,231</b>	<b>1,023</b>	<b>28,680</b>
<b>Net book value at 31 March 2022</b>	<b>26,037</b>	<b>45,649</b>	<b>11,416</b>	<b>18,767</b>	<b>(0)</b>	<b>2,158</b>	<b>388</b>	<b>104,415</b>
<b>Net book value at 1 April 2021</b>	<b>23,671</b>	<b>44,357</b>	<b>8,913</b>	<b>16,544</b>	<b>(0)</b>	<b>2,733</b>	<b>440</b>	<b>96,658</b>

Note 16.3 Property, plant and equipment financing - 31 March 2023

Trust	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	24,730	42,126	64,959	21,314	2,349	557	156,035
Owned - donated / granted	-	10,052	-	586	-	35	10,673
<b>Total net book value at 31 March 2023</b>	<b>24,730</b>	<b>52,178</b>	<b>64,959</b>	<b>21,900</b>	<b>2,349</b>	<b>592</b>	<b>166,708</b>

Note 16.4 Property, plant and equipment financing - 31 March 2022

Trust	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	26,037	36,414	11,416	17,914	2,156	372	94,309
Owned - donated / granted	-	9,235	-	853	2	16	10,106
<b>Total net book value at 31 March 2022</b>	<b>26,037</b>	<b>45,649</b>	<b>11,416</b>	<b>18,767</b>	<b>2,158</b>	<b>388</b>	<b>104,415</b>

Note 16.5 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2023

Trust	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Subject to an operating lease	-	-	-	-	-	-	-
Not subject to an operating lease	24,730	52,178	64,959	21,900	2,349	592	166,708
<b>Total net book value at 31 March 2023</b>	<b>24,730</b>	<b>52,178</b>	<b>64,959</b>	<b>21,900</b>	<b>2,349</b>	<b>592</b>	<b>166,708</b>

**Note 17 Donations of property, plant and equipment**

During the year £49k was donated by Moorfields Eye Charity and Friends of Moorfields to purchase medical equipment.

**Note 18 Revaluations of property, plant and equipment**

Valuations were carried out on properties at 162 City Road, the Richard Desmond Children's Eye Centre, Cayton Street, Northwick Park and Kemp House in 2022/23. The valuation was carried out by Gerald Eve, an external firm of chartered surveyors, with the basis of valuation being Modern Equivalent Asset.

The valuation exercise was carried in March 2023 with a valuation date of 31 March 2023. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book').

The valuation resulted in a net upwards (gains) valuation movements. Land was revalued down by £1,307k and buildings revalued up £3,286k. Both amounts were taken to the revaluation reserve.

**Note 19 Leases - Moorfields Eye Hospital NHS Foundation Trust as a lessee**

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

The Trust occupies space in over 20 leased properties and leases 4 items of medical equipment to provide patient care.

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

**Note 19.1 Right of use assets - 2022/23**

Group	Property (land and buildings)	Plant & machinery	Total	Of which: leased from DHSC group bodies
	£000	£000	£000	£000
IFRS 16 implementation - adjustments for existing operating leases / subleases	37,214	273	<b>37,487</b>	16,079
Additions	4,387	913	<b>5,300</b>	-
Movements in provisions for restoration / removal costs	624	-	<b>624</b>	48
Remeasurements - retranslation losses on foreign operations	(504)	-	<b>(504)</b>	-
<b>Valuation/gross cost at 31 March 2023</b>	<b>41,721</b>	<b>1,186</b>	<b>42,907</b>	<b>16,127</b>
Provided during the year	5,584	161	<b>5,745</b>	2,462
Remeasurements - retranslation gainson foreign operations	49	-	<b>49</b>	-
<b>Accumulated depreciation at 31 March 2023</b>	<b>5,633</b>	<b>161</b>	<b>5,794</b>	<b>2,462</b>
<b>Net book value at 31 March 2023</b>	<b>36,088</b>	<b>1,025</b>	<b>37,113</b>	<b>13,665</b>
Net book value of right of use assets leased from other NHS providers				12,810
Net book value of right of use assets leased from other DHSC group bodies				855

