

Building a healthier nation sustainably

Annual Report 2022





Building a healthier nation lies at the heart of everything we do.

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We are the UK's largest healthcare charity and our purpose is to build a healthier nation.



- Hospitals
- Diagnostics
- Pathology
- Physiotherapy
- GP services
- HSSU



- 1.72m**
people reached
- 111,800**
people living on lower resources reached
- £72.0m**
social value*

Who we are

We deliver outstanding clinical and wellbeing services and Programmes For All that address unmet health needs; partner with organisations to reach those living on lower resources or in underserved communities; and collaborate on research to improve health outcomes.

*Social value is the £ value of the wider impact on society that is generated through an activity. This can be through Programmes For All or as an 'over and above' component of a trading service. (See page 12) **Excludes Aspen Hospitals. ***Excludes Nuffield Health at St Bartholomew's Hospital, which is yet to undergo Care Quality Commission assessment.

+ the services we offer

- Fitness and wellbeing
- Personal training
- Programmes For All
- Mental health
- Workplace wellbeing
- Health assessments

+ where & how we offer them

- 37** Hospitals
- 114** Fitness and wellbeing centres
- 105** Corporate fitness and wellbeing sites
- 7** Hospitals Sterile Services Units (HSSU)
- 1** Research and development facility

= the value we create

- 365,000**
fitness and wellbeing members
- 223,000**
hospital episodes**
- 100%**
of our hospitals rated Good or Outstanding by national regulators***



Our connected health and wellbeing services



Hospitals – Consultant-led treatment, delivering the highest standards of care to patients referred from the NHS, private medical insurers, and self-pay



Diagnostics – Wide range of scans and imaging, giving immediate insight into a person's health, and assisting in diagnosis of early signs of disease



Pathology – Laboratory blood science, blood transfusion and microbiology services, tailored to requirements, to aid diagnosis



Physiotherapy – Treatments to heal and prevent injuries. We combine physiotherapy with fitness and mental health, for long-term benefits



GP services – Access to private GP services, offering people flexibility to fit appointments around busy schedules, including during the evening



HSSU – Purpose-built Hospitals Sterile Services Units (HSSU), delivering decontamination and sterilisation services for reusable medical equipment



Nuffield Health is the only major health and wellbeing provider to operate fitness and wellbeing centres, medical clinics, and hospitals, allowing us to provide a wide range of healthcare services. Our connected healthcare model joins together our network of experts, facilities and services, both face-to-face and online. From prevention and keeping well, through to diagnosis, treatment, rehabilitation and recovery, we can help. By offering connected healthcare, we aim to improve the experience and outcomes for our beneficiaries.



Fitness and wellbeing – Industry-leading personal trainers (PT) and gyms equipped with the latest technology, fitness classes and swimming pools



Personal training – CIMPSA accredited personal trainers deliver tailored fitness plans and specialise in rehabilitating long-term health conditions



Programmes For All – Unique, free community programmes, addressing unmet health needs, delivered by our expert PTs and Rehabilitation Specialists



Mental health – Preventative and curative treatments, including cognitive behavioural therapy and counselling supported by BABCP and BACP therapists



Workplace wellbeing – A range of connected services to meet employee' health and wellbeing needs, delivered through onsite clinics and gyms



Health assessments – In-person and online comprehensive health checks, covering concerns such as diabetes, heart health, cancer risk and emotional wellbeing

A message from our Chair

Dr Natalie-Jane Macdonald
MBE

“We can make a real difference”

We began 2022 with a huge sense of optimism as we moved out of the pandemic, only to be confronted with the war in Ukraine, the subsequent economic crisis, and the rise in cost of living and inflation. As always, the Nuffield Health team rose to the challenge, and it was tremendous to see everyone pulling together in the face of an uncertainty more complex than the pandemic. Our Chief Executive, Steve Gray, and his team, worked hard to keep the Charity stable, in testing circumstances and, for this, I thank them.

Nuffield Health is a special organisation. Everything we earn is invested in our purpose to build a healthier nation. We're robust in holding ourselves to account, and measuring our public benefit and wider social impact, particularly through enhanced data collection, evidence-based outcomes, and our Social Return on Investment (SROI) framework. This is a relentless pursuit for the Charity, and I'm proud that, during 2022, we reached 1.72 million people and our social value grew to £72.0 million.

We believe the best healthcare prevents illness, as well as cures. In 2022, we continued to focus on supporting people coping with long-term conditions, through our free-to-access programmes, including Joint Pain and COVID-19 Rehabilitation. We extended our reach into disadvantaged communities, raising awareness of the critical importance of movement and exercise in preventing illness and improving health and wellbeing. The powerful links between health and movement, particularly in relation to preventable illness and ageing, are becoming more widely understood, and I'm proud that Nuffield Health is at the leading edge of the application of this knowledge.

In common with many other industries, technology and consumer expectations are changing the way we approach healthcare. With the NHS under pressure, we can only meet the nation's needs by making health and wellbeing a national priority and collaborating across all parts of the healthcare sector. Charities such as Nuffield Health, can make a real contribution, not only in practical ways, such as helping to address waiting lists, but also to the important public debate about how we improve the overall health of the nation.

Technology is transforming the way patients and members want to connect with us and we're developing new systems to enable

this. One of the lessons we learnt during the pandemic was that there's a critical role for digital services, but they must be balanced with face-to-face human interaction, and being available for people when they need us. This is something central to our thinking in all our developments.

We seek to be an inclusive employer embracing all ethnicities and genders. As a safety critical healthcare organisation, we are already aware of the importance of welcoming and listening to all voices. One of the best parts of being Chair of Nuffield Health is listening to passionate, professional and enthusiastic colleagues, embodying our purpose in their local teams across our services, whether in the out-patient department, operating theatre, gym floor, or Hospitals Sterile Services Units. During the year, I took time to visit many areas of the Charity to meet our people, talk to them about what they love about working for us, and hear their ideas and what's important to them. Whilst there's undoubtedly more we can do, we are creating a supportive and caring working environment, where everyone can thrive. During the year, our people have once again demonstrated compassion, diligence and caring in everything they do on behalf of those we serve.

With 4.4% of the world's carbon emissions directly attributable to healthcare, sustainable healthcare is something that remains central to our strategy, as we act to meet our ambitious net-zero targets. The issue is not something we can ignore. We must transform the way we deliver healthcare through individual action and collaboration. This is something we are leading in our partnerships with organisations such as the Florence Nightingale Foundation, where we are delivering an innovative programme focusing on sustainable practices for nurses. (See page 37)

I am hoping 2023 will be less tumultuous for us than 2022. We have a lot of experience and perspective about ways we can contribute to the UK's healthcare system, and the Board and I, along with the Executive Team, are all driven by the difference Nuffield Health can make to communities across the country. Our Board of Trustees approved this report on 5 July 2023 and I commend it to our members.

Natalie-Jane Macdonald

Dr Natalie-Jane Macdonald MBE, Chair

A message from our Chief Executive Officer

This year's Annual Report focuses on the hard work, dedication and commitment of our people, and demonstrates our determination to put our communities at the heart of our purpose to build a healthier nation.

As I look back on 2022, with the shadow of war in the Ukraine, rising energy costs, record inflation and ongoing industrial disputes across the public sector, I'm filled with admiration for everyone's resilience and 'can do' attitude.

Significant external factors impacted our Charity over the year, yet we made strong progress against our strategic objectives. New members joined our Executive Team, and we evolved our strategy to ensure it is fit for the future. At the same time, we made a positive difference to the lives of our beneficiaries, delivering the highest quality care.

Delivering our purpose

Over the year, the need to support those living with low resources became ever more acute. Alongside the services we offer in our hospitals, medical centres, and fitness and wellbeing centres, we continued to reach out to the communities in which we operate. As a result, our social value – the value of the impact we make on society, over and above our paid-for services – was £72.0 million for the year, a significant increase compared to the £18.0 million in 2021.

In line with our purpose to build a healthier nation, we aim to prevent illness and keep people healthy and well. As part of this, we offer innovative programmes to get people fitter and healthier. With libraries offering access to all, it was a natural fit for us to partner with Merton Libraries, in South West London, to offer free face-to-face exercise and health and wellbeing sessions to members



“We are proudly changing lives.”

Steve Gray

at their seven locations across the borough. Launched in October 2022, the initiative also offers access to an online wellbeing hub, thereby ensuring this vital resource is also accessible to housebound residents. This is the first collaboration of its kind anywhere in the UK. So far, sessions have been fully booked each week, and we're looking to extend the programme to other areas in 2023. (See page 27)

With evidence showing that teenage girls face barriers to exercise, which affect their health and wellbeing, we launched our Move Together pilot during the summer of 2022. A community outreach programme offering girls the opportunity to take part in weekly free, fun and inclusive group exercise classes, the events were hosted in community venues. The sessions focused on building strength and confidence. Feedback has been so positive that, in June 2023, we rolled out Move Together in 114 locations across the country as a free, weekly, nationwide event. (See page 26)

By the end of the year, over 8,000 people had benefited from our community rehabilitation programmes. Our Joint Pain programme, which aims to reduce pain, increase mobility and improve mental health by encouraging people to participate in regular exercise, was delivered in 104 of our fitness and wellbeing centres, compared to 72 in 2021. At the same time, our award-winning COVID-19 Rehabilitation programme was operational in 43 sites across the country. Now available virtually, more people can benefit from this ground-breaking programme addressing the long-term effects of this debilitating virus.

Our new cardiac rehabilitation programme continues to pioneer innovative healthcare. Launched at our fitness and wellbeing centres in Plymouth and the Barbican, 'Supporting Hearts and Minds' offers participants a combination of education, physical activity and emotional support following a cardiac procedure. This is our only rehabilitation programme solely accessible through NHS referral, rather than self-referral. We're seeing extremely positive results, with the first participant having recently completed the 20-week programme.



£72.0m

social value (2021 – £18.0m)



1.72m

people reached (2021 – 1.21m)



8,000+

people supported through our free rehabilitation programmes (2021 – 4,227)





Quality care

I'm continually reminded of the exceptional standards of service delivered by our front-line teams, every working day. In 2022, their dedication was even more evident when we became the only UK-wide independent healthcare provider to have all our rated hospitals ranked Good or Outstanding by the national regulators.* And I'm proud to say that, following several subsequent inspections, we maintained this status, firmly cementing our unparalleled position as industry-leader in quality and safety.

Greener today for a healthier tomorrow

In 2022, we set out ambitious targets, aiming to be carbon net zero by 2030 for our own emissions, and net zero by 2040. Sustainability is considered when making all key decisions and we're not afraid to take bold action in order to secure our pathway to net zero. We're working closely with our suppliers to ensure their social, environmental and economic practices are in line with our values and ambitious targets. Small behavioural changes can make a big difference. Our 17,000 people are engaged in our drive to net zero, and have been enthusiastic in taking action and coming up with ideas.

* Excludes Nuffield Health at St Bartholomew's Hospital, which opened in May 2022 and is yet to undergo CQC assessment.

The launch of our free, cardiac rehabilitation programme.

Referred by his NHS consultant, participant Ken Mundell is back on the bowling green less than a year after a major heart attack saw him hospitalised for ten days, and feeling fitter than ever.



The need to safeguard the environment and work towards net zero is a priority for today. We'll continue to be uncompromising in our efforts to reduce our impact, sharing learnings, and enable sector-wide change. And, in July 2023, we'll be launching our 'Greener today for a healthier tomorrow' roadmap to net zero.

Supporting our people

For the Charity to truly thrive, we must create a diverse, equitable and rewarding place to work, where all our people feel they belong. Following the 2020 launch of our employee-led Equity Forum, last year saw the development of networks offering support to our Muslim, LGBTQIA+, black, and disabled colleagues. These forums encourage open conversations and debate, and are contributing to our wider strategy. See page 29

During the year, we proactively supported and invested in our people to help them cope with the impact of cost-of-living rises, prioritising those on lower salaries. All employees received a pay increase, and the implementation of the Nuffield Health living wage resulted in just over one third receiving an 11% pay rise. Employees in lower salary brackets were also given a one off cost-of-living payment.

Significant progress was made in reducing our gender pay gap, which at 3.4% compared favourably with the national average of 14.9%, and is an improvement over our 2021 figure of 5.9%.

For the second year, we've maintained a positive ethnicity pay gap in favour of our non-white population. This has reduced slightly, from 5.7% in 2021 to 4.4% in 2022, based on an improved ethnicity disclosure rate of 68% as at April 2022, compared with 60% the previous year. We're happy that this year's data is more reflective of the Charity as a whole. By encouraging our people to complete their personal profiles through our online HR system, Workday, we'll help support our ambition to become a more diverse and inclusive employer.





Our partnership in action



Building strong brand partnerships

In May 2022, we announced our partnership with the Football Association (FA). As the official Health & Wellbeing Partner of the England teams, we'll build on the positive impact football can have on the mental and physical health of individuals and communities.

In 2023, we joined forces with the FA to launch The Greater Game programme to help families and young people make small changes that will deliver a positive impact on their physical and mental health. A fundamental part of the Greater Game is a grassroots initiative, created with the FA, to provide support and resources for parents, football coaches and young people to equip them with the tools they need to have a positive impact on young people's health and wellbeing. Currently in pilot stage, we're planning a national roll out early in 2024.

Passionate brand ambassadors

In our drive to deliver our purpose to build a healthier nation, we recognise the importance of relevant brand ambassadors. At a time when the UK is facing unprecedented pressures on its collective mental health, we're proud to partner with Dame Kelly Holmes to help break down the barriers to exercise. Together, we'll be championing the importance of moving more, for the body and the mind, as well as providing tools to try new activities and build healthy habits for life. See page 44

Financial growth

Our 2022 financial performance saw growth in hospital activity, as well as the continued recovery of our fitness and wellbeing centre membership, which ended the year at 365,000, a significant 36,000 more than at the same period last year.



“I’m continually reminded of the exceptional standards of service delivered by our front-line teams, every working day.”

At £1,237.6 million, Group turnover showed an increase of approximately 25% year on year. On a like for like basis, with Aspen sites included on a full year basis in both years, revenue increased by £161.3 million (15%). However, the 2022 results were impacted by our decision to give all employees a pay increase, prioritising those on a lower salary, and factors such as the sharp increase in energy prices.

Facing into this difficult trading environment, the Group continued to exercise control around operating and capital expenditure, and cash, and achieved an adjusted EBITDA of £70.4 million, £7.1 million lower than 2021, and a net deficit after tax of £62.6 million (2021 – £32.8 million).

Actions taken to drive a more efficient economic model for the Charity, invigorate our leadership, and evolve our organisational operating structure, will ensure a flow of revenue to the bottom line, enabling further investment in our Programmes For All, services and estate maintenance.

Looking ahead

Factors that placed pressure on our 2022 financial results will remain with us as we go through 2023. We must, therefore, stay alert and be ready to act decisively in the face of an unstable economic climate. Despite the challenges, I believe we’re well prepared for the year ahead, and I remain optimistic about our ability to deliver on our strategic aims.

It’s important that we remain responsive to changes in healthcare provision, and our relationship with stakeholders at national and local levels remains at the heart of our strategy. In particular, we’re committed to maintaining and improving people’s health, easing pressure on the NHS, and helping bring down the waiting list.

There’s no doubt that, with UK inflation at record levels, and expectations of a deepening cost of living crisis in 2023, we’re facing into some tough headwinds. However, I believe new opportunities will arise along the way. With our compelling strategy, strong leadership and skilled people, the Charity is in a solid position to deliver on our ambitions and our purpose to build a healthier nation.

Finally, my thanks go to my Executive Team for their dedication and hard work over yet another exacting year, and to our Chair, Natalie-Jane, and her team of Trustees. And, most importantly, to all our people whose compassion, energy and enthusiasm is the beating heart of Nuffield Health, I thank you for all you do for our beneficiaries.

Steve Gray,
Chief Executive Officer





Adapting to market trends



By 2030, 21.8% of the population will be 65 or over

Age Concern UK



Trend: demand for healthcare

Demand for healthcare is rising in line with the ageing population and there's a greater prevalence of long-term conditions that can't be cured by acute hospital treatment. We're seeing growing health inequalities, both in accessing healthcare and in healthcare outcomes. The NHS is experiencing some of the most severe pressures in its 75-year history, with over seven million people on waiting lists.* These pressures could mean future restrictions on care.

How this affects us

Following the pandemic, we saw significant growth in demand for self-pay. This is expected to slow, as the cost of living crisis impacts people's income and savings. However, we expect self-pay to remain substantially higher than pre-COVID levels, as pressures on the NHS continue. With our extensive range of health and fitness services, there are opportunities for us to assist in reducing NHS waiting lists and to help people with their long-term recovery.

Actions we are taking

Focusing on ease of access and deepening our relationships with local NHS Trusts. We're continuing to drive brand awareness and invest in key services, such as private GP availability.

* Healthwatch

Trend: new delivery models

The pandemic saw healthcare providers rapidly changing methods of delivery. Instead of predominately face-to-face, there was a shift to digital delivery models, with contactless and virtual services fast becoming the norm. Wearable and 'in the home' devices provide real-time data to help the patient and clinician create care plans, track outcomes and speed up some diagnostics, promoting self-management for chronic conditions.

How this affects us

Our competitors in the health and fitness sector are rising to this challenge and developing new propositions, including remote healthcare services, virtual hospitals, and healthcare communities. Beneficiaries are increasingly adopting and expecting digital delivery.

Actions we are taking

Continuing to evolve the Charity by keeping ahead of trends and looking to bypass traditional barriers by adopting new processes and technologies. We're investing in digital foundations, enhancement and automation to support changes within the Charity, while delivering on Nuffield Health Electronic Patient Record (NEPR) roll out and network transformation.



1 in 4

UK adults own an exercise tracker

thebusinessdesk.com



Trend: cost-of-living crisis

With UK inflation at record levels, it's expected that the cost-of-living crisis will deepen in 2023, resulting in a negative impact on consumer confidence, thereby driving reductions in non-essential spending. Utility price increases pose a threat to healthcare services as hospitals, GP practices and gyms struggle to pay bills.

How this affects us

A challenging labour market, record energy prices and higher inflation are all expected to cause significant cost increases in the short to medium term. The drop in disposable income, and higher costs of borrowing, may reduce the pool of people with access to sufficient funds for self-pay treatments. It's becoming clear that economic pressure will greatly impact the young, a key contributor group to the growth in demand for self-pay treatments. Research shows that 54% of millennials* have been affected by the cost-of-living crisis.

Actions we are taking

Tracking and forecasting the impact of economic conditions on trading projects, and prioritising initiatives to ensure we deliver key activities to support our purpose to build a healthier nation. We'll continue to raise awareness of our free-to-access programmes, to benefit those living on lower resources.

* DJS Research

Trend: employee shortages

Staffing shortages are prevalent across the healthcare sector, particularly in the NHS, with data showing the number of vacancies in the NHS and social care sectors have increased since 2020.* These are predicted to persist through 2023 and, along with potential industrial action, will cause further wage inflation, recruitment and retention challenges.

How this affects us

With NHS staff seeking above inflation pay increases**, this may increase the staff costs of private health providers, as we compete for new recruits. Vacancies are up, and workforce shortages are driving up the use of agency staff, which incurs significantly higher costs. Our workforce is ageing, with over 30% of our nurses aged 55 or over.

Actions we are taking

Prioritising the development of our Learning Foundation to educate and retain existing and potential new staff, offering market competitive salaries and developing a clear workforce plan. Continuing to invest in our apprenticeship programme as a productive and effective way to develop motivated, skilled and qualified teams. We're using the programme to up-skill existing team members, while also recruiting from the outside.

* UK Parliament

** Teneo Report - UK Independent Hospitals - the next Challenge.



Healthcare accounts for 12.7% of all job vacancies

Textkernel (The Guardian 13 February 2023)



Our strategy

Underpinned by **OUR VALUES**

- C Connected**
We work together as one Nuffield Health to deliver the best experience to our patients, customers and colleagues
- A Aspirational**
We inspire individual and collective health and wellbeing
- R Responsive**
We listen, communicate and act in an open, straightforward way
- E Ethical**
We demonstrate our commitment to individuals, our communities, society and the environment

Our PURPOSE
To build a healthier nation, we advance, promote and maintain health and healthcare of all descriptions, and prevent, relieve and cure sickness and ill health of any kind, all for the public benefit.

reinforces our VISION
To help individuals achieve, maintain and recover to the level of health and wellbeing that they aspire to, by being a trusted provider and partner.

to drive our STRATEGY
Our purpose drives our strategy and underpins all our decision making. Each strategic aim contributes towards the success of our Charity.

Strategic aims

 Create public benefit	 Data driven, market leading outcomes	 Deliver connected, beneficiary centric pathways	 Empower and develop our people	 Trusted brand partner and advisor	 Human first, digitally enabled care	 Financially sustainable
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Underpinned by **OUR SUSTAINABILITY PILLARS**

Healthy work
We're investing in market-leading training and resources to help our people excel in their careers. And we're building an inclusive, caring culture, where our people feel they belong and can thrive.

Healthy community
We're playing a meaningful role in local communities, by addressing unmet health needs and providing support to underrepresented communities, to develop more sustainable ways of living.

Healthy environment
We're taking steps to reduce our carbon emissions, improve our supply chain and reduce our reliance on precious resources, all of which will help us towards creating a greener healthcare model.



Our strategic aims explained



Empower and develop our people

We strive to deliver an outstanding environment in which our 17,000 people can thrive and build attractive career paths. We invest in providing excellent learning and development opportunities, and in looking after the health and wellbeing of our employees. We're committed to pay equity, and to ensuring Nuffield Health is a diverse and inclusive place to work.

Trusted brand partner and advisor

A strong and trusted brand helps attract and retain employees and beneficiaries, and enables us to support more people with their health and wellbeing. Trust is built by ensuring beneficiaries receive the highest-quality care and outcomes, and that our services deliver an exceptional customer experience with every interaction. We're always looking at ways to improve the brand experience.

Deliver connected, beneficiary centric pathways

We're the UK's only large provider operating fitness and wellbeing centres, medical clinics and hospitals. This allows us to support our beneficiaries across all their health and wellbeing needs. We're connecting our services so the transition of care from one setting to another is seamless. When creating or researching a new service, we put the beneficiary first, so we always deliver the highest-quality care.

Financially sustainable

As a trading charity, we have no shareholders or dividends to pay. Surplus funds are invested back into providing services that generate public benefit. The income allows us to invest in our communities, Programmes For All, research partnerships and other social impact initiatives. Financial health is key to ensuring we can continue to invest and deliver our services and create social value.

Data driven, market leading outcomes

We're the only UK-wide independent hospital group whose facilities are all rated Outstanding or Good by national regulators.* We want our beneficiaries to achieve the best outcomes, so we're investing in our ability to capture broader data across our services. This will enable us to make evidence-based decisions on how we might improve, in order to maintain market-leading results for our beneficiaries.

Create public benefit

Creating public benefit underpins our strategic aims. We achieve this through delivery of our paid-for and free services, from prevention through to treatment and cure; our research and partnerships to further health outcomes; our community outreach programmes; and innovative initiatives to raise awareness of the importance of exercise in maintaining health and wellbeing.

Human first, digitally enabled care

Digital technology is becoming more integral to healthcare, but we understand the value that human interaction provides during healthcare delivery. Our services will be digitally augmented to ensure the best outcomes and processes for our beneficiaries, but they will always remain human first. We are continuously scoping new technologies and innovative care solutions to enable us to provide improved quality of care our beneficiaries.

Our strategy in action



Create public benefit – our Programmes For All address unmet health needs in diverse communities



Data driven, market leading outcomes – we're being recognised for our quality services and outcomes



Deliver connected, beneficiary centric pathways – we're working with the NHS to offer free rehabilitation programmes



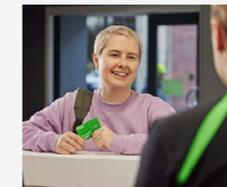
Trusted brand partner and advisor – we've joined forces with the FA to support more people with their health



Empower and develop our people – we're putting apprenticeships first



Human first, digitally enabled care – we're making it easier for our patients to access our services



Financially sustainable – we're consistently growing our fitness and wellbeing membership

*Excludes Nuffield Health at St Bartholomew's Hospital, which is yet to undergo CQC assessment.

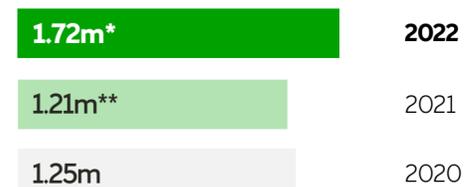


2022 key performance indicators

Our key performance indicators¹ (KPIs) comprise a number of financial and non-financial metrics that enable us to evaluate our performance against our strategic aims.

1.72_m

People reached



Innovative programmes aimed at encouraging people of all ages to get healthier, combined with the acquisition of the Aspen Hospital Group, and strong growth in membership at our fitness and wellbeing centres ending the year at 365,000, a significant 36,000 more than at the same period last year, have extended the Charity's reach.

*Based on lives touched through the delivery of our services, free and paid for, to beneficiaries and the indirect impact on their families (180,042) due to the individual's improved health and wellbeing. Includes full year of Aspen patients (102,660).
**2021 did not include Aspen.

6.5%

Percentage of people reached living on lower resources*



We're engaging with a growing proportion of people living with lower resources, and the success of our programmes drives us to do more. We're always reviewing our community and social impact initiatives to improve our offerings and increase our ability to support the disadvantaged who may not otherwise have access to our expertise.

*Based on evidenced demographics of 1.3 million beneficiaries.

£72.0_m

Social value

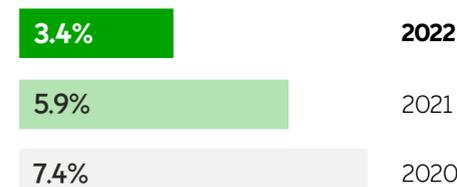


Expansion of our free community programmes has increased our social value. We calculate this by measuring the impact of a service on four beneficiary areas, health change for an individual, change in wellbeing of family/carer, cost savings to health and social care, and change in productivity of the economy. The calculation incorporates indicator values evidenced from published research, which may fluctuate depending on the health gain achieved over time, or economic factors.

*In 2021 we saw 4,227 rehab programme beneficiaries and achieved £18.0m social value. Using the 2022 indicator values this produces a social value of £37.6 million for the same volume of beneficiaries. In 2020, the equivalent based on 1,064 beneficiaries would have been £9.4 million.

3.4%

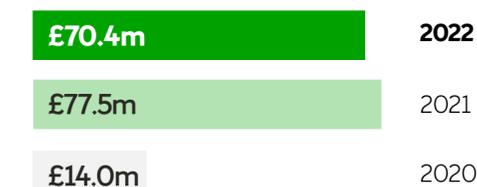
Gender pay gap



At 3.4%, our gender pay gap is at its lowest level since we first started reporting it six years ago. And according to the latest ONS publication, it's significantly below the national pay gap of 14.9%. We remain committed to reducing this to zero, as part of our broader equity, diversity and inclusion agenda.

£70.4_m

Adjusted EBITDA*



The return to normal, following the pandemic, supported strong trading across our estate. However, energy inflation and our decision to give all employees a pay increase had impacted our adjusted EBITDA. As a trading charity, our surplus is reinvested into improving our capability to support the UK's health and wellbeing, in line with our purpose to build a healthier nation.

*Adjusted EBITDA is calculated as total operating deficit (-£56.1 million, 2021 - £15.3 million) with adjusting items (£53.6 million, 2021 - £17.2 million), depreciation and amortisation (£72.9 million, 2021 - £75.6 million) added back.

16.5%

Carbon reduction for Scope 1 and 2, against 2019 baseline*



Carbon reduction is a new KPI for 2022 and reflects our commitment to be net zero in our own emissions by 2030 and net zero by 2040. Energy usage campaigns and thinking differently about how we deliver services for our beneficiaries all play a part in achieving our targets. We will be using our 2022 carbon emissions as our new baseline moving forwards.

*Based on a like-for-like comparison of 151 sites.

¹Other than Adjusted EBITDA, the KPIs are unaudited.

Quality assurance and outcomes

100% of our hospitals rated overall as Good or Outstanding by national regulators*

Quality is at the heart of everything we do, across Nuffield Health. We aspire to be the best, the safest and the most effective health and wellbeing provider there is, an organisation where our beneficiaries have a truly exceptional experience.

To achieve this, our people must be highly skilled professionals. Our processes, practices and procedures must be evidence-based, and meet or exceed healthcare standards. And our technology must be cutting edge.



*Excluding Nuffield Health at St Bartholomew's Hospital, which opened in May 2022 and is yet to undergo Care Quality Commission (CQC) assessment





Quality Assurance Framework

Quality remains a key focus for Nuffield Health, right across the organisation, and it continues to lead discussions at our Board of Trustees and Executive Board meetings. As we moved out of the global pandemic, our focus was on re-engaging with our people and establishing a sense of normality while, at the same time, learning the lessons of different ways of working and interacting with our beneficiaries.

Our Quality Assurance Framework, with its three pillars: Safety, Effectiveness and Experience, continues to be our benchmark for evaluating everything we do. During the year, we introduced a rigorous internal assurance programme, comprising Quality Reviews across all hospitals, and Quality Assurance Reviews in primary care, aimed at enhancing assurance and consolidating standards, processes and ways of working.

In 2022, we were delighted to welcome Alison McCourt CBE ARRC, who joined us as Clinical Services Director, after a distinguished career as a senior clinician in the military. She is responsible for leading all organisational efforts to assure and improve Quality across the Charity.

We are proud to hold these ISO standard certifications across different areas of the Charity:



#1 SAFETY

Meeting the highest possible standards by avoiding harm, upholding professional standards and acting responsibly



#2 EFFECTIVENESS

Being a trusted partner to our patients, members and customers by giving them a positive and reassuring experience



#3 EXPERIENCE

Providing evidence-based health and wellbeing expertise and services that lead to excellent outcomes



Governance

Good governance is the core of continuous improvement and best practice. It ensures we're accountable for auditing, monitoring and improving the quality of our services and processes, right across the organisation, and allows us to be confident that we're meeting the Charity's stated aims.

At the start of 2022, we launched our strengthened governance framework and encompassed additional committees, including the Professional Practice Forum, alongside our Primary Care Professional Leadership and Assurance Network. We also added three Expert Advisory Groups:

Clinical Governance & Outcomes

Ensures an understanding of regulatory standards, and responds to key themes and trends identified through outcome data and other key indicators

Cardiac

Reflects the widening of our cardiac interventions across our hospitals.

Musculoskeletal (MSK)

Supports the safety and effectiveness of the connected pathways across our MSK services, for both primary and secondary care.

“Our teams exemplify best practice in delivering exceptional clinical care.”

Alison McCourt CBE ARRC
Clinical Services Director



Safety culture

We're committed to embedding a culture of openness and psychological safety, where all our people feel empowered to speak up, whatever their level in the organisation. A Safety Culture strategy has been developed to define the direction needed to ensure clarity and alignment of implementation across the Charity. It focuses on staff engagement, Freedom to Speak Up (FTSU), human factors, psychological safety, and 'Just Culture' which encourages shared accountability. A Safety Culture plan, split into three phases – fix, grow and innovate – has been implemented and will run until 2024.

During the year, we appointed a Head of Safety Culture and, in 2023, we'll be establishing regional FTSU leads and onsite Guardians, who will be responsible for fostering safe speak up environments, compassionate and collective leadership, and wider learning and improvement.

Six Never Events* were identified in 2022, a decrease of two compared to 2021, with four relating to incompatible or mismatching joint components.

The Safety Incident Reset plan, launched in 2021 and scheduled to conclude in 2023, has continued to deliver benefits. During the year, we focused on hospital theatre safety; this comprised a number of interventions based on key themes and trends. In 2021, a number of Never Events occurred in our ophthalmology services department, so we undertook a critical review of all incidents, along with a system review of pathways against best practice. As a result, in 2022, the number of ophthalmology Never Events fell to one (2021 – five).

*Never Events are defined by NHS England as 'serious incidents that are wholly preventable because guidance or safety recommendations that provide strong systemic protective barriers are available at a national level and should have been implemented by all healthcare providers'.



HELENÉ DONNELLY

Head of Safety Culture

Tell us about your background

I qualified as a nurse in 2002, and went on to work as a senior staff nurse in A&E at Stafford Hospital. I was a key witness at the Mid-Staffordshire Hospital public inquiry, and later participated in a Government review looking at whistleblowing in the NHS. Following this, I was involved in the creation of the Freedom to Speak Up (FTSU) framework.

What's the FTSU framework?

The FTSU framework ensures that, in every NHS hospital, there's someone who employees can go to to speak up about anything they feel is getting in the way of them doing a great job. These people are known as FTSU Guardians. This also applies to any organisation providing services to the NHS, such as Nuffield Health. A National Guardian Office (NGO) and now sits alongside the CQC.

What's your current role?

I joined Nuffield Health in June 2022, as Head of Safety Culture. I'm developing the FTSU framework, and helping create the right structure to enable people to

“If we can't look after each other, how can we look after patients?”



speaking up about concerns. This includes having FTSU Guardians in place, along with a process that allows information, warts and all, to get to the board and executive level unfiltered.

First impressions?

I've only been here a short while, and it's wonderful to see how Nuffield Health functions. It has a great culture, a can-do attitude, and an atmosphere of looking after each other. I'm pushing at an open door in terms of FTSU, but there are always things we can do in the area of triangulation of information.

What's next?

Once we've established the FTSU framework in secondary care, we'll roll it out to primary care. Beyond that, although not required in the NHS standard contract, we'll introduce it to our fitness and wellbeing centres, and later to our nurseries. This will be interesting because, at the moment, the role doesn't exist within education or early years so I'll be liaising with OFSTED to get this established. Nuffield Health really will be leading the way.

Do you have a mantra?

Care and compassion, treating people the way you want your family to be treated. That's how I've always nursed. But equally, it's about how we treat each other, and whether we have a supportive culture, with compassionate leadership. If we can't look after each other, how can we look after patients?

Do you have a vision for the future?

That one day, FTSU is 'business as usual' across all healthcare services, and there's no need for the term 'whistleblower'.

Helené was awarded the OBE in the 2013 New Year Honours List for services to nursing and the NHS.

Patient Safety Incident Response Framework

The Patient Safety Incident Response Framework (PSIRF) is a new methodology for handling patient safety incidents (PSIs) and is mandatory for all providers delivering NHS contracted services.

PSIRF provides a suite of tools that can be used to investigate PSIs, depending on the severity of the incident. It will move the organisation from a position of reacting to PSIs after they happen, to one of identifying the potential for 'no harm' or 'low harm' events to become more serious. PSIRF aims to champion compassionate engagement with all those involved in a PSI (employees, patients and families), including them fully in investigations and creating a 'Just Culture', where the psychological safety necessary to encourage those involved to speak out about safety concerns prevails.

The impact of the framework extends across many disciplines within the Charity, therefore an organisation-wide working party has been created to ensure implementation by the transition date of September 2023.

All patient-facing employees will receive PSIRF training. A selection of senior employees will be trained in expert investigations, engaging and involving patients, families and employees in incident investigation, and the new process of overseeing the PSIRF framework.

We will appoint Patient Safety Partners (PSPs) to advise on the quality and output of specific escalated investigations from the patient's perspective. In addition, the PSPs will liaise with patients about their view of the safety of their experience with Nuffield Health. Specific safety questions will be included in our patient satisfaction survey to enable us to be sure that the safe service we believe we're delivering is experienced by our patients in the way we intended.

The introduction of a new quality management system, Radar provides an intuitive system for reporters, whilst using data analytics to support identification of themes or trends at a site, regional and national perspective. In additional, the system will facilitate our compliance with PSIRF.



CLAIRE JOHNSON

Quality Lead – Patient Safety

In 2019, I began studying for the Patient Safety and Clinical Human Factors Diploma, with the aim of becoming Nuffield Health's Patient Safety Specialist. I achieved the qualification, and was very excited to be appointed into my dream role.

We're aligning with the NHS Patient Safety Strategy, which sets out how we can continuously improve patient safety. I lead and support the patient safety improvement activity, and I'm also a member of the project team tasked with implementing the Patient Safety Incident Response Framework (PSIRF).

I support the hospitals and wider-Charity in the governance and safety of medical devices, which covers equipment used for the diagnosis or treatment

of an individual, ranging from thermometers to the big diagnostic imaging equipment. Implants, such as knee replacements, and lenses are included. Working closely with Procurement, we make sure we have the right maintenance contracts and specialist training in place to cover all medical devices used across our sites.

Since qualifying as a nurse in 1992, and progressing through various roles, including Matron, patient safety has been my passion. What's refreshing about Nuffield Health is that we're always asking if we're doing the right thing for the patient. It really is the highest priority and this echoes with the work going on with the Safety Incident Reset plan, which undertakes critical reviews of incidents. As part of my role, I review incident trends to identify emerging patterns in respect of safety procedures, and this is an area where PSIRF will be very important.

It's a busy job but I love it. I wind down by sewing and, one day, I'm going to apply to the Great British Sewing Bee!

Infection prevention

Under the Health and Social Care Act (HASCA) Code of Practice, Nuffield Health has a regulatory requirement to keep patients safe from infection. We've always taken this responsibility extremely seriously, and are committed to maintaining high standards of infection prevention (IP) and control, which contribute to a safe environment and prevent the spread of infections.

Our IP Governance Framework comprises robust policies and procedures, continuous education, and measures that reaffirm evidence-based practices. These facilitate safe and effective care delivery, and positive clinical outcomes.

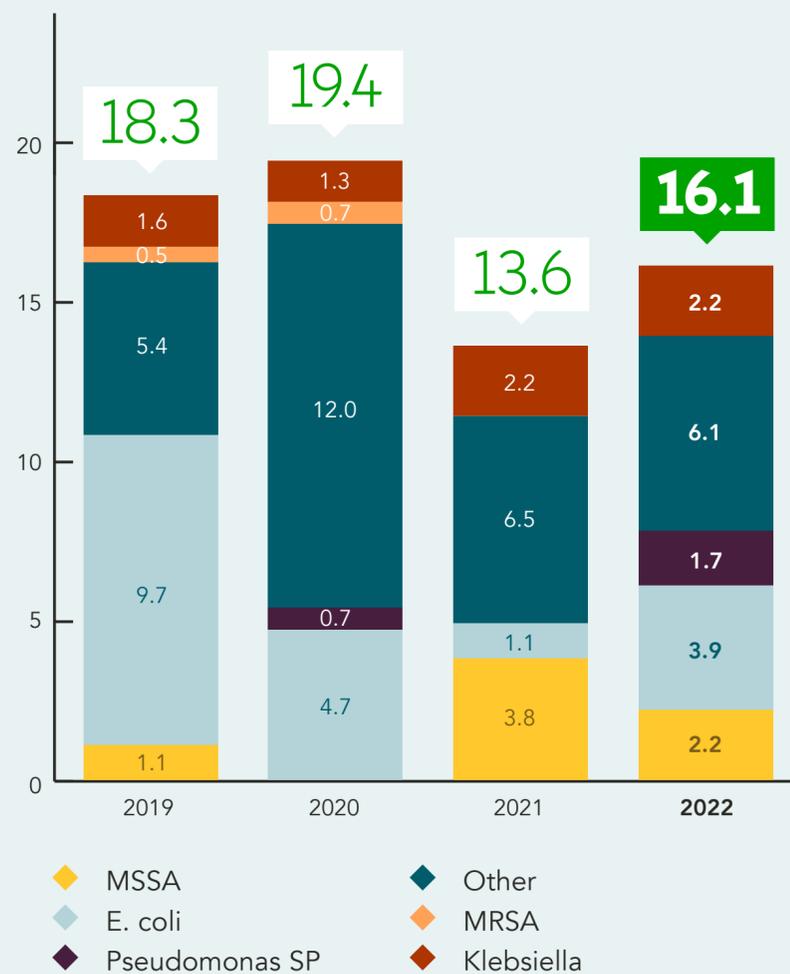
During the year, we appointed a new Clinical Services Director, who also holds the post of Director of Prevention and Control and Infection Prevention Team (DIPC), supported by a Quality Care Partner. A team of IP nurses supports the development of policies and processes, as well as the educational framework and the helpdesk.

To ensure consistency in IP compliance, we instigated a review programme to include the five Aspen Healthcare hospitals, recently incorporated into the Charity, and our new hospital, Nuffield Health at St Bartholomew's, which opened in May 2022. By the end of the year, 28 sites had been reviewed, with all found to be Good or Outstanding. The review programme continues into 2023.

All infections are subject to rigorous investigation, with learnings captured by local and organisational improvement plans.

Total bloodstream infections 2019-2022

Number of infections per 100,000 bed days



Avoidable infections

During 2022, the COVID-19 pandemic continued to influence activities, coupled with the need to respond rapidly to increased incidence of other pathogens, influenza and respiratory viruses.

Our Quality Care Partner, Infection Prevention team, and Microbiologist analysed infection data monthly, benchmarking it against national and organisational data. The year saw an increase from 13.6 in 2021 to 16.1 per 100,000 bed days in the overall number of avoidable infections. This can be partly attributed to the increase in E. coli infections and we are continuing to review the relevant pathway.

- No cases of MRSA bloodstream infections were recorded, with only one case in the last 10 years
- MSSA bloodstream infections decreased from seven (3.8 per 100,000 bed days) in 2021 to four (2.2 per 100,000 bed days) in 2022
- Increase in E. coli bloodstream infections from two (1.1 per 100,000 bed days) in 2021 to seven (3.9 per 100,000 bed days) related to end-stage metastatic hepatobiliary carcinoma or profoundly neutropenic lymphoma patients
- Other bloodstream infections remained similar at 12 (6.5 per 100,000 bed days) in 2021 and 11 (6.1 per 100,000 bed days) in 2022
- A static rate of Clostridioides Difficile infections with five cases in 2022 (2.8 per 100,000 bed days) and five cases in 2021 (2.7 per 100,000 bed days). A thematic investigation concluded all five were community acquired.

0

cases of MRSA recorded in 2022 (2021 – 0)

4

cases of MSSA recorded in 2022 (2021 – 7)

11

cases of other infections recorded in 2022 (2021 – 12)

5

cases of Clostridioides Difficile recorded in 2022 (2021 – 5)



Leading in radiology

Our 37 hospital Diagnostic Imaging Services teams provide everything from MRIs, CTs and X-rays, to Ultrasound, Mammography and DXA scans. They're critical to delivering the all-round quality of service and care provided by Nuffield Health.

During 2022, we continued to invest in upgrading facilities, ensuring access to a wide range of equipment for our patients across the country. And, following on from our communication and engagement project, launched in 2021, a National Lead for Diagnostic Imaging was appointed with the aim of improving the sharing of best practice. Jen Moncur is responsible for setting up a process for encouraging people at all levels to get involved in projects aimed at standardising the look and feel of our radiology offering, including governance processes and procedures.

Radiology apprenticeships, and a push to encourage students to join the Charity straight from university, are just two ways we intend to 'grow our own talent' in the future. And we're also encouraging former radiographers to return to practice.

Overseas radiographers will continue to participate in our award-winning Preceptorship training programme. However, going forward, recognising they have different needs to nurses, a 'radiology buddy' will be available to offer support and specialist advice.

We're implementing initiatives that give our radiographers a voice, leading to improved professional development and career progression, and allowing easier movement between hospitals. Most importantly, our aim is to offer an even better quality experience to our patients.



JENNIFER MONCUR National Lead – Diagnostic Imaging

Jen has responsibility for motivating and empowering the 37 Diagnostic Imaging Services teams across the hospital network to communicate and work better together. "Put simply, it's about us learning from each other and sharing best practice," she says.

A qualified diagnostic radiographer, Jen graduated from Robert Gordon University in Aberdeen, going on to hold a number of clinical and managerial posts in the NHS and private healthcare sector.

Passionate about her role, she's delighted that the profile of diagnostic imaging is being raised. "Every patient comes through us before they get to theatre – we're at the heart of the hospital experience," she says.

In 2023, Jen will be setting up clinical steering and focus groups, along with a Champions network, and a regular newsletter. "Our plans are generating a lot of interest," she says. In addition, she will spend one day a week in the radiology unit at Warwick Hospital in a clinical capacity. "To effectively implement change, we have to understand how the people on the 'shop floor' operate. So, my phone will be off, and I'll get stuck into scanning and focusing on our patients," she says.

A relative newcomer to Nuffield Health, what does Jen think of it so far? "I love the fact that it's a charity, with the emphasis on wellbeing. The ethos is so different to anywhere I've worked before."

Despite her all-consuming job, the mother of two still finds time to support her local rugby team, Northampton Saints. And, despite being a proud Scott, she also follows English rugby. "In a previous role, I scanned most of the players," she says. But that's another story.



"We're at the heart of the hospital experience."



93%

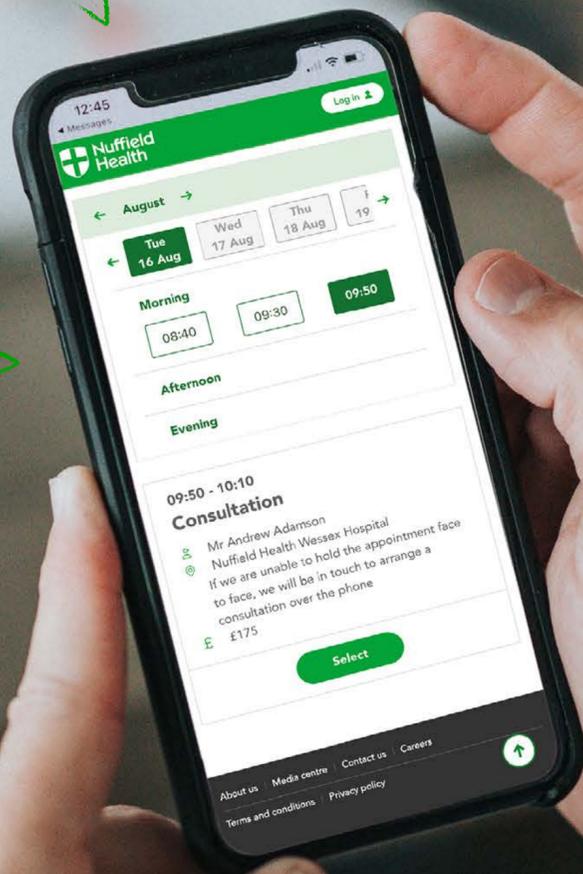
of our Consultants have online profiles

56%

of our Consultants have made their diaries available

22,120

appointments made since the launch September 2021 - December 2022



“Access to clinicians is becoming increasingly more difficult, especially in primary care and in the outpatient setting. It’s a key concern raised by my patients. Having an online portal makes this easier, and having someone run it for you is even better! My referrals have increased and my patients can book an appointment all day, everyday, even when my private secretary or I am on leave.”

Mr Arthur Stephen
Chief Medical Officer and Consultant Orthopaedic Surgeon

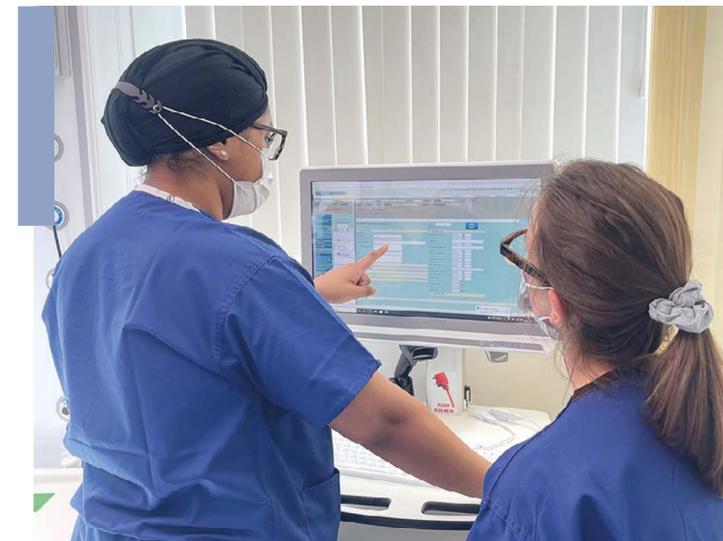
Digitally enabled care

Digital technology is a critical growth area in the delivery of healthcare, and we’re continually scoping new technologies and innovative care solutions. As we develop new technologies across the Charity, we take a ‘human first’ approach, putting the needs of our beneficiaries ahead of everything else.

Online Consultant bookings

We’ve continued to invest in digitising administrative areas of our pathways, so beneficiaries can seamlessly manage bookings and payments online.

The launch of our online booking platform, in September 2021, gave patients the option to book consultations via our website, or through our in-house Customer Services Centre. The system has been well received by patients and consultants alike. By the end of 2022, 48% of consultants had made their diaries available to the system, and our target is to encourage 75% to make the move by the end of 2023.



Nuffield Health Electronic Patient Records (NEPR)

Our Nuffield Health Electronic Patient Record (NEPR) programme, using the TrakCare system, continued to roll-out during 2022. It went live at Nuffield Health at St Bartholomew’s, North Staffordshire, and Shrewsbury hospitals, bringing the total number of sites running the system to eight. Further roll-outs are planned for 2023, with Plymouth hospital scheduled to go live in July, and Exeter, Taunton and Manchester Diagnostics Suite due to be operational in October.

TrakCare stores medical records and notes, giving clinicians access to real-time patient information, via digital channels. It generates electronic records for each patient, making them accessible to consultants and clinicians, and allowing relevant data to be shared with other healthcare organisations. The system will support Nuffield Health’s ability to continue working closely with the NHS in the future.

Quality recognition



Quality award from Macmillan Cancer Support

As we enter into the first few months of 2023, all Nuffield Health hospital sites have been recognised with the Macmillan Quality Environment Mark (MQEM), which celebrates environments that meet the standards required by people living with cancer.



Royal College of Nursing (RCN) Accreditation – Preceptorship 2022

Our Preceptorship programme was accredited by the Royal College of Nursing (RCN) in 2022, after being subjected to a rigorous quality assessment process to ensure the learning and development initiatives meet the RCN’s standards of excellence.



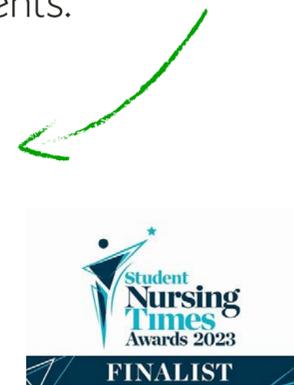
CapitalNurse Preceptorship Quality Mark 2022

Our Preceptorship programme received the CapitalNurse Quality Mark in 2022, demonstrating high compliance against best-practice quality standards.



Nursing Times Student Awards

Finalist, Miranda Williams, Ward Sister from Exeter Hospital was nominated by the central clinical teams for the ‘Practice Supervisor of the Year’ awards at the Student Nursing Times Awards 2023 in recognition of the amazing work and support Miranda provides our nursing students.



Our Primary Care Clinic in Sheffield rated Outstanding for leadership

Sheffield Fitness & Wellbeing Centre Clinic has achieved the highest possible Outstanding rating for being ‘well-led’, following a CQC inspection in September 2022. The fitness and wellbeing facility was visited by a team of inspectors and regulation specialists who scrutinised all areas of the clinic, rating it overall as Good and highlighting our COVID-19 Rehabilitation programme and the overwhelming positive patient feedback it has received.

National Joint Register

For the third year running, our hospitals in England and Wales** received the National Joint Registry’s (NJR) Quality Data Provider award, recognising their commitment to patient safety.

**This excludes former Aspen hospitals as the qualifying period was before the transition/purchase. It also excludes Edinburgh and Glasgow Hospitals, as the NJR doesn’t extend to Scotland.



5,377 of wellbeing employees trained to save lives

First aid, life support and lifesaving training compliance was completed by 5,377 employees. These employees were trained to be able to deal with a cardiac arrest event and other serious medical emergencies.





Quality improvement plan for 2023

<h2>1 Launch of new Quality Management System</h2>	<h2>2 Patient Safety Incident Response Framework</h2>	<h2>3 Launch of Secondary Care Professional Leadership: Assurance Network</h2>	<h2>4 Enhanced assurance across our hospitals</h2>
<p>What we plan to do</p> <ul style="list-style-type: none"> • Procurement and implementation of a new Quality Management system, Radar, which is compliant with NHS England’s ‘Learn from Patient Safety Events’ (LFPSE) framework • Consolidate a number of collection tools as Radar modules, including Adverse Events; Risk Management; Complaint Management; Safety Alerts; Subject Access requests/Erasure requests; Document Management Repository • Streamline our Quality Management processes, and ensure we are complying with the latest regulations and best practices • Identify areas for improvement and make data-driven decisions, using the Initiative System to provide real-time data and analytics • Drive data quality for safety incidents and near misses, by educating and standardising reporting to support learning. 	<p>What we plan to do</p> <ul style="list-style-type: none"> • Establish Executive Lead responsible for PSIRF and focus on leadership role model initiatives. • Establish a Quality Lead for Patient Safety • Create a working group to facilitate the achievement of key elements of PSIRF: a data-driven safety culture; a clear policy and plan, with well understood learning responses to prevent and react to patient safety incidents (PSIs); a standard for engaging and involving those who experience PSIs, and strong safety leadership • Develop a Patient Safety Strategy to articulate our approach to patient safety across all service lines • Provide educational support for staff involved in patient-facing roles, including those in investigatory, engagement and involvement roles. • To include Health Education England’s Patient Safety Syllabus • Establish robust oversight structure and process to allow for local engagement and empowerment. 	<p>What we plan to do</p> <ul style="list-style-type: none"> • Ensure appointees are highly experienced and capable of overseeing Quality Assurance in their specialism centrally, and at hospital sites • Ensure appointees work within a professional role on site each week, maintaining clinical expertise and credibility within their specialism • Ensure appointees deliver clinical development and change within the hospitals, inspiring the clinical teams directly involved in patient care • Ensure appointees chair and co-chair Expert Advisory Groups within the organisation, motivating the clinical talent of the MDT within the specialty • Ensure appointees are capable of engaging with peers and colleagues across the NHS and the independent healthcare sector, influencing policy and development of national guidelines • Ensure appointees are members of key professional organisational boards, keeping Nuffield Health at the forefront of strategic development within the specialism. 	<p>What we plan to do</p> <ul style="list-style-type: none"> • The Hospital Quality Review (HQR) audit tool will continue to be enhanced to integrate the Specialist Quality Assurance Review tools to aid triangulation, and improve efficiency to lessen operational impact • Simultaneous safety surveillance data will be used consistently to proportionately assess risk and inform the future targeted programme of integrated reviews • Reviews will include key areas within the patient pathways, and any other areas identified through proportionate risk assessment • In line with the planned introduction of the CQC’s new approach to inspections, we will include themed visits or reviews which may include a particular focus on a clinical specialty or care process • The outcomes of 2022 site HQR will drive 2023 quality initiatives of audit and action plans, clinical documentation completion, incident management processes, duty of candour management, and risk assessment consistency.



Supporting
**healthy
COMMUNITY**



Creating
**healthy
WORK**



Protecting a
**healthy
ENVIRONMENT**

Leads to

**Building a healthier
nation sustainably**



Sustainability

To truly achieve our purpose, we have to consider the wider impact of everything we do. Our 'healthy environment, healthy work and healthy community' strategy sets out three areas of focus across the Charity where we're taking positive actions towards a more sustainable future for all.

We're making good progress across our sustainability pillars - driving positive change in the workplace, ensuring accessibility, engagement and opportunities in the community, and protecting the environment.

Our strategy aligns to the following reporting frameworks and benchmarks:



Healthy COMMUNITY

8,000+

people supported through our free rehab programmes

Our areas of focus:



Accessibility and inclusion

We're removing barriers and making more of our free services available to those who need our support



Research, programmes and education

Our research into health outcomes enables us to support communities and address unmet health needs



Social mobility

We're increasing employment opportunities for people from disadvantaged backgrounds or circumstances



Accessible and affordable services for those in need

We're committed to playing a meaningful role in local communities, and providing opportunities for people managing on lower resources to access our services and benefit from our extensive health and wellbeing expertise.

By making our services affordable and accessible, we can support people through the different stages of their lives, helping them develop more sustainable ways of living. Whether this is through supporting young innovators from underrepresented communities, tackling health inequalities or promoting job opportunities through our apprenticeship programme, Nuffield Health is committed to building healthier communities.

Our unique Programmes For All provide free services to address unmet health and wellbeing needs, including helping those coping with joint pain, long-COVID and cardiac rehabilitation. This year alone, over 8,000 people accessed these programmes and the feedback shows they've made a difference to people's lives.

As the UK's largest healthcare charity, we use our position to encourage people of all ages to exercise regularly. For this reason, we've created Move Together, a new free community initiative, run by our expert Personal Trainers, which empowers young people to get outdoors during the summer, exercise and have some fun. We're also partnering with Merton Libraries, in South West London, offering free group exercise classes and health checks for local residents who might not otherwise be able to access our services, or any other type of health and fitness activity.

Our research into health outcomes enables us to support communities with initiatives that are right for them. Each of our sites is empowered to forge links with local communities and charities to further our drive to tackle unmet health needs.



Community rehabilitation

In 2022, over 8,000 people benefited from our free structured rehabilitation programmes, addressing unmet health and wellbeing needs in the community. Delivered by our expert Rehabilitation Specialists, the programmes are aimed at people living with lower resources, who would not normally be able to access our expertise or services. These unique programmes are changing lives for those living with conditions such as joint pain, or the debilitating symptoms of long-COVID.

Recognising the impact of cardiovascular disease on the health of the nation, in 2022, we launched a pilot cardiac rehabilitation programme, Supporting Hearts and Minds. Aimed at people recovering from a cardiac diagnosis, event or procedure, the 20-week programme uses a blend of education, and structured exercise, as well as emotional wellbeing support. Beneficiaries are equipped with knowledge to manage their condition long-term. Initially available at our Barbican and Plymouth fitness and wellbeing centres, it will be rolled out to a further 10 sites in 2023.

The programme receives referrals from the NHS, and is an example of how we work in partnership with other healthcare providers, making pioneering services available to the wider population.

8,000+
people supported through our free rehabilitation programmes (2021 – 4,227)



Joint Pain

Aims to reduce pain, increase mobility, and improve mental health by encouraging those suffering with conditions such as osteoarthritis, to participate in regular exercise. Participants achieved an average improvement in pain of 35%, with many continuing to exercise at our fitness and wellbeing centres once the structured programme was over. By the end of 2022, 104 of our fitness and wellbeing centres offered the programme.



COVID-19 Rehabilitation

Aims to help the increasing number of people struggling to recover from the long-term effects of the virus. The 12-week programme combines physical therapy with emotional wellbeing support, and is tailored to the individual's needs. It includes coping with fatigue, anxiety, sleep, and eating for recovery. By the end of 2022, it was available at 43 of our fitness and wellbeing centres, and online.

Joint Pain programme outcomes

37%

Average improvement in physical function

35%

Average improvement in pain

COVID-19 Rehab programme outcomes

68%

Average improvement in mental wellbeing

35%

Average improvement in fitness

34%

Average improvement in breathlessness

KEN MUNDELL

Supporting Hearts and Minds
participant

When 74-year-old Ken Mundell had a heart attack in October 2022, he thought life as he knew it had come to an end.

A joiner and carpenter by trade, Ken had always led an active life. “The heart attack came out of the blue. I spent 10 days in hospital and, at first, they thought I needed open heart surgery. But then the consultant decided to fit two stents into my arteries. When I came home, I was only able to walk for five to ten minutes a day and, as each week went by, I could feel I was losing strength, physically and mentally.”

Ken’s consultant suggested referring him to a new, free, cardiac rehabilitation programme, being run at Nuffield Health’s fitness and wellbeing centre in Plymouth. He jumped at the chance.

“It’s been first class,” enthuses Ken. “The Rehabilitation Specialists, Aaron and Courtney, are brilliant. Their support has given me my life back – I’m playing bowls again, and recently did a long, rugged, walk across Dartmoor with a pal. If I hadn’t been referred to Nuffield Health, I dread to think what position I’d be in now. Everyone’s been amazing.”

Ken recently completed the 20-week programme, during which time he’s lost around half a stone in weight. “I’m feeling fitter than ever,” he says.

Aaron Williams has been a Personal Trainer at Nuffield Health for 12 years. He became interested in cardiac rehabilitation after his granddad was diagnosed with cardio vascular disease, and has since specialised in helping people exercise safely, in a structured way, after a cardiac event.

“Working with Ken has been a joy. He’s tackled every task and element of the programme with determination. He’s achieved his key goals, lost weight, gained confidence, and increased his energy levels. Definitely a success story!”

**AARON
WILLIAMS**
Rehabilitation Specialist

“Their support has
given me my life back”





“I love how included I felt, how happy I felt after the sessions.”

Ellie, aged 13
Participant



Removing the barriers to exercise for girls

Only 10% of girls aged 13 to 16 achieve the recommended levels of physical activity.* And for 28% of girls, the only exercise they get is their weekly school PE lessons.**

To address these findings, during the summer of 2022, we piloted Move Together, a free, fun and inclusive exercise class, focused on encouraging girls to get fit, stay fit and include movement as part of their lifetime routine.

Initially carried out as a pilot project, the feedback from participants, parents and carers was so positive that, in 2023, we launched weekly classes across the UK. Run by our expert Move Together Personal Trainers, the classes will be held in community venues across the UK, offering a range of activities including dance, Pilates, yoga, circuits and boxing. Move Together will provide a safe, confidence-boosting environment for young girls to meet and make friends, breaking down the barriers to exercise.

Our ambition is to get 20,000 young girls, including those living with lower resources, active by the end of 2023.

* Women in Sport - Reframing Sport for Teenage Girls 2020
** Nuffield Health Healthier Nation Index 2023

20,000

The number of girls we're aiming to reach in 2023

LIVE FOR THE MOVEMENT

Sign up today for FREE weekly fitness classes

Calling all girls aged 11-16! Check out our new MOVE TOGETHER FITNESS CLASSES. Good for both body and mind our specially designed classes will help you to build strength, confidence and get you moving. It is also the perfect opportunity to meet, fund and meet new people in your community in a safe and secure environment.

MOVE TOGETHER with our free fitness classes:

Book your free spot - scan the QR code or go to: nuffieldhealth.com/move-together

Launched in June 2023 across 114 community venues across the UK

Great expectations

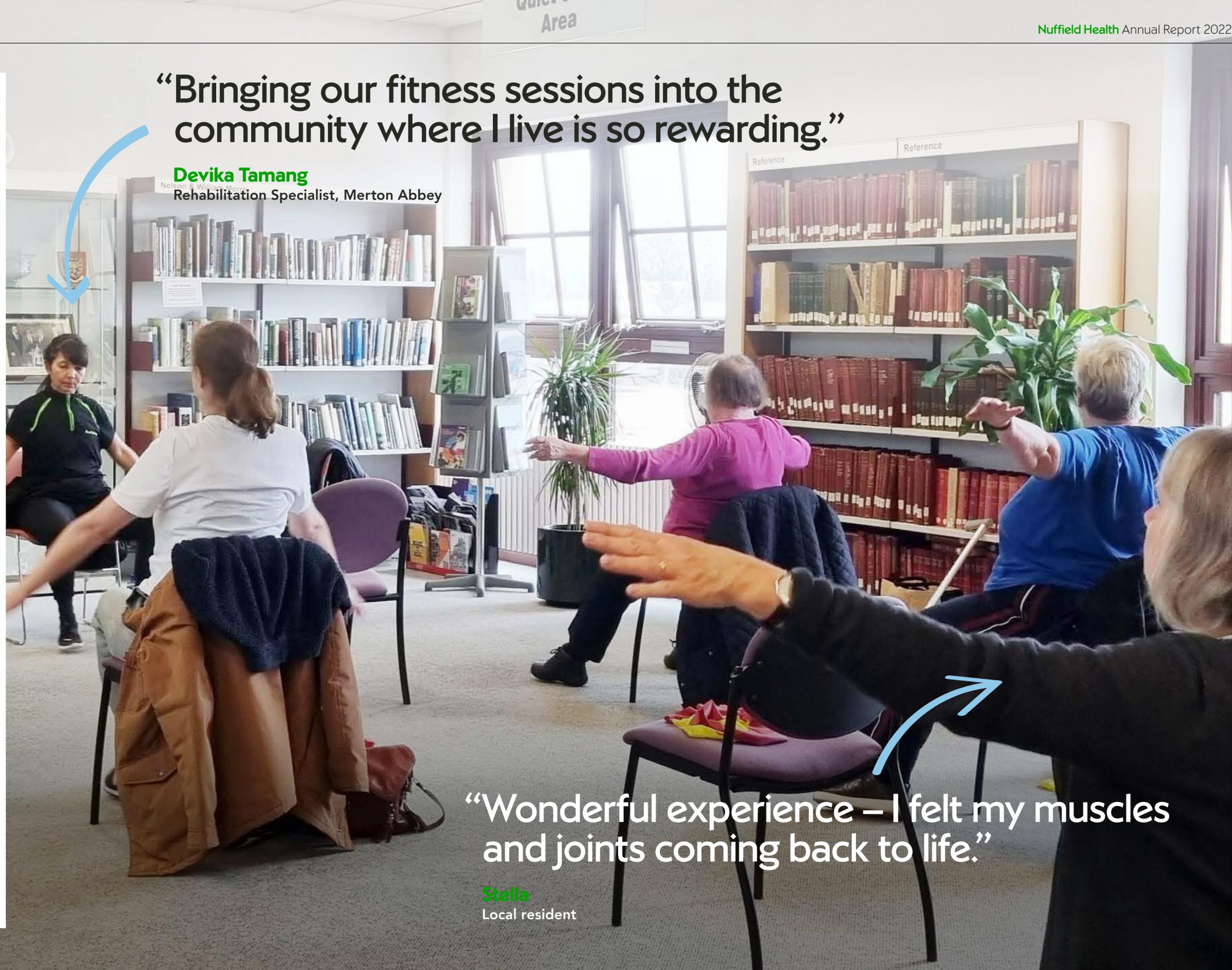
In October 2022, we partnered with the London Borough of Merton to launch an innovative community initiative to improve residents' health and wellbeing by providing free services at the borough's seven libraries. With 150,000 library members and an annual footfall of one million, we're helping to support unmet needs and address health inequalities in the local community.

Cost is a barrier for some residents, but libraries are open to all and host other free events, helping people to feel comfortable to walk in and find out more.

Our partnership with Merton Council involves experts from six of our local fitness and wellbeing centres and our Parkside Hospital. The libraries host weekly events, where our experts provide free seminars, group exercise and health checks. Residents are empowered to take control of their own health, and have access to events and education to help them to live more active, healthier lives. For those unable to attend in person, access to our free online wellbeing hub enables more people to connect to our services and resources remotely.



Click here
to visit our wellbeing hub



“Bringing our fitness sessions into the community where I live is so rewarding.”

Devika Tamang
Rehabilitation Specialist, Merton Abbey

“Wonderful experience – I felt my muscles and joints coming back to life.”

Stella
Local resident



Healthy WORK

Our areas of focus:



Health and wellbeing

We're creating a supportive and caring working environment where we prioritise the wellbeing of our people



Sense of belonging

As inclusive employers, we embrace all ethnicities, genders and disabilities, and listen to and welcome all views



Personal growth

We provide quality training and education to all our people, in every area of the Charity



3.4%

Gender Pay Gap

Our lowest figure in six years of public reporting and far below the national average of 14.9%

 [Click here to read the full report online](#)

Supporting our people to thrive

Our people are the heart of Nuffield Health, delivering outstanding care and services to our beneficiaries every day of the year. Recognising this, we're focused on building an inclusive, caring culture, where everyone feels they belong and can thrive. Through our Healthy Work strategy, we're investing in market-leading training, resources, and support to help our people excel in their careers.

During the year, with the rise in the cost of living, and an uncertain economic outlook, we gave extra support to those people at the lower end of the pay scale. Everyone earning £31,000 or less was paid an extra £300, with part-time colleagues receiving a pro-rated payment. In addition, we implemented the Nuffield Health Living Wage, which commits us to paying at least 5% above the National Living Wage for those age 25 years plus. We hope these payments go someway to making things easier for people during these difficult times.

We've continued to make progress on closing our gender and ethnicity pay gaps. Our average gender pay gap for 2022 is 3.4%, an improvement on the 5.9% reported last year. It's almost 50% lower than the figure recorded in 2017.

As we work towards building an inclusive and equitable culture, it's pleasing that we've maintained a positive ethnicity pay gap. We've seen a slight reduction, from 5.7% in 2021, to 4.4% in 2022, based on an improved ethnicity disclosure rate of 68%, compared to 60% in 2021. We're happy, therefore, that this year's data is more representative of the Charity as a whole. We're continuing to encourage people to complete their personal profiles through our online HR system, Workday. This will give us better data, as we work towards our goal of becoming a more diverse and inclusive employer.



“We all need someone who says you can do this.”

Justine Duda joined Guildford Hospital in 2015, as Matron, after a 30-year nursing career in the NHS. In 2021, she was appointed Hospital Director at Guildford and has since taken on the role of Hospital Director at Woking Hospital, alongside her existing duties. She says: “While my clinical experience helped me work with consultants and nursing teams, I lacked the financial knowledge of running a hospital. But I had an amazing mentor. We all need someone who says ‘you can do this’”

Justine believes having so many women at senior management and executive level provides positive role models and is empowering. “It demonstrates Nuffield Health’s commitment to equality,” she says.





Ensuring everyone has a voice

We're committed to creating a healthier nation that serves everyone, regardless of background, culture or ethnicity. We want our people to have the skills and expertise to provide respectful and equitable care. And that's why we're providing EDI (Equity, Diversity and Inclusion) training across all levels of the Charity.

Starting with our Executive Team and Governors, who completed a one-day workshop, which focused on the difference between safety and bravery, bystanding and advocating, and discussed changing terminology and the influence of privilege on perception.

We've introduced three new training sessions on: inclusion; banter and boundaries; and being an inclusive leader. Participants have found the training informative and thought-provoking.

We want to create a working environment where our people feel they belong and can be themselves. To help focus our efforts across the Charity, we've appointed our first Equity Specialist, Grace Boleyn-St Aubyn.

Equity Forum

Our 100-strong employee-led Equity Forum is making a significant impact on our progress as a fully-inclusive and diverse employer. In their quarterly meetings, the Equity Forum members have open and honest conversations where they share their opinions and experiences, provide feedback and advise on the Charity's strategic ambitions.

Now we have two diversity networks that sit under the Equity Forum, which are founded by our people. They are the Muslim Network and the Pride Network for LGBTQIA+ people. Both provide a safe space for people with similar beliefs or backgrounds to come together for advice, support and to enhance their careers.

Pride Network
Established in 2022



Jacqs Harper, Technology Director and Chair of the Pride Network, shares why the Network is playing a key role in supporting LGBTQIA+ colleagues.

Aims of the Network
"We're still growing our Network and reviewing our aims, but broadly, we want to create a community that can offer support to LGBTQIA+ colleagues and allies. We also hope to provide education on issues affecting the community. We have special interest areas, such as trans healthcare, that we are exploring with our Nuffield Health colleagues."

Achievements so far
"We're very excited for Pride month this year. The group was in its infancy in June 2022, but this year we're proud that we have grown to be 15-strong and have members from all areas of the country. We've matured as a group and we operate with a rotating chair, making sure everyone has an opportunity to contribute. We will be creating some content for Pride month this year that we hope everyone will find interesting and valuable."

Network support
"Personally, I love the feeling of solidarity and connection I get when attending our Pride meetings. It's great to share stories and experiences. It is good to have a group of colleagues who are supporting each other."

"Personally, I love the feeling of solidarity and connection."

Jacqs Harper
Pride Network Chair

"Members feel more able to bring their whole selves to work."

Abdul Ghafoor
Muslim Network Chair



Muslim Network
Established in 2022



Abdul Ghafoor, Head of Digital Products and Muslim Network Chair, explains that the Network is helping build a community.

Aims of the Network
"Our first aim is to improve employee engagement by actively listening and sharing relevant insights about our experiences. Secondly, we want to improve awareness of issues facing Muslim team members in the work environment. And lastly, we aim to support Nuffield Health's wider goals, including reducing health inequalities in faith-based communities by working with health professionals and policy makers to gain insight and access to target communities."

Achievements so far
"Membership is open to Muslim and non-Muslim colleagues, as well as those who are non-religious. We're building a community connected through faith, with people dispersed across Nuffield Health's hospital, clinical and fitness estate."

Network support
"Members feel more able to bring their whole selves to work, share their breadth of experience, and help the Charity reach its health goals in their local communities."



Embracing differences

Brighton Hospital's Ellen Herbert, Senior Staff Nurse, presented her dissertation research on transgender individuals' experiences in healthcare settings in the UK and USA at our Preceptorship programme. She shared that people had poor experiences, including being misgendered, being asked inappropriate questions and not receiving adequate care.

Ellen was voted 'best Preceptorship presentation of the year' and nominated for the 'rising star' award at the Royal College of Nursing Awards. Since then, Ellen has presented to various sites and provides a safe space for people to ask questions and learn more.