**Note 19.2 Right of use assets - 2022/23**

Trust	Property (land and buildings) £000	Plant & machinery £000	Total £000	Of which: leased from DHSC group bodies £000
IFRS 16 implementation - adjustments for existing operating leases / subleases	29,883	273	30,156	16,079
Additions	4,387	-	4,387	-
Movements in provisions for restoration / removal costs	592	-	592	48
Remeasurements - retranslation losses on foreign operations	(504)	-	(504)	-
<b>Valuation/gross cost at 31 March 2023</b>	<b>34,358</b>	<b>273</b>	<b>34,631</b>	<b>16,127</b>
Provided during the year	4,971	55	5,026	2,462
Remeasurements - retranslation gains on foreign operations	49	-	49	-
<b>Accumulated depreciation at 31 March 2023</b>	<b>5,020</b>	<b>55</b>	<b>5,075</b>	<b>2,462</b>
<b>Net book value at 31 March 2023</b>	<b>29,338</b>	<b>218</b>	<b>29,556</b>	<b>13,665</b>
Net book value of right of use assets leased from other NHS providers				12,810
Net book value of right of use assets leased from other DHSC group bodies				855

**Note 19.3 Revaluations of right of use assets**

The trust has applied the HM Treasury application guidance and has assessed that the cost model can function as an approximate proxy to the current value in use. As a result there has been no revaluation required to update the full replacement cost of the right of use assets.

**Note 19.4 Reconciliation of the carrying value of lease liabilities**

Lease liabilities are included within borrowings in the statement of financial position. A breakdown of borrowings is disclosed in note 27.

	<b>Group</b>	<b>Trust</b>
	<b>2022/23</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
<b>Carrying value at 31 March 2022</b>		
IFRS 16 implementation - adjustments for existing operating leases	37,487	30,156
Lease additions	5,300	4,387
Interest charge arising in year	358	286
Lease payments (cash outflows)	(5,654)	(5,008)
Remeasurements - retranslation losses on foreign operations	(347)	(347)
<b>Carrying value at 31 March 2023</b>	<b>37,144</b>	<b>29,474</b>

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

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

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

	<b>Group</b>		<b>Trust</b>	
	<b>Total</b>	Of which leased from DHSC group bodies:	<b>Total</b>	Of which leased from DHSC group bodies:
	<b>31 March 2023 £000</b>	<b>31 March 2023 £000</b>	<b>31 March 2023 £000</b>	<b>31 March 2023 £000</b>
<b>Undiscounted future lease payments payable in:</b>				
- not later than one year;	5,916	2,438	5,077	2,438
- later than one year and not later than five years;	19,099	8,133	16,582	8,133
- later than five years.	13,663	3,706	8,977	3,706
<b>Total gross future lease payments</b>	<b>38,678</b>	<b>14,277</b>	<b>30,636</b>	<b>14,277</b>
Finance charges allocated to future periods	(1,534)	(479)	(1,162)	(479)
<b>Net lease liabilities at 31 March 2023</b>	<b>37,144</b>	<b>13,798</b>	<b>29,474</b>	<b>13,798</b>
<b>Of which:</b>				
Leased from other NHS providers		12,940		12,940
Leased from other DHSC group bodies		858		858

**Note 19.6 Commitments in respect of operating leases at 31 March 2022 (IAS 17 basis)**

This note discloses costs incurred in 2021/22 and commitments as at 31 March 2022 for leases the trust previously determined to be operating leases under IAS 17.

	<b>Group</b>	<b>Trust</b>
	<b>2021/22</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
<b>Operating lease expense</b>		
Minimum lease payments	5,468	5,169
<b>Total</b>	<b>5,468</b>	<b>5,169</b>
	<b>31 March 2022 £000</b>	<b>31 March 2022 £000</b>
<b>Future minimum lease payments due:</b>		
- not later than one year;	5,978	5,349
- later than one year and not later than five years;	22,654	20,140
- later than five years.	8,352	4,036
<b>Total</b>	<b>36,984</b>	<b>29,525</b>

**Note 19.7 Initial application of IFRS 16 on 1 April 2022**

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

The standard has been applied using a modified retrospective approach without the restatement of comparatives. Practical expedients applied by the Trust on initial application are detailed in the leases accounting policy in note 13.

Lease liabilities created for existing operating leases on 1 April 2022 were discounted using the weighted average incremental borrowing rate determined by HM Treasury as 0.95%.

**Reconciliation of operating lease commitments as at 31 March 2022 to lease liabilities under IFRS 16 as at 1 April 2022**

	<b>Group</b>	<b>Trust</b>
	<b>1 April 2022</b>	<b>1 April 2022</b>
	<b>£000</b>	<b>£000</b>
<b>Operating lease commitments under IAS 17 at 31 March 2022</b>	<b>36,984</b>	<b>29,524</b>
Impact of discounting at the incremental borrowing rate		
<b>IAS 17 operating lease commitment discounted at incremental borrowing rate</b>	<b>35,573</b>	<b>28,550</b>
<b>Less:</b>		
Irrecoverable VAT previously included in IAS 17 commitment	(982)	(982)
<b>Other adjustments:</b>		
Differences in the assessment of the lease term	2,417	2,110
Rent increases reflected in the lease liability, not previously reflected in the IAS 17 commitment	479	479
<b>Total lease liabilities under IFRS 16 as at 1 April 2022</b>	<b>37,487</b>	<b>30,157</b>