Clinical nurse specialist Liz Hills, also at Brighton Hospital, works closely with patients who come in for gender affirmation surgery. Liz says: "Education and training is crucial to help us avoid misgendering patients. From the moment they arrive and introduce themselves, we ensure that all team members know the patient's chosen name and correct pronouns. It means a lot to our patients that we actively try to support them in this way."

Sam Maundrell, Lead Nurse for Children and Young People's Services at our Oxford Hospital, and her team received an Outstanding rating after developing their services to be more inclusive of LGBTQIA+ young people. Simple changes, such as asking the right questions with confidence and compassion, and creating door signs with chosen names, have made a big difference.



Liz Hills
Clinical Nurse,
Brighton Hospital

Liz Hills
Clinical Nurse Specialist
Gender

Nuffield Health



Empowering our people to be the best

Learning and development

We're providing fulfilling learning experiences, quality training and education to all our people, across the Charity, to help them grow and develop their careers, through our healthy work strategy.

Our leaders are encouraged to mentor, coach and have positive conversations with their teams to support them with a development pathway that works for them. There are a number of learning solutions they can work towards, such as professional development and training opportunities, leadership development, qualifications and apprenticeships. We also provide funding for post-graduate qualifications, diplomas, degrees, Masters, PhDs and short courses.

The Charity embraces the Equality Act and ensures that all applicants and employees with disabilities are treated fairly and in line with the Charities values. This applies when individuals are applying for roles and during their employment, including; training, promotions and supporting their career development.

In the event of an employee becoming disabled, every effort is made and reasonable adjustments are considered with a view to ensuring that their employment continues and their training and development is unaffected.



Ways of learning

Our learning and development academy provides blended learning solutions supported by an innovative online training platform, which hosts a variety of resources, programmes and guides to help our people flourish in their roles. We encourage our people to learn in a way that suits them, as individuals, and we offer online as well as classroom-based learning.

Our award-winning 12-month Preceptorship programme supports newly qualified nurses as they transition from student to confident clinician. In 2022, we evolved the programme to become a multi-disciplinary model for nursing associates and allied health professionals, with 68 people having completed the training.

The programme sets them up for success in the early stages of their career, helps them thrive in their work and embeds our connected health offering from the start.

“We empower our people to be the best in their role – from being qualified in their profession to helping them excel in their careers.”

Owen Ledbetter
Professional Education Lead



85%
of apprentices are still working at the Charity two years after completing their qualification

108
leaders enrolled onto Foundation Leaders programme



592
people are on an apprenticeship programme

68
people completed our Preceptorship programme



Jazmin Cutter (right), Apprentice Nursery Assistant, Tunbridge Wells, won a Lifetime Learner Award in the 'Early Years Apprentice of the Year' category in 2022.

Apprenticeships fit for the future

Apprenticeships provide opportunities, where previously people had barriers to access learning and to career progression. Through the programmes, we offer time off to study, on the job mentorship and coaching to help people succeed.

Over 592 people are on our growing range of 50+ apprenticeship programmes, which level-up careers in all areas of the Charity, from healthcare, fitness and wellbeing, to our support function roles. A recent survey by Lifetime, the UK's largest apprenticeship training provider, showed that 85% of apprentices are still working at the Charity two years after completing their apprenticeship qualification.

This year, we continued to develop the apprenticeship leadership pathway with the Nuffield Health Foundation Leaders programme, which aims to support our leaders to deliver a great experience to their teams.



A day in the life of...

Jeffrey Napenas

Apprentice Personal Trainer,
Leatherhead



We're putting our apprentices first

05:00

The alarm goes off, then it's a dash to get ready and grab a coffee before heading to the fitness and wellbeing centre, where I'm a Personal Trainer (PT) Apprentice. When I was at school, I was overweight and lacked confidence. Then a friend took me to a gym and I never looked back. I'm passionate about helping people achieve their fitness goals, because it does so much more than tone muscles. It improves your self-esteem and each time you reach your target, it motivates you to do more.

06:00

I'm in early. It's my job to turn on the lights and do the usual safety checks in the gym, making sure the equipment is working, and everything is clean, ready for our members. Doors open at 6.30am and I make myself visible on the gym floor so people know they can ask me any questions.

08:00

The early rush has eased off and it's a bit more chilled. Later, I'm shadowing one of the qualified PT's training sessions. Watching how he trains a client really helps me, and gives me tips on how to give feedback and encouragement.

10:00

The gym's buzzing again and it's time for me to take a Synergy Circuit class. Either my Fitness Manager or another PT supervises me and gives feedback. I've also got two new member inductions this morning. I show them around the building, demonstrate equipment and answer any questions.

12:00

I'm starving! I'm going to eat in the staff room and catch up on course work. I recently did a two-day lifeguarding course. It centred on what to do if someone gets into trouble in the pool, or injured in the gym, and included first aid, so I want to go through my notes.

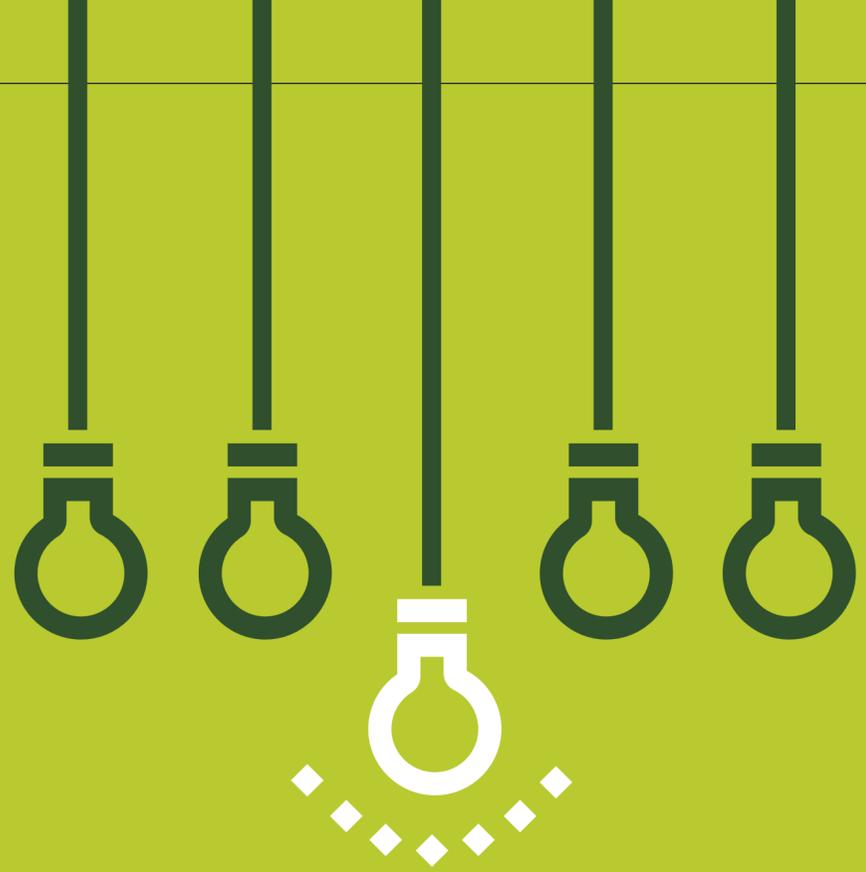
13:00

Twenty percent of an apprentice's week is set aside to allow us to develop our skills. This can focus on academic topics required to achieve PT qualifications, such as delivering personal training, nutrition, or applied anatomy and physiology. Today, though, I'm spending time with my manager to discuss my progress. Then, before the afternoon shift arrives, I have a walk around the gym floor to make sure everything's in order for a smooth handover.

14:00

I'm on my way to the station. The day's flown by and I've met some interesting people. I like the ethics of the Charity and there are lots of opportunities. One day, I'd like to be the coach for a professional team, such as rugby, football or basketball. But, for now, I'm earning and learning, and focused on being the best personal trainer I can be.

Healthy ENVIRONMENT



Our areas of focus:



Carbon footprint

We've set ambitious goals to reduce our carbon emissions and help build a healthier future



Recycling and waste

We're focusing on our waste streams and recycling, making improvements at every level



Sustainable healthcare

We're minimising wastage, protecting precious resources and focusing on creating a healthier supply chain



23m*

kWh saved in 2022 from our energy campaign

*Against a 2019 baseline and like-for-like comparison of 151 sites

Greener today for a healthier tomorrow

Climate change is the biggest threat to human health and we strongly believe that action to confront it must be taken now, not in a few years' time.

In 2022, we announced ambitious targets aiming to be carbon net-zero by 2030 for our own emissions, and net-zero by 2040. Already, by harnessing the support of our 17,000 people, we've made significant progress in reducing Scope 1 and 2 emissions, proving that small behavioural changes can make a big difference.

There's no doubt that tackling climate change is a huge challenge. But, by working collaboratively across the healthcare sector, we can transform the way care is delivered in the UK, and give us all a chance to curb the worst impacts on the environment.

Nuffield Health is committed to leading the way in openly sharing our progress in achieving our stretching targets, along with our ideas and insights. Our healthy environment strategy outlines the steps we're taking to be a greener Charity, and further reduce carbon emissions, improve waste management and recycling, and build a healthier supply chain.



Our first hydrotreated vegetable oil storage tank is being built at Wetherby HSSU to power our new lorries

We're upgrading Building Management Systems at our sites to drive operational efficiencies



Focusing on sustainable healthcare, nurses from across the sector graduated from our first ever Green Healthcare Leaders programme

We've swapped Ethyl Chloride cold spray for cool sticks to test effectiveness of nerve blocks and neuraxial anaesthesia





Our route to net zero

Strategy	How we achieved our 2022 goals	Plans for 2023	Plans to 2030
<p>To help us achieve net zero by 2040, we're focusing our actions on four key strategic areas:</p> <div style="display: flex; flex-direction: column; gap: 10px;"> <div style="background-color: #c8e6c9; padding: 5px;">  <p>Property and operations Investing in our infrastructure and getting the basics right, to drive efficiencies across our estate</p> </div> <div style="background-color: #c8e6c9; padding: 5px;">  <p>People Driving behavioural change and equipping our people with the knowledge and skills to help us reduce emissions</p> </div> <div style="background-color: #c8e6c9; padding: 5px;">  <p>Procurement Working with our suppliers to understand their carbon footprint and ensure their practices are aligned to ours</p> </div> <div style="background-color: #c8e6c9; padding: 5px;">  <p>Greener surgery Focusing on care pathways and delivery models to reduce our environmental impact, whilst maintaining quality</p> </div> </div>	<p>Property and operations</p> <ul style="list-style-type: none"> • Energy efficiency programme • Lagging upgrades • Installation of automatic water meters • Installation of LED lighting <p>People</p> <ul style="list-style-type: none"> • #SwitchOff energy employee engagement campaign • Green Healthcare Leadership programme <p>Procurement</p> <ul style="list-style-type: none"> • Supplier code of conduct refresh • Procurement policies updated <p>Greener surgery</p> <ul style="list-style-type: none"> • Removal of Desflurane anaesthetic volatile • Reusable products 	<p>Property and operations</p> <ul style="list-style-type: none"> • Installation of LED lighting • Upgrades to Building Management Systems • Lagging upgrades • Theatre ventilation programme <p>People</p> <ul style="list-style-type: none"> • Recycling employee engagement campaign • Employee commuting survey • Electric company car fleet • Sustainability training <p>Procurement</p> <ul style="list-style-type: none"> • Strategic supplier engagement programme • Supplier workshop <p>Greener surgery</p> <ul style="list-style-type: none"> • Change anaesthetic gas delivery route • Leakage detection • Focus on reusable products e.g. gowns 	<p>Property and operations</p> <ul style="list-style-type: none"> • Low-emissions building policy • Low-emissions transport fuels • Install solar PV • Replace gas boilers • Install EV charging points <p>People</p> <ul style="list-style-type: none"> • Review travel policy • Employee commuting • Introduce other green commuting schemes • Embed sustainability in recruitment and onboarding <p>Procurement</p> <ul style="list-style-type: none"> • Remaining supplier engagement programme • Annual supplier workshop • Journey and product-specific emissions <p>Greener surgery</p> <ul style="list-style-type: none"> • Reusables • Reduce single use plastics • Reduce emissions in care pathways



A greener supply chain

Achieving our ambitious net-zero goals will depend on our ability to work collaboratively with the companies we deal with. During the year, we've been engaging with our suppliers to make them aware of our net-zero targets, and discussing our plans to decarbonise emissions embedded in the products and services we purchase across the Charity.

If suppliers have the data available, Scope 1, 2 and 3 information will be collected annually and fed into Nuffield Health's Scope 3 calculations. This will allow us to accurately track emission reductions.

We've been embedding criteria into our procurement processes to encourage suppliers to take climate related action. However, we're aware that, for many companies, this is the start of their journey to net-zero, so we're working with them to understand how and when they are going to achieve emission reductions.

Looking ahead, in 2024, we'll be supporting suppliers through the development of a comprehensive online information hub and educational workshop.



“Eradicating Desflurane from our hospitals is a significant step towards reaching net zero by 2040.”

Dr Sumit Das
Consultant Paediatric Anaesthetist at Nuffield Health Oxford Hospital



One bottle of Desflurane has the same global warming effect as burning 440 kg of coal

Removal of harmful anaesthetic gases

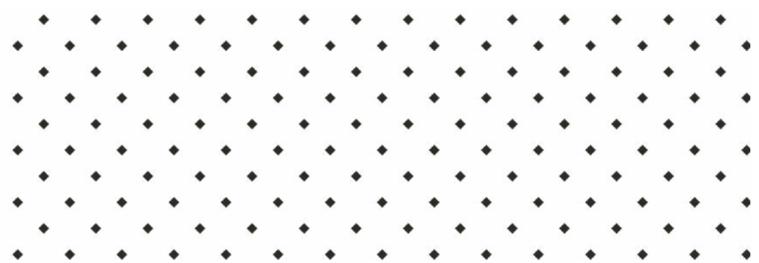
Through our Greener Surgery programme, we're replacing products that are environmentally harmful with alternatives that have a lower carbon footprint and we're moving away from single use products to reusables.

Anaesthetic gases are commonly used as part of hospital surgery. Desflurane is one of the most common anaesthetic gases used in the NHS and independent sector hospitals. However, Desflurane is also one of the most environmentally harmful gases. One bottle has the same global warming effect as burning 440 kg of coal.

In October, we stopped the procurement of Desflurane and stopped all usage across our 37 hospitals from the beginning of the year. They are now using more Sevoflurane, which has a much lower carbon footprint - 130 times more warming than CO₂ over 100 years, compared to Desflurane which is 2,540 times more warming over the same period.

1,000

tCO₂e saved in 2022 from stopping use of Desflurane





Driving behaviour change

In 2022, we ran our first employee engagement campaign, #SwitchOff, to inspire, educate and empower our people to take action and encourage behaviour change.

#SwitchOff showed our people how making small changes, such as turning off lights and computers at the end of the working day, can help to reduce energy usage. Sites were equipped with a variety of tools, from stickers reminding people to switch off equipment, and posters encouraging conversation, to screensavers on every computer.

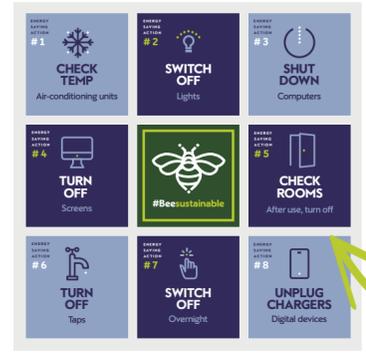
Our people used their creativity, and took videos and photos showing how they were being energy efficient. These were shared on our internal Yammer news page so everyone across the Charity could be inspired. A dashboard, showing monthly energy usage and associated carbon emissions, was key to the delivery of the #SwitchOff campaign, and helped drive a huge annual reduction in energy across the Charity.

Our people play a vital role in helping us drive positive change to become a sustainable Charity. We'll continue to involve and engage them in our drive to become more energy efficient.



A toolkit to educate and inspire our people to make small changes everyday

#SwitchOff encouraged teams to get creative and share their ideas



Simple actions led to energy savings across the Charity

Our impact based against a 2019 baseline and like-for-like comparison of 151 sites





Introducing the Green Healthcare Leaders programme

Our Green Healthcare Leaders programme was launched in October 2022, in partnership with the Florence Nightingale Foundation. As part of the programme, which champions nurse-led environmental sustainability, 18 nurses from across the independent sector completed the challenge of implementing quality improvement projects to support environmental sustainability in the workplace.

These projects will help create significant change in the way certain procedures and pathways are delivered, and lead to a reduction in environmental impact. They include carbon reduction and waste management initiatives that have resulted in greater use of reusables, and a reduction of clinical waste, as well as de-carbonisation of patient pathways.

The projects were judged at a prestigious graduation ceremony, with the winning nurse achieving a Florence Nightingale Leadership Scholarship, offering a once-in-a-lifetime opportunity to develop their nursing career.

Rachael has been awarded with a Florence Nightingale Foundation scholarship for her sustainable healthcare project



Protecting our future

RACHAEL BROWN

Infection Prevention Nurse, Warwickshire Hospital

Rachael was awarded a Florence Nightingale Foundation scholarship for her sustainable healthcare project, delivered as part of our Green Healthcare Leaders Programme. We asked Rachel to tell us more about her winning project, and why she was inspired to take part in the programme.

“We all have a responsibility to protect our healthcare systems and ensure its sustainability for future generations, especially in the current environmental and economic climate. I’ve always been passionate about protecting the environment and the programme offers a supportive learning space to develop leadership and influencing skills, while focusing on sustainability.

My project considered the impact of reducing and removing the use of blue paper couch roll in hospitals.

From an infection prevention point of view, they serve little purpose. At Warwick Hospital alone, the paper used for the couch covers was the equivalent of 55 miles of paper in one year! We’ve now reduced usage across the hospital and it’s been well received by the clinical teams.

In my role as Infection Prevention Nurse, I’m responsible for ensuring our patients are treated in the safest possible environment, to reduce the risk of them contracting infections. Historically, infection prevention used huge amounts of single use products, which had a significant impact on hospital waste and carbon emissions. This wasn’t helped by the pandemic, when single-use PPE increased exponentially.

Now, we can be far more sustainable as we look for changes that can help preserve the future of healthcare. Keeping patients safe is the main priority, but we can definitely do this in a more environmentally friendly way.

I’m very excited to have won the Scholarship and to have the opportunity to continue learning and developing my nursing skills sustainably.”

The potential impact to Warwickshire Hospital by reducing the use of couch roll



miles of couch roll paper saved in one year – the equivalent of 7.5 trees



reduction in clinical waste per year



reduction in CO₂e per year



cost saving to the hospital per year



Lagging work is underway across the estate to prevent heat loss and improve efficiency

Streamlined Energy and Carbon Reporting

This report summarises our energy usage, associated emissions, energy efficiency actions and energy performance under the government policy Streamlined Energy & Carbon Reporting (SECR). This is implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Also, it summarises the methodologies utilised for all calculations related to the elements reported under energy and carbon.

Nuffield Health is a UK incorporated business and charity. Under SECR legislation we are mandated to include energy consumption, emissions, intensity metrics and all energy efficiency improvements implemented in our most recent financial year, for our UK operations.

An operational boundary has been applied for the purposes of the reporting.

A total of 5.15% of consumption data used for SECR has been estimated to achieve 100% data coverage.



Energy and Emissions breakdown

Our Scope 1 and 3 direct emissions (combustion of natural gas and transportation fuels) for this year of reporting are 43,888.50 tCO₂e, resulting from the direct combustion of 238,914,106 kWh of fuel. This represents a carbon increase of 13.54% from last year.

Scope 2 indirect emissions (purchased electricity) for this year of reporting are 22,191.03 tCO₂e, resulting from the consumption of 114,753,510 kWh of electricity purchased and consumed in day-to-day business operations. This represents a carbon emission increase of 4.66% from last year.

Our operations have an intensity metric of 5.97 tCO₂e/kWh per full time equivalent (FTE) employee for this reporting year. This represents an increase in the operational carbon intensity of 2.88% from our previous reporting year.

Group total consumption (kWh) for energy supplies

The tables show the consumption and associated emissions for this reporting year for our operations throughout the UK, with figures from the previous reporting period included for comparison.

Group consumption and emissions include Nuffield Health and Aspen Healthcare operations. Aspen Healthcare was purchased by Nuffield Health in October 2021 and the Group 2021 figures include three months of Aspen Healthcare operations. The Group 2022 figures include a full 12 months of Aspen Healthcare.

We have elected to voluntarily dual report for this reporting year, utilising market based emissions factors, to demonstrate the carbon reduction achieved by renewable electricity procurement. The methodology is outlined on page 41.

 **Scope 1 consumption and emissions** include direct combustion of natural gas and fuels utilised for transportation operations, for example, company vehicle fleets

 **Scope 2 consumption and emissions** cover indirect emissions relating to the consumption of purchased electricity in day-to-day business operations

 **Scope 3 consumption and emissions** refer to emissions resulting from sources not directly owned by us. This relates to grey fleet (business travel undertaken in employee-owned vehicles) only.

In 2023 new chillers will be installed with heat recovery, to save energy



Group UK total energy consumption (kWh)

Utility and scope	2022 consumption (kWh)	2021 consumption (kWh)
Gaseous and other fuels (Scope 1)	233,156,088	202,888,971
Transportation (Scope 1)	4,153,668	5,348,048
Scope 1 total	237,309,756	208,237,019
Grid-Supplied Electricity (Scope 2)	114,753,510	99,860,916
Scope 2 total	114,753,510	99,860,916
Transportation (Scope 3)	1,604,350	1,092,074
Scope 3 total	1,604,350	1,092,074
TOTAL	353,667,616	309,190,009

Group total Location and Market-based emissions (tCO₂e)

Utility and scope	2022 consumption tCO ₂ e Location-based	2022 consumption tCO ₂ e Market-based	2021 consumption tCO ₂ e Location-based	2021 consumption tCO ₂ e Market-based
Gaseous and other fuels (Scope 1)	42,560.31	42,560.31	37,161.14	37,161.14
Transportation (Scope 1)	958.06	958.06	1,240.09	1,240.09
Scope 1 total	43,518.37	43,518.37	38,401.23	38,401.23
Grid-Supplied Electricity (Scope 2)	22,191.03	3,892.41	21,203.47	2,118.01
Scope 2 total	22,191.03	3,892.41	21,203.47	2,118.01
Transportation (Scope 3)	370.13	370.13	253.23	253.23
Scope 3 total	370.13	370.13	253.23	253.23
TOTAL	66,079.53	47,780.91	59,857.93	40,772.47

Group UK emissions Intensity Metric

Intensity metric	Location-based tCO ₂ e		
	2022	2021	Percentage change
All Scopes tCO ₂ e per FTE	5.97	5.80*	2.88%

*Includes Aspen October-December 2021



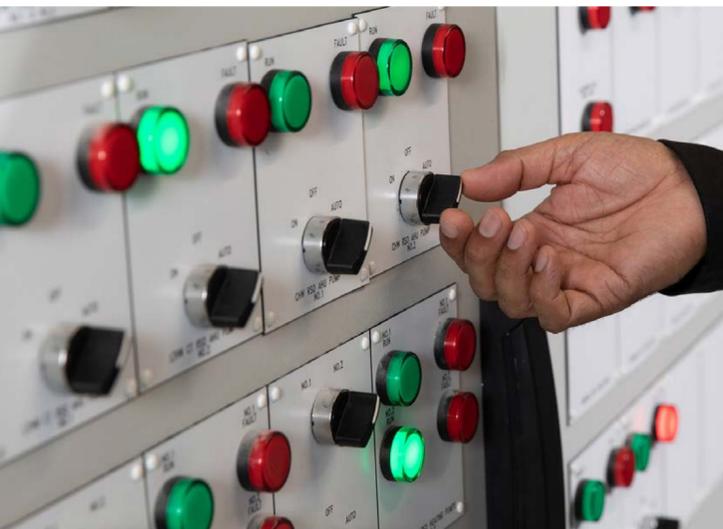
Annual reporting figures: Aspen

In 2021, Nuffield Health acquired Aspen Healthcare, which became part of the wider Group from October. This year, Aspen's full consumption and emissions have been included and presented separately to show it's proportion of emissions against the Group. The tables show the consumption and associated emissions for this reporting year for Aspen's operations throughout the UK, with figures from the previous reporting period included for comparison.

Scope 1 consumption and emissions include direct combustion of natural gas and fuels utilised for transportation operations, for example, company vehicle fleets

Scope 2 consumption and emissions cover indirect emissions relating to the consumption of purchased electricity in day-to-day business operations

Scope 3 consumption and emissions refer to emissions resulting from sources not directly owned by us. This relates to grey fleet (business travel undertaken in employee-owned vehicles) only.



Aspen Healthcare total energy consumption (kWh)

Utility and scope	2022 consumption (kWh)	2021 consumption (kWh)
Gaseous and other fuels (Scope 1)	11,461,994	9,676,867
Transportation (Scope 1)	–	–
Scope 1 total	11,461,994	9,676,867
Grid-Supplied Electricity (Scope 2)	6,958,487	7,236,842
Scope 2 total	6,958,487	7,236,842
Transportation (Scope 3)	28,182	–
Scope 3 total	28,182	–
TOTAL	18,448,663	16,913,709

Aspen Healthcare total emissions (tCO₂e)

Utility and scope	2022 consumption (tCO ₂ e) Location-based	2021 consumption (tCO ₂ e) Location-based
Gaseous and other fuels (Scope 1)	2,092.28	1772.41
Transportation (Scope 1)	–	–
Scope 1 total	2,092.28	1772.41
Grid-Supplied Electricity (Scope 2)	1,345.62	1,537.60
Scope 2 total	1,345.62	1,537.60
Transportation (Scope 3)	6.50	–
Scope 3 total	6.50	–
TOTAL	3,444.4	3,310.01





Energy efficiency improvements

We're committed to improving overall efficiency. A programme of energy efficiency measures has been compiled, with a view to implementing these measures in the next five years.

Measures ongoing and undertaken through 2022

Renewable energy

We continue to prioritise the procurement of low carbon, renewable power through electricity supply contracts. We also choose natural sources of energy such as solar and wind over energy derived from high carbon fossil fuels.

Energy efficiency campaign

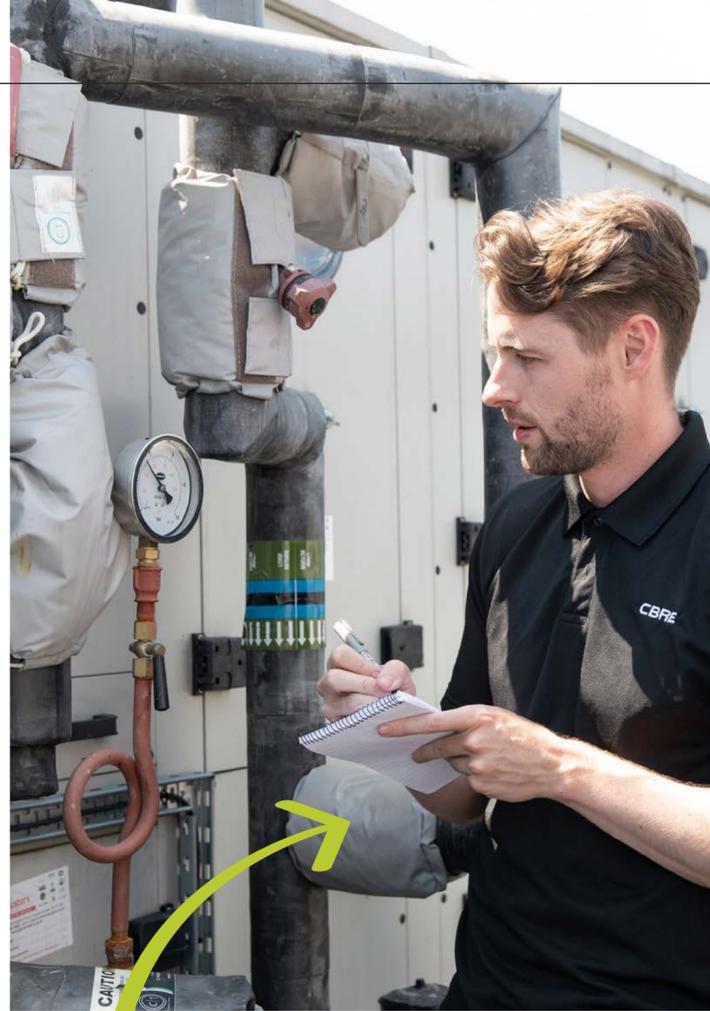
Nuffield Health provides check sheets and clear narrative on what the sites can do locally to lower their energy usage, with a large focus on what can be switched off when not in use.

Automatic control theories

In 2022, we completed a series of updates to its automatic control theories on the Pool and Changing Room Air Handling Units (AHU).

Other projects undertaken in 2022

- Compensated setpoints installed on boilers and chillers
- Lagging (heat insulation) phase 1 completed



Carrying out regular maintenance ensures our equipment operates at optimum levels

Measures prioritised for implementation in 2023

Carbon targeting

Nuffield Health will continue its journey to reduce the carbon footprint of the Charity, and is committed to being net zero. This will include further emissions capturing and the expansion of carbon targets.

Heat insulation

After a successful round of lagging undertaken at our fitness and wellbeing centres in 2022, we have commenced phase 2 and 3 of the project in 2023.

BMS upgrades

In 2023, Nuffield Health will look to improve its Building Management System (BMS) by upgrading technologies at 28 sites across the country.



Compliance responsibility

This report has been prepared by the ESG division of Inspired PLC for Nuffield Health by means of interpreting the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 as they apply to information supplied by Nuffield Health and its energy suppliers.

Nuffield Health's registered CEO and CFO are responsible for complying with the Regulations. They must be satisfied that to the best of their knowledge, all relevant information concerning Nuffield Health's organisation structure, properties, activities and energy supplies has been provided to Inspired PLC.

This includes details of any complex ownership structures (for example, private equity funds, franchises for private finance initiatives) and electricity/gas usage that is covered by EU Emissions Trading Scheme (ETS) or Climate Change Agreements (CCA) scheme generated on-site (including Combined Heat and Power (CHP)), or supplied to/from a third party (i.e. not a licenced energy supplier or a landlord/tenant).

Reporting methodology

This report (including the Scope 1, 2 and 3 consumption and CO₂e emissions data) have been developed and calculated using the GHG Protocol – A Corporate Accounting and Reporting Standard (World Business Council for Sustainable Development and World Resources Institute, 2004); Greenhouse Gas Protocol – Scope 2 Guidance (World Resources Institute, 2015); ISO 14064-1 and ISO 14064-2 (ISO, 2018; ISO, 2019a); Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance (HM Government, 2019).

Government Emissions Factor Database 2022 version 1 has been used, utilising the published kWh gross calorific value (CV) and kgCO₂e emissions factors relevant for reporting period 1 January 2022 – 31 December 2022.

Estimations were undertaken to cover missing billing periods for properties directly invoiced to Nuffield Health. These were calculated on a kWh/day pro-rata basis at meter level. For properties where Nuffield Health is indirectly responsible for utilities (i.e. via a landlord or service charge), the median consumption for properties, with similar operations was calculated at meter level and applied to the properties with no available data. These full-year estimations were applied to 58 electricity supplies and 25 gas supplies. All estimations equated to 5.15% of reported consumption.

Following an improvement in data collection during 2022 to transport emissions (Scope 1 & 3), 2021 transport emissions have been re-calculated for a more comparable result.

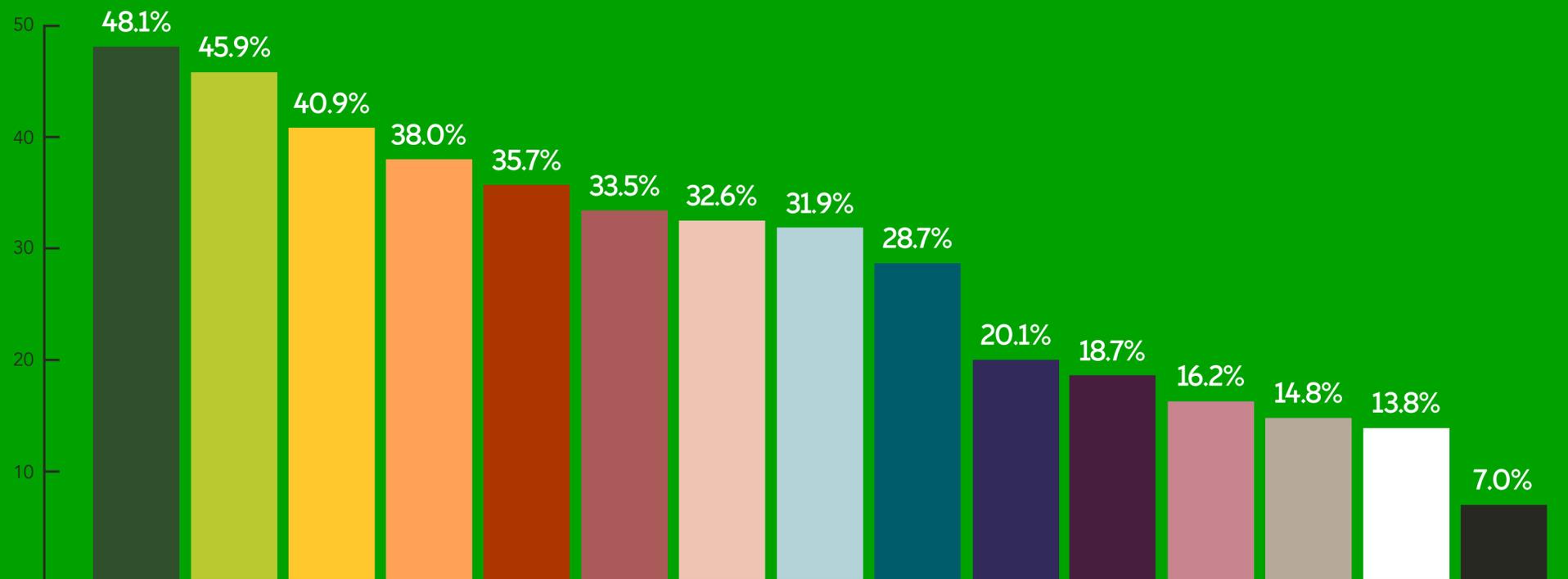
Nuffield Health's electricity is supplied on a renewable contract for sites directly within its control. Market based calculations have been applied to sites that are not directly controlled by Nuffield Health using the UK average energy blend emission factor.

Intensity metrics have been calculated using total tCO₂e figures and the selected performance indicator agreed with Nuffield Health for the relevant report period, full time equivalent (FTE) employee 11,074 (2021 – 10,315).



63.2%

of adults surveyed in our Healthier Nation Index say that the cost of-living crisis has had a negative impact on the health of people in the UK, followed by:



- ◆ Processed food
- ◆ Lack of physical activity
- ◆ Loneliness and social isolation
- ◆ Lack of mental health support
- ◆ Unhealthy food advertising
- ◆ Lack of time spent outdoors
- ◆ Social media
- ◆ Long-term effects of the pandemic
- ◆ Burnout
- ◆ Lack of investment in health/sports
- ◆ Lack of suitable outdoor spaces for physical activity
- ◆ Extreme weather (heatwaves, etc.)
- ◆ Impact of climate change (e.g. heatwaves, flooding)
- ◆ Government health policy
- ◆ Nothing is having a negative impact on UK health



Research and development

As part of our commitment to build a healthier nation, we carry out our own research and partner with major organisations to help advance knowledge in the field of health and wellbeing. We seek to share our findings, evidence-based outcomes, and experience across the health and fitness sector in the UK and abroad, and with regulatory bodies.

Our aim is to drive industry-leading outcomes for our beneficiaries, and encourage behaviours that prevent ill health in disadvantaged communities and the wider population. Nuffield Health's current research is free for anyone to download and view.



[Click here to read more](#)



Shaping the future of healthcare for all

As a research active organisation, we carry out translational work across public health. This provides us with the evidence to design and deploy life-changing therapies for our beneficiaries and the wider public. We strive to lead in the field of population health and have demonstrated our impact by informing national treatment guidance for long-term conditions.

In publishing and sharing research with organisations, we raise public, industry and regulatory awareness and understanding of important healthcare issues.



Manchester Institute of Health and Performance

The Manchester Institute of Health and Performance (MIHP) is a world-class centre for research and innovation, focusing on sports medicine and education. It brings together elite and community sport, and inspires change in disadvantaged communities.

Using the same state-of-the-art equipment and facilities that support elite athletes, MIPH undertakes clinical research to measure the impact of our free community programmes. It also pilots new programmes before we roll them out into the community.

Our team of specialist healthcare researchers, clinicians and experts provide us with evidence of the power of structured exercise in addressing the symptoms of conditions such as joint pain and long-COVID. This ensures that our beneficiaries are receiving tried and tested treatments, which can improve their health and care for years to come.