**Note 20 Investments in associates and joint ventures**

	<b>Group</b>	
	<b>2022/23</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
<b>Carrying value at 1 April - brought forward</b>	<b>1,029</b>	<b>780</b>
Share of profit	602	203
Other equity movements	45	46
<b>Carrying value at 31 March</b>	<b><u>1,676</u></b>	<b><u>1,029</u></b>

**Note 21 Investment in subsidiaries**

	<b>Trust</b>	
	<b>2022/23</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
<b>Carrying value at 1 April - brought forward</b>	<b>3,432</b>	<b>3,384</b>
Other equity movements	45	48
<b>Carrying value at 31 March</b>	<b><u>3,477</u></b>	<b><u>3,432</u></b>

**Note 22 Inventories**

	Group		Trust	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
Drugs	1,578	1,601	1,550	1,587
Consumables	1,220	1,163	1,220	1,163
Energy	20	20	20	20
Other	927	773	927	773
<b>Total inventories</b>	<b>3,745</b>	<b>3,557</b>	<b>3,717</b>	<b>3,543</b>

Inventories recognised in expenses for the year were £53,113k (2021/22: £52,762k). Write-down of inventories recognised as expenses for the year were £0k (2021/22: £0k).

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2022/23 the Trust received £0k of items purchased by DHSC (2021/22: £336k).

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

**Note 23.1 Receivables**

	Group		Trust	
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	£000	£000	£000	£000
<b>Current</b>				
Contract receivables	27,169	22,391	26,743	22,302
Allowance for impaired contract receivables / assets	(2,916)	(2,298)	(2,914)	(2,296)
Prepayments (non-PFI)	4,159	2,987	3,990	2,703
Interest receivable	192	-	455	-
PDC dividend receivable	257	-	257	-
VAT receivable	633	1,012	633	1,012
Other receivables	653	550	421	319
<b>Total current receivables</b>	<b>30,147</b>	<b>24,642</b>	<b>29,585</b>	<b>24,040</b>
<b>Non-current</b>				
Other receivables	517	263	4,517	263
<b>Total non-current receivables</b>	<b>517</b>	<b>263</b>	<b>4,517</b>	<b>263</b>
<b>Of which receivable from NHS and DHSC group bodies:</b>				
Current	13,212	7,348	13,212	7,348
Non-current	517	263	517	263

**Note 23.2 Allowances for credit losses - 2022/23**

	<b>Group</b>	<b>Trust</b>
	<b>Contract receivables and contract assets</b>	<b>Contract receivables and contract assets</b>
	<b>£000</b>	<b>£000</b>
<b>Allowances as at 1 Apr 2022 - brought forward</b>	<b>2,298</b>	<b>2,296</b>
Changes in existing allowances	675	675
Utilisation of allowances (write offs)	(27)	(27)
Foreign exchange and other changes	(30)	(30)
<b>Allowances as at 31 Mar 2023</b>	<b><u>2,916</u></b>	<b><u>2,914</u></b>

Allowances for credit losses have been calculated against each class of receivable using specific knowledge, age of receivable and past experience.

**Note 23.3 Allowances for credit losses - 2021/22**

	<b>Group</b>	<b>Trust</b>
	<b>Contract receivables and contract assets</b>	<b>Contract receivables and contract assets</b>
	<b>£000</b>	<b>£000</b>
<b>Allowances as at 1 Apr 2021 - as previously stated</b>	<b>3,869</b>	<b>3,867</b>
Changes in existing allowances	326	326
Reversals of allowances	(1,701)	(1,701)
Utilisation of allowances (write offs)	(171)	(171)
Foreign exchange and other changes	(25)	(25)
<b>Allowances as at 31 Mar 2022</b>	<b><u>2,298</u></b>	<b><u>2,296</u></b>

**Note 24 Cash and cash equivalents movements**

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

	Group		Trust	
	2022/23	2021/22	2022/23	2021/22
	£000	£000	£000	£000
<b>At 1 April</b>	<b>69,261</b>	<b>68,385</b>	<b>68,947</b>	<b>67,074</b>
Net change in year	(8,690)	876	(8,852)	1,873
<b>At 31 March</b>	<b>60,571</b>	<b>69,261</b>	<b>60,095</b>	<b>68,947</b>
<b>Broken down into:</b>				
Cash at commercial banks and in hand	4,498	3,474	4,022	3,160
Cash with the Government Banking Service	56,073	65,787	56,073	65,787
<b>Total cash and cash equivalents as in SoFP</b>	<b>60,571</b>	<b>69,261</b>	<b>60,095</b>	<b>68,947</b>
<b>Total cash and cash equivalents as in SoCF</b>	<b>60,571</b>	<b>69,261</b>	<b>60,095</b>	<b>68,947</b>