“Our approach to research champions transparency and open access.”

Professor Ben Kelly
Data Operating Model Director



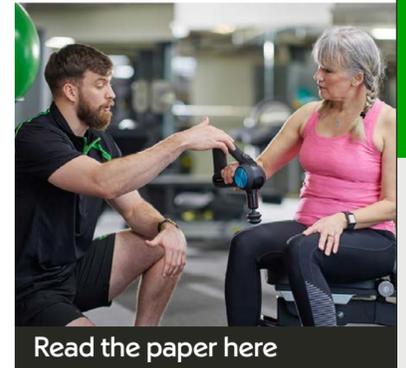
Manchester Metropolitan University and Nuffield Health formed a collaborative partnership in October 2018. Its purpose is to develop proactive, personalised healthcare and support healthy living through research, innovation, education and workforce development.

Our aim is to build a healthier nation through the design of pioneering and innovative approaches to healthcare and supporting healthy living. By expanding knowledge and contributing to society, the work will support individuals and communities in maximising and maintaining their wellbeing. Additionally, the outputs from all collaborative projects will extend reach to quality health and care. This will be achieved through evaluating the most efficient ways to deliver health care services so that they may be readily adopted by the national health service and/or be delivered in a truly affordable manner to those in most need.

Academic papers

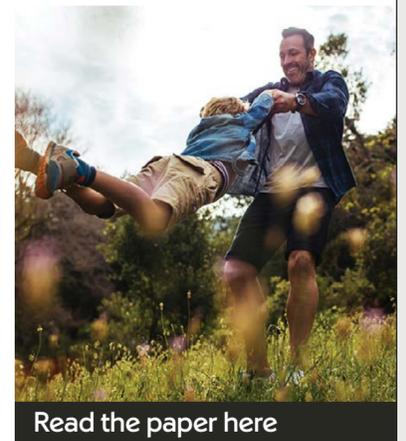
We recently published outcomes from both our Joint Pain and long-COVID Rehabilitation Programmes in peer-reviewed, open-access journals, underlining our commitment to the sharing of knowledge.

The outcomes from the Joint Pain programme were published in the Frontiers in Rehabilitation Sciences journal, and demonstrate the effectiveness of combined exercise and education in improving the function and wellbeing of hip and knee osteoarthritis, while also reducing the symptoms.



[Read the paper here](#)

The initial findings of our COVID-19 Rehabilitation programme were published in the Frontiers in Medicine journal, and showed that symptoms improved through a 12-week scalable and blended rehabilitation solution. It's clear that the programme meets the urgent need for an effective intervention to support those experiencing long-COVID.



[Read the paper here](#)

Looking ahead

Evidence-based research allows us to provide life-changing treatments and solutions to prevent and manage a range of conditions affecting people's health and wellbeing. During 2023, research will continue to be a key activity. We're committed to sharing our findings, across the healthcare sector, including those from the STAMINA clinical trial that we're conducting in collaboration with Sheffield Hallam University (see page 45).



A barometer of the nation's health

Our Healthier Nation Index is a comprehensive review and barometer of all aspects of our health. We survey 8,001 adults in the UK and ask 30 questions on various aspects of their lifestyle, health and wellbeing.

In 2022, our Index showed that the average Brit was completing just 40 minutes of vigorous activity per week – 35 minutes less than the NHS recommendation.

To increase this number, we launched our #Find5 campaign, encouraging the nation to find five additional minutes each day to focus on their physical health, bringing us closer to that recommended target.

Now in its third year, the 2023 Index reveals the serious impact the cost-of-living crisis is having on the country's wellbeing and highlights the link between people's financial means and their physical and mental health.

When people were asked what they thought was having the biggest impact on the nation's overall health, 63% said the cost of living was having the most significant impact, followed by lack of physical activity 46% and lack of mental health support 38%.

To address this, we're building on our #Find5 campaign by calling on the nation to spread the word and encouraging everyone to #Find5 extra minutes per day to focus on their physical and/or mental wellbeing.

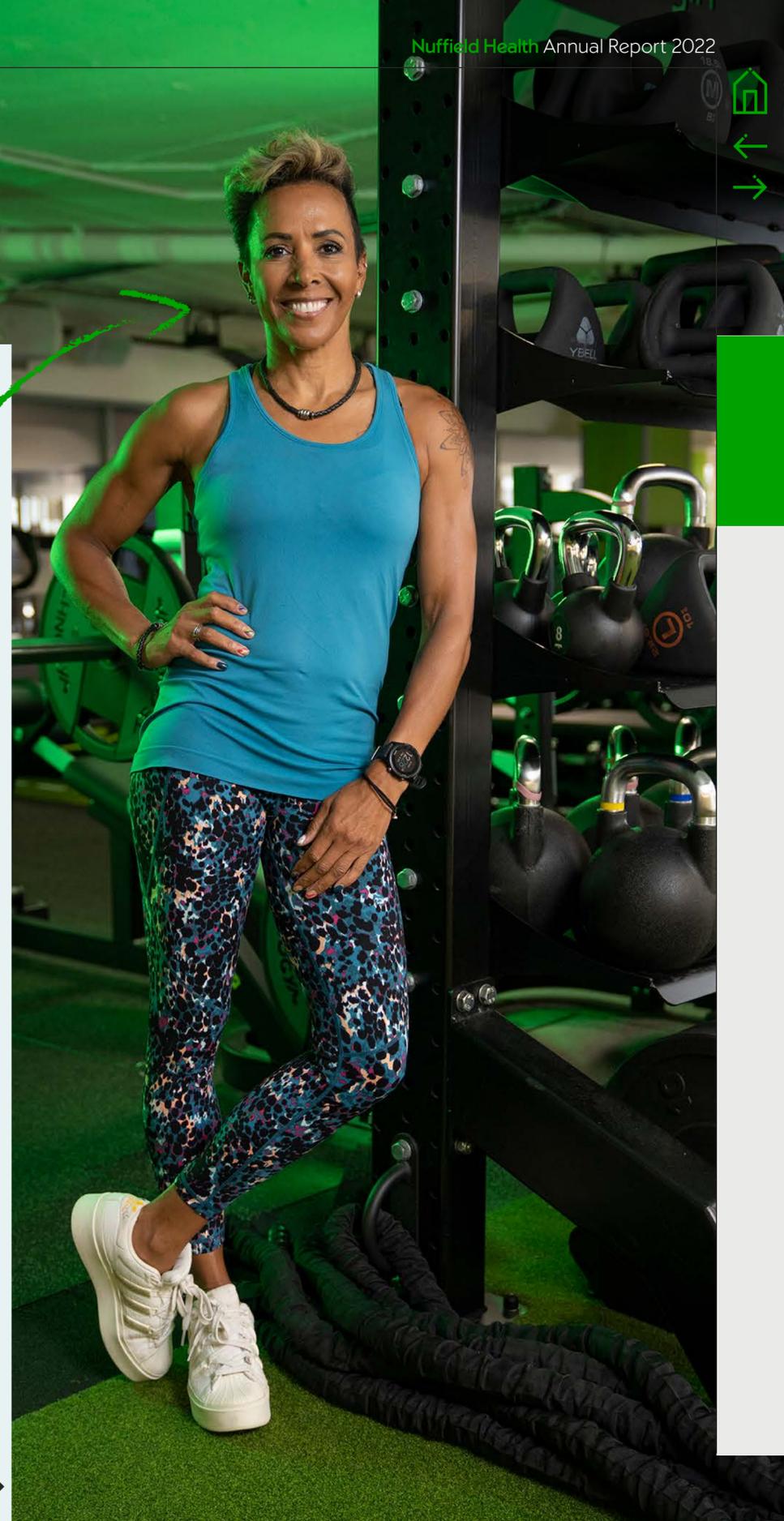
“To me, #Find5 is about being in tune with your mind and body and making conscious changes. I’m trying to actively make better decisions to benefit my mental health, whether it’s putting my phone down, focusing on breathing and meditation or moving my body for an extra five minutes.”

Dame Kelly Holmes

Double Olympic Champion Dame Kelly Holmes has been in the spotlight for her physical achievements for many years. However, she admits that the benefits of physical movement are only part of the reason why she does it.

Dame Kelly has spoken openly and candidly about her experiences with mental health and the struggles that she has faced, often in private and silence due to the attention her achievements drew from the media and public.

She has experienced firsthand the impact physical activity has on mental fitness and is now an advocate for raising awareness of the intrinsic link between the two. For the past year, Kelly has been supporting our #Find5 campaign and helping to raise awareness of the link between body and mind – a topic she is incredibly passionate about.



Our key findings



47%

of adults say that healthy food was too expensive to cook at home, due to the cost of energy



59%

of adults say that the cost-of-living crisis has had a negative impact on their mental health in the past year

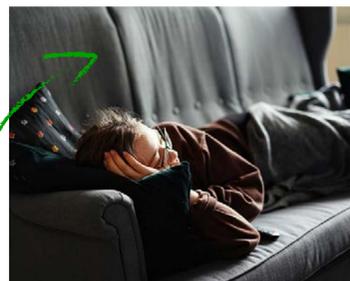
63%

of adults say that the cost of living was having the biggest impact on the nation's overall health



60%

of adults say that the cost-of-living crisis has had a negative impact on their physical health in the past year





“Working with these men has been a career highlight for me”

Simon Francis, Rehabilitation Specialist and Fitness Manager, at our Plymouth fitness and wellbeing centre, says working with the STAMINA group has been a career highlight.

“As we deliver the group sessions, it’s clear that the true value of STAMINA is the shared experience. A community has developed, and we have lots of laughs. The men share their experiences of their treatments.

One of our gents said that, after receiving his diagnosis and subsequent treatment, he felt vulnerable and scared. But, having joined the programme and started his journey to increased fitness and strength, he couldn’t believe how much safer he felt.

The STAMINA community has given these men an improved feeling of self-worth and increased their enjoyment of life. It’s wonderful to be part of it.”

“The positivity and joy of the men is infectious.”

Kate Palmer
Rehabilitation Specialist, Sheffield

The impact of supported exercise on quality of life

Prostate cancer is the most common form of cancer in men, with more than 52,000 diagnosed every year.* Around half undergo androgen deprivation therapy (ADT), a hormone treatment that can cause a range of lifelong distressing side effects, including hot flushes, depression and loss of muscle mass.

In 2018, Nuffield Health partnered with Sheffield Hallam University in a five-year research study, STAMINA, looking at the effectiveness of long-term supported exercise and its impact on improving quality of life and reducing cancer-specific fatigue for men undergoing ADT.

If found clinically effective, STAMINA will be the first evidence-based intervention of its kind. Findings will have the potential to help those living with different forms of the disease or other long-term health conditions. In March 2022, the main trial went live in 18 Nuffield Health fitness and wellbeing centres. Nearly 400 men, referred by 16 NHS Trusts, have so far joined a 12-month structured programme of exercise, individually tailored to their needs, delivered by 70 clinically trained Rehabilitation Specialists, all expert Personal Trainers.

Dr Sophie Reale, Research Fellow at Sheffield Hallam University, is part of the

400

men on the Nuffield Health programme by 2023

70

clinically trained rehabilitation specialists delivering the programme

18

fitness and wellbeing centres launched the trial in March 2022

core research team. She explained that the NHS has long recommended exercise to patients undergoing ADT. “However, it became clear that, unless the intervention is embedded within the care programme, with ongoing support, the patient’s interest wanes and benefits are lost. So, as well as testing the results of STAMINA on the health and wellbeing of the patients, we’re looking at whether a supported exercise programme can be delivered cost effectively in the community and embedded permanently into the NHS’ prostate cancer care plan,” she said.

Aidan Innes, Outcomes Design Lead at Nuffield Health, says: “Our Personal Trainers are experts in exercise prescription. By upskilling them to become Rehabilitation Specialists, supporting clinical populations such as men with prostate cancer, we are leading the way in developing a workforce to support long-term conditions.”

The final participants complete the trial in the summer of 2024, after which the data will be analysed. Comparisons will be made with a similar number undergoing ADT treatment and receiving NHS best practice ‘usual care’, based on the National Institute for Health and Care Excellence (NICE) guidelines. It’s expected that the findings will be published by 2025.

*prostatecanceruk.org



Engaging with our stakeholders

Our #Find5 event at the House of Commons engaging MPs and sector stakeholders

Engaging with our key stakeholder groups is fundamental to the success of the Charity. Their views and concerns are important to us as we strive to meet our purpose to build a healthier nation. Each and every one of them plays an impactful part in the development and success of this great Charity.

Our values and sustainability criteria are close to our hearts. We, therefore, work only with people and organisations that support our stance, and with whom we can learn and grow together.



Our stakeholder groups

We're building a healthier nation. Starting with you



 OUR PEOPLE	 BENEFICIARIES	 HEALTHCARE PARTNERS
<p>Why we engage We will only achieve our purpose to build a healthier nation if we have the support and commitment of our people, at all levels, across the Charity. They are the beating heart of Nuffield Health.</p>	<p>Why we engage We aim to provide outstanding levels of healthcare and wellbeing services to our beneficiaries. It's only by giving a voice to the people who use our services that we can continually improve and develop.</p>	<p>Why we engage We pride ourselves on working with the best healthcare partners and consultants, including the NHS, private medical insurers (PMIs), and research experts. They are aligned to our purpose to build a healthier nation.</p>
<p>How we engage</p> <ul style="list-style-type: none"> • CEO monthly video, gives an update on what's happening across the organisation • Leadership and business briefings • Peakon employee survey • Extranet and Yammer internal newsfeed • Healthy work hub • Freedom to Speak Up (FTSU) Guardians • Bright Ideas platform • WeCARE values recognition scheme • Workday HR system. 	<p>How we engage</p> <ul style="list-style-type: none"> • Face to face through our people, at our hospitals, medical centres, and fitness and wellbeing clubs • Feedback from beneficiaries and our people • Customer satisfaction surveys • Patient forums • Contact centre • Our social media channels, digital, video and our website • Leaders' site visits. 	<p>How we engage</p> <ul style="list-style-type: none"> • Provision of high-quality services to our partners and consultants • Hospital directors engage directly with local NHS Trusts to deliver services and support aligned to their needs • Regular meetings with PMIs to ensure our connected healthcare approach is providing quality outcomes for their customers • Regular local and national level communications with consultants, including surveys, newsletters and face-to-face meetings.
<p>Outcomes of engagement</p> <ul style="list-style-type: none"> • An employee-led Equity Forum • Creation of networks supporting our Muslim, LGBTQIA+, black, and disabled colleagues • Gender and Ethnicity pay gap reports • An Employee Value Proposition setting out who we are as a charity • Proactive cost of living support and pay increases, including 5% above the national living wage to all eligible employees • Reintroduction of business leaders' events. 	<p>Outcomes of engagement</p> <ul style="list-style-type: none"> • Improved understanding of the views of those who use our services allows us to develop and grow the organisation in accordance with external demand • Increased digital access to our services allowing beneficiaries to contact us at times to suit their needs • Increased number of visits to our social media channels year-on-year • Introduced Beneficiary Value Proposition – The Nuffield Health Way 	<p>Outcomes of engagement</p> <ul style="list-style-type: none"> • We continue to work with local NHS Trusts to encourage referrals and develop ways to ease the pressure on them, and help bring down waiting lists • We're seeing an increase in Private Medical Insurance activity, and in self-pay • Increased engagement and communication with our consultants, resulting in a better understanding of their needs.
<p>Plans for 2023</p> <ul style="list-style-type: none"> • Embed our Peakon employee survey across the organisation • Continue to focus on providing professional education opportunities for our people • Continue to build a working environment that advances equity, diversity and inclusion, expanding our network of forums, and engaging with our people to understand, and act on, their concerns and ideas. 	<p>Plans for 2023</p> <ul style="list-style-type: none"> • Further extend our reach to those living on lower resources, in underserved and disadvantaged communities • Continue to develop healthcare solutions for areas of unmet health needs • Enhance and develop technology to meet the needs of our beneficiaries, while always maintaining the human interaction in everything we do. 	<p>Plans for 2023</p> <ul style="list-style-type: none"> • Continue to strengthen our relationship with the NHS and use our capacity to help address long waiting lists and staff shortages • Continue to work with our consultant population to embed greener surgery environmental plans across our hospitals • Embed our online booking system to help consultants better manage their time and resources.



<p>COMMUNITIES</p> 	<p>GOVERNMENT</p> 	<p>SUPPLIERS AND PARTNERS</p> 
<p>Why we engage We're committed to giving those living with lower resources, and people of all ethnicities, genders and disabilities, greater access to our services. This is core to our purpose to build a healthier nation.</p>	<p>Why we engage We have a key role to play in the Government's drive to prevent ill health, improve care and tackle inequalities. By influencing priorities and policies for health and wellbeing, we make a difference.</p>	<p>Why we engage We build collaborative relationships with educational institutions on major research and data programmes, as well as with suppliers and partners, always aiming to minimise the impact of products and services on the environment.</p>
<p>How we engage</p> <ul style="list-style-type: none"> • Free-to-access Programmes For All addressing unmet health needs • Support local initiatives and community events • Offer a wide range of apprenticeship programmes, through our 'think apprenticeship first' scheme • Deliver services in the local communities, such as our Merton Libraries partnership. 	<p>How we engage</p> <ul style="list-style-type: none"> • Direct approaches to ministers, MPs and public bodies • Access through industry bodies such as IHPN, ukactive, SAGE, Royal College of General Practitioners (RCGP), and the Football Association • Provide insights and evidence for Government papers relating to health and wellbeing • Consultations and round-table events • Share research findings and best practice. 	<p>How we engage</p> <ul style="list-style-type: none"> • Regular meetings • Use of the Supplier Code of Conduct to ensure consistency of values • Bi-annual supplier reviews to ensure we're meeting objectives • Regular research and innovation meetings to develop future care pathways with partners, such as Florence Nightingale Foundation, and Manchester Metropolitan University.
<p>Outcomes of engagement</p> <ul style="list-style-type: none"> • Delivered a social value of £72 million • Supported over 8,000 people during 2022, through our free-to-access programmes • Increased range of local apprenticeships • Launched a Healthy Community toolkit for all our sites, enabling them to identify those living in underserved communities • Launched a community grant scheme to allow sites to support local underserved groups. 	<p>Outcomes of engagement</p> <ul style="list-style-type: none"> • Good relationships with MPs, mayors and local councillors have allowed us to highlight the importance of fitness and wellbeing to the nation's overall health • Stakeholder networking through events, such as the House of Commons alongside Dame Kelly Holmes, to share the findings of our Healthier Nation Index • Nuffield Health is recognised as a thought-leader in the health and fitness sector. 	<p>Outcomes of engagement</p> <ul style="list-style-type: none"> • Reassurance that suppliers and partners are doing all they can to make a positive impact on society and the environment • Strengthened the case for evidence-based healthcare • Launched the Green Healthcare Leadership programme, developed with the Florence Nightingale Foundation.
<p>Plans for 2023</p> <ul style="list-style-type: none"> • Continue to extend our reach to more people living with lower resources, in underserved communities, to allow them to access our services • Develop innovative programmes to encourage people of all ages to take part in exercise. 	<p>Plans for 2023</p> <ul style="list-style-type: none"> • Proactively engage key stakeholders in the health and wellbeing policy arena • Actively contribute our expertise and experience to inform policy development • Work closely with sector groups to input to decisions relating to health and wellbeing. 	<p>Plans for 2023</p> <ul style="list-style-type: none"> • Continual engagement with our suppliers and partners to ensure they're aligned with our healthy environment goals and sustainability criteria • Continue to support major research programmes such as STAMINA, alongside our partners, including Sheffield Hallam University.





Section 172 statement

Companies are required to include a statement in their strategic report on how directors have complied with their duty to have regard to the matters in section 172 (a) – (f) of the Companies Act 2006 (the Act). In accordance with the Charities SORP Information Sheet 3: The Companies (Miscellaneous Reporting) Regulations 2018 and UK Company Charities, the duty of the Trustees, as directors of a charitable company under subsection 172 of the Act is to act in a way he or she considers, in good faith, would be most likely to achieve its charitable purpose and in doing so have regard (among other matters) to:

- ◆ (a) the likely consequences of any decision in the long term
- ◆ (b) the interests of the company’s employees
- ◆ (c) the need to foster the company’s business relationships with suppliers, customers and others
- ◆ (d) the impact of the company’s operations on the community and the environment
- ◆ (e) the desirability of the company maintaining a reputation for high standards of business conduct
- ◆ (f) the need to act fairly between members of the company.

We the Trustees listen and engage effectively with our wide variety of stakeholders on whom the future success of Nuffield Health depends, including employees, members, patients and suppliers, to ensure responsible decisions are sustainable in the long term and do not disproportionately affect any single stakeholder group. The examples show decisions taken by the Board in 2022, and how stakeholder views and feedback, as well as other section 172 considerations, were taken into account.

All decisions are made in the interests of the Charity’s stakeholders, in line with our values:



Key Board decisions in 2022		
Stakeholder key		
Our people Beneficiaries Healthcare partners Communities Government Suppliers and partners		
<p>Significant decision Issuing a one-off cost of living payment</p>	<p>Significant decision Continuing to invest in our COVID-19 Rehabilitation programme</p>	<p>Significant decision Investing to transform our Contact Centre processes and systems</p>
S172 factors considered ◆◆◆◆	S172 factors considered ◆◆◆◆	S172 factors considered ◆◆◆◆
<p>Stakeholder groups affected</p>	<p>Stakeholder groups affected</p>	<p>Stakeholder groups affected</p>
<p>Action taken</p> <p>The Board is committed to supporting our people during what has been a difficult time at all levels. However, we recognised that, for those on lower salaries, coping with the rise in the cost of living, has been particularly hard.</p> <p>After much discussion and consultation, we agreed that a one-off payment of £300 should be made to all employees earning £31,000 and under, to help ease the burden. This was in addition to our commitment to pay 5% above the National Living Wage.</p>	<p>Action taken</p> <p>The Board recognised that our COVID-19 Rehabilitation programme had helped many people manage and even recover from the debilitating effects of long-COVID. Although, in 2022, the pandemic was forecast to be coming to an end, it was clear that a significant percentage of the population was still affected.</p> <p>We, therefore, agreed not only to continue to invest in the programme, but that we should develop a free digital version for people unable to visit a Nuffield Health fitness and wellbeing centre.</p>	<p>Action taken</p> <p>The Board acknowledged that, following the pandemic, there was a significant shift in the way people wanted to access our services. It was agreed to replace our Contact Centre technology platform with one that would address demand for easier access to our services, including digital capabilities, online management of bookings and emails. We closely monitor progress against our key performance indicators to ensure the programme is resulting in improvements across the Charity.</p>
<p>Impact of the decision</p> <p>The decision reinforced to our people that we value the efforts they make on behalf of our beneficiaries, and that we support our colleagues on the lower rates of pay. It demonstrates we are a caring employer, prepared to make such decisions despite difficult trading conditions. This will aid staff retention and help attract talented people.</p>	<p>Impact of the decision</p> <p>The decision is an endorsement of our purpose to build a healthier nation. By continuing to run this free programme, and expanding it to include an online version, we’re investing the time of our Rehabilitation Specialists into the wellbeing of the nation and bringing our expertise to more people who live with lower resources.</p>	<p>Impact of the decision</p> <p>The decision to upgrade the technology platform gives us the ability to open up different contact methods with beneficiaries in the future, as demands change. So far, it has enabled us to reduce wait lists, and improve data collection abilities. Satisfaction scores for the Contact Centre, on our Peakon employee survey, are highest in the Charity.</p>

Key Board decisions in 2022

Stakeholder key

- Our people
- Beneficiaries
- Healthcare partners
- Communities
- Government
- Suppliers and partners

Significant decision
Stopping the use of the anaesthetic gas, Desflurane, in our hospitals

S172 factors considered

Stakeholder groups affected



Action taken

In 2022, the Board recognised the need to make significant progress towards our carbon reduction targets by rapidly moving away from using Desflurane. As one of the most common anaesthetic gases used across the healthcare sector, it is also one of the most environmentally harmful. One bottle has the same global warming effect as burning 440kg of coal.

Following consultation and engagement with appropriate stakeholders, including consultants and clinicians, Board and business approval was given to commence the removal of Desflurane from use across the Charity. This is part of the Charity's commitment to reducing carbon emissions and working towards a more sustainable healthcare model.

Impact of the decision

The Board highlights the impact of the action taken, in that Nuffield Health's 37 hospitals have stopped using Desflurane since January 2023, and have switched to using Sevoflurane which has a much lower carbon footprint at 130 times more warming than CO₂ over 100 years, compared to Desflurane which is 2,540 more warming over the same period. The Board continues to drive forward on further actions to reduce carbon emissions across the Charity.

Significant decision
Finance and restructuring of the Charity

S172 factors considered

Stakeholder groups affected



Action taken

The Board acknowledged that significant economic headwinds emerged following the start of the war in Ukraine. At the same time, the Charity's long term financing arrangements were coming up for routine renewal. As a result, the Board took action to:

- Refinance the Charity, using a combination of bank loans and sale and leaseback financing arrangements which drew upon the Charity's property assets
- Initiate an improvement programme to increase operational and financial efficiency
- Hive-up the former Aspen hospitals acquired in 2021, so that they would operate as part of the Charity as opposed to being held separately. This involved the reorganisation of former Aspen resources in line with the Nuffield Health model.

Impact of the decision

- A successful reduction in bank debt, and an alignment of property assets with funding liabilities.
- The improvement programme started to deliver financial improvement in 2022, and has created a platform for delivery of further efficiencies in 2023
- The hiving up of the former Aspen group hospitals has resulted in closer working arrangements across the Charity, which continue to be developed
- We closely monitor progress against our key performance indicators to ensure each aspect is resulting in improvements across the Charity.



Financially sustainable

Consumer fitness services consistently grew throughout the year to a closing position of 365,000 members

The Charity's financial sustainability is critically important as it underpins our ability to deliver high quality services to our beneficiaries. It also allows us to fairly reward our people, to deliver social value, to drive improvements in how we deliver our services and to reduce carbon emissions.

This section includes an overview of the Charity's financial performance in 2022, setting out our key financial indicators. It explains the impact of the economic headwinds that the Charity faced, and how our activity levels relate to our financial performance.



Our 2022 financial year

In 2022 following the global pandemic the UK's economic environment and associated trading conditions moved back towards a normalised position. However, the energy crisis associated with the war in Ukraine affected many organisations; Nuffield Health was significantly impacted by the increased costs and volatility resulting from this crisis throughout 2022.

Despite this impact, the Charity saw strong growth in activity in 2022, with hospital activity and revenues overall performing in line with management's expectations; patients continued to utilise the independent healthcare sector to avoid the NHS's lengthy waiting times for non-urgent procedures. In addition, the Group benefitted from a full year's activity of the recent acquisition of five hospitals in 2021.

By the end of 2022 the Charity's fitness and wellbeing membership had recovered to 365,000 members, 4,000 members higher than pre-pandemic levels, benefitting from people prioritising exercise for both physical and mental wellbeing benefits.

Group turnover increased to £1,237.6 million by £249.1 million from 2021's reported outturn (a 25.2% increase). On a like for like basis, with Aspen sites included on a full year basis in both years, revenue increased by £161.3 million (15%). However, the 2022 results were impacted by rising energy prices to more than double that of 2021, with total utilities costs increasing by £33.0 million to £58.1 million, as well as the rapid increase in RPI and CPI driving up payroll and other operating costs. The Charity's large estate and energy-intensive operations meant that the sharp increase in energy prices was particularly challenging.

Facing into this difficult trading environment, the Group continued to exercise control around operating expenditure, capital expenditure and cash and as such achieved an adjusted EBITDA* of £70.4 million, £7.1 million lower than 2021 and a net deficit after tax of £62.6 million (2021 – £32.8 million). In the context of the £33.0 million increase in energy costs and further cost inflation, the actions such as reducing development capital expenditure, travel costs and additional controls on operating expenses, have substantially helped to

mitigate the financial pressures experienced in 2022, and to pave the way for continued financial improvement in 2023.

Hospitals

Hospitals continued to respond to significant self-pay demand and saw a normalisation of Insured activity throughout the year, recovering to pre-pandemic levels, while NHS activities continued to trend lower. Revenue from hospital services was £885.4 million in 2022, representing a £139.5 million increase from 2021.

Wellbeing

Consumer fitness

Consumer fitness services consistently grew throughout the year to a closing position of 365,000 members. Consumer fitness services generated £288.5 million revenue, an increase of £102.0 million from 2021.

Corporate fitness

Corporate fitness continued to be challenged as corporate clients returned to work at a slower pace than anticipated. As a result, only three new sites were opened and 14 Corporate sites permanently closed during the year. Despite these closures, revenue increased by £3.6 million, to £26.9 million (15.3%) from 2021.

Clinical services

Physiotherapy, health screening and emotional wellbeing services all continued to see financial improvement throughout 2022, delivering £36.0 million of revenue, an increase of £4.6 million (14.8%) from 2021.

Other non trading income amounted to £0.9 million (2021 – £1.4 million).

Operating deficit/surplus

Operating deficit before adjusting items reduced from a surplus of £1.9 million to a deficit of £2.5 million, reflecting the impact of inflation and energy prices,

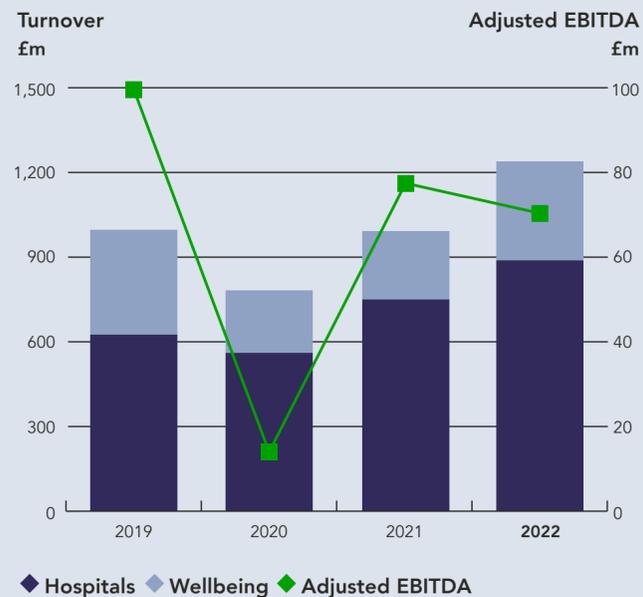
Key financial indicators

Group turnover	Adjusted EBITDA*	Adjusted EBITDA* as percentage of Group turnover	Total operating deficit before interest and tax	(Deficit)/surplus after tax	Capital investment (excluding acquisitions)	Net debt
£1,237.6m £988.5m (2021)	£70.4m £77.5m (2021)	5.7% 7.8% (2021)	£(56.1)m £(15.3)m (2021)	£(62.6)m £(32.8)m (2021)	£45.3m £67.7m (2021)	£440.2m £418.9m (2021)

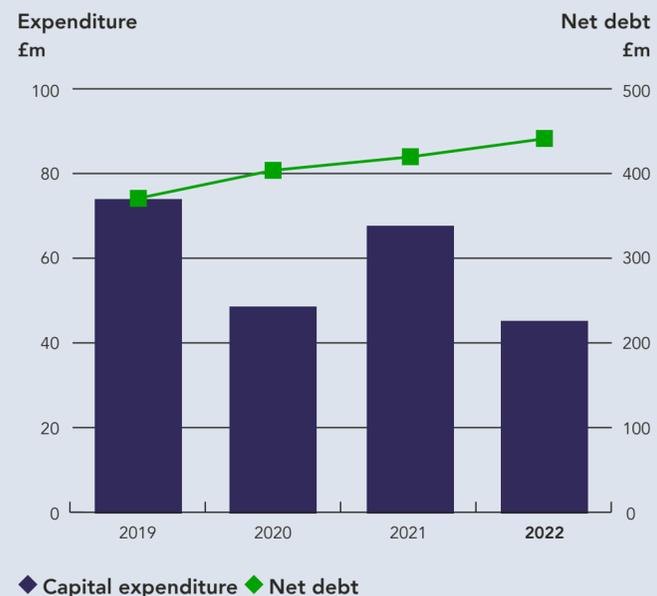
*Adjusted EBITDA is calculated as total operating deficit (-£56.1 million, 2021 – £15.3 million) with adjusting items (£53.6 million, 2021 – £17.2 million), depreciation and amortisation (£72.9 million, 2021 – £75.6 million) added back.



Turnover and adjusted EBITDA 2019-2022



Capital expenditure and net debt 2019-2022



mitigations driven by organisational efficiencies and transformation programmes aimed at streamlining the operational structure and support functions. Total operating deficit before interest and tax was £56.1 million (2021 – £15.3 million) and includes adjusting items of £53.6 million (2021 – £17.2 million). The continuous focus on operational and financial improvement and efficiencies within the Group remains a primary focus, together with excellent patient care, quality of service delivery and beneficiary experience.

Adjusting items

Adjusting items were £53.6 million (2021 – £17.2 million). Adjusting items relating to impairment of fixed assets and onerous lease provisions were £47.4 million (2021 – £11.4 million), including aborted project spend of £2.3 million (2021 – £Nil) with reorganisation and transformation activities of £6.2 million (2021 – £5.8 million).

Interest

Interest charges of £6.5 million (2021 – £17.5 million) were lower than the previous year due to a £26.3 million favourable adjustment to the market value of the Third party loan entered into during 2022 related to the sale and leaseback. Further information is provided in note 7 on page 92.

Net deficit and reserves

The results contributed to a net deficit after tax of £62.6 million (2021 – £32.8 million deficit). The annual actuarial valuation of the pension schemes gave rise to an actuarial gain of £12.8 million (2021 – £54.1 million gain), resulting in net liabilities of £104.4 million (2021 – net liabilities of £54.6 million). The Charity holds significant value in its hospital asset base, which is not reflected in the 2022 Group Balance Sheet, as the accounting policy reflects the assets at their original cost less depreciation, which is at a much lower value than the market valuation of the freehold assets.

Net debt increased by £21.3 million to £440.2 million following the conclusion of the 2022 refinancing in September, which included bank debt of £290.0 million and a ground rent property transaction of £210.0 million.

This resulted in the general fund moving into a deficit position. Mitigating actions introduced by the Trustees to eliminate the deficit include interest rate and energy price hedging to limit exposure to volatility of energy and interest, strategies including pricing and cost saving initiatives, and a pension deficit repayment plan.

The Trustees consider credit risk, interest rate risk and liquidity risk and the exposure to the Group in forecasts and mitigating actions, including hedging to limit volatility in energy pricing and interest. Please refer to policy 30, Financial instruments on page 87 and note 25 on page 105 for further information.

An exciting milestone was reached in May 2022, when we opened Nuffield Health at St Bartholomew's Hospital

Total restricted funds of £0.8 million and permanent endowments of £0.1 million are included in the Charity reserves. The Trustees scrutinise the financial sustainability of the Charity through regular reviews of cash forecasts and budgets, and do not set a reserve target. The Charity aims to use the majority of surplus cash to invest in operational assets and infrastructure that improve the quality of, or increase, the Charity's activities for public benefit. There is no expectation that free reserves will be created at this stage.

Continued investment

Nuffield Health uses funds generated from trading, supported by available loan funding, to maintain and improve its offering to its patients, members and customers, aligned to its charitable purpose to build a healthier nation.

Capital expenditure in 2022 was focused on the finalisation of our London based Nuffield Health at St Bartholomew's Hospital development, the delivery of system transformation programmes and continued asset replacement across the Charity's property portfolio. Capital Investment was £45.3 million (2021 – £67.7 million).



Nuffield Health membership is at its highest ever level and is continuing to grow



Assuring long-term sustainability

The Group has had a strong start in 2023 following the challenges faced in 2022. We have seen an unprecedented level of demand for the Charity's healthcare services, with Self pay remaining strong, and PMI and NHS activity growing steadily within our hospitals. Membership is at its highest ever level and is continuing to grow.

In light of continued rising inflation and economic uncertainty due to the ongoing invasion of Ukraine, rising energy prices and rapid increase in Consumer Price Index and Retail Price Index, the Charity continues to challenge itself to financially improve and drive efficiencies in operating costs and in capital expenditure to ensure long term sustainability, by driving cost reduction programmes and organisational synergies and efficiencies within the Group.

During Q3 of 2022, the Group entered into a refinancing arrangement totalling £500.0 million. The Group has secured continued financing in the form of secured bank debt of £290.0 million for a five-year term, as well as proceeds from a 50-year ground-rent-based property transaction raising capital of £210.0 million. In 2023, the Group has secured additional financing from its lenders to support the Charity whilst energy prices and inflation was at unprecedented levels. The additional debt facility provides access to a further £30.0 million of revolving credit facility and revised debt covenants until the end of 2024. Energy prices and inflation are reducing, however necessary finance is in place if required. Refer to key accounting judgements on page 82 and note 21, Borrowings on page 103, for further information.

Going concern

The Group's trading performance in the first five months of 2023 has exceeded Management's plans and expectations, with healthcare continuing to be a significant driver of this position.

In April 2023, the Group has secured additional financing from its lenders to support the Charity whilst energy prices and inflation remains at unprecedented levels. The additional debt facility provides access to a further £30.0 million of credit facility and revised debt covenants until the end of 2024.

Financial forecasts indicate that Nuffield Health will operate within the new banking covenants, with liquidity headroom and with headroom on all new financial covenants. The impact of a further potential economic downturn, including further energy cost increases and

the impact of inflation have been considered, alongside favourable year-to-date trading performance in FY23 and cost saving initiatives approved by Management. In this scenario, there continues to be sufficient liquidity and positive headroom on all financial covenants to absorb this downside.

The Group's financial statements show a net liabilities position at the end of 2022; however, this position is not reflective of the market valuation of the Group's hospital freehold assets, which are held at historic cost value on the Group's Balance Sheet. The Charity has several options available to generate additional liquidity if the need arises.

This net liability position is therefore not reflective of a Group solvency issue. The Directors believe the Group will have adequate resources to continue in operational existence for the foreseeable future and sufficient funding is in place for more than 12 months from the approval of the financial statements.

Therefore, in accordance with section 3.8 of FRS 102, the annual report and financial statements for 2022 have been prepared on a going concern basis. This assessment has been made using guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks 2016 and updated guidance for companies on corporate governance and reporting (4 December 2020), published by the UK Financial Reporting Council (FRC).





Our London advertising campaign built brand awareness highlighting our new connected offering in the City



Risk management

Risk management is at the core of how we operate as a Charity. It is critical in ensuring that we deliver our purpose, to build a healthier nation, and meet the expectations of all our stakeholders.

Identifying and managing risk which could threaten the delivery of our strategic aims, significantly disrupt our operating model or negatively impact our future financial performance is key to business decisions, and therefore a focus for the key stakeholders identifying and assessing current and emerging risks.

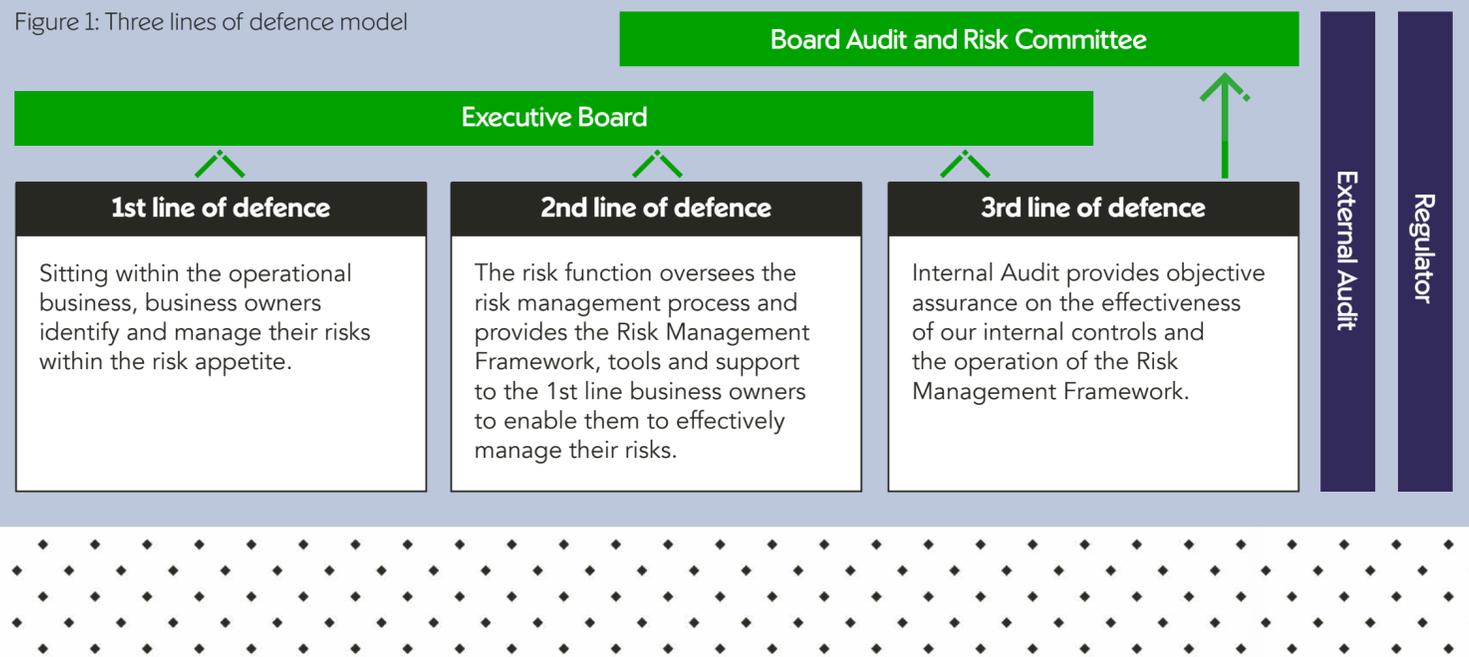
Responding to risk

Our Risk Management Framework supports the identification and mitigation of key risks that could prevent us from delivering our purpose and strategic objectives.

The Charity continues to operate in an external environment that brings challenges as well as opportunities, and it is important that we have the tools and practices in place to respond to these.

“Considering risk from Board to ward, operating theatre and fitness site every day, allows the Charity to proactively plan and mitigate our risks.”

Matthew Lynn
Chief Financial Officer



Risk Management Framework

Nuffield Health recognises the importance of having a robust Risk Management Framework in place, which supports best practice and helps ensure that we:

- meet the needs of all our beneficiaries and stakeholders
- achieve our charitable purpose
- appropriately safeguard our assets
- maintain our long-term financial sustainability.

Risk Management Policy

A set of clear and accessible policies are in place that define the way we conduct our business, and are a key element in how we manage risk. Central to these is the Risk Management Policy. Other key policies determine how we manage specific areas of risk such as clinical, financial, health and safety, information technology and data security.

Our Risk Management Policy sets out a framework, which:

- ensures all risks are managed using consistent methodology across the Charity
- ensures governance committees are kept informed of new, existing and emerging risks so that well-informed decisions can be made
- supports the Charity’s risk appetite and monitors adverse risks
- appropriately addresses incidents where risks have crystallised
- promotes a positive and progressive risk culture across the Charity.

Our approach to risk management utilises the three lines of defence model, ensuring roles and responsibilities are clearly defined (see figure 1).

Risk oversight

Our Board of Trustees has overall ownership of the Charity’s Risk Management Framework and discharges this responsibility through two subcommittees, dedicated to the oversight of risk:

- The Board Audit and Risk Committee (BARC) ensures the Charity has in place an effective approach to risk management, and governs non-clinical enterprise risk across strategic, operational, commercial and financial pillars
- The Board Quality and Safety Committee (BQSC) governs clinical, quality, and health and safety risks.

Reporting into the Board of Trustees, the Executive Board is accountable for ensuring the Charity’s adherence to the Risk Management Policy. Senior leaders and other risk owners across the Charity are responsible for the day-to-day management of their risks. Through a hierarchy of governance committees, Executive Board members and other senior leaders provide objective challenge on the management of risks. This culminates in regular risk reports to the BARC and BQSC to enable the Board of Trustees to maintain effective oversight.

How we manage our risks

All identified risks are recorded on a risk register. Each risk has a first line single owner responsible for ensuring their risk is measured, managed, monitored and correctly reported (see figure 2 on page 57). Risk owners are responsible for measuring the severity of their risks using our impact and likelihood scoring criteria which allows the severity of different risks across the Charity to be compared. Mitigating controls and planned corrective action are recorded, and these are reviewed and challenged by senior leaders on a regular basis.

The most significant current and emerging risks are reported to higher committees for in-depth scrutiny, through a well-established reporting system. The Charity’s top risks (Principal Risks) are scrutinised by either the BARC or BQSC, depending on the nature of the concern.





Figure 2: Positive risk culture framework used to manage risk

The management of our risks will only be fully effective if there's a good level of awareness, and a constructive attitude towards taking and managing risk. A positive culture is encouraged across Nuffield Health, through the training of risk owners, and top-down endorsement and engagement by senior management.

Risk appetite

Risk appetite is a key component of our Risk Management Framework, which is determined by the Executive Board, and validated by the BARC. As a healthcare and wellbeing charity, we operate in a highly regulated environment where our focus is on delivering high-quality care and services to our beneficiaries, while striving to further develop and enhance those services.

Accordingly, the Charity needs to manage its Principal Risks within a range of risk appetites in order to fulfil its charitable purpose, meet stakeholder expectations, and deliver on its strategic objectives.

Principal Risks

Through our Risk Management Framework, the Board of Trustees and Executive Board identify and oversee the Charity's Principal Risks which could threaten the delivery of our strategic objectives, significantly disrupt our operating model or negatively impact our future financial performance. An annual review takes place to ensure the Principal Risks remain aligned to our strategy and the external environment in which we are operating.

Nine of the Charity's Principal Risks are presented on pages 58-60, with a summary of mitigations and forward plans. This does not comprise all our risks, and they are not in priority order. Additional currently unknown risks, or those deemed less material, may also have adverse effects.

The risk landscape in 2022

During 2022, significant external factors that were outside the direct control of the Charity impacted several of our Principal Risks:

Economic environment

The external economic environment has remained challenging due to the inflationary and supply chain pressures brought about by the residual impacts from the COVID-19 pandemic and the Ukraine conflict, and inevitably, this has impacted our Financial Sustainability Principal Risk. We have responded to the increased pressures on the Charity's expenditure, in particular energy and people costs, by enhancing our financial control and planning measures, and maintaining close engagement with our lenders.

This additional focus on our finances ensures that we have been able to concentrate investment in the areas which are most critical to delivering our strategic plans.

National specialist shortages

A reducing pool of clinical specialists across the country has resulted in heightened competition for their services. This has affected our capacity to recruit clinical specialists and led to increased labour costs, both of which have impacted our Workforce and Financial Sustainability Principal Risks.

Although the most significant impacts on our risks have an external root cause, internal changes have also influenced our risk profile:

Integration of Aspen Healthcare

Inevitably, the process of integrating Aspen Healthcare's physical assets, people and systems into Nuffield Health during 2022 has temporarily shifted the risk profile of the Charity. Risks relating to the integration have been identified and, where appropriate, the associated Principal Risks have been reassessed.

Physical assets

The most significant impact on our Principal Risks is the introduction of a new risk for 2022 related to the quality of our physical infrastructure, enabling the Charity to focus additional scrutiny in this area. This is in recognition of the continued importance of having the right physical assets in place – across the Charity – to support the needs of our beneficiaries.

Major projects

The successful delivery of our major project portfolio during 2021 and into early 2022, including the opening of St Bartholomew's Hospital and the launch of our new finance IT system and shared service centre, has been followed by a relative period of calm for significant project implementation.

This has allowed the Charity to focus attention on investing in enhancing our existing physical assets noted above. Consequently, the Major Projects Principal Risk reported in 2021 was no longer considered by the Executive Board to be a Principal Risk during 2022.

Looking forward

We expect external pressures, such as inflation, clinician shortages and the cost-of-living pressures to continue to have a significant impact on our risks throughout 2023. Whilst the Charity is unable to influence these external pressures, it will continue to monitor the impacts and respond with appropriate mitigating activity.

Reflecting the reporting of our risk landscape in 2022, we anticipate that the following two Principal Risks will continue to be impacted by the external factors during 2023:

Financial sustainability

This will continue to be the central driver to our overall risk profile as it underpins many other risks. Accordingly, mitigating this risk by remodelling our finances will remain the Charity's top priority for 2023 to enable sufficient ongoing investment in our services.

Workforce

Workforce planning will remain a key strategic focus area for 2023 as, like other healthcare organisations, we continue to compete for resources within a reducing pool of suitably trained and skilled staff.

The Charity recognises that our changing climate is an additional macro external environment factor to be factored into its ongoing strategic reviews and longer-term plans. There is a continued focus on environmental sustainability to ensure that the Charity minimises any risks that our services may negatively impact our living environment, and a key element of this is our commitment to reduce carbon emissions as set out on page 34.

During 2023, the Group will be considering the longer-term strategic risks and opportunities arising from our changing climate as part of its preparation to comply with the new disclosure requirements for large companies.



Our Principal Risks

Nine of the Charity's Principal Risks are presented here, with a summary of mitigations and forward plans. This does not comprise all our risks, and they are not in priority order. Additional currently unknown risks, or those deemed less material, may also have adverse effects.

Strategic aims key

-  Create public benefit
-  Data driven, market leading outcomes
-  Deliver connected, beneficiary centric pathways
-  Empower and develop our people
-  Trusted brand partner and advisor
-  Human first, digitally enabled care
-  Financially sustainable



RISK 1 Service propositions	RISK 2 Workforce
Linked to strategic aims 	Linked to strategic aims 
<p>Description There's a risk that we fail to invest, adapt and innovate our service propositions to meet the changing needs of our beneficiaries and B2B. As a result, we won't capitalise on opportunities to offer better, expanded and more connected services to deliver best-in-class beneficiary outcomes, increase our charitable reach and stay ahead of our competitors' growing revenue.</p> <p>Mitigations</p> <ul style="list-style-type: none"> • Dedicated propositions team with accountability for developing insight-led propositions and connected journeys based on market needs • Market research and monitoring of trends • Reviews of services to identify actions and opportunities. 	<p>Description There's a risk that the Charity could be unable to attract, develop and retain the right quantity and calibre of allied health professionals, and other critical category roles, due to a UK skills shortage. This would impact our ability to deliver our services to the high levels of safety, care and excellence expected. Consequences could be a deterioration in employee wellbeing, increased dependency on agency staff (with the associated financial impact) and an inability to support our ambitious growth plans.</p> <p>Mitigations</p> <ul style="list-style-type: none"> • Employee engagement strategy and programme of initiatives to enhance staff wellbeing, capability and retention • KPI monitoring includes staff turnover, vacancies and engagement survey results • Working groups focused on attraction, retention and onboarding developments for critical roles.
<p>Forward plans</p> <ul style="list-style-type: none"> • Investment plans in place • Strategic reviews to determine direction of travel • Roll out of key customer journey improvements. 	<p>Forward plans</p> <ul style="list-style-type: none"> • Market pay evaluations • Review of employee reward and recognition strategies • Development of our learning and development offering • Talent management programme.
Risk direction No change →	Risk direction Increased ↑



RISK 3 Quality of care	RISK 4 Cyber security	RISK 5 Regulatory and policy environment	RISK 6 Brand enhancement and protection
Linked to strategic aims 	Linked to strategic aims 	Linked to strategic aims 	Linked to strategic aims 
<p>Description There's a risk that we compromise the quality of our care provision through non-compliance with national guidance or local policy, inappropriate operating procedures, inadequate environment and/or lack of capability. Any incidence of sub-standard performance could adversely impact beneficiary health and wellbeing, and result in additional costs, financial penalties, reputational damage and other sanctions, including loss of registration.</p> <p>Mitigations</p> <ul style="list-style-type: none"> • Robust Quality Assurance Framework • Programme of quality improvement activity • Promotion of a culture of openness and transparency • Suite of policies and protocols that govern activities • Induction, onboarding and training programmes to embed Nuffield Health's standards and processes. 	<p>Description There's a risk of a cyber security incident that could result in a serious data breach with operational, legal, contractual and/or regulatory consequences, as well as reputational damage. Threats include external cyber attackers and malware (including via the supply chain), physical security attacks, and confidential data being stolen or accessed without authorisation by either external or internal parties.</p> <p>Mitigations</p> <ul style="list-style-type: none"> • Operational cyber security technologies and controls • Certification to ISO 27001, which is independently audited • Regular independent technical security testing, including cyber attack simulations • User training and awareness campaigns • Continual monitoring and risk-based assessment of operational cyber security technologies and controls • Continual threat intelligence received and acted upon. 	<p>Description There's a risk that the Charity fails to recognise, adapt to and comply with increasing and changing rules, regulations, policies and legislation. This could result in additional costs, penalties and other sanctions (including loss of registration), damage to patients' and members' health and wellbeing, and damage to our reputation.</p> <p>Mitigations</p> <ul style="list-style-type: none"> • Continuous review of policies and procedures to ensure adequacy and relevance • Compliance audits • Horizon scanning with key links into regulatory bodies to gain early sight of upcoming regulatory and policy changes • Change management framework to assess the scale and impact of new regulations and policies, and oversee implementation of changes, so that compliance is maintained • Mandatory training with regular checks on compliance. 	<p>Description There's a risk that we fail to build and/or maintain Nuffield Health's brand awareness and trust due to our failure to deliver a clearly articulated and funded brand strategy, listen and respond to stakeholder expectations and/or adequately address a Charity-wide damaging media event. We're reliant on our trusted reputation to deliver our purpose, and strategic objectives.</p> <p>Mitigations</p> <ul style="list-style-type: none"> • Mandatory values and behaviours training for our people • Incident reporting and Freedom to Speak Up processes in place to ensure incidents are dealt with efficiently and effectively • Customer satisfaction and complaints monitoring • Sponsorship of leading research programmes • Investment in brand marketing/advertising.
<p>Forward plans</p> <ul style="list-style-type: none"> • Continued monitoring of quality, support and improvement activity • Quality Improvement plan in place, with key activities to improve data quality, incident reporting, policy compliance and assurance. 	<p>Forward plans</p> <ul style="list-style-type: none"> • Re-certification to Cyber Essentials • Continued roll out of new security technology • Network improvements • Completion of ex-Aspen technology integration • Decommissioning of insecure technology. 	<p>Forward plans</p> <ul style="list-style-type: none"> • Internal audits ensure policies are continually updated and accessible • Continued focus on promoting compliance behaviours and adding non-compliance mechanisms to risk registers • Internal compliance and assurance reviews. 	<p>Forward plans</p> <ul style="list-style-type: none"> • Introduction of the Beneficiary Value Proposition to facilitate more consistency in our delivery • Launch of FA partnership Part 2, using grassroots football, and the power of sport, to improve health • Utilise external advisors for new marketing channels or audiences such as children.
Risk direction No change →	Risk direction No change →	Risk direction No change →	Risk direction Increased ↑



RISK 7
Technology

Linked to strategic aims 

Description
There's a risk that we fail to keep pace with, and effectively exploit, technological developments that could improve our efficiency, resilience and ability to meet customer needs and expectations. Failure to develop our technology effectively could result in unnecessary costs and reputational damage.

Mitigations

- Strategic plans to develop the IT estate in line with wider business strategy
- Major incident management process in place to minimise outage times and manage the impact
- Monitoring and risk-based continual improvement of technologies and controls.

Forward plans

- Business plan to replace legacy technology
- New IT operating model with a focus on risk management and assurance
- Investment plan for refresh of devices, and replacement of legacy technology and ageing network equipment
- Inclusion of former Aspen sites in the scope of all other major programmes
- Increased change controls on legacy systems.

Risk direction **Increased** ↑



RISK 8
Financial sustainability

Linked to strategic aims 

Description
There's a risk that the financial sustainability of the Charity could be compromised if worsening economic climate pressures are not mitigated adequately. External economic factors, such as rising rates of inflation driving up costs and the cost-of-living crisis impacting demand for services, are placing pressure on the financial performance of the Charity. This could impact our ability to service borrowings, deliver our full range of services and invest in the delivery of our strategic objectives.

Mitigations

- Interest rate and energy hedging in place
- Annual budgets, quarterly financial forecasts and weekly cashflow reviews
- Financial stress tests and scenario modelling
- Robust capital expenditure approval and oversight processes
- Site and service line sales and profitability analysis
- Mitigation of inflationary impacts through supply chain management
- Continued engagement with lending syndicate.

Forward plans

- Charity improvement programme review
- Ongoing engagement with lenders.

Risk direction **No change** →

RISK 9
Quality/availability of physical assets

Linked to strategic aims 

Description
There's a risk that the quality and level of service we offer our beneficiaries is adversely impacted by the quality and availability of our physical assets. Failure to invest in our physical assets could result in the interruption or adjustment of our services, which could negatively impact our reputation and finances.

Mitigations

- Plan agreed which focuses on critical 'fix and maintain' areas of clinical care, and commits to improving standards across the estate
- Close monitoring of quality across the Charity through governance framework and audit programme
- Asset management working group in place driving through asset replacement.

Forward plans

- Ongoing monitoring of front-line activity and quality outcomes
- Future key priorities identified and subject to capital expenditure approval process
- Asset management delivery and resource plan being developed.

Risk direction **No change** →





Trustees Report

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Chair's introduction to the Trustees' Report

As the impact of the pandemic began to diminish, we hoped 2022 would be more predictable than the two preceding years. However, the war in Ukraine, and subsequent economic volatility, political turmoil and the cost-of-living crisis, meant it was an uncertain and sometimes difficult time. Throughout, the Board of Trustees was there to provide support and direction to Steve and his Executive Team, as they recalibrated plans and the strategy for the year, in the light of these unforeseen circumstances.

Our role as a Board is one of stewardship. Nuffield Health has been in existence for more than 60 years, and it's our responsibility to ensure it continues for as many years into the future. We do this by ensuring the governance and risk management operating models are robust, that we're continually focused on priorities, balancing short-term with longer-term sustainability, that we are encouraging public benefit opportunities and that our paid-for services are run efficiently.

Constructive feedback is important so, throughout the year, along with my fellow Trustees, I took opportunities to visit services across the Charity, meeting colleagues and members of the management team. These visits and discussions inform our decision making.

Along with sustainability, a frequently heard phrase during 2022 was diversity and inclusion (D&I). The Board recognises this needs to be led from the top but, whilst it's easy to say, it's harder to do. As a Board that believes strongly in development and learning, we participated in two workshops, both led by external D&I experts. We looked at how we can support the efforts of management to make our workplace more inclusive and increase opportunities for people who are often disadvantaged, such as those from ethnic minority backgrounds, or with disability, to move through the management ranks.

As we head into 2023, our emphasis is on ensuring sustainable success, raising the profile of our ongoing work to build a healthier nation and ensuring we play a full part in the public debate about the future of the UK's health system. I know we can count on the amazing people who make up the Nuffield Health team to help us do this.

My thanks to all of them, and to Steve and his team, for their absolute dedication and commitment to the Charity over what was yet another challenging year.

As Chair, it was satisfying to see the contribution from Dr Junaid Bajwa and Mark Stansfeld, who joined us in 2021. During the year, we were delighted to welcome Elizabeth Robb OBE to the Board. In her executive career, Liz was an operational and nurse leader, and as we employ thousands of nurses, it's good to have someone of her calibre at a time when clinical expertise is so fundamental to our ability to deliver outstanding services.

Lord Victor Adebawale and Dame Lin Homer stepped down from the Board during 2022. They provided excellent insight and commitment over the years, and I'm grateful for their support since I took over as Chair in 2020.

The following pages set out details of the composition of the Board of Trustees, its corporate governance, processes and activities, as well as reports from key Committees.

Our Board of Trustees approved this report on 5 July 2023, and I commend it to our members.

Dr Natalie-Jane Macdonald MBE, Chair



“We constantly seek to improve”





Meet our Trustees

At the date the Annual Report and Financial Statements were approved, the following Trustees were in place:

Dr Natalie-Jane Macdonald MBE
Chair, Board of Trustees
Appointed: 2020

Career and external appointments

Appointed Chair in 2020, Natalie-Jane joined the Nuffield Health Board of Trustees in February 2017, bringing her extensive experience in healthcare and related services. She is Chair of Voyage Care and a Non-Executive Director of Riverstone Living and Pets at Home plc. She has previously served as a non-executive director of Which?, the Royal National Orthopaedic Hospital and the Private Health Information Network (PHIN). Her early career began as a hospital physician in the NHS, and clinical lecturer, and she later held leadership roles at the BMA, as Managing Director of Bupa in the UK, CEO of Acorn Care and Education and CEO of Sunrise Senior Living. She has an MBE for services to healthcare.



“Our role as a Board is one of stewardship providing support and direction to the Executive Team.”



Steve Maslin
Appointed: July 2017

Chair of the Board Audit and Risk Committee

Career and external appointments

Has 40-years experience in finance, auditing, policy, and risk and regulation within the public, private and charity sectors. Was formally an audit and transaction services partner for Grant Thornton, specialising in listed and large private (LLP) businesses operating in multiple countries. From 2008 to 2016, Steve was Chair of Grant Thornton UK's LLP Partnership Oversight Board and, from 1999 to 2006, was Head of Assurance Services. He is a Risk and Audit Committee member of the Royal Collection Trust, and the Director and Chair of the Risk and Audit Committees for the Gurkha Museum and Carey Group Limited.



Patrick Figgis
Appointed: June 2018

Chair of the Executive Remuneration and Succession Committee and Trustees' Nominations Committee

Career and external appointments

Has advised the boards of Complex UK and global private and public sector entities on how to achieve transformation and growth. Patrick has had a wide-ranging executive career, including leading and growing purpose-led and values-driven businesses across the UK and globally. Previously a Senior Partner at PwC, where he led its Global Health practice, he was formerly Chair of Bowel Cancer UK, and has supported several charities during his career. He is currently Trustee and Non-Executive Director of the Alzheimer's Society, and a member of the Board of Trustees for the National Trust.



David Lister
Appointed: 2014

Chair of the Board Quality and Safety Committee
Chair of the Trustees' Nominations Committee

Career and external appointments

Has over 40 years' experience working in IT and operations for large international businesses, including GlaxoSmithKline, Boots, Reuters, RBS, and National Grid. External appointments: Chair of M&S Bank, FDM Holdings and HSBC Private Bank UK. Non-Executive Director for HSBC UK, and a member of the Court at Heriot-Watt University.



Committees key

Board Audit and Risk Trustees' Nominations Board Quality and Safety Executive Remuneration and Succession Finance and Investment



Martin Bryant

Appointed: 2013

Chair of the Finance and Investment Committee

Career and external appointments

Has extensive experience of strategy and marketing, along with a strong understanding of how to position an organisation. During his career, Martin has worked for the Home Office, as well as a number of FTSE 250 companies, including Boots the Chemist. A trustee of Vision Aid Overseas, he is also a guest lecturer for Nottingham University's MBA programme, and holds non-executive positions with the Scouts Association, Wesleyan Bank, Wesleyan Assurance Society, and the Government Procurement Services.



Neil Sachdev MBE MBA

Appointed: 2018

Career and external appointments

Has extensive property and retail experience, having worked as Group Property Director of J Sainsbury. Prior to this, he spent 28 years at Tesco, where he rose to the position of Stores Board Director. Neil is Chair of the Defence Infrastructure Organisation; Chair, Bonhill Group PLC; Chair, Cake Box Holdings Plc; and Non-Executive Director of Network Rail Property Limited. A University of Warwick council member, he also chairs the Advisory Board of Warwick Business School. In 2016, he was awarded an MBE for work in relation to energy, efficiency and sustainability in the retail sector.



Dr Junaid Bajwa

Appointed: September 2021

Career and external appointments

Has more than 15 years' experience working across primary and secondary care, and public healthcare settings, in addition to acting as a policy maker within the UK, specialising in informatics, digital transformation, and leadership. He has also acted as a consultant for healthcare systems across the globe. Junaid is a practising NHS physician, with experience of serving a deprived London community, and is Chief Medical Scientist at Microsoft Research. In 2018, he was appointed Non-Executive Director, University College London Hospital NHS Foundation Trust.



Mark Stansfeld

Appointed: October 2021

Career and external appointments

Has over 30 years' experience in the telecoms and digital economy, driving innovation and encouraging the adoption of new technologies. Mark has worked with businesses such as giffgaff, a unique community-led mobile operator, as well as being a member of the board that led O2 to UK market leadership. He currently chairs the Department for Digital Culture Media and Sport's (DCMS) largest 5G trial testbed, aimed at driving forward 5G technologies in health, manufacturing and transport. He is a Non-Executive Director for Quickline, a broadband provider addressing the digital divide for rural communities.



Elizabeth Robb OBE

Appointed: October 2022

Career and external appointments

Has wide-ranging clinical experience through a career spent mostly as a nurse and midwife in the NHS. This included 17 years as Director of Nursing, Deputy Chief Executive, and Acting CEO in two NHS Trusts in Somerset and London. For seven years, Elizabeth was CEO of the Florence Nightingale Foundation, where she focused on improving health, clinical outcomes and patient experience through research and leadership capability. In 2015, she was awarded an OBE for services to nursing and midwifery. She is currently a Non-Executive Director on the Board of Somerset Care Limited, a social care provider.



Diversity of the Board

Gender diversity as of June 2023



Tenure as of June 2023



Ethnicity as of June 2023



Board changes in 2022

- ◆ Elizabeth Robb OBE appointed October 2022
- ◆ Lord Victor Adebawale served until October 2022
- ◆ Dame Lin Homer served until October 2022

Committees key

- ◆ Board Audit and Risk
- ◆ Trustees' Nominations
- ◆ Board Quality and Safety
- ◆ Executive Remuneration and Succession
- ◆ Finance and Investment



Meet our Executive Team

At the date the Annual Report and Financial Statements were approved, the following executives were in place:

Gender diversity as of June 2023



Tenure as of June 2023



1. Amanda Lambert Chief Operating Officer – Central Services

Extensive experience of leading digital transformation in customer-focused organisations, Amanda has held a number of senior leadership roles including leading the customer and sales divisions for Hutchison 3G, and the digital team at O2. She leads our Central Services team, which includes our people function, programme office, technology and business services.

2. Matthew Lynn Chief Financial Officer Appointed April 2023

Matthew is a qualified accountant with over 16 years of experience and specialises in financial leadership in healthcare and not-for-profit organisations. He joins the Charity from the international professional services firm PwC, where he was a senior leader in their healthcare division.

3. Caroline Smith Chief Operating Officer – Quality & Operations

Experience crosses a wide range of healthcare services, including regulated and unregulated outsourced services, working alongside the pharmaceutical industry and direct to the NHS. Caroline is responsible for the front-line delivery of all services across the UK, and for maintaining the highest-quality, regulatory and safety standards to meet the increasing demand for health and wellbeing services.

4. Steve Gray Chief Executive Officer

Joined Nuffield Health from A S Watson, where he was Healthcare Director. Steve has over 40 years' experience working primarily within the healthcare sector, where he has held a number of leadership, senior management, commercial and operational positions. At both Lloyds Pharmacy and A S Watson, he led the development of the health and wellbeing services.

5. Wouter Van den Brande Chief Strategy and Development Officer Appointed December 2022

Wouter has 18 years' experience in healthcare, working across a range of areas from administration to clinical governance, through to business development. He has worked in the NHS and the independent sector, holding senior roles at BMI Healthcare and HCA Healthcare. Wouter is responsible for strategy, data and insights, and corporate development.

6. Mary O'Reilly Chief Communication Officer Appointed November 2022

Having joined the Charity in 2016, Mary's experience of strategic communications spans more than 20 years. During this time, she worked for a number of high-profile companies, including BBC Worldwide where she was Director of Communications for the Americas. Mary leads our brand, internal and external communications, and marketing teams.

7. James Murray Chief Commercial Officer Appointed December 2022

James joined the Charity in 2020 as Trading and Sales Director, taking up the post of Chief Commercial Officer in 2022. He has held senior sales and commercial positions in companies across the healthcare industry, including Vitality and Lloyds Pharmacy. James is responsible for leading propositions and sales across our trading services.

Executive Team changes in 2022

- ◆ Chris Blackwell Frost served as Chief Strategy Officer until December 2022
- ◆ Jenny Dillon served as Chief Finance Officer until November 2022
- ◆ Karl de Bruijn served as Chief Technology Officer until March 2022
- ◆ Mary O'Reilly, joined as Chief Communications Officer in November 2022
- ◆ Wouter Van den Brande, joined as Chief Strategy and Development Officer in December 2022
- ◆ James Murray, joined as Chief Commercial Officer in December 2022



Structure, governance and management

Nuffield Health is a registered charity, incorporated under the Companies Acts 1948-2006, being a company limited by guarantee without share capital. The regulatory document is the Articles of Association. A Board of Trustees governs the Charity.

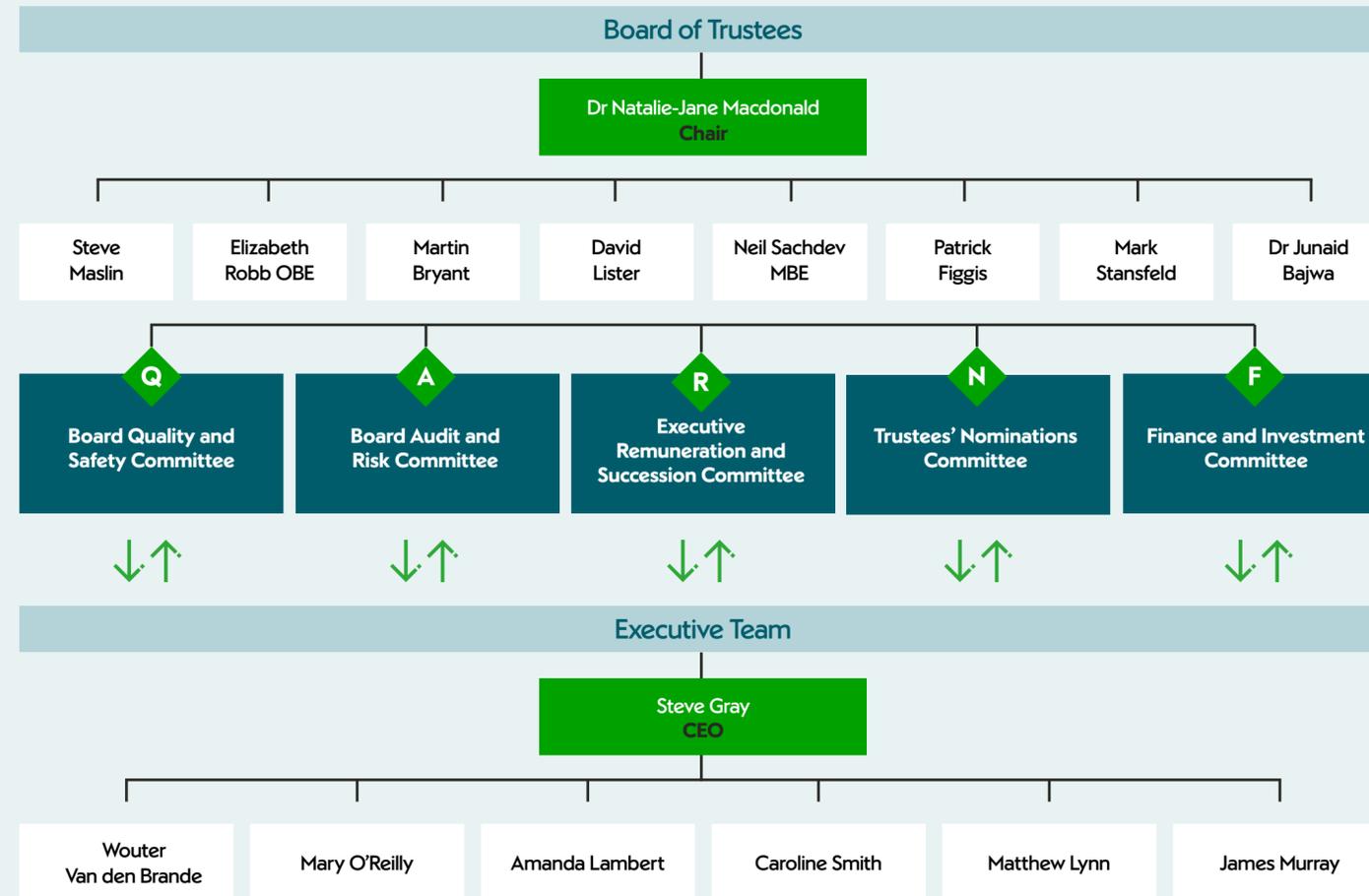
Trustees are also Directors of the company and collectively constitute the Board, which is responsible for:

- setting strategy
- ensuring the necessary financial, human and physical assets are available to meet the strategic aims
- monitoring performance
- overseeing risk management
- setting the Charity's values
- ensuring public benefit and adherence to its charitable purpose is at the heart of everything it does
- supporting and advising the Executive Team.

Trustees

The Nominations Committee recommends candidates for appointment as Trustees. Appointed at the Annual General Meeting (AGM) by a vote of the members, Trustees serve for a period of three years, they are eligible to stand for re-election but are usually limited to serving a total aggregate of nine years. For more on our Trustees and their areas of responsibility, see pages 63-64.