**Note 24.1 Third party assets held by the trust**

Moorfields Eye Hospital 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 2023	31 March 2022
	£000	£000
Bank balances	62	56
<b>Total third party assets</b>	<b>62</b>	<b>56</b>

**Note 25.1 Trade and other payables**

	Group		Trust	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
<b>Current</b>				
Trade payables	22,299	19,718	21,158	18,083
Capital payables	8,160	2,339	8,160	2,339
Accruals	20,125	17,602	19,917	17,591
Receipts in advance and payments on account	13	13	13	13
Social security costs	1,625	1,489	1,529	1,474
VAT payables	35	282	-	-
Other taxes payable	1,361	898	1,472	1,311
PDC dividend payable	-	115	-	115
Pension contributions payable	1,756	1,702	1,756	1,702
Other payables	1,320	1,963	1,192	1,798
<b>Total current trade and other payables</b>	<b>56,694</b>	<b>46,121</b>	<b>55,197</b>	<b>44,426</b>
<b>Non-current</b>				
Other payables	1,291	975	1,291	975
<b>Total non-current trade and other payables</b>	<b>1,291</b>	<b>975</b>	<b>1,291</b>	<b>975</b>
<b>Of which payables from NHS and DHSC group bodies:</b>				
Current	7,043	6,642	7,043	6,642

**Note 25.2 Early retirements in NHS payables above**

There were no early retirement payables due in either year.

**Note 26 Other liabilities**

	Group		Trust	
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	£000	£000	£000	£000
<b>Current</b>				
Deferred income: contract liabilities	1,905	4,225	1,905	4,225
<b>Total other current liabilities</b>	<b>1,905</b>	<b>4,225</b>	<b>1,905</b>	<b>4,225</b>

**Note 27 Borrowings**

	Group		Trust	
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	£000	£000	£000	£000
<b>Current</b>				
Loans from DHSC	1,880	1,893	1,880	1,893
Lease liabilities*	5,624	-	4,853	-
<b>Total current borrowings</b>	<b>7,504</b>	<b>1,893</b>	<b>6,733</b>	<b>1,893</b>
<b>Non-current</b>				
Loans from DHSC	28,261	30,084	28,261	30,084
Lease liabilities*	31,520	-	24,621	-
<b>Total non-current borrowings</b>	<b>59,781</b>	<b>30,084</b>	<b>52,882</b>	<b>30,084</b>

\* The Trust has applied IFRS 16 to lease arrangements within these accounts from 1 April 2022 without restatement of comparatives. More information about leases and the impact of this change in accounting policy can be found in note 19.

**Note 27.1 Reconciliation of liabilities arising from financing activities (Group)**

<b>Group - 2022/23</b>	<b>Loans from DHSC £000</b>	<b>Lease liabilities £000</b>	<b>Total £000</b>
<b>Carrying value at 1 April 2022</b>	<b>31,977</b>	<b>-</b>	<b>31,977</b>
<b>Cash movements:</b>			
Financing cash flows - payments and receipts of principal	(1,823)	(5,296)	<b>(7,119)</b>
Financing cash flows - payments of interest	(929)	(358)	<b>(1,287)</b>
<b>Non-cash movements:</b>			
IFRS 16 implementation - adjustments for existing operating leases / subleases	-	37,487	<b>37,487</b>
Additions	-	5,300	<b>5,300</b>
Application of effective interest rate	916	358	<b>1,274</b>
Other changes	-	(347)	<b>(347)</b>
<b>Carrying value at 31 March 2023</b>	<b>30,141</b>	<b>37,144</b>	<b>67,285</b>

<b>Group - 2021/22</b>	<b>Loans from DHSC £000</b>	<b>Finance leases £000</b>	<b>Total £000</b>
<b>Carrying value at 1 April 2021</b>	<b>33,801</b>	<b>-</b>	<b>33,801</b>
Prior period adjustment	-	-	-
<b>Carrying value at 1 April 2021 - restated</b>	<b>33,801</b>	<b>-</b>	<b>33,801</b>
<b>Cash movements:</b>			
Financing cash flows - payments and receipts of principal	(1,823)	-	<b>(1,823)</b>
Financing cash flows - payments of interest	(974)	-	<b>(974)</b>
<b>Non-cash movements:</b>			
Application of effective interest rate	973	-	<b>973</b>
<b>Carrying value at 31 March 2022</b>	<b>31,977</b>	<b>-</b>	<b>31,977</b>

**Note 27.2 Reconciliation of liabilities arising from financing activities**

Trust - 2022/23	<b>Loans from DHSC £000</b>	<b>Finance leases £000</b>	<b>Total £000</b>
<b>Carrying value at 1 April 2022</b>	<b>31,977</b>	<b>-</b>	<b>31,977</b>
<b>Cash movements:</b>			
Financing cash flows - payments and receipts of principal	(1,823)	(4,723)	<b>(6,546)</b>
Financing cash flows - payments of interest	(929)	(286)	<b>(1,215)</b>
<b>Non-cash movements:</b>			
IFRS 16 implementation - adjustments for existing operating leases / subleases	-	30,156	<b>30,156</b>
Additions	-	4,388	<b>4,388</b>
Application of effective interest rate	916	286	<b>1,202</b>
Other changes	-	(347)	<b>(347)</b>
<b>Carrying value at 31 March 2023</b>	<b>30,141</b>	<b>29,474</b>	<b>59,615</b>
Trust - 2021/22	<b>Loans from DHSC £000</b>	<b>Finance leases £000</b>	<b>Total £000</b>
<b>Carrying value at 1 April 2021</b>	<b>33,801</b>	<b>-</b>	<b>33,801</b>
<b>Cash movements:</b>			
Financing cash flows - payments and receipts of principal	(1,823)	-	<b>(1,823)</b>
Financing cash flows - payments of interest	(974)	-	<b>(974)</b>
<b>Non-cash movements:</b>			
Application of effective interest rate	973	-	<b>973</b>
<b>Carrying value at 31 March 2022</b>	<b>31,977</b>	<b>-</b>	<b>31,977</b>

**Note 28 Provisions for liabilities and charges analysis (Group)**

Group	Pensions: early	Legal claims	Redundancy	Other	Total
	departure costs				
	£000	£000	£000	£000	£000
<b>At 1 April 2022</b>	<b>283</b>	<b>1,479</b>	<b>367</b>	<b>3,626</b>	<b>5,755</b>
Change in the discount rate	(53)	-	-	(455)	(508)
Arising during the year	8	20	-	1,323	1,351
Utilised during the year	(27)	-	(367)	-	(394)
Reversed unused	-	(52)	-	(734)	(786)
Unwinding of discount	(4)	-	-	10	6
<b>At 31 March 2023</b>	<b>207</b>	<b>1,447</b>	<b>-</b>	<b>3,770</b>	<b>5,424</b>
<b>Expected timing of cash flows:</b>					
- not later than one year;	31	1,447	-	645	2,123
- later than one year and not later than five years;	110	-	-	1,136	1,246
- later than five years.	66	-	-	1,989	2,055
<b>Total</b>	<b>207</b>	<b>1,447</b>	<b>-</b>	<b>3,770</b>	<b>5,424</b>

Staff pensions are calculated using a formula supplied by the NHS Pensions Agency. These pensions are the costs of early retirement of staff resulting from reorganisation.

Legal claims relate to an action against the trust which is not covered by the NHS Litigation Authority. IAS 37 allows for the non-disclosure of further information which may prejudice the outcome of litigation.

Other provisions includes sums held in respect of additional charges arising from Clinicians pension tax scheme , dilapidations associated with leases and other contractual challenges. No further information has been disclosed as IAS 37 allows the withholding of information which may seriously prejudice the trust.

**Note 28.1 Provisions for liabilities and charges analysis (Trust)**

Trust	Pensions: early	Legal claims	Redundancy	Other	Total
	departure costs				
	£000	£000	£000	£000	£000
<b>At 1 April 2022</b>	<b>283</b>	<b>1,479</b>	<b>367</b>	<b>3,484</b>	<b>5,613</b>
Change in the discount rate	(53)	-	-	(455)	(508)
Arising during the year	8	20	-	1,291	1,319
Utilised during the year	(27)	-	(367)	-	(394)
Reversed unused	-	(52)	-	(734)	(786)
Unwinding of discount	(4)	-	-	10	6
<b>At 31 March 2023</b>	<b>207</b>	<b>1,447</b>	<b>-</b>	<b>3,596</b>	<b>5,250</b>
<b>Expected timing of cash flows:</b>					
- not later than one year;	31	1,447	-	645	2,123
- later than one year and not later than five years;	110	-	-	1,136	1,246
- later than five years.	66	-	-	1,814	1,880
<b>Total</b>	<b>207</b>	<b>1,447</b>	<b>-</b>	<b>3,595</b>	<b>5,249</b>

**Note 28.2 Clinical negligence liabilities**

At 31 March 2023, £8,341k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Moorfields Eye Hospital NHS Foundation Trust (31 March 2022: £5,630k).