Structure of the Board



Members

Nuffield Health is a registered charity, and also a company limited by guarantee without share capital. As such, it doesn't have shareholders. Instead, it has members who act as nominal guarantors, with liability limited to £1 in the event that the company should ever be wound up.

Members have a constitutional role fundamental to Nuffield Health's governance and accountability.

This is an unpaid position, and they are not entitled to receive any profits or assets from Nuffield Health. They are entitled to vote at the AGM, where accounts are approved and Trustees are elected, and they are kept informed about the Charity's progress throughout the year. Current membership includes former employees and Trustees, consultants, academics and supporters of the Charity and its objectives.

Committees

Trustees serve on one or more of the Board Committees and may attend any other Board Committee meeting, if they wish. The Board delegates specific responsibilities to the Committees shown on pages 68-72, and they provide counsel, expertise, and support to the Executive Team. The performance of the Committees is regularly evaluated to support continual improvements in the governance of the Charity.

Board of Trustees

In 2022, the Board of Trustees met 13 times, with a comprehensive schedule of work, focused on:

- guiding the Charity's continuing focus on its charitable objectives and ensuring public benefit
- the long-term strategy of Nuffield Health
- reviewing new opportunities to further extend the Charity's public benefit
- continuous improvements in quality, outcomes and patient safety
- enhancing the Charity's governance and assurance
- guiding the Charity's response to external factors.

2022 was the first year of Nuffield Health working under our new strategic framework following a comprehensive review in 2021. Our strategy will ensure our continued success through 2030 and enable us to deliver on our purpose to Build a Healthier Nation. In support of this, the Board has revised the governance structures of the organisation to ensure decisions made at all levels align with our obligations as a Charity. In light of the ongoing economic environment, we have also been particularly mindful of our financial commitments and ensuring long-term sustainability to continue providing public benefit long into the future.



2022 Board attendance

	Board of Trustees	A	Q	R	F
Number of meetings in 2022	13	4	4	3	9
Numbers attended					
Dr Natalie-Jane Macdonald (Chair)	13	-	-	3	9
Martin Bryant	13	4	-	3	9
David Lister	12	-	4	-	-
Steve Maslin	13	4	-	3	1
Patrick Figgis	13	3	-	3	-
Neil Sachdev MBE	13	-	-	-	6
Dr Junaid Bajwa	13	-	4	-	-
Mark Stansfeld	12	-	-	-	7
Dame Lin Homer (served until October 2022)	9	2	3	-	1
Lord Victor Adebowale (served until October 2022)	6	-	-	-	-
Elizabeth Robb OBE (appointed October 2022)	2	-	1	-	-

We maintained our focus on high-quality care and outcomes. Supported by the Board Quality and Safety Committee (BQSC), the Board of Trustees assess ongoing improvement plans to enhance processes, management and culture.

The Trustees are all experienced Non-Executive Directors, and are regularly updated as to relevant legal and regulatory matters pertaining to the Charity and its activities. The Charity has in place a comprehensive induction programme for new Trustees to provide meaningful insights into the Charity’s objectives, and the requirements relating to public benefit, operations and governance. We provide an ongoing programme of training eg. Charity Law, Cyber Training and Safeguarding as well as a requirement to complete online mandatory training. For important events since the end of the financial year, see note 36 on page 108.

Engaging with our stakeholders

Our Board of Trustees believes that, throughout the year, it has acted in a way that is most likely to promote the success of the Charity for the benefit of all stakeholders and in accordance with our purpose and values (see Section 172 statement on page 49).

The Board of Trustees has identified that our stakeholders are as described on pages 47-48 of this report. The table shows how we engaged with our stakeholders and the outcomes of these interactions during 2022. Regular reports are submitted to the Board of Trustees in respect of each stakeholder group, so that it is well informed about progress and any areas of concern. The Trustees take into account the interests of our stakeholders when making decisions or recommending actions to the Executive Team.

Board review of compliance with the Modern Slavery Act 2015

In accordance with our values and commitment to acting ethically and with integrity in all our relationships, the prevention, detection and reporting of modern slavery and human trafficking is the responsibility of our people, our suppliers and any associated organisations. Based on our 2022 review of supply chain due diligence, we remain satisfied that our key suppliers and associates have appropriate anti-slavery policies in place.

Reserve policy

The Trustees scrutinise the financial sustainability of the Charity through regular reviews of cash forecasts and budgets, and do not set a reserve target. We aim to use the majority of surplus cash to invest in operational assets and infrastructure that improve the quality of, or increase, the Charity’s activities for public benefit. It is, therefore, expected that free reserves will not be created at this stage.

Finally, this year, the Trustee responsibility for good governance has been a continuing theme of the Charity Commission, and the Board remains mindful of its responsibilities. Significant steps were taken to further strengthen the governance and assurance processes around both financial sustainability and the clinical aspects of the Charity’s work.

In addition to financial results, the Trustees monitor a range of important measures to assess success. These include the amount of people we reach, the social value we deliver when considering our wider impact on society, our gender pay gap and carbon emissions. See pages 10 – 12



Our Move Together programme removes barriers to exercise for teenage girls in the community
See page 26



Committee reports

Board Quality and Safety Committee (BQSC)

Chair: David Lister

Committee members



- Dr Junaid Bajwa
- Elizabeth Robb
- Dame Lin Homer (served until October 2022)

Purpose

To provide internal quality controls assurance by:

- monitoring and reviewing the effective operation of clinical governance throughout the Charity
- considering clinical risk, and health and safety matters
- maintaining statutory and regulatory oversight
- driving a sound quality culture, in line with the Charity's core values and behaviours.

“Our aim is to embed a quality improvement culture that’s continually learning lessons.”

David Lister
Chair



Membership and frequency

The Committee met four times during 2022, with Elizabeth Robb providing independent input during the year.

The CEO regularly attends meetings. The following attend by invitation: the Chief Quality and Operating Assurance Officer; Chief Medical Officer; Charity and Medical Director; Responsible Officer; Interim Clinical Services Director/Clinical Services Director; Head of Clinical Quality & Professional Practice; Chief People Officer; General Counsel and Company Secretary; National Hospital Operations and Development Director; and Clinical Governance Lead who provides secretariat services.

Main activities of 2022

The BQSC played a key role in the oversight of clinical assurance as we emerged from the pandemic and adapted our service provision to support the NHS, where needed, and the health of the nation during 2022.

As an integral component of our Quality Assurance Framework, alongside the Quality Board and Expert Advisory Groups, the BQSC helps to manage, deliver and assure quality care. Our aim is to embed a quality improvement culture that’s continually learning lessons and instigating change at site level.

During the year, the BQSC has:

- returned to face-to-face meetings from April 2022, following the period of virtual meetings due to COVID-19 restrictions
- supported and advised on the development of patient safety and outcomes culture across the Charity
- held safety conversations with a wide range of patient-facing employees
- provided assurance regarding quality governance processes and reporting systems, taking advice from the relevant clinical senior leaders
- reviewed clinical, health and safety, and other governance issues, as relevant
- facilitated strengthened relationships with relevant external bodies, including the NHS
- invited a nominated representative from the CQC to attend every Committee meeting
- reviewed quality and safety performance information, with input from the relevant governance forums
- considered matters arising from Quality reviews and other reports, as defined by the Board and recorded in the Cycle of Activity.





Executive Remuneration and Succession Committee



Chair: Patrick Figgis

Committee members



Dr Natalie-Jane Macdonald
Martin Bryant
Steve Maslin

“We evaluated the performance and contribution of each member of the Executive Team.”

Patrick Figgis
Chair



Purpose

To set an appropriate remuneration and successful planning policy that rewards the contribution and performance of the Chief Executive Officer and the Executive Team, whilst recognising the charitable purpose of the organisation.

Membership and frequency

The Committee met a total of three times in 2022. During 2022, the members of the committee were Patrick Figgis (Chair), Dr Natalie-Jane Macdonald, Martin Bryant and Steve Maslin.

Main activities

- An annual review of executive salaries to ensure that total executive remuneration packages, comprising basic salary, pension contributions, performance-based annual bonus and organisation-wide employee benefits, are competitive, whilst also reflecting the organisation’s charitable status. Key management personnel are listed in the Committee meeting minutes and identified therein. Pay ranges are reviewed regularly by an external authority

- The Committee reviewed the performance and objectives of each member of the Executive Team, paying particular attention to the cultural and behavioural aspects of performance, as well as the delivery of objectives.
- The Committee focuses on the Charity’s succession needs, and ensures appropriate plans are in place for the immediate future and longer term.
- During the course of 2022 the composition of the Executive team changed, as certain members of the team moved roles (including the Chief Strategy Officer and Chief Financial Officer). As vacancies arose, the Charity appointed appropriately qualified new members of the Executive, both from within the Charity and externally.
- New executive team members were assessed through a rigorous multi-stage recruitment process and were vetted by members of the executive remuneration committee. Remuneration was set by the committee, with reference to external benchmarks as appropriate and in line with industry best practice.

Additional information

Details of the number of employees working for the Charity, whose total emoluments and benefits (excluding employer pension contributions) exceed £60,000, are shown within the Financial Statements under note 11. The Committee believes in transparency and in disclosing the pay ratio of our CEO relative to Nuffield Health’s median total pay, which is 25:1 (2021 – 50:1). This is calculated as the CEO’s total annual emoluments in 2022 as a ratio to our median employee FTE total emoluments in 2022.

Trustees’ Nominations Committee



Chair: Patrick Figgis

Committee members



Neil Sachdev MBE
Mark Stansfeld
Elizabeth Robb
Dame Lin Homer (served until October 2022)

Purpose

The names of prospective Trustees are referred to the Trustees’ Nominations Committee. This Committee also considers recommendations for appointment for membership of the Charity. No person may be appointed as a Trustee unless he or she is a member.

Membership and frequency

During 2022, the members of the Committee were Patrick Figgis (Chair), Neil Sachdev, Mark Stansfeld, Elizabeth Robb OBE and Dame Lin Homer.

Main activities

In October 2022, the Committee recruited new Trustee Elizabeth Robb OBE to reinforce the skills and talent we already have. Liz was an operational and nurse leader and her clinical expertise will support our ability to deliver outstanding services.

Board Audit and Risk Committee (BARC)



Chair: Steve Maslin

Committee members



- Martin Bryant
- Patrick Figgis
- Elizabeth Robb
- Dame Lin Homer (served until October 2022)

Purpose

The Board Audit and Risk Committee (BARC) provides the Board of Trustees with assurances on the key areas of financial reporting, audit, financial policy, risk and counter fraud, specifically concerning the:

- integrity and accuracy of financial reporting, including the assessment of key areas of audit and accounting judgement
- appointment of external and internal auditors, ensuring the principles of independence and objectivity are upheld, and the scope of the audit programmes are performed thereon
- evaluation of non-clinical internal controls and systems, and the review of the risk landscape, specifically the Charity’s risk appetite, and Principal Risks and associated mitigating controls, as identified by management
- counter fraud measures in place
- appraisal of financial policies including tax strategy, treasury policy and delegation of authority.



“We’ve a proactive stance to risk management from the bottom of the Charity to the top.”

Steve Maslin
Chair



Membership and frequency

The Committee met four times in 2022 and is expected to meet four times in 2023. In June 2023, it met to review the Annual Report and Accounts, along with the External Audit report.

Representatives of the external and internal auditors attend meetings, along with the Chief Executive Officer, the Chief Financial Officer, the Financial Control and Accounting Director and General Counsel and Company Secretary. Other members of the leadership team are invited to attend meetings as required to provide specialist input on areas of review as determined by the Committee.

Throughout the year, the Committee met regularly with the external and internal auditors, without management present, to provide opportunity for the auditors to report directly, and independently, to the Committee.

Main activities

Financial reporting

The Committee reviewed the draft Annual Report and Accounts and recommended approval to the Board of Trustees. It had previously reviewed the effectiveness of the external auditor and was satisfied that appropriate rigour was applied within the audit process.

The Committee’s review of the Annual Report and Accounts included an examination and assessment of key audit and accounting judgements, as well as the presentation of KPIs, including consistency of the narrative to the statements of financial performance.

Risk and control

At each BARC meeting, the Committee received a report from management updating it on the Risk and Governance Board’s* (RGB) areas of focus and actions. These included a refresh of Risk Management Policy, management updates on key risks, NHS counter fraud planning, whistleblowing, and Internal Audit delivery and action tracking.

BARC performed further focused risk reviews in the following key areas:

- economic climate
- service propositions
- best workforce.

The Committee also reviewed and approved the Internal Audit plans for 2022 and 2023, following recommendations from the RGB. The 2022 audit reflected a more standard approach, aligned to the Charity’s Principal Risks, following a more agile audit strategy in 2020 and 2021, necessitated by the impact on the Charity of the COVID-19 pandemic.

In addition, the 2022 audit focused on the refinancing and the hive-up of the former Aspen sites into the Charity. At each meeting, representatives from Internal Audit updated the Committee on progress and actions.

* Formerly Audit and Risk Committee (ARC)



BARC key audit and accounting judgements for the 2022 Financial Statements



<p>Onerous leases</p> <p>ISSUE Judgement is required when determining the extent to which future lease payments exceed anticipated economic benefits, as forecast cash flows consider both indirect costs and capital expenditure. Management prepares the expected cash flows at each site, over the remainder of the lease, and the net present value of rent. In addition, management considers a sublease option for the onerous sites and, where appropriate, calculates an onerous lease provision.</p> <p></p> <p>RESPONSE The Committee reviewed management's judgements in assessing the requirement for any adjustments to the onerous lease provision. It was satisfied that the assumptions used were sound and the resulting assessment was reasonable.</p>	<p>Impairments</p> <p>ISSUE To determine whether impairment exists, judgement is required when reviewing the carrying value of assets. Trigger tests are performed to assess whether performance is in line with expectations, or provides an indicator of potential impairment. Management subsequently prepares a value in use model, or obtains external valuations to assess the asset's carrying value, and calculates an impairment charge where appropriate.</p> <p></p> <p>RESPONSE The Committee reviewed management's impairment trigger assessment across a portfolio of strategic projects, fixed assets at sites where an onerous lease exists and sites for resale performed at the year-end. It was satisfied that the assumptions used, and the resultant impairments, were reasonable.</p>	<p>Adjusting items</p> <p>ISSUE Judgement is required when considering whether an item is adjusting due to being significant, either individually or in aggregate, or a similar type or event reflected separately in the Financial Statements to provide a meaningful picture of how the Group is managed and measured on a day-to-day basis. Management has identified adjusting items associated with reorganisation and transformation, impairment of assets, aborted project spend and movement in onerous lease provisions.</p> <p></p> <p>RESPONSE The Committee reviewed the treatment of adjusting items, as detailed by management. The Committee was satisfied in the treatment used of such income and expense items.</p>	<p>Capitalisation and useful economic lives of assets developed through key change projects</p> <p>ISSUE Judgement is applied when determining when an asset is complete and depreciation is applied, and when determining the life of assets built through complex transformation projects. Management assesses the treatment on a project-by-project basis to appropriately reflect the asset type and build.</p> <p></p> <p>RESPONSE The Committee reviewed the depreciation treatment on a project-by-project basis, and on a capitalisation basis where appropriate. It was satisfied that the treatment reflected the Charity's depreciation policy and the economic benefit derived from the assets.</p>	<p>Going concern</p> <p>ISSUE As significant uncertainty in the external environment, such as increased inflation and the cost-of-living crisis, continued to impact the Charity's activity and resultant financial performance, appropriate financial modelling was undertaken to support the assessment of the Charity as a going concern.</p> <p></p> <p>RESPONSE The Committee reviewed management's financial modelling and reasonable downside scenario, and the headroom to new financing and covenants. It concurred with management's recommendation to the Board to apply the going concern assumption, as there was reasonable expectation that the Charity can continue to meet its liabilities over the 12 months following the date of this report.</p>	<p>Hive-up</p> <p>ISSUE The Charity acquired the trading assets of the Aspen entities on 1 June 2022. From this date, accounting for the hive-up transaction incorporated the trading assets and defined benefit pension scheme within the Charity, while two entities, Cancer Centre London LLP and Parkside IHL Scanning Services LLP, continued to trade as separate legal bodies. Goodwill arose from the transaction and was recognised in the Charity, and eliminated on a Group level.</p> <p></p> <p>RESPONSE The Committee reviewed the basis of the treatment of Goodwill and was satisfied with the accounting treatment proposed by management.</p>	<p>Refinancing group structure</p> <p>ISSUE In 2022, the Group completed a refinancing transaction consisting of a traditional borrowing facility, the sale and leaseback of 10 hospitals to a special purpose entity (SPV). The SPV financed the purchase of the properties with borrowings from a third party. Judgement was applied in concluding that the SPV should be consolidated into the Financial Statements, the result of which brings a third party loan onto the Group's balance sheet. Judgement is also applied when determining the classification of the new loan instrument as non-basic, with a fair value (FV) adjustment through finance costs in the Income statement. The sale and leaseback transaction is considered a finance lease, and the stamp duty paid by the Charity on behalf of the special purpose entity is deemed a finance cost, and is therefore amortised as deferred finance fees.</p> <p></p> <p>RESPONSE The Committee reviewed the basis upon which judgements were exercised and was satisfied with the treatment proposed by management.</p>
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Finance and Investment Committee

Chair: Martin Bryant

Committee members



Dr Natalie-Jane Macdonald
Neil Sachdev MBE
Mark Stansfeld

Purpose

To provide the Board of Trustees with:

- recommendations for approval of major financial commitments or investment proposals
- recommend investment hurdle rates to the Board
- assessment of post-investment returns from approved investments
- evaluations of the funding plans required by the Charity to support approved levels of investment.

Membership and frequency

The Committee met nine times in 2022. The Chief Executive Officer, Chief Financial Officer and General Counsel and Company Secretary attended each meeting and other representatives from the management team were invited to attend to provide expert knowledge where this was required.

“Optimising the financial sustainability of the Charity, whilst maintaining investment in strategic projects, is key to our future success.”

Martin Bryant
Chair



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Main activities

In line with the Charity's delegation of authority, the Committee reviews all proposals and material contracts which exceed the delegated authority of the Chief Executive Officer, Chief Financial Officer and the Executive Board. The authority limits require the Committee to assess proposals greater than £2 million for capital investments and £5 million for operating cost commitments. Below these levels, responsibilities were discharged through the Executive Committee and the Operating Board.

The Committee also gives consideration to:

- substantial debt financing and financial restructuring of the Charity
- post-investment reviews for approved projects
- material contract renewals and lease re-gears
- other topics as defined by the Board.

In 2022, the Committee carried out the following activity:

- reviewed and provided final approval for the structuring of the Charity's financing arrangements, having considered management's future financial projections and associated net financing requirements, as part of refinancing the Charity in 2022
- considered future strategic investment opportunities
- reviewed key contractual commitments for the supply of critical goods and services to ensure maximum value was delivered for the Charity
- reviewed strategic transformation programmes in delivery, including Network transformation of the Charity, Nuffield Health Electronic Patient Records (NEPR) and the launch of the new hospital, Nuffield Health at St Bartholomew's, measuring progress against milestones and the delivery of expected benefits for the Charity.

A formal record of all discussions, actions and decisions is held in the minutes, which are stored in a secure location.

Trustees' Remuneration Committee

Chair: Michael Smith

Committee members

George Fergusson
Dame Denise Holt

Purpose

The Trustees' Remuneration Committee is responsible for making recommendations regarding Trustees' remuneration.

Membership and frequency

Members Michael Smith (Chair), George Fergusson and Dame Denise Holt met on 24 February 2022.

Main activities

The Committee discussed Trustees' remuneration, Board composition and continuity, the recruitment of new Trustees and appraisal of Trustee performance. Details of the fees paid to the Trustees are shown within the financial statements under note 10 on page 95.



Trustees' review of our objectives

In 2022, the Trustees review the Charity's objectives, its activities, and the degree to which the services it provides are made accessible to the public. This is all part of our charitable purpose, which can be simplified to concise articulation 'to build a healthier nation'.

This review examines the Charity's achievements, and the outcomes of its activities over the previous 12-months, together with the benefits delivered to the users of the Charity's services. The Trustees' review also ensures that the Charity remains focused on, and has due regard to providing public benefit.

The Trustees continue to give careful consideration to the Charity Commission's guidance on public benefit – in particular, to its guidance for fee-charging charities. The Trustees have also considered the level of access and affordability of all the Charity's services, across its sites, in an integrated manner, to each section of the population, particularly those living with lower resources.

Customer diversity was reviewed in 2018 and the Trustees supported the launch of Programmes For All (formerly flagships). These were developed to widen access to our expertise, and expand our reach to those who would not normally be able to afford or access our services. Nuffield Health has policies in place to clarify, to those inside and outside the organisation, how we deliver benefits to the public in order to fulfill our charitable objectives.

These include:

- a limit of 10% on those activities' ancillary to the objectives of the Charity. This is to ensure that nothing excludes or causes detriment to our core purpose
- the establishment of guidelines by which any ancillary or fundraising activities can be judged, ensuring they are directly related to, and necessary for, carrying out the Charity's purpose
- a requirement that no activities are detrimental or harmful.

The Trustees are aware of their responsibilities to ensure the Charity continues to deliver its charitable purpose. This is only possible if the Group has sufficient cash and loan facilities to continue in operational existence.

Cash flow forecasts are prepared regularly. Following their review, the Trustees have a reasonable expectation that the Group has adequate resources to continue to operate for the foreseeable future. This takes into consideration the risks contained within the forecasts and, for this reason, the Trustees continue to adopt the going concern basis in preparing the Financial Statements.

In addition, the Trustees are confident that plans are in place for 2023 that will further enhance the accessibility of the Charity's activities to people living on lower resources. By the end of 2022, over 8,000 people had benefited from our free-to-access programmes. Our Joint Pain programme was delivered in 104 of our fitness and wellbeing centres. And our COVID-19 Rehabilitation programme was operational in 43 sites, and was extended to a virtual delivery model, allowing more people to benefit.

We have developed specific initiatives, such as our partnership with Merton Libraries (see page 27) and Move Together (page 26), to widen access and improve accessibility by going out into the community. We are also working collaboratively with other charities and organisations, such as Access Sport, to encourage more people to take up exercise and be more aware of the importance of looking after their health and wellbeing.

The Trustees have concluded that the objectives of the Charity remain focused on public benefit. They are also satisfied that the activities of the Charity are overwhelmingly carried out to fulfil its charitable objectives, that no activities are inconsistent with its objectives, and that the Charity meets the requirements of the policies described.





Trustees' responsibilities for the Financial Statements

For the purposes of company law, the Trustees are also Directors of Nuffield Health. They are responsible for preparing the Strategic Report, the Trustees' Report and Financial Statements. This is done in accordance with applicable law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Company law requires the Trustees to prepare Financial Statements for each financial year, in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law, Trustees must not approve the Financial Statements unless satisfied they give a true and fair view of the state of affairs of the Charity and its subsidiaries, and of the incoming resources and application of resources, including income and expenditure for that period.

In preparing these Financial Statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently
- observe the methods and principles in the Charity's Statement of Recommended Practice (FRS 102)
- make reasonable and prudent judgements and accounting estimates
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements
- prepare Financial Statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business.

The Trustees are responsible for keeping adequate records that are sufficient to show and explain the transactions of the Charity and its subsidiaries, and disclose the financial position of all entities, with reasonable accuracy at any time. They must ensure the Financial Statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provision of the Charity's Articles of Association.

The Trustees are responsible for safeguarding the assets of the Charity, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees confirm that:

- so far as each Trustee is aware, there is no relevant audit information of which the Charity's auditor is not aware
- all steps have been taken to make the Trustees aware of any relevant audit information and establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charity's website. UK legislation governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Relationship with subsidiaries

The majority of subsidiaries are wholly owned by the Charity, and Directors are generally members of the management team.

Activities carried out by subsidiaries are in the main non-charitable, including activities coming with acquisitions that have not been transferred to the Charity or businesses that are being developed with the aim of selling or entering into a partnership with another organisation.

The aim is for the subsidiaries to make a return to the Charity. Inter-company loans and trading are covered by written agreements.



Independent Auditor's Report



Independent Auditor's Report to the members and Trustees of Nuffield Health

Report on the audit of the Financial Statements

Opinion

In our opinion the financial statements of Nuffield Health (the 'parent charitable company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2022 and of the group's and parent charitable company's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

We have audited the financial statements which comprise:

- the Consolidated income statement;
- the Consolidated and Charity statement of financial activities;
- the Consolidated and Charity balance sheets;
- the Consolidated cash flow statement;
- the accounting policies; and
- the related notes 1 to 36.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United

Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and of the parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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

In auditing the financial statements, we have concluded that the Trustees' 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 parent charitable company'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 Trustees 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 Trustees are 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to 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.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the parent charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine 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 Trustees are responsible for assessing the group's and the parent charitable company'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 Trustees either intend to liquidate

the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

We have been appointed as auditor under section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006 and report in accordance with those Acts and relevant regulations made or having effect thereunder.

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's and the

parent charitable company's industry and its control environment, and reviewed the group's and the parent charitable company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the Trustees' about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory frameworks that the group and parent charitable company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Charities Act, UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group and parent charitable company's ability to operate or to avoid a material penalty. These included the group and charitable company's operating licence, the Charity Commission for England and Wales (Charity Commission) regulations, Scottish Charity Regulator (OSCR) regulations, Care Quality Commission regulations, Health and Safety Executive (HSE), Local Authority/Food Standards Agency, Healthcare Improvement Scotland (HIS), Healthcare Inspectorate Wales (HIW), Medicines and Healthcare products Regulatory Agency (MHRA), Human Fertilisation and Embryology Authority (HFEA), General Pharmaceutical Council (GPhC) and Office for Standards in Education, Children's Services and Skills (Ofsted).

We discussed among the audit engagement team and relevant internal specialists such as pensions, valuations, real estate advisory, IT and financial instruments specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- determination of whether an expenditure is capital in nature: we tested the capitalised expenditure on a sample basis to assess whether they met the relevant accounting requirements to be recognised as capital in nature; and we considered the de-recognition of the asset where the addition involves the replacement of an asset.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the Charity Commission.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report, which includes the strategic report and the directors' report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report included within the Trustees' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 we are required to report in respect of the following matters if, in our opinion:

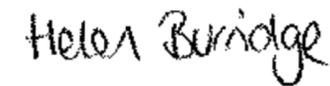
- adequate and proper accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's Trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members and Trustees those matters we are required to state to them in an auditor's report and for no other purpose.

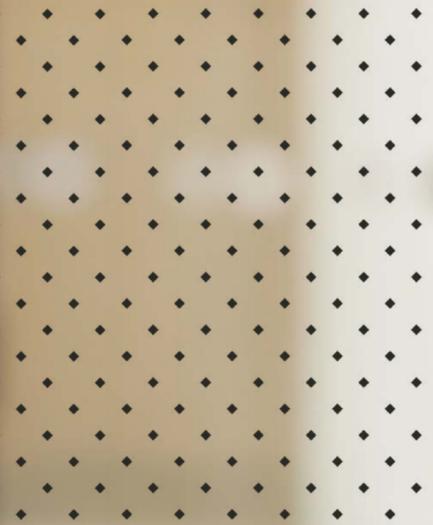
To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Helen Burridge
(Senior statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK

5 July 2023

Deloitte LLP is eligible for appointment as auditor for the charity by virtue of its eligibility for appointment as audit of a company under section 1212 of the Companies Act 2006.



Financial Statements

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Consolidated Income statement

for the year ended 31 December 2022

	Note	2022 £m	2021 £m
Turnover – unrestricted	2	1,236.1	965.5
Turnover – restricted	2	1.5	23.0
Cost of services		(1,103.2)	(926.9)
Gross surplus		134.4	61.6
Support costs		(191.3)	(84.0)
Gain on disposal of tangible assets	2	0.8	7.1
Operating (deficit)/surplus before adjusting items		(2.5)	1.9
Adjusting items	5	(53.6)	(17.2)
Total operating deficit before interest and tax		(56.1)	(15.3)
Adjusted for:			
Depreciation and amortisation		72.9	75.6
Adjusting items	5	53.6	17.2
Adjusted earnings before interest, tax, depreciation and amortisation		70.4	77.5
Net interest payable and similar income/costs	7	(6.5)	(17.5)
(Deficit) before taxation		(62.6)	(32.8)
Tax on (deficit)	12	–	–
(Deficit) after tax for the financial year		(62.6)	(32.8)
(Deficit) attributable to:			
Charity		(62.9)	(32.9)
Non-controlling interests	34	0.3	0.1

All amounts derive from continuing activities.

The Consolidated Income statement includes all gains and losses other than those arising from actuarial gains or losses on defined benefit retirement schemes and other post-retirement benefits and changes in the market value of the fixed asset investments. These items are presented in the Consolidated and Charity statement of financial activities on the following page.

The accounting policies and notes on pages 81 to 108 form part of these Financial Statements.

Consolidated and Charity Statement of financial activities

for the year ended 31 December 2022

	Note	Group total funds*		Charity total funds*	
		2022 £m	2021 £m	2022 £m	2021 £m
Income and endowments from					
Donations and legacies including government grants – restricted	2	–	19.7	–	19.5
Other income – restricted	2	1.5	3.3	1.5	3.3
Charitable activities	2	1,168.1	931.3	1,170.7	931.3
Other trading activities	2	68.0	34.2	–	–
Investments	2	–	–	–	–
Gain on disposal of tangible assets	2	0.8	7.1	1.4	7.1
Total income and endowments		1,238.4	995.6	1,173.6	961.2
Expenditure on charitable activities					
Other expenditure before adjusting items	3	(1,172.3)	(958.6)	(1,174.6)	(958.6)
Adjusting items	5	(53.6)	(17.2)	(52.4)	(17.2)
Interest payable	7	(6.5)	(17.5)	(23.3)	(10.2)
Other expenditure					
Other trading activities		(68.6)	(35.1)	–	–
Total expenditure		(1,301.0)	(1,028.4)	(1,250.3)	(986.0)
Net expenditure					
Before adjusting items		(9.0)	(15.6)	(24.3)	(7.6)
Adjusting items		(53.6)	(17.2)	(52.4)	(17.2)
Net expenditure		(62.6)	(32.8)	(76.7)	(24.8)
Other movement in funds					
Actuarial gain/(loss) on defined benefit retirement scheme		12.8	54.1	4.4	45.0
Acquisition of non-controlling interest		–	0.6	–	–
Net movement in funds		(49.8)	21.9	(72.3)	20.2
Fund balances at 1 January		(54.6)	(76.5)	(60.0)	(80.2)
Fund balances at 31 December		(104.4)	(54.6)	(132.3)	(60.0)
Net movement in funds attributable to non-controlling interest	34	0.3	0.1	–	–

* Total funds for the Group and Charity include restricted funds of £0.8 million (2021 – £0.8 million) and permanent endowments of £0.1 million (2021 – £0.1 million).

All amounts derive from continuing activities.

The accounting policies and notes on pages 81 to 108 form part of these Financial Statements.

Consolidated and Charity Balance sheets

for the year ended 31 December 2022

	Note	Group		Charity	
		2022 £m	2021 £m	2022 £m	2021 £m
Fixed assets					
Intangible assets	13	101.6	117.1	101.8	111.1
Tangible assets	14	422.9	449.0	556.2	440.3
Post-retirement defined benefit assets	8	2.4	4.5	20.7	10.6
Investments	16	0.2	0.2	36.1	41.8
		527.1	570.8	714.8	603.8
Current assets					
Stocks	17	17.3	15.8	16.2	11.7
Debtors	18	118.9	108.0	118.6	95.6
Cash at bank	31	17.9	8.8	13.0	3.4
		154.1	132.6	147.8	110.7
Creditors: amounts falling due within one year	19	(226.7)	(540.1)	(264.7)	(560.4)
Net current liabilities		(72.6)	(407.5)	(116.9)	(449.7)
Total assets less current liabilities		454.5	163.3	597.9	154.1
Creditors: amounts falling due after more than one year	20	(436.4)	(104.9)	(648.0)	(167.8)
Provisions for liabilities	23	(77.8)	(46.0)	(77.5)	(39.8)
Net assets/(liabilities) excluding post-retirement liabilities		(59.7)	12.4	(127.6)	(53.5)
Post-retirement defined benefit liabilities		(44.7)	(67.0)	(4.7)	(6.5)
Net liabilities		(104.4)	(54.6)	(132.3)	(60.0)
Income funds					
Restricted funds surplus	1	0.8	0.8	0.8	0.8
Unrestricted funds:					
General fund (deficit)/surplus		(63.5)	6.3	(149.2)	(65.0)
Post retirement reserve (deficit)/surplus		(42.3)	(62.5)	16.0	4.1
Total unrestricted funds (deficit)		(105.8)	(56.2)	(133.2)	(60.9)
Total income funds (deficit)		(105.0)	(55.4)	(132.4)	(60.1)
Permanent endowment	1,24	0.1	0.1	0.1	0.1
Funds (deficit) attributable to the Charity		(104.9)	(55.3)	(132.3)	(60.0)
Non-controlling interest	34	0.5	0.7	-	-
Group Funds (deficit)	1	(104.4)	(54.6)	(132.3)	(60.0)

The accounting policies and notes on pages 81 to 108 form part of these Financial Statements.

Approved and issued by the Board of Trustees on 5th July 2023.



Dr Natalie-Jane Macdonald
Chair



Steve Gray
Chief Executive Officer

Company number 00576970. Charity number in England and Wales 205533. Charity number in Scotland SCO41793.

Consolidated Cash flow statement

for the year ended 31 December 2022

	Note	2022 £m	2021 £m
Cash generated from operating activities			
Before adjusting items		45.3	77.3
Adjusting items		(6.0)	(4.4)
	27	39.3	72.9
Cash flows from investing activities	28	(48.8)	(71.5)
Cash flows from financing activities	29	8.9	0.3
Net (decrease)/increase in cash and cash equivalents		(0.6)	1.7
Cash and cash equivalents at 1 January		8.8	7.1
Cash and cash equivalents at 31 December	31	8.2	8.8
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash and cash equivalents for the financial year		(0.6)	1.7
Cash inflow from changes in debt		(43.9)	(20.0)
Repayment of finance leases		1.8	2.5
Cash movement in net debt in the financial year	30	(42.7)	(15.8)
Non-cash movement in net debt in the financial year		21.4	-
Net debt at 1 January	30	(418.9)	(403.1)
Net debt at 31 December	30	(440.2)	(418.9)

The accounting policies and notes on pages 81 to 108 form part of these Financial Statements.

Accounting policies

for the year ended 31 December 2022

1. Company information

Nuffield Health (Company number 00576970, Charity number in England and Wales 205533, Charity number in Scotland SCO 41793) is a company limited by guarantee without share capital incorporated in the United Kingdom and registered in England and Wales. The registered office is Epsom Gateway, Ashley Avenue, Epsom, Surrey, KT18 5AL. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per Charity Member. There were 71 Members on 31 December 2022.

2. Basis of preparation

The Financial Statements have been prepared in accordance with UK accounting standards, including FRS 102 and the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102), and the Companies Act 2006. The Financial Statements have been prepared on the historical cost basis except as modified to include the fair value basis for certain fixed asset investments, certain Financial Statements and certain post-retirement defined benefits.

Nuffield Health is a public benefit entity as defined by FRS 102.

The Financial Statements are prepared in Sterling, which is the functional currency of the Group, and rounded to the nearest hundred thousand.

The Charity has taken advantage of the reduced disclosure provisions of FRS 102 'The Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland' (FRS 102) and not disclosed its statement of cash flows.

3. Going concern

The Trustees believe the Charity will have adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of signing these Financial Statements and, in accordance with section 3.8 of FRS 102, the Annual Report and Financial Statements for 2022 are prepared on a going concern basis. This assessment has been made in accordance with Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks (2016), and updated Guidance for Companies on Corporate Governance and Reporting (4 December 2020) published by the UK Financial Reporting Council (FRC).

After reviewing the Group's forecasts and their accompanying risks, the Trustees have a reasonable expectation that the Charity and the Group have adequate resources to continue in operational existence for the foreseeable future and, as a result, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

The forecast projections take account of the additional credit facility of £30.0 million agreed in 2023 and indicate that the Charity will continue to operate within banking covenants for the foreseeable future. The impact of further potential sensitivities has also been considered and the Trustees have reasonable expectation that the liquidity and headroom on covenants is sufficient to absorb such impact. Funding is in place for more than 12 months from the approval of the Financial Statements.

Further detail regarding going concern is disclosed in the financial sustainability review on pages 51 to 54.

Accounting policies continued

for the year ended 31 December 2022

4. Basis of consolidation

The Group Financial Statements consolidate the Financial Statements of the Charity and all its subsidiary undertakings drawn up to 31 December each year.

Subsidiaries are consolidated from the date of their acquisition, being the date the Group obtains control, and continue to be consolidated until the date control ceases. Control is achieved where the Group has the power to govern the undertaking's financial and operating policies so as to benefit from its activities.

Acquisitions of subsidiaries and businesses are consolidated using the purchase method. On acquisition of an undertaking, the undertaking's identifiable assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. Any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired is recognised as goodwill.

All intra-Group transactions, balances, incomes and expenses are eliminated on consolidation.

Shares of subsidiary undertakings owned by non-Group companies are included within minority interest, except so far as there are obligations to the third parties that are likely to result in the purchase of those shares, in which case the discounted value of the expected purchase price is reported as a liability.

Non-controlling interests in subsidiaries are identified separately from the Group's funds therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at

fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in funds.

5. Significant judgements and estimates

The preparation of the Financial Statements requires the Trustees to make judgements and estimates and to select suitable accounting policies. The nature of the estimation means the actual outcomes could differ from those estimates. The following are items in the Financial Statements where significant judgements and estimates have been made.

Critical judgements in applying the Group's accounting policies

Judgements made by management include the presentation of adjusting items (accounting policy 10).

Judgement was also applied in concluding that Nero Propco LLP is a subsidiary of the Group and so should be consolidated into these Financial Statements; the result of which brings a third party loan onto the Group's Balance sheet. Further information is provided in note 16.

In addition judgements applied relating to the Trustees' going concern assessment are detailed in the Strategic Report on page 54. This is considered a critical accounting judgement due to the level of uncertainty around future forecasts.

Key sources of estimation uncertainty Impairments of tangible fixed assets and computer software

Tangible fixed assets, computer software and goodwill are reviewed if events or changes of circumstances indicate that the carrying amount may not be recoverable. For this purpose, individual consumer fitness and wellbeing sites

and hospitals are considered to be separate income generating units. The carrying amount of tangible assets and computer software, and the impairments recognised can be found in notes 13 and 14.

The impairment tests are based on the fair value arising from property valuations provided by a third party for hospitals, or value in use for wellbeing sites.

The value in use calculations use cash flow models derived from the budget and exclude significant future investments that will enhance the income generating unit's performance. The value in use method is subject to assumptions on the rate used to discount expected future cash flows and the short- and long-term growth rates used in the calculation. A key estimate is the long-term growth rate of wellbeing sites, as well as short-term cost inflation. A long-term EBITDA growth rate of 2% was applied; refer to note 14 for the impairment recognised in the year. Changes to the growth rate could have a significant impact on the impairment recorded.

Fair value of third party loan

During the year, a financial liability arose from a third party loan, held by Nero Propco LLP, a subsidiary company. The significant assumptions involved in calculating the fair value adjustment to this loan includes long term RPI inflation and a market based discount rate. These values are subject to uncertainty, and as a result, changes to these estimates could have a significant impact on the value of the loan liability. It is recognised that the long term RPI inflation forecast and market based discount rate adopted are likely to change in the future; as the long term RPI inflation rate increases, as does the value of the loan liability. As the discount rate increases, the value of the loan liability decreases. To address the uncertainty arising in the valuation technique, these assumptions were sensitised as part of the valuation. A range of long term RPI inflation rates were considered, between 2.0% – 3.1%, and a range of discount rates were considered, between 6.5% – 6.9%. This sensitivity analysis resulted in loan liability valuations ranging from £170.6 million to £209.6 million.

Defined benefit pensions and other post-retirement benefits

In order to calculate the obligation under the defined benefit pension plans and post-retirement medical benefits, estimates are made of the future costs using actuarial valuations. Due to the complexity of the valuation and the long-term nature of these plans, such estimates are subject to uncertainty. The most significant assumptions are the rate used to discount the obligations (based on the AA corporate bond yield curve that reflects the duration of the liabilities) and mortality rates. These assumptions and the carrying amounts of the plan's assets and obligations, along with the sensitivity impact of changing these assumptions, are set out in note 8.

In 2016, the Charity entered into an asset backed funding arrangement with the Nuffield Health Pension and Life Assurance Scheme (the Scheme). It was concluded that the Scheme is a separate reporting entity to the Charity. Therefore, the Charity's post-retirement defined benefit scheme is less than the Group's by £58.3 million (2021 – £71.1 million) and the Charity has a liability for asset backed funding (ABF) of the same amount. These are measured at their fair value using a valuation method with the payments and risk free discount rate being the major assumptions. Given these assumptions are subject to variation over time, it is possible that the fair value of the ABF liability recognised by the Charity and the asset recognised by the Scheme could vary significantly in the future. Detailed sensitivities are disclosed in note 8.

Onerous leases

The onerous lease assessments carried out periodically are dependent on estimates of future cash flows including potential recovery profile scenarios. This includes estimating the lease liabilities assuming certain properties are no longer traded by Nuffield Health but are vacant and available to sub-let to third parties, or third party advice on sub-let values for those properties. There is significant judgement in estimating these cash flows as it requires assessment of cost inflation, market growth and competitor influences. The latest actual results and budget are used to establish the anticipated long-term profitability of the sites.

Accounting policies continued

for the year ended 31 December 2022

An estimate of the impact of future pricing initiatives has also been included in the assessment of long-term profitability. Where appropriate, external experts are engaged to support the assessment. A key estimate is the long term growth rate of wellbeing sites, as well as short-term cost inflation. A long-term EBITDA growth rate of 2% has been applied. There is also significant judgement in estimating the unavoidable costs, which have been forecasted to grow at 2% per annum. Refer to note 23 for the onerous lease provision recognised in the year. Changes to the growth rate and the outcome of future pricing initiatives could have a significant impact on the onerous lease provision recorded.

6. Funds

Unrestricted general funds are expendable at the discretion of the Trustees in furtherance of the objects of the Charity. The liability for post-retirement defined benefits is reported separately in the post-retirement reserve.

Restricted funds are subject to specific conditions imposed by the donors, and are within the objects of the Charity. These funds are transferred to unrestricted when the specific requirements of the donation are satisfied.

Permanent endowments are capital funds where the Trustees have no power to convert the capital into income. Only the income may be expended.

7. Income and turnover

Income from charitable activities comprises the value of services and goods supplied by the Group after deducting discounts and excluding Value Added Tax (VAT). These are:

- Income from the hospital and wellbeing clinical activities that are recognised when the treatment or good is provided
- Wellbeing membership income that is recognised evenly over the membership period. Joining fees, which are non-refundable, are recognised when received. Secondary income, including those from food and beverages and personal training, are recognised when delivered
- Income from management contracts for wellbeing services to employees, which are accounted on an accruals basis over the period that the service and price are agreed.

Turnover is income from charitable and other trading activities plus donations and legacies.

Donations are accounted for when receipt is probable, there is evidence of entitlement and it can be measured reliably. Legacies are included in the Financial Statements when it is probable that the legacy will be received and the value can be reliably estimated. Furlough grant received in the prior year has been included in donations and legacies, further details are provided in note 2.

Interest income is recognised on a time basis taking into consideration the principal outstanding and contractual interest rates.

8. Expenditure

Expenditure is classified using the headings in Charities SORP (FRS 102). The direct costs of providing services to patients and others are categorised as charitable activities. Support costs are the Group's central office costs and, as such, are indirect costs incurred in supporting the charitable activities. Governance costs comprise the expenditure associated with the strategic management of the Group and compliance with constitutional and statutory requirements. Where departments undertake support and governance activities, the costs are apportioned using an estimate of the time spent on each activity.

Interest payable, other than retirement benefit finance costs, is accrued using the effective interest method.

9. Grants and reliefs

The Charity took advantage of various forms of government assistance during the current and prior year. The Charity applies the accruals method in accordance with paragraph 24.4 of FRS 102 as reliefs are claimed as compensation for expenses or losses already incurred, for the purpose of giving immediate financial support to the Charity, with no future related costs. Grants are accounted for when receipt is probable, there is evidence of entitlement and it can be measured reliably.

Government Grants

The Charity receives grant funding from local authorities in relation to childcare places at Nuffield day nurseries. The Charity also receives nurse placement and training grants from Health Education England.

The Government's Coronavirus Job Retention Scheme (CJRS) was introduced in 2020. In the first four months of the prior year, the Charity continued to recognise the salary expense and additionally recognise the grant income in the Consolidated and Charity statement of financial activities in the period in which it became receivable. No claims were made after April 2021.

In the prior year, the Retail, Hospitality and Leisure Grant Fund (RHLGF) was not time or performance related and was recognised in the Financial Statements at the point of entitlement in other income.

In the prior year, the two grants received were classed as restricted and were fully utilised within the year, and are included as donations and legacies.

Other reliefs

The treatment of additional funding received in the prior year under the Coronavirus Large Business Interruption Loan Scheme (CLBILS) is consistent with accounting policies for financial instruments (accounting policy 30) and interest (accounting policy 8), as the government support was to provide access to finance which may not have previously been available. The treatment of new funding is consistent with existing financial instruments. The Group repaid the CLBILS in full, in September 2022.

The Charity has taken advantage of the business rates relief introduced by the Government, rent concessions and HM Revenue & Customs' (HMRC's) Time to Pay arrangement.

Business rates relief is treated as an absent cost and the profit and loss account charge is reduced for the period of the relief within sites where rates relief was applicable.

Rent deferrals arranged with landlords as a result of the COVID-19 pandemic are classified as lease incentives whereby the leases are extended and the waiver is applied on a straight line basis over the life of the new lease. Rent concessions received from landlords falling within the COVID-19 concession period are recognised in the Income statement.

Nuffield Health made use of the UK Government's VAT deferral scheme by which VAT payments deferred between 20 March and 30 June 2020 were deferred and repaid in instalments between June 2021 and January 2022. The liability is recognised as it is incurred and as recorded in social security and other taxes within creditors: amounts falling due within one year.

Accounting policies continued

for the year ended 31 December 2022

10. Adjusting items

During the year, the Trustees took the decision to revise the description of exceptional items to adjusting items.

Adjusting items include accounting movements in relation to onerous lease provisions, impairment of assets and reorganisation and transformation costs, which are reflected separately in the financial statements, to provide a meaningful reflection of how the Charity is managed and measured on a day-to-day basis. This achieves consistency and comparability between reporting periods. Adjusting items fall outside the routine operations of the Group but due to their nature, may recur.

Other adjusting items are significant one off items resulting from an event outside the Group's operating activities. These are disclosed separately to improve the understanding of the Group's underlying financial performance.

11. Termination benefits

Payments or other benefits arising from the termination of a person's employment are recognised as a liability and expensed when there is a detailed formal plan for the termination and there is no realistic possibility of the plan being withdrawn.

12. Financial derivatives

The Group enters into financial derivatives to manage its exposure to fluctuating interest rates but does not enter into speculative derivative contracts. Amounts payable or receivable in respect of interest rate derivatives are recognised as adjustments to interest payable over the period of the contracts.

Derivative contracts are initially measured at fair value on the date the contract is entered into and are subsequently measured at fair value through the Consolidated Income statement and the Consolidated statement of financial activities. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The movement in the fair value of the interest rate derivatives is charged or credited to interest payable within the Consolidated statement of financial activities and the Consolidated Income statement.

The fair value of the interest rate swaps is calculated using a valuation technique that takes into consideration observable interest rates for the period of the contracts.

13. Foreign currency

Group entities

The Group has no subsidiaries that have a different functional currency from the presentational currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transactions. Exchange gains and losses resulting from the settlement of such transactions and from translation at the closing rate of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Income statement and the Consolidated statement of financial activities.

14. Intangible fixed assets and amortisation

Goodwill

Goodwill is measured at cost less accumulated amortisation and any accumulated impairment losses.

Positive goodwill is written off on a straight line basis over its expected useful life, of between five and 20 years. If there is an indication that there is a significant change in amortisation rate, the amortisation is revised prospectively to reflect the new expectations.

A change in the value of contingent purchase consideration is recognised immediately as an adjustment to goodwill and written off on a straight line basis over its expected useful life from the date of the original purchase.

The Charity's goodwill includes the value of investments in certain subsidiaries in which the trade and assets have been transferred to the Charity.

Computer software

Computer software that is not an integral part of its related hardware is treated as an intangible fixed asset and is recognised only when it is probable that future benefits will flow to the Group and the cost can be measured reliably.

It is measured at cost less accumulated amortisation and any impairment losses. Cost includes internal project development costs.

Software development costs are recognised as an intangible asset when all the following conditions are met:

- It is technically and financially feasible to complete the development
- The intention is to complete the development and use the software
- It can be used when completed

- The costs can be measured reliably
- It is probable there will be future economic benefits to the Group.

Computer software is amortised over five years.

Intangible assets in the course of construction consist of costs that meet the criteria for recognition as an asset, as set out above, but are not yet in use. These items are transferred to their relevant asset category when they are brought into use; amortisation commences from this point.

15. Tangible fixed assets and depreciation

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes that of dismantling and removing the item and restoring the site on which it is located provided that there is an obligation at the year end, it is probable that there is an obligation and it can be measured reliably.

The cost of new buildings, major extensions and refurbishments includes internal project development costs and interest incurred on borrowings to finance the development. All other development costs are written off in the year of expenditure.

Capitalised interest is calculated by applying a weighted average interest rate to the cost of new hospitals, major extensions and refurbishments in progress during the year.

Tangible fixed assets are transferred from assets in the course of construction at practical completion of the project.



Accounting policies continued

for the year ended 31 December 2022

15. Tangible fixed assets and depreciation continued

No depreciation is charged while assets are in the course of construction; depreciation on assets in the course of construction commences at practical completion.

Depreciation on tangible fixed assets, other than freehold land which is not depreciated, is calculated on a straight line basis to write down the cost over the assets' expected useful economic lives. The applicable periods are:

Freehold buildings	Between 50 and 60 years or the remaining useful life if less than 50 years
Leasehold properties	Over the period of the lease or remaining useful life
Furniture and equipment	Between 3 and 15 years
Motor vehicles	Between 4 and 5 years

16. Estimation of useful lives and residual values of fixed assets

Intangible and tangible fixed assets are amortised or depreciated over their useful lives after taking into consideration their expected residual value. The useful lives and residual values are set at the time the assets are acquired. The lives are based on historical evidence of similar assets as well as anticipating the impact of future events that may affect their lives.

The estimated useful lives of the intangible fixed assets are set out in accounting policy 14 and those for tangible fixed assets in accounting policy 15.

17. Impairment of intangible and tangible fixed assets

At each reporting date, intangible and tangible fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of a possible impairment, the recoverable amount of the affected income generating unit or asset is estimated and compared with its carrying amount. An impairment loss is expensed immediately.

Impairments of tangible fixed assets and intangible fixed assets other than goodwill are reversed when a change in economic conditions or the expected use of an asset increases the recoverable amount of an impaired asset above its impaired carrying value. Impairment reversals are recognised in the Consolidated Income statement and Consolidated statement of financial activities to the extent that they increase the carrying amount of the asset up to the amount that it would have been had the original impairment not occurred.

18. Purchase and disposal of properties

The purchase or disposal of a property is accounted for in the year in which an unconditional and irrevocable contract is exchanged.

19. Investments

Investments in subsidiaries are stated at cost, less provision for impairment within the Charity's Financial Statements.

Other investments are stated at market value at the Balance sheet date. Changes in market values are accounted for as net gains/(losses) on investments within the Consolidated Statement of financial activities.

20. Business combinations

The acquisition of subsidiaries and businesses is accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of fair values of assets given, liabilities incurred or assumed, and instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised as part of the cost of investment.

Where the consideration for an acquisition includes any asset or liability resulting from a contingent arrangement, this is measured at its discounted fair value on the date of acquisition. Subsequent changes in fair values are adjusted through the Consolidated Income statement in interest payable and similar income. Changes in the fair value of contingent consideration classified as equity are not recognised.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as at the date of the acquisition that, if known, would have affected the amounts recognised as at that date. The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as at the acquisition date and is a maximum of one year.

Accounting policies continued

for the year ended 31 December 2022

21. Accounting for subsidiaries

A subsidiary is an entity controlled by the Group. Control is achieved where the Group has power over an investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the returns.

The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Income statement from the effective date control is obtained or up to the date control is relinquished, as appropriate. Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

22. Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's funds therein, either at fair value or at the non-controlling interest's share of the net assets of the subsidiary, on a case-by-case basis. The total comprehensive income of a subsidiary is apportioned between the Group and the non-controlling interest, even if it results in a deficit balance for the non-controlling interest. Where the Group's interest in a controlled entity increases, the non-controlling interests' share of net assets, excluding any allocation of goodwill, is transferred to Group funds. Any difference between the cost of the additional interest and the existing carrying value of the non-controlling interests' share of net assets is recorded in the Consolidated Income statement.

Where the Group's interest in a controlled entity decreases, but the Group retains control, the share of net assets disposed, excluding any allocation of goodwill, is transferred to the non-controlling interests. Any difference between the proceeds of the disposal and the existing carrying value of the net assets or liabilities transferred to the non-controlling interests is recorded in the Consolidated Income statement.

23. Stocks

Stocks are stated at the lower of net realisable value and cost, where cost is weighted average cost.

Consignment stock is not included in the Balance sheet when the supplier retains the risk and reward of ownership. The risk and reward transfers to the Group when the asset is used or as the result of a contractual agreement.

24. Cash and cash equivalents

Cash and cash equivalents include cash in hand, short-term deposits maturing within three months and bank overdrafts.

25. Provisions for liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are measured at the Trustees' best estimate of the expenditure required to settle the obligation at the Balance sheet date. If such an obligation cannot be reliably estimated, no provision is recognised and the item is disclosed as a contingent liability where material.

Where the effect is material, the provision is determined by discounting the expected future cash flows and the unwinding of the discount is recognised as an interest cost in the Consolidated Income statement and Consolidated Statement of financial activities.

A provision for the present value of future property reinstatement costs is recognised where there is an obligation to return the leased property to its original condition at the end of an operating lease. Where a leased property is no longer expected to be fully occupied, or where the costs exceed the future expected benefits, an onerous lease provision will be recognised for that portion of the lease in excess to the Group's requirements and not fully recovered through alternative use, or through value in use.

The provisions for dilapidations are recognised at the time of entering property leases when it is probable that there is an obligation and it can be measured reliably, or at the first date the conditions are met.

26. Defined benefit pension schemes and other post-retirement benefits

The Group operates two defined benefit pension schemes, both of which require contributions to be made to separately administered funds. Both the Nuffield Health Pension and Life Assurance Scheme and the Aspen Healthcare Limited Staff Pension Fund are closed to new entrants. The costs of providing benefits in the schemes are determined separately for each plan as outlined in note 8.

Scheme assets are measured at fair values. Scheme liabilities are measured annually on an actuarial basis using the projected unit credit method and are discounted at appropriate high-quality corporate bond rates of equivalent currency and term of the Scheme liabilities. The net surplus or deficit is presented separately from other net assets on the Balance sheet. A net surplus is recognised only to the extent that it is recoverable by the Group.

The current service cost and costs from settlements and curtailments are charged against operating surplus.

The net interest on the net defined benefit liability is determined by multiplying the net defined benefit liability by the discount rate as determined at the start of the reporting period and taking account of any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. The discount rate is based on the yield curve of high-quality corporate bonds.

Actuarial gains and losses and returns on plan assets, excluding amounts included in net interest on the net defined benefit liability, are reported as recognised gains and losses in the Consolidated Statement of financial activities.

27. Defined contribution pension schemes

Contributions to defined contribution schemes are charged to the Consolidated Income statement and Consolidated Statement of financial activities in the period in which they become payable.

28. Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. All other leases are classified as operating leases.

Where the Group enters into a sale and leaseback transaction, and the sale and leaseback transaction results in a finance lease, the excess of sale proceeds over the carrying amounts is deferred and amortised over the lease term. If the sale and leaseback transaction results in an operating lease, the excess of sale proceeds over the carrying amount is recognised in the Consolidated Income statement.



Accounting policies continued

for the year ended 31 December 2022

28. Leased assets continued

Assets held under finance leases and hire purchase contracts are recognised initially at the lower of the fair value of the asset or the present value of the minimum payments at the inception of the contract.

The corresponding liability to the lessor is included in the Balance sheet as a finance lease obligation. Lease payments are apportioned between the reduction in lease obligation and interest using the effective interest method so as to achieve a constant rate of interest on the remaining portion of the lease obligation.

The assets held under finance leases and hire purchase agreements are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals paid under operating leases are charged to the Consolidated Income statement and the Consolidated statement of financial activities on a straight line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation or adjusted to the open market value, in which case the Group rent expense equals the amounts owed to the lessor.

The benefits of lease incentives are recognised as a reduction to the rental expense over the lease term on a straight line basis.

Rentals receivable from operating leases are accounted for on a straight line basis over the lease term.

29. Taxation

The Charity is exempt from UK corporate taxation on its income and gains falling within Part 11 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that the income and gains are applied for charitable purposes. No corporation tax charges arose for the Charity during the year (2021 – £Nil). The non-charitable subsidiaries are subject to corporation tax. Due to the subsidiaries' policy to donate any taxable profits to the Nuffield Health Charity by way of Gift Aid, no liabilities arose (2021 – £Nil).

VAT is recovered on the basis of an agreed partial exemption special method with HMRC. Due to the high level of VAT exempt sales, mainly through healthcare provision and sporting memberships provided by the Charity, there is a high level of irrecoverable VAT within the organisation. Any irrecoverable VAT is charged to the statement of financial activities as part of the operating expenditure to which it relates when it is incurred (subject to a VAT Group annual adjustment), or is allocated as part of the capital expenditure to which it relates.

The Charity also benefits from business rates relief up to 100% in relation to the properties that it occupies for charitable purposes.

30. Financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade creditors or debtors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for evidence of impairment. An impairment loss is recognised in the Consolidated Income statement and Consolidated statement of financial activities.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the Balance sheet date.

The financial liability arising from the asset backed funding agreement with the pension fund is stated at its fair value. A valuation technique is used as there is no readily ascertainable market price. The valuation method incorporates a risk free discount rate to reflect the timing of the payments, an option pricing element to value the contingent payments and solvency likelihood to take into consideration the different payment scenarios. Any gains or losses arising on remeasurement are recognised in the Charity's statement of financial activities.

The financial liability arising from the third party loan is held on the Group's Balance sheet at fair value. A valuation technique is used as, due to the specific terms of the loan, there is no readily ascertainable market price. The valuation method estimates the loan's RPI indexed cash flows, using published forecast data and estimates an appropriate discount rate by combining a risk free rate and a suitable margin based on the valuation of the properties that secure this loan. Any gains or losses arising on remeasurement are recognised in the Consolidated Income statement and the Group's Statement of financial activities and disclosed in Interest costs.

Notes to the Financial Statements

for the year ended 31 December 2022

1. Fund analysis

Group	2022				2021			
	Permanent £m	Restricted £m	Unrestricted £m	Total £m	Permanent £m	Restricted £m	Unrestricted £m	Total £m
Total income								
Donations and legacies including government grants	–	–	–	–	–	19.7	–	19.7
Other sources of income	–	1.5	1,236.9	1,238.4	–	3.3	972.6	975.9
Total incoming resources	–	1.5	1,236.9	1,238.4	–	23.0	972.6	995.6
Total expenditure	–	–	(1,301.0)	(1,301.0)	–	–	(1,028.4)	(1,028.4)
Net expenditure	–	1.5	(64.1)	(62.6)	–	23.0	(55.8)	(32.8)
Other movement in funds	–	–	12.8	12.8	–	–	54.7	54.7
Transfer between funds	–	(1.5)	1.5	–	–	(23.0)	23.0	–
Net movement in funds	–	–	(49.8)	(49.8)	–	–	21.9	21.9
Fund balance at 1 January	0.1	0.8	(55.5)	(54.6)	0.1	0.8	(77.4)	(76.5)
Fund balance at 31 December	0.1	0.8	(105.3)	(104.4)	0.1	0.8	(55.5)	(54.6)

Charity	2022				2021			
	Permanent £m	Restricted £m	Unrestricted £m	Total £m	Permanent £m	Restricted £m	Unrestricted £m	Total £m
Total income								
Donations and legacies including government grants	–	–	–	–	–	19.5	–	19.5
Other sources of income	–	1.5	1,172.1	1,173.6	–	3.3	938.4	941.7
Total incoming resources	–	1.5	1,172.1	1,173.6	–	22.8	938.4	961.2
Total expenditure	–	–	(1,250.3)	(1,250.3)	–	–	(986.0)	(986.0)
Net expenditure	–	1.5	(78.2)	(76.7)	–	22.8	(47.6)	(24.8)
Other recognised gains/(losses)	–	–	4.4	4.4	–	–	45.0	45.0
Transfer between funds	–	(1.5)	1.5	–	–	(22.8)	22.8	–
Net movement in funds	–	–	(72.3)	(72.3)	–	–	20.2	20.2
Fund balance at 1 January	0.1	0.8	(60.9)	(60.0)	0.1	0.8	(81.1)	(80.2)
Fund balance at 31 December	0.1	0.8	(133.2)	(132.3)	0.1	0.8	(60.9)	(60.0)

During the year, £1.5 million of grant income was received. £1.0 million was received from the Local Authority in relation to day nurseries and £0.5 million from Health Education England in relation to nurse training placements. These sums were transferred between restricted and unrestricted funds as they were fully utilised in 2022. In the prior year the Group claimed the Retail, Hospitality and Leisure Grant Fund (RHLGF) from local authorities following the closure of fitness and wellbeing sites in England of £1.7 million and the Local Authority Restart Grant of £1.6 million which were included within donations and legacies. The furlough grant income received in the prior year of £19.4 million was disclosed as restricted and fully utilised within the year.

Notes to the Financial Statements continued

for the year ended 31 December 2022

2. Turnover and income analysis

Group	2022 £m	2021 £m
Hospitals	825.9	715.7
Wellbeing services	342.2	215.6
Net income from charitable activities	1,168.1	931.3
Donations – restricted	–	0.3
Furlough grant income – restricted	–	19.4
Other grant income – restricted	1.5	3.3
Other trading income	68.0	34.2
Turnover	1,237.6	988.5
Income from investments	–	–
Gain on disposal of tangible assets	0.8	7.1
Total income	1,238.4	995.6

Charity	Charity 2022 £m	Charity 2021 £m
Hospitals	828.5	715.7
Wellbeing services	342.2	215.6
Net income from charitable activities	1,170.7	931.3
Donations – restricted	–	0.3
Furlough grant income – restricted	–	19.2
Other grant income – restricted	1.5	3.3
Other non-trading income	–	–
Turnover	1,172.2	954.1
Gain on disposal of tangible assets	1.4	7.1
Total income	1,173.6	961.2

Grant income consists of £1.0 million funding received for day nurseries from the Local Authority, and £0.5 million nurse placement and training grants received from Health Education England. The Retail, Hospitality and Leisure Grant Fund (RHLGF) and the Local Authority Restart Grants were recognised in grant income in the prior year.

Other trading income includes the trading of the former Aspen trading entities prior to the hive-up of the trading assets on 1 June. Following the hive-up, this activity became charitable.

3. Expenditure on charitable activities

Charity	Note	Direct activities		Support costs		Total	
		2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m
Continuing activities							
Normal							
Staff and related costs		387.7	307.2	76.9	60.6	464.6	367.8
Furlough grant staff costs		–	17.2	–	1.9	–	19.1
Partnership fees		189.4	161.4	–	–	189.4	161.4
Consumable and supply costs		145.4	113.3	–	–	145.4	113.3
Depreciation and amortisation		43.9	53.8	26.9	21.0	70.8	74.8
Other costs		226.8	164.7	77.6	57.5	304.4	222.2
Support costs allocated to direct activities		–	63.2	–	(63.2)	–	–
Expenditure on charitable activities before adjusting items		993.2	880.8	181.4	77.8	1,174.6	958.6
Adjusting items							
Reorganisation and transformation costs	5	–	(0.4)	5.0	6.2	5.0	5.8
Impairment of fixed assets	5	11.2	3.3	–	–	11.2	3.3
Onerous lease provision	5	36.2	8.1	–	–	36.2	8.1
Total adjusting items		47.4	11.0	5.0	6.2	52.4	17.2
Expenditure on charitable activities		1,040.6	891.8	186.4	84.0	1,227.0	975.8

Following the implementation of a new finance system, all direct costs incurred in delivering services are recorded within direct activities, therefore an allocation of support costs to direct activities are no longer required for 2022.

A provision of £2.3 million relating to amounts owed by another group company is included within support costs – other costs in the Charity's expenditure on charitable activities, which is not recognised in the Group.

Within Expenditure on charitable activities there were £0.6 million (2021 : £0.4 million) of Research and Development costs; £0.3 million (2021 : £0.1 million) in staff and related costs and £0.3 million (2021 : £0.3 million) relating to non-staff costs.

Notes to the Financial Statements continued

for the year ended 31 December 2022

3. Expenditure on charitable activities continued

Charity	2022 £m	2021 £m
Hospitals	851.8	672.4
Wellbeing services	375.2	303.4
	1,227.0	975.8

The above segmental reporting shows direct costs allocated to each relevant area plus support costs allocated to hospitals and wellbeing services based upon the 2022 revenue derived from each of these segments.

No employees were furloughed during 2022. The staff costs in the prior year included a restricted amount of £19.4 million relating to employees furloughed during the COVID-19 pandemic. During that time the Charity incurred an employee charge reflecting 100% of salary costs of furloughed employees, costing an additional £3.5 million beyond the amounts reimbursed through the furlough grant.

4. Governance costs

	2022 £m	2021 £m
Staff and related costs	7.2	16.0
Other costs	3.0	1.7
	10.2	17.7

Governance costs are included within support costs in note 3.

5. Adjusting items

Adjusting items reflect transactions that fall outside the routine operations of the Group, but owing to their nature will often recur. These are reflected separately in the Financial Statements, to provide a meaningful reflection of how the Charity is managed and measured on a day-to-day basis. This achieves consistency and comparability between reporting periods.

The total adjusting items charge of £53.6 million for Group and £52.4 million for the Charity (2021 – £17.2 million) is analysed and categorised in the Income statement as follows:

	Group		Charity	
	2022 £m	2021 £m	2022 £m	2021 £m
Impairment of tangible and intangible assets	11.2	3.3	11.2	3.3
Onerous lease provision	36.2	8.1	36.2	8.1
Reorganisation and transformation costs	6.2	5.8	5.0	5.8
Total adjusting items	53.6	17.2	52.4	17.2

Impairment of tangible and intangible assets

At the year end, there were impairment charges of £11.2 million (2021 – £3.3 million). Charges of £8.2 million were recorded in fitness and wellbeing sites to decrease the carrying value of the assets. Following an impairment assessment of certain digital projects, a £0.3 million impairment was recognised. £0.4 million of impairment charges for Highgate Hospital were recognised. Impairment includes aborted project spent relating to IT expenditure to implement an Emotional Wellbeing Case Management system. This work has been discontinued as it is no longer deemed fit for purpose; therefore, a charge of £2.3 million (2021 – £Nil) has been recognised.

Onerous lease provision

Following the onerous lease assessment at the year end, an £36.2 million adjustment was made to the onerous lease provision, resulting in a charge to adjusting items (2021 – £8.1 million charge).

Notes to the Financial Statements continued

for the year ended 31 December 2022

5. Adjusting items continued

Reorganisation and transformation costs

The Group has continued its transformation programme aimed at improving the way Nuffield Health provides holistic healthcare to customers and to standardise activities supported by improved systems.

Changes arising from the improved systems resulted in the redeployment or redundancy of certain teams across the organisation, the cost of which amounted to £4.0 million (2021 – £0.8 million). Additional non-staff expenditure in relation to the reorganisation and transformation programme was £2.2 million (2021 – £5.0 million) and consisted primarily of professional fees incurred.

No other adjusting items over £1.0 million were identified in the year.

6. Operating deficit

This is stated after charging or (crediting):

	Note	2022 £m	2021 £m
Amounts payable to auditor:			
Audit fees payable		1.0	0.7
Fees payable for other services		0.2	0.1
Depreciation on tangible assets:			
On owned assets		41.5	51.1
On assets held under finance leases and hire purchase contracts		10.2	3.3
Impairment of intangible and tangible assets	5	11.2	3.3
(Gain) on disposal of tangible assets	2	(0.8)	(7.1)
Amortisation of intangible assets	13	21.2	21.2
Research and development expenditure	3	0.6	0.4
Hire of plant and machinery (including operating lease charges)		9.8	9.7
Property operating lease rentals		72.0	56.2
Rental income from operating leases		(1.3)	(1.2)
Third party indemnity insurance		2.3	1.3
Adjusting item – onerous lease provision	5	36.2	8.1
		204.1	147.1

Fees payable by the Charity for the audit of the annual accounts of the Charity amounted to £627,740 (2021 – £426,620) and for its subsidiaries amounted to £338,010 (2021 – £237,450). Fees payable for other services amounted to £206,250 (2021 – £96,300), mainly relating to tax advisory services. Fees paid to Deloitte LLP for non-audit services to the charitable company itself are not disclosed in these accounts because the charitable company's consolidated accounts are required to disclose such fees on a consolidated basis.

Indemnity insurance for the Trustees and officers amounted to £106,000 (2021 – £118,670).

A reconciliation from operating deficit to adjusted EBITDA is as follows:

	Note	2022 £m	2021 £m
Total operating deficit before interest and tax		(56.1)	(15.3)
Add back: Depreciation and amortisation		72.9	75.6
Adjusting items	5	53.6	17.2
Adjusted earnings before interest, tax, depreciation and amortisation		70.4	77.5

Notes to the Financial Statements continued

for the year ended 31 December 2022

7. Net interest payable and similar income

	Group		Charity	
	2022 £m	2021 £m	2022 £m	2021 £m
Interest receivable	0.1	–	0.1	–
Interest payable				
Bank loans and overdraft	(12.1)	(8.3)	(12.1)	(8.4)
Senior secured loan notes	(6.7)	(6.1)	(6.7)	(6.1)
Third party loan	(2.0)	–	–	–
Finance (charges)/credit in respect of finance leases	(0.1)	(0.1)	(5.0)	(0.1)
Finance charges in respect of pension liability for asset backed funding	–	–	(4.0)	(0.9)
Other interest payable	(1.4)	(0.2)	(2.0)	(0.5)
Costs in connection with loan facilities	(2.2)	(1.7)	(2.2)	(1.7)
	(24.5)	(16.4)	(32.0)	(17.7)
Retirement benefit net finance costs	(1.0)	(1.7)	0.2	(1.7)
Total interest payable	(25.5)	(18.1)	(31.8)	(19.4)
Fair value movement	18.9	0.6	8.4	9.2
Interest payable and movement in fair values	(6.6)	(17.5)	(23.4)	(10.2)
Net interest payable and similar income	(6.5)	(17.5)	(23.3)	(10.2)

Fair value movement includes a £26.3 million positive adjustment on the year end value of the Third party loan, offset by loan indexation of £2.9 million and fair value on interest rate derivatives of £4.5 million. Further information on the loan can be found in note 21. The Charity fair value movement includes a £12.9m million favourable adjustment on the Asset backed funding arrangement, offset by the fair value of interest rate derivatives of £4.5 million.

Senior secured loan notes interest payable includes loan redemption costs of £2.2 million relating to the early redemption of the secured loan notes in September 2022.

8. Defined benefit pensions and other post-retirement benefits

The Group operates two separately administered defined benefit pension schemes: the Nuffield Health Pension and Life Assurance Scheme and the Aspen Healthcare Limited Staff Pension Fund. In addition, the Group operates one unfunded defined benefit pension scheme in respect of two members, which has no assets.

Nuffield Health's funded defined benefit pension scheme and the defined benefit pension scheme acquired during 2021 as part of the Aspen acquisition are closed to future benefit accrual and new entrants. As a result of the closure of the Aspen scheme, under the projected unit method, the current service cost will increase as the members of the scheme approach retirement. On 1 June 2022, the former Aspen pension scheme was transferred to the Charity from its subsidiary, Aspen Healthcare Limited, as part of a Group restructure. In addition, the Group operates one unfunded defined benefit pension scheme in respect of two members, which has no assets. The assets of the funded scheme are administered by trustees in funds independent from the assets of the Group. The Group also provides post-retirement healthcare benefits to some of its employees. This healthcare arrangement is also closed to new entrants.

Nuffield Health Pension and Life Assurance Scheme

Nuffield Health's funded defined benefit pension scheme is closed to future contributions. The assets of the funded scheme are administered by trustees in funds independent from the assets of the Group. The Group also provides post-retirement healthcare benefits to some of its employees. These benefit schemes are also closed to new entrants.