**Note 29 Contractual capital commitments**

	Group		Trust	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
Property, plant and equipment*	222,866	4,284	222,866	2,772
Intangible assets	1	183	1	183
<b>Total</b>	<b>222,867</b>	<b>4,467</b>	<b>222,867</b>	<b>2,955</b>

\* This includes £220m for Project Oriol a joint initiative between the trust, UCL and Moorfields Eye Charity to relocate services on the City Road site to a new integrated facility on part of the St Pancras Site in 2027

## **Note 30 Financial instruments**

### **Note 30.1 Financial risk management**

IFRS 7 Financial Instruments Disclosures, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities.

Because of the continuing service-provider relationship that the foundation trust has with integrated care boards, and the way those bodies are financed, the foundation trust is not exposed to the degree of financial risk faced by other business entities. Also, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies.

The foundation trust has power to borrow in accordance with its provider licence issued by the independent regulator for foundation trusts. Financial assets and liabilities generated by day-to-day operational activities are not held to change the risks facing the foundation trust in undertaking its activities.

#### **Liquidity risk**

A large proportion of the foundation trust's net operating costs are incurred under annual service agreements with clinical commissioning Groups, which are financed from resources voted annually by Parliament. Capital expenditure has been financed from internal funds and donations. The trust has substantial cash balances and is not currently exposed to any liquidity risk associated with inability to pay creditors.

#### **Currency risk and interest rate risk**

The foundation trust has a branch in the United Arab Emirates (Dubai and Abu Dhabi), with transactions conducted in United Arab Emirates dirhams. The branch accounts are consolidated into the overall trust accounts, converted using spot and average exchange rates as appropriate, with exchange gains or losses reported in other equity reserve. Due to the size of the operation,

The trust is not exposed to changes in interest rates as all borrowings have been taken out at fixed rates for a fixed period from Independent Trust Financing Facility.

#### **Credit risk**

As majority of the trust's income comes from legally binding contracts with other government departments and NHS bodies, the trust is not exposed to major concentrations of credit risk.

**Note 30.2 Carrying values of financial assets (Group)**

	Held at amortised cost £000
<b>Carrying values of financial assets as at 31 March 2023</b>	
Trade and other receivables excluding non financial assets	25,098
Other investments / financial assets	1,676
Cash and cash equivalents	<u>60,571</u>
<b>Total at 31 March 2023</b>	<u><u>87,345</u></u>

	Held at amortised cost £000
<b>Carrying values of financial assets as at 31 March 2022</b>	
Trade and other receivables excluding non financial assets	20,643
Other investments / financial assets	1,029
Cash and cash equivalents	<u>69,261</u>
<b>Total at 31 March 2022</b>	<u><u>90,933</u></u>

**Note 30.3 Carrying values of financial assets (Trust)**

	Held at amortised cost £000
<b>Carrying values of financial assets as at 31 March 2023</b>	
Trade and other receivables excluding non financial assets	28,705
Other investments / financial assets	3,477
Cash and cash equivalents	<u>60,095</u>
<b>Total at 31 March 2023</b>	<u><u>92,277</u></u>

	Held at amortised cost £000
<b>Carrying values of financial assets as at 31 March 2022</b>	
Trade and other receivables excluding non financial assets	20,325
Other investments / financial assets	3,430
Cash and cash equivalents	<u>68,947</u>
<b>Total at 31 March 2022</b>	<u><u>92,702</u></u>

**Note 30.4 Carrying values of financial liabilities (Group)**

	Held at amortised cost £000
<b>Carrying values of financial liabilities as at 31 March 2023</b>	
Loans from the Department of Health and Social Care	30,141
Obligations under leases	37,144
Trade and other payables excluding non financial liabilities	53,747
Provisions under contract	207
<b>Total at 31 March 2023</b>	<b>121,239</b>

	Held at amortised cost £000
<b>Carrying values of financial liabilities as at 31 March 2022</b>	
Loans from the Department of Health and Social Care	31,977
Trade and other payables excluding non financial liabilities	44,299
Provisions under contract	283
<b>Total at 31 March 2022</b>	<b>76,559</b>

**Note 30.5 Carrying values of financial liabilities (Trust)**

	Held at amortised cost £000
<b>Carrying values of financial liabilities as at 31 March 2023</b>	
Loans from the Department of Health and Social Care	30,141
Obligations under leases	29,474
Trade and other payables excluding non financial liabilities	52,270
Provisions under contract	207
<b>Total at 31 March 2023</b>	<b>112,092</b>

	Held at amortised cost £000
<b>Carrying values of financial liabilities as at 31 March 2022</b>	
Loans from the Department of Health and Social Care	31,977
Trade and other payables excluding non financial liabilities	42,722
Provisions under contract	283
<b>Total at 31 March 2022</b>	<b>74,982</b>

**Note 30.6 Maturity of financial liabilities**

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

	Group		Trust	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
In one year or less	61,574	46,449	58,706	44,638
In more than one year but not more than five years	26,502	7,400	23,984	7,400
In more than five years	34,698	22,944	30,012	22,944
<b>Total</b>	<b>122,774</b>	<b>76,793</b>	<b>112,702</b>	<b>74,982</b>

**Note 31 Losses and special payments**

Group and trust	2022/23		2021/22	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
<b>Losses</b>				
Cash losses	1	4	706	55
Fruitless payments and constructive losses	90	5	72	4
Bad debts and claims abandoned	213	61	1,874	168
<b>Total losses</b>	<b>304</b>	<b>70</b>	<b>2,652</b>	<b>227</b>
<b>Special payments</b>				
Ex-gratia payments	1	15	112	88
<b>Total special payments</b>	<b>1</b>	<b>15</b>	<b>112</b>	<b>88</b>
<b>Total losses and special payments</b>	<b>305</b>	<b>85</b>	<b>2,764</b>	<b>315</b>
Compensation payments received				

\* The Ex-gratia payments in 2021/22 relate to nationally agreed overtime corrective payments. These payments are considered special payments for which approval was sought nationally by NHS England on local employers' behalf.

**Note 32 Related parties**

Moorfields Eye Hospital NHS Foundation Trust is a public benefit corporation established under the Health and Social Care (Community Health and Standards) Act 2003.

During the year none of the board members or members of the key management staff, or parties related to them, has undertaken any material transactions with Moorfields Eye Hospital NHS Foundation Trust other than their employment remuneration where applicable.

Certain clinical staff are employed by the trust and also engage in work for Moorfields Private, a commercial division of Moorfields Eye Hospital NHS Foundation Trust. These engagements are undertaken on an arms-length basis separately from their direct employment with the trust.

The Department of Health and Social Care is regarded as controlling party. During the year Moorfields Eye Hospital NHS Foundation Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent company.

Related party transactions were made on terms equivalent to those that prevail in an arm's length transaction.

The trust works closely with University College London for research and education purposes. In addition, a joint venture has been set up from 1st April 2023 to construct a new fully managed clinical, research and education facility at a site in Camden (Oriel) which is expected to complete in 2027. The trust also works closely with the Friends of Moorfields and the Moorfields Eye Charity whose major interest is in ophthalmic care and support to patients of the trust. These charities are linked closely to the objectives of the trust.

The trust had revenue transactions of £6,825k (2021/22: £2,939k) with University College London (UCL) and expenditure transactions of £7,127k (2021/22: £5,844k). Amounts receivable from UCL as at 31st March 2023 were £4,169k (2021/22: £2,996k) and amounts payable to UCL were £3,713k (2021/22: £3,114k).

Friends of Moorfields (FOM) directly paid £67k (2021/22: £38k) to Moorfields Eye Hospital in income/donations. Amounts receivable from FOM as at 31st March 2023 were ££88k (2021/22 £135k). Income/donations for the year from Moorfields Eye Charity (MEC) was £1,030k (2021/22: £676k). Amounts receivable from MEC as at 31st March 2023 were £487k (2021/22 £531k).

The table on the next page shows other significant related parties (individually > 1% of revenue), their relationship to the trust and the nature of the transactions entered into.

**Note 32 Related parties (continued)**

<b>Name of related party</b>	<b>Nature of relationship to the trust</b>
NHS England	Central funding for a variety of purposes
Department of Health and Social Care	Research & development and Afc pay award funding
Health Education England	Education, training and personal development of NHS staff
NHS Hertfordshire and West Essex ICB	Patients of NHS body treated by the trust
NHS Mid and South Essex ICB	Patients of NHS body treated by the trust
NHS North Central London ICB	Patients of NHS body treated by the trust
NHS North East London ICB	Patients of NHS body treated by the trust
NHS North West London ICB	Patients of NHS body treated by the trust
NHS South East London ICB	Patients of NHS body treated by the trust
NHS South West London ICB	Patients of NHS body treated by the trust
NHS North Central London CCG (demised 01/07/22)	Patients of NHS body treated by the trust
NHS North East London CCG (Y04) (demised 01/07/22)	Patients of NHS body treated by the trust
NHS North West London CCG (Y05) (demised 01/07/22)	Patients of NHS body treated by the trust
NHS South East London CCG (demised 01/07/22)	Patients of NHS body treated by the trust
NHS South West London CCG (demised 01/07/22)	Patients of NHS body treated by the trust
Bedford Hospital NHS Trust	Patients of NHS body treated by the trust (Income) / Costs of operating satellite site at NHS body (Expenditure)
Croydon Health Services NHS Trust	Costs of operating satellite site at NHS body (Expenditure)
St George's University Hospital NHS Foundation Trust	Costs of operating satellite site at NHS body (Expenditure)
NHS Pension Scheme	Employer pension contributions
HM Revenue & Customs	Employer NI contributions & Apprenticeship levy

**Note 33 Events after the reporting date**

The Trust and UCL have set up a joint venture ('Oriol Estates Services LLP') to deliver a new fully managed clinical, research and education facility at a site in Camden. This became operational on 1st April 2023 and the construction contract for the build was novated to the joint venture on this date. On the 1st April the joint venture had a remaining capital commitment in relation to this contract of £299,041k. Once complete, the joint venture will be responsible for operating the facility for the two partners for an initial period of 25 years. The Trust will fund its share of the build through a combination of payments in advance and loans to be repaid during the operational phase. A number of additional contracts for professional advisors will be novated during 2023/24. Construction of the facility is expected to be complete in 2027.

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# Independent auditor's report to the Council of Governors of Moorfields Eye Hospital NHS Foundation Trust

## Report on the audit of the financial statements

### Opinion on financial statements

We have audited the financial statements of Moorfields Eye Hospital NHS Foundation Trust (the 'Trust') and its subsidiaries (the 'group') for the year ended 31 March 2023, which comprise the Consolidated Statement of Comprehensive Income, the Statements of Financial Position, the Consolidated Statement of Changes in Equity, the Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 7 of the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2022-23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Trust as at 31 March 2023 and of the group's expenditure and income for the year then ended; and
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2022-23; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Accounting Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the Trust to cease to continue as a going concern.

In our evaluation of the Accounting Officer's conclusions, and in accordance with the expectation set out within the Department of Health and Social Care Group Accounting Manual 2022-23 that the group and Trust's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group and Trust. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and Trust and the group and Trust's disclosures over the going concern period.

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's and the Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The 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 our 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 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the disclosure requirements set out in the NHS foundation trust annual reporting manual 2022/23 or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

### **Opinion on other matters required by the Code of Audit Practice**

In our opinion:

- the parts of the Remuneration Report and the Staff Report to be audited have been properly prepared in accordance with NHS foundation trust annual reporting manual 2022/23; and
- based on the work undertaken in the course of the audit of the financial the other information published together with the financial statements in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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

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

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

## Responsibilities of the Accounting Officer

As explained more fully in the Statement of the Chief Executive's responsibilities as the accounting officer, the Chief Executive, as Accounting Officer, is responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions included in the NHS foundation trust annual reporting manual 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Trust and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (international accounting standards and the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2022-23).
- We enquired of management concerning the group and Trust's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management and internal audit, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the group and Trust's financial statements to material misstatement, including how fraud might occur, evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls, and fraudulent income and expenditure recognition. We determined that the principal risks were in relation to:
  - journal entries that altered the Group or Trusts's financial performance for the year;
  - potential management bias in determining management estimates, especially in relation to:
    - the calculation of the valuation of the Group and Trust's land and buildings; and
    - the accruals of income and expenditure at the end of the financial year.
- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
  - testing of income and year end receivables to invoices and cash payment or other supporting evidence;

- journal entry testing, with a focus on journals meeting a range of criteria defined as part of our risk assessment;
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and building valuations;
- testing of liabilities recorded in the ledger, to gain assurance that these existed and were accurate at the reporting date;
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and/or expenditure recognition, and the significant accounting estimates related to the Group and Trust's land and building valuations.
- Our assessment of the appropriateness of the collective competence and capabilities of the group and Trust's engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the health sector and economy in which the group and Trust operates
  - understanding of the legal and regulatory requirements specific to the group and Trust including:
    - the provisions of the applicable legislation
    - NHS England's rules and related guidance
    - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - The group and Trust's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, financial statement consolidation processes, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - The group and Trust's control environment, including the policies and procedures implemented by the group and Trust to ensure compliance with the requirements of the financial reporting framework.

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

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

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

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

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

### **Responsibilities of the Accounting Officer**

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

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

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

## **Report on other legal and regulatory requirements – Certificate**

We certify that we have completed the audit of the financial statements of Moorfields Eye Hospital NHS Foundation Trust in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice.

### **Use of our report**

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

**Joanne Brown**

Joanne Brown, Key Audit Partner  
for and on behalf of Grant Thornton UK LLP, Local Auditor  
London  
Date: 30 June 2023