Nuffield Health is the sponsoring employer of the defined benefit pension schemes and the post-retirement healthcare benefits and has legal responsibility for the plans. There is no contractual arrangement or policy for charging the net defined benefit costs to individual Group entities and therefore the Charity has recognised the entire net benefit cost and the relevant net defined benefit liability in its individual Financial Statements.

The most recent formal actuarial valuation of the Nuffield Health Pension and Life Assurance Scheme (the Scheme), a defined benefit pension scheme, was carried out as at 31 March 2021. This valuation was carried out by the Scheme actuary, Adam Stanley of XPS Pensions Limited. The principal assumptions made by the actuary are set out in the Scheme's statement of funding principles dated 27 June 2022, which were agreed by the Trustee of the Scheme and Nuffield Health as part of the 31 March 2021 valuation, which was completed on 27 June 2022. As at 31 March 2021, the present value of the Scheme's assets was sufficient to cover 98% of the actuarial value of the benefits that had accrued to the members after allowing for assumed future increases to deferred pensions and pensions currently in payment. The level of employer contributions in the year totalled £8.8 million (2021 – £6.5 million).

Notes to the Financial Statements continued

for the year ended 31 December 2022

8. Defined benefit pensions and other post-retirement benefits continued

Aspen Healthcare Limited Staff Pension Fund

The most recent formal actuarial valuations of the Aspen plan assets and the present value of the defined benefit obligation were carried out at 31 December 2019 by Duncan Ross, Fellow of the Institute of Actuaries, on behalf of Hughes Price Walker Limited. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

The level of employer contributions in relation to Aspen in the year totalled £nil (2021 – £Nil).

Asset backed funding

The employer and the Trustee of the Scheme entered into an asset backed funding arrangement (ABF) in March 2016 by which the freehold of the Nuffield Health Oxford Hospital (The Manor) was transferred to a Scottish Limited Partnership, with both parties being limited partners. This gives the Scheme a secured asset should the Charity become insolvent. It was agreed that the employer's contribution in relation to the ABF from 1 April 2016 for the next six years would be £2.0 million per year and £4.0 million per year thereafter. These contributions were allowed for in the recovery plans agreed by the Trustee and Nuffield Health as part of the 2018 and 2021 actuarial valuations – the current recovery plan aims to remove the deficit by 31 March 2028. Overall, under the current recovery plan dated 27 June 2022, Nuffield Health will pay contributions to the Scheme (including from the ABF) of £8.0 million per year from 1 April 2022 to 31 March 2025, and £9.58 million per year from 1 April 2025 to 31 March 2028.

The defined accrued benefits method is used to value the liabilities of the defined benefit pension scheme. Scheme assets are stated at their market values at the respective Balance sheet dates.

The main assumptions are as follows:

	2022		2021	
	Nuffield defined benefit % pa	Aspen defined benefit % pa	Nuffield defined benefit % pa	Aspen defined benefit % pa
Rate of increase in medical inflation	4.6	–	4.8	–
Rate of increase for pensions in payment pre 1 August 2005 service	3.5	3.3	3.6	2.1
Rate of increase for pensions in payment post 31 July 2005 service	2.0	2.3	2.2	2.1
Rate of increase for deferred pensions	2.6	3.4	2.8	2.9
Discount rate (yield curve basis)	5.1	4.7	1.8	1.8
Inflation rate (CPI)	2.6	3.4	2.8	2.9

The post-retirement mortality assumptions used to value the benefit obligation mortality tables are based on S2PA at 31 December 2022 and 31 December 2021. Assumed life expectancies on retirement at age 65 are:

		2022		2021	
		Nuffield Years	Aspen Years	Nuffield Years	Aspen Years
Retiring today	Males	22.1	21.5	22.1	21.4
	Females	24.3	23.8	24.2	23.8
Retiring in 20 years' time	Males	23.7	22.4	23.7	22.4
	Females	25.7	25.0	25.7	25.0

The returns on the plan assets are as follows:

	2022		2021	
	Nuffield % pa	Aspen % pa	Nuffield % pa	Aspen % pa
Growth assets	(8.0)	(31.6)	11.5	(4.1)
Matching assets including hedge liability	(2.8)	(28.5)	(0.6)	25.9

Notes to the Financial Statements continued

for the year ended 31 December 2022

8. Defined benefit pensions and other post-retirement benefits continued

The amounts charged to the Consolidated Income statement and Group statement of financial activities were as follows:

	Nuffield defined benefit pension funds		Retirement healthcare		Aspen defined benefit pension funds		Total	
	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m
Operating surplus								
Administrative costs	0.7	0.9	–	–	–	–	0.7	0.9
Net interest (receivable)/payable								
Interest on schemes' assets	(8.0)	(5.8)	–	–	(0.3)	(0.1)	(8.3)	(5.9)
Interest on schemes' liabilities	9.0	7.5	0.1	–	0.2	0.1	9.3	7.6
Total charged to finance expenses	1.0	1.7	0.1	–	(0.1)	–	1.0	1.7
Total charged to net income	1.7	2.6	0.1	–	(0.1)	–	1.7	2.6

The total Group actuarial gains on defined benefit retirement schemes and retirement healthcare are as follows:

	2022		2021	
	Nuffield £m	Aspen £m	Nuffield £m	Aspen £m
Actual return on schemes' assets	(155.4)	(5.1)	34.3	0.8
Less interest on schemes' assets	(8.0)	(0.3)	(5.8)	(0.1)
	(163.4)	(5.4)	28.5	0.7
On obligations – interest costs	178.4	3.2	25.0	(0.1)
Net actuarial gain/(loss) on defined benefit retirement schemes	15.0	(2.2)	53.5	0.6

The Charity's post-retirement defined benefit scheme is less than the Group's by £58.3 million (2021 – £71.1 million) and the Charity has a liability for asset backed funding (ABF) of the same amount.

The amounts recognised in the Group Balance sheet are as follows:

	Defined benefit pension funds		Retirement healthcare		Aspen defined benefit pension funds		Total	
	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m
Growth assets	160.9	314.3	–	–	9.7	18.3	170.6	332.6
Matching assets including liability hedge	112.1	122.8	–	–	2.9	–	115.0	122.8
Other assets	11.4	9.8	–	–	–	–	11.4	9.8
	284.4	446.9	–	–	12.6	18.3	297.0	465.2
Present value of funded obligations	(324.4)	(507.4)	–	–	(10.2)	(13.8)	(334.6)	(521.2)
	(40.0)	(60.5)	–	–	2.4	4.5	(37.6)	(56.0)
Present value of unfunded obligations	(1.8)	(3.0)	(2.9)	(3.5)	–	–	(4.7)	(6.5)
Net (liabilities)/assets	(41.8)	(63.5)	(2.9)	(3.5)	2.4	4.5	(42.3)	(62.5)

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension funds		Retirement healthcare		Aspen defined benefit pension funds		Total	
	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m
Opening defined benefit obligations	(510.4)	(543.6)	(3.5)	(3.5)	(13.8)	(13.7)	(527.7)	(560.8)
Benefits paid	15.2	15.5	0.3	0.2	0.6	0.1	16.1	15.8
Interest cost	(9.0)	(7.5)	(0.1)	–	(0.2)	(0.1)	(9.3)	(7.6)
Actuarial (losses)/gains	178.0	25.2	0.4	(0.2)	3.2	(0.1)	181.6	24.9
Closing defined benefit obligations	(326.2)	(510.4)	(2.9)	(3.5)	(10.2)	(13.8)	(339.3)	(527.7)

The cumulative actuarial losses recognised in the statement of financial activities at 31 December 2022 were £91.8 million (2021 – £106.8 million) in relation to the Nuffield Health Pension and Life Assurance Scheme.

These results are sensitive both to the actuarial assumptions used and to market conditions. A sensitivity analysis of some of the principal assumptions used to measure the Nuffield Health Pension and Life Assurance Scheme liabilities at 31 December 2022 is set out below. The disclosures are likely to remain volatile in future years, particularly the figures shown in the balance sheet.

Notes to the Financial Statements continued

for the year ended 31 December 2022

8. Defined benefit pensions and other post-retirement benefits continued

	Liability value at 31 December 2022 after change £m	Change in liability relative to base value £m
Discount rate up by 0.25% p.a.	315.1	(9.3)
Discount rate down by 0.25% p.a.	334.1	9.7
RPI inflation rate up by 0.25% p.a.	329.1	4.7
RPI inflation rate down by 0.25% p.a.	320.4	(4.0)
Mortality: minus 1 year age rating	335.3	10.9

Changes in the fair value of the post-retirement funds' assets are as follows:

	Defined benefit pension funds		Retirement healthcare		Aspen defined benefit pension funds		Total	
	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m
Open fair value of plan assets	446.9	422.4	–	–	18.3	17.6	465.2	440.0
Interest income	8.0	5.9	–	–	0.3	0.1	8.3	6.0
Actuarial gains/(losses)	(163.4)	28.4	–	–	(5.4)	0.7	(168.8)	29.1
Contributions paid	8.8	6.6	0.3	0.2	–	–	9.1	6.8
Scheme administrative costs	(0.7)	(0.9)	–	–	–	–	(0.7)	(0.9)
Benefits paid	(15.2)	(15.5)	(0.3)	(0.2)	(0.6)	(0.1)	(16.1)	(15.8)
Closing fair value of plan assets	284.4	446.9	–	–	12.6	18.3	297.0	465.2

The Charity and Nuffield Health Pension and Life Assurance Scheme (the Scheme) entered into an asset backed funding arrangement in 2016 by which the Nuffield Health Oxford Hospital (The Manor) was sold to and leased back from Nuffield Health Scottish Limited Partnership.

The arrangement results in the Charity having irrevocable cash flow obligations to the Scheme and the Scheme's assets increasing by the same amount. The cash flows are recorded at their fair value, which at the end of the financial year is £58.3 million (2021 – £71.1 million). As these obligations are due to other members of the Group, no liability has been recognised within the Consolidated Financial Statements.

At the end of 2022, the Charity's net post-retirement defined benefit asset is £16.0 million (2021 – asset of £4.1 million) and the liability for asset backed funding due within one year is £4.8 million (2021 – £8.2 million) and due after one year is £53.5 million (2021 – £62.9 million).

9. Defined contribution pension schemes

	2022 £m	2021 £m
The amounts charged to the income and expenditure account and statement of financial activities	10.8	8.5
Contributions owing to the pension schemes at 31 December	2.5	2.2

The number of employees in defined contribution pension schemes at year end was 10,289 (2021 – 9,550).

10. Trustee remuneration

The Trustees are the same as Directors under company law. Remuneration was paid in relation to services provided as Trustees of the Charity, as per the Nuffield Articles of Association clauses 4.1 to 4.4.

	2022 £	2021 £
Emoluments paid to the Trustees:		
Mr M W Bryant	49,000	47,000
Mr P Figgis	42,000	41,000
Mr D W Lister	40,000	39,000
Ms NJ Macdonald*	63,000	55,000
Mr S Maslin	40,000	39,000
Mr N Sachdev	36,000	35,000
Dame L Homer (resigned October 2022)	29,000	38,000
Lord V O Adebawale (resigned October 2022)	23,000	30,000
Dr J Bajwa (appointed September 2021)	34,000	8,000
Mr M Stansfeld (appointed October 2021)	34,000	8,000
E J Robb (appointed October 2022)	7,000	–
	397,000	340,000

The total value of money purchase pension contributions in respect of the Trustees is £10,060 (2021 – £9,542) included within the £397,000 remuneration above. Travel and subsistence paid on behalf of or reimbursed to all the Trustees was £11,953 (2021 – £6,828) in the year.

* The emoluments paid during FY22 include £6,000 in respect of services provided in 2021 but paid in 2022.

Notes to the Financial Statements continued

for the year ended 31 December 2022

11. Group Employees

	2022 Number	2022 FTE	2021 Number	2021 FTE
Average number of employees:				
Hospital	8,578	5,663	8,087	5,240
Wellbeing	6,740	3,688	6,470	3,523
Support	1,847	1,723	1,843	1,552
Total	17,165	11,074	16,400	10,315

The employees are classified into the categories where the related costs are finally charged.

	Note	2022 £m	2021 £m
Staff costs during the year:			
Wages and salaries		394.3	336.7
Social security costs		37.7	27.0
Defined benefit scheme administrative costs	8	0.7	0.9
Defined contribution	9	10.8	8.5
Total employee costs		443.5	373.1
Agency costs		42.3	27.1
Total staff related costs		485.8	400.2

	Charged to Consolidated statement of financial activities		Accrued at year end	
	2022 £m	2021 £m	2022 £m	2021 £m
Termination benefits				
Staff costs during the year:				
Individual redundancy and terminations	0.5	2.5	–	0.3
Associated with reorganisations	4.0	0.8	–	–
	4.5	3.3	–	0.3

The emoluments of the higher-paid employees fell within the ranges indicated below. These emoluments include any bonuses payable, redundancy payments (note 5. Adjusting items) and settlement agreement payments but exclude pension contributions.

	2022 Number	2021 Number
£60,000 to £69,999	232	150
£70,000 to £79,999	116	111
£80,000 to £89,999	73	63
£90,000 to £99,999	43	31
£100,000 to £109,999	19	19
£110,000 to £119,999	19	16
£120,000 to £129,999	20	18
£130,000 to £139,999	15	16
£140,000 to £149,999	7	10
£150,000 to £159,999	4	11
£160,000 to £169,999	1	5
£170,000 to £179,999	5	7
£180,000 to £189,999	1	3
£190,000 to £199,999	5	2
£200,000 to £209,999	2	4
£210,000 to £219,999	6	3
£220,000 to £229,999	2	2
£230,000 to £239,999	2	2
£240,000 to £249,999	1	–
£250,000 to £259,999	2	3
£260,000 to £269,999	–	1
£270,000 to £279,999	–	1
£280,000 to £289,999	2	–
£290,000 to £299,999	1	–
£300,000 to £309,999	3	1
£310,000 to £319,999	–	1
£320,000 to £329,999	1	–
£330,000 to £339,999	1	1
£380,000 to £389,999	1	–
£390,000 to £399,999	–	1
£530,000 to £539,999	1	–

Notes to the Financial Statements continued

for the year ended 31 December 2022

11. Group Employees continued

	2022 Number	2021 Number
£540,000 to £549,999	–	1
£550,000 to £559,999	–	2
£560,000 to £569,999	–	1
£570,000 to £579,999	1	1
£620,000 to £629,999	1	–
£1,220,000 to £1,229,999	–	1

The total emoluments and employee benefits for the Executive Management Team, who are the key management personnel, in the year was £2.7 million (2021 – £5.0 million). The highest paid individual in 2022 (excluding termination pay) was the Chief Executive Officer, Steve Gray (2021 – Steve Gray).

During the year, termination payments amounting to £0.4 million were made in relation to key management personnel.

	2022 £m	2021 £m
Employer contributions towards defined contribution pension schemes for higher-paid employees	3.6	3.0

	2022 Number	2021 Number
Number of higher-paid employees to whom retirement benefits are accruing under the defined contribution pension scheme	566	404

12. Tax on deficit

	Group		Charity	
	2022 £m	2021 £m	2022 £m	2021 £m
Current tax				
United Kingdom corporation tax at 19% (2021 – 19%) by subsidiaries	–	–	–	–

The parent company is a charity and is not subject to tax because its charitable activities are exempt from tax.

The subsidiary companies have tax losses available to carry forward against future taxable profits or sufficient shareholder funds to Gift Aid taxable profits to the Charity. No deferred taxation asset has been recognised within the Financial Statements at 31 December 2022 (2021 – £Nil) in respect of these losses because they are unlikely to be recovered.

13. Intangible fixed assets

	Group				Charity			
	Goodwill £m	Assets in the course of construction £m	Computer software £m	Total £m	Goodwill £m	Assets in the course of construction £m	Computer software £m	Total £m
Cost								
At 1 January 2022	122.4	9.5	194.6	326.5	117.4	9.5	194.3	321.2
Additions	0.3	7.6	0.4	8.3	–	7.6	0.4	8.0
Hive up of Aspen entities	–	–	–	–	6.0	–	0.4	6.4
Transfers	–	(4.7)	4.7	–	–	(4.7)	4.7	–
Disposals	–	–	(0.3)	(0.3)	–	–	(0.3)	(0.3)
At 31 December 2022	122.7	12.4	199.4	334.5	123.4	12.4	199.5	335.3
Amortisation								
At 1 January 2022	(85.7)	–	(123.7)	(209.4)	(86.6)	–	(123.5)	(210.1)
Impairment	–	(2.3)	–	(2.3)	–	(2.3)	–	(2.3)
Charge for the year	(7.2)	–	(14.0)	(21.2)	(7.2)	–	(13.9)	(21.1)
At 31 December 2022	(92.9)	(2.3)	(137.7)	(232.9)	(93.8)	(2.3)	(137.4)	(233.5)
Net book value at 31 December 2022	29.8	10.1	61.7	101.6	29.6	10.1	62.1	101.8
Net book value at 31 December 2021	36.7	9.5	70.9	117.1	30.8	9.5	70.8	111.1

Notes to the Financial Statements continued

for the year ended 31 December 2022

13. Intangible fixed assets continued

Goodwill is the difference between the consideration paid for the acquisitions and the fair value of the assets and liabilities attributed to the purchase. Following the hive-up of Aspen's trade and assets in June 2022, the Charity recognised goodwill of £6.0 million.

Additions during the year included capitalised internal project development costs of £1.8 million (2021 – £3.8 million). The internal project development costs capitalised to date are £36.2 million (2021 – £34.4 million).

The addition of £0.3 million to the Group's goodwill relates to the acquisition of the Aspen Healthcare Limited group in 2021. Provisional fair values were used at the time of acquisition which have since been adjusted within the 12 months following acquisition. This was relating to a change in the tax liability at acquisition, resulting in additional goodwill arising.

14. Tangible fixed assets

Group	Group				Total £m
	Assets in course of construction £m	Freehold land and buildings £m	Leasehold £m	Equipment £m	
Cost					
At 1 January 2022	71.5	260.7	141.8	662.1	1,136.1
Additions at cost	19.7	4.4	3.4	9.5	37.0
Transfers	(82.6)	2.9	52.1	27.6	–
Disposals	(0.1)	(0.5)	(2.0)	(4.1)	(6.7)
At 31 December 2022	8.5	267.5	195.3	695.1	1,166.4
Depreciation and impairment					
At 1 January 2022	–	(114.8)	(61.3)	(511.0)	(687.1)
Charge for the year	–	(6.1)	(11.7)	(33.9)	(51.7)
Disposals	–	0.2	0.7	3.3	4.2
Impairment	–	–	–	(8.9)	(8.9)
At 31 December 2022	–	(120.7)	(72.3)	(550.5)	(743.5)
Net book value at 31 December 2022	8.5	146.8	123.0	144.6	422.9
Net book value at 31 December 2021	71.5	145.9	80.5	151.1	449.0

The amount on which depreciation on freehold buildings is being calculated is £236.4 million (2021 – £229.7 million). The net book value of equipment and motor vehicles held under finance leases and similar hire purchase contracts is £4.2 million (2021 – £1.6 million).

Charity	Charity				Total £m
	Assets in course of construction £m	Freehold land and buildings £m	Leasehold £m	Equipment £m	
Cost					
At 1 January 2022	71.5	253.1	144.6	655.7	1,124.9
Hive up of Aspen entities (note 15)	–	–	–	9.0	9.0
Additions at cost	19.7	4.4	3.4	7.4	34.9
Sale and leaseback surplus	–	133.7	–	–	133.7
Transfers	(82.6)	2.9	52.1	27.6	–
Disposals	(0.1)	(0.4)	(2.0)	(4.0)	(6.5)
At 31 December 2022	8.5	393.7	198.1	695.7	1,296.0
Depreciation and impairment					
At 1 January 2022	–	(111.3)	(62.9)	(510.4)	(684.6)
Charge for the year	–	(6.5)	(10.9)	(33.0)	(50.4)
Disposals	–	0.2	0.7	3.2	4.1
Impairment	–	–	–	(8.9)	(8.9)
At 31 December 2022	–	(117.6)	(73.1)	(549.1)	(739.8)
Net book value at 31 December 2022	8.5	276.1	125.0	146.6	556.2
Net book value at 31 December 2021	71.5	141.8	81.7	145.3	440.3

The amount on which depreciation on freehold buildings is being calculated is £255.8 million (2021 – £222.1 million). The net book value of buildings held under finance leases is £208.7 million (2021 – £Nil). Equipment and motor vehicles held under finance leases and similar hire purchase contracts is £4.2 million (2021 – £1.6 million).

Group and Charity

Additions during the year included capitalised internal project development costs of £2.0 million (2021 – £0.2 million). The interest charges and internal project development costs capitalised to date are £10.7 million (2021 – £10.7 million) and £10.9 million (2021 – £8.9 million) respectively.

Nuffield Health undertook an impairment review of its assets at the year end. This resulted in a net impairment charge of £8.5 million (2021 – £3.3 million) on wellbeing sites and a £0.4 million impairment in relation to hospital sites (2021 – £Nil).

Notes to the Financial Statements continued

for the year ended 31 December 2022

14. Tangible fixed assets continued

Charity

During the year, the Charity sold the freeholds of 10 hospitals to Nero Propco LLP, another group company, under a sale and leaseback transaction as part of the Group's refinancing arrangements. The Charity is leasing these 10 properties from Nero Propco LLP over a 50-year term with the option to purchase at the end of the term. This lease has been recognised as a finance lease and the properties remain in the freehold land and buildings category within tangible fixed assets. No disposal or acquisition has been recognised, as the risks and rewards relating to these properties have remained with the Charity throughout the transaction. A surplus has been recognised which reflects the difference between funds received and the previous net book value. The surplus is being depreciated over 50 years. A corresponding liability had been recorded within Creditors to reflect the deferred gain. This is being amortised over 50 years within gain or loss on disposal of fixed assets.

15. Hive up

Charity

Following the acquisition of the Aspen Healthcare Limited group in the prior year, the trade and net assets of several of these companies were hived up to the Charity. On 1 June 2022, the book values of the net assets of Aspen Healthcare Ltd and four of its subsidiaries, Aspen Leasing Ltd, Edinburgh Medical Service Ltd, Hillside Hospital Ltd and Highgate Hospital LLP, were transferred to the Charity by way of an Asset Purchase Agreement. This was a non-cash transaction and therefore gave rise to an intercompany loan balance. The hive up has been accounted for as a Group reconstruction. Goodwill of £6.0m has been recognised on the date of hive up and will be amortised over a period of 9 years and 4 months. This has been transferred from the investment in Aspen Healthcare Limited. From this date, the trading of the hived up entities are considered charitable activities.

Net book value of identifiable assets and liabilities acquired on hive up	£m
Intangible assets	0.4
Property, plant and equipment	9.0
Defined benefit pension scheme assets and obligations	2.3
Inventories	2.2
Trade and other receivables	20.3
Cash and cash equivalents	(1.4)
Trade and other payables	(14.8)
Onerous lease provision	(5.1)
Total identifiable net assets at hive up	12.9

Notes to the Financial Statements continued

for the year ended 31 December 2022

16. Investments

Group	UK listed investment £m	Unlisted investment £m	Total £m
Market value			
At 1 January and 31 December 2022	0.1	0.1	0.2
Charity			
Cost or market value			
At 1 January 2022	62.0	0.1	62.2
Transfer to goodwill	(6.0)	–	(6.0)
At 31 December 2022	56.0	0.1	56.2
Provision for impairment			
At 1 January 2022	(20.4)	–	(20.4)
Reversal of impairment	0.3	–	0.3
At 31 December 2022	(20.1)	–	(20.1)
Net book value at 31 December 2022	35.9	0.1	36.1
Net book value at 31 December 2021	41.6	0.1	41.8

The Group's investments are held primarily to provide an investment return for the Charity.

The shares of a UK listed investment are valued at their market value at the Balance sheet date. The unlisted investments are valued at the lower of cost or management's estimate of market value.

On 1 June 2022, the trade and assets of five of the Charity's subsidiaries were hived up to the Charity as set out in note 15. This resulted in £6.0 million of the original investment being transferred to goodwill.

Subsidiary undertakings

The subsidiary undertakings at 31 December 2022 are shown below:

Company name	Class of share capital held	Portion held by parent company	Portion held by the other Group companies	Nature of business
Registered in England and Wales				
Archer Leisure Ltd	Ordinary		100%	Dormant
Ark Leisure Management Ltd	Ordinary		100%	Dormant
Aspen Healthcare Limited	Ordinary	100%		Provision of medical services*
Aspen Leasing Ltd	Ordinary		100%	Leasing of equipment and property*
Bladerunner Ltd	Ordinary	100%		Dormant
Body and Mind Ltd	Ordinary		100%	Dormant
Cancer Centre London LLP	Ordinary		100%	Provision of medical services
Cannons Adventures Ltd	Ordinary		100%	Dormant
Cannons Covent Garden Ltd	Ordinary	100%		Dormant
Cannons Group Ltd	Ordinary		100%	Subsidiary holding company
Cannons Health Clubs Ltd	Ordinary		100%	Dormant
Cannons Sports Clubs (UK) Ltd	Ordinary	100%		Dormant
Centre Court Tennis Ltd	Ordinary		100%	Dormant
Chichester (Leasing) Company Ltd	Ordinary		100%	Dormant
Chichester Independent Hospital Ltd	Ordinary	100%		Dormant
Corby Tennis Ltd	Ordinary		100%	Dormant
Greens Health & Fitness Ltd	Ordinary	100%		Dormant
Health Club Acquisitions Ltd	Ordinary		100%	Dormant
Health Club Investments Group Ltd	Ordinary		100%	Subsidiary holding company
Health Club Investments Ltd	Ordinary		100%	Dormant
Healthscore Ltd	Ordinary	100%		Dormant
Highgate Hospital LLP	Ordinary		100%	Provision of medical services*
Hillside Holdings Ltd	Ordinary		100%	Dormant
Hillside Hospital Ltd	Ordinary		100%	Dormant*
Holly House Hospital Ltd	Ordinary		100%	Dormant
Holly House Hospital Oncology LLP	Ordinary	50%	50%	Dormant

* The trade and assets of these companies were hived up to the Charity on 1 June 2022. Following this, these companies will fall dormant.

Notes to the Financial Statements continued

for the year ended 31 December 2022

16. Investments continued

Company name	Class of share capital held	Portion held by parent company	Portion held by the other Group companies	Nature of business
Independent Surgery Centres Ltd	Ordinary	100%		Dormant
ISC Estates Ltd	Ordinary		100%	Dormant
ISC Leasing (Ipswich) Ltd	Ordinary		100%	Dormant
ISC Projects Ltd	Ordinary		100%	Property company
Jonathan Webb Ltd	Ordinary	100%		Dormant
MSCP Holdings Ltd	Ordinary	100%		Subsidiary holding company
MSCP Wellbeing Ltd	Ordinary		100%	Dormant
Mythbreaker Ltd	Ordinary	100%		Subsidiary holding company
Nuffield Cosmetics Surgery Ltd	Ordinary	100%		Dormant
Nuffield Health Care Ltd	Ordinary	100%		Dormant
Nuffield Health Day Nurseries Ltd	Ordinary	100%		Dormant
Nuffield Health One Ltd	Ordinary	100%		Dormant
Nuffield Health Pension Trustees Ltd	Ordinary	100%		Pension Trustee company
Nuffield Health Wellbeing Ltd	Ordinary		100%	Subsidiary holding company
Nuffield Nursing Homes Trust	Ordinary	100%		Dormant
Nuffield Proactive Health Group Ltd	Ordinary		100%	Dormant
Nuffield Proactive Health Ltd	Ordinary	100%		Dormant
Nuffield Proactive Health Medical Ltd	Ordinary		100%	Dormant
Parkside Hospital Ltd (Dormant)	Ordinary		100%	Dormant
Parkside IHL Scanning Services LLP	Ordinary		52%	Provision of medical services
Pinnacle Leisure Group Ltd	Ordinary		100%	Dormant
Precis (1748) Ltd	Ordinary		100%	Dormant
Sherburne (Leasing) Company Ltd	Ordinary		100%	Dormant
The Food Calculator Ltd	Ordinary		100%	Dormant
Twickenham Leisure Ltd	Ordinary	100%		Dormant
Vale Health Partners Ltd	Ordinary	100%		Dormant
Vale Healthcare Ltd	Ordinary	23%	77%	Dormant
Vardon Ltd	Ordinary		100%	Dormant
Wandsworth Leisure Ltd	Ordinary	100%		Dormant

Company name	Class of share capital held	Portion held by parent company	Portion held by the other Group companies	Nature of business
Registered in Scotland				
Edinburgh Medical Services Ltd	Ordinary		100%	Provision of medical services*
Nuffield Health (General Partner) Ltd	Ordinary	100%		Managing partner of NHSLP
Nuffield Health Scottish Limited Partnership (NHSLP)	Ordinary	15%	85%	Property company
The Edinburgh Clinic Ltd	Ordinary		100%	Dormant

* The trade and assets of these companies were hived up to the Charity on 1 June 2022. Following this, these companies will fall dormant.

During the year, the Charity became a member of Nero Propco LLP, a special purpose entity. No capital was invested. The freeholds of 10 hospitals were sold to Nero Propco LLP in September 2022 under a sale and leaseback transaction, as part of the Group's refinancing arrangements. The Charity is leasing these 10 properties from Nero Propco LLP over a 50-year term with the option to purchase at the end of the term. This lease has been recognised as a finance lease for the Charity in notes 19, 20 and 21. While the Charity does not own more than half of the voting power within Nero Propco LLP, it has been consolidated into the Group accounts on the basis that control exists. Nero Propco LLP was incorporated to meet the needs of the Charity and its activities represent, in substance, a continuation of the Charity's own. Furthermore, the Charity will obtain and retain the majority of the risks and rewards related to Nero Propco LLP and its assets. The result of consolidating Nero Propco LLP is that a third party loan is brought onto the Group's balance sheet, as set out in notes 19, 20 and 21. Nero Propco LLP, company number OC443283, is registered in England and Wales at 1 Bartholomew Lane, London, EC2N 2AX.

The freehold for Nuffield Health Oxford Hospital (The Manor) was sold to Nuffield Health Scottish Limited Partnership in March 2016 for £91.2 million (see note 8 for further information). None of the other subsidiaries have a material impact on the Group's assets, liabilities and funds at the end of the year or on the Group statement of financial activities.

Most of the trade and assets of Health Club Investments Group Limited, Nuffield Proactive Health Group Limited and their subsidiaries were transferred to the Charity in prior years. As a result of the hive-up on 31 July 2008, the carrying values of the investments in the subsidiaries were not supported by their net assets. However, the Charity did not suffer a loss in respect of these transactions. Accordingly, the investment not represented by the subsidiary's underlying assets has been treated as goodwill and will be amortised over their estimated useful lives of between six and twenty years.

On 30 September 2021, investment was made in Aspen Healthcare Limited and its subsidiaries.

All subsidiary undertakings are registered in England and Wales and their registered office is Epsom Gateway, Ashley Avenue, Epsom, Surrey KT18 5AL, except four subsidiaries registered in Scotland. Nuffield Health (General Partner) Ltd and Nuffield Health Scottish Limited Partnership are registered at Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN. Edinburgh Medical Services Ltd and The Edinburgh Clinic Ltd are registered in Scotland at 40 Colinton Road, Edinburgh, EH10 5BT.

Notes to the Financial Statements continued

for the year ended 31 December 2022

17. Stock

	Group		Charity	
	2022 £m	2021 £m	2022 £m	2021 £m
Raw materials and consumables	17.3	15.8	16.2	11.7

There were no significant differences between the replacement cost and the values disclosed above.

Consignment stock not included in the Group Balance sheet is £18.6 million (2021 – £18.0 million). Consignment stock is stock owned by a supplier that is stored in our premises, which will be charged to the Group if drawn on or when the Group takes contractual liability for the stock.

The value of stock recognised as an expense during the year was £152.2 million (2021 – £110.4 million).

18. Debtors falling due within one year

	Group		Charity	
	2022 £m	2021 £m	2022 £m	2021 £m
Trade debtors	68.9	51.0	67.1	42.2
Amount owed by Group undertakings	–	–	1.9	4.1
Other debtors	7.0	18.8	6.8	16.1
Prepayments and accrued income	43.0	38.2	42.8	33.2
	118.9	108.0	118.6	95.6

Interest is charged on loans to Group undertakings at various rates of interest between 2.7% and 2.9% above the base rate (2021 – 0.0% and 2.9% above the base rate). The loans are repayable on demand and are unsecured.

19. Creditors: amounts falling due within one year

	Note	Group		Charity	
		2022 £m	2021 £m	2022 £m	2021 £m
Trade creditors		26.3	22.1	25.5	17.7
Amounts owed to Group undertakings		–	–	38.4	23.8
Obligations under finance leases		0.8	2.7	2.2	2.7
Social security and other taxes		19.4	8.3	19.5	7.6
Other creditors		20.4	44.7	20.5	44.4
Pension contributions		2.5	2.2	2.5	1.9
Liability for asset backed funding	8	–	–	4.8	8.2
Accruals and deferred income		139.9	136.0	138.9	130.0
Deferred gain on sale and leaseback disposal		–	–	2.7	–
Third party loan		7.7	–	–	–
Bank loan		–	324.1	–	324.1
Bank overdraft		9.7	–	9.7	–
		226.7	540.1	264.7	560.4

The Deferred gain on the sale and leaseback disposal is amortised over the lease period of 50 years. During the year, £0.6 million was credited to the Charity Statement of financial activities and recognised within Gain on disposal of tangible assets.

Interest is charged on amounts owed to Group undertakings at various rates of interest between 2.7% and 2.9% above the base rate (2021 – 0.0% and 2.9% above the base rate). The loans are repayable on demand and are unsecured.

Notes to the Financial Statements continued

for the year ended 31 December 2022

20. Creditors: amounts falling due after more than one year

	Note	Group		Charity	
		2022 £m	2021 £m	2022 £m	2021 £m
Bank loan		258.0	–	258.0	–
Deferred expenses in connection with bank loan		(11.6)	–	(11.6)	–
Fair value of interest rate derivatives		4.5	–	4.5	–
		250.9	–	250.9	–
Secured loan notes		–	100.0	–	100.0
Obligations under finance leases		0.1	–	208.8	–
Liability for asset back funding	8	–	–	53.5	62.9
Third party loan		181.8	–	–	–
Deferred expenses in connection with third party loan		(0.9)	–	–	–
Deferred gain on sale and leaseback disposal		–	–	130.3	–
Other creditors		4.5	4.9	4.5	4.9
		436.4	104.9	648.0	167.8

In September 2022, Nero Propco LLP, a group company, took out an indexed linked third party loan of £210.9 million in order to purchase the 10 freehold properties from the Charity. The loan is a non-basic financial instrument and so has been revalued to £189.5 million as at 31 December 2022.

	Charity			Risk free discount rate %	2021 Forecast payments £m	Fair value of liability £m
	Risk free discount rate %	2022 Forecast payments £m	Fair value of liability £m			
Liability for asset backed funding						
Amounts falling due within one year	4.56%	7.9	4.8	0.76%	9.3	8.2
Amounts falling due after one year	3.87% to 4.58%	64.1	53.5	0.96% to 1.08%	67.5	62.9
		72.0	58.3		76.8	71.1
Cash contribution paid in year			(4.0)			(2.0)

21. Borrowings

The future minimum payments on borrowings are as follows:

	Note	Group total funds		Charity total funds	
		2022 £m	2021 £m	2022 £m	2021 £m
Borrowings are repayable as follows:					
Not later than one year:					
Bank overdraft		9.7	–	9.7	–
Finance leases		0.8	2.7	10.2	2.7
Third party loan		9.4	–	–	–
Bank loans		–	325.0	–	325.0
Later than one year and not later than five years:					
Bank loans		258.0	–	258.0	–
Third party loan		37.6	–	–	–
Finance leases		0.1	–	37.7	–
Secured loan notes	20	–	100.0	–	100.0
Later than five years:					
Finance leases		–	–	420.6	–
Third party loan		420.7	–	–	–
		736.3	427.7	736.2	427.7

In September 2022, the Charity sold the freeholds of 10 hospitals to Nero Propco LLP, a Group company, under a sale and leaseback transaction, as part of the Group's refinancing arrangements. The Charity is leasing these properties from Nero Propco LLP under a finance lease arrangement, over a 50-year term with the option to purchase at the end of the term and accordingly has recognised a finance lease.

In September 2022, Nero Propco LLP, took out an indexed linked third party loan of £210.9 million in order to purchase the 10 freehold properties from the Charity. The finance lease payments from the Charity allow Nero Propco LLP to service this debt. The bank loans, overdraft and secured loan notes are secured by a fixed charge on some of the freehold properties of the Group and a floating charge on all the assets of the Charity. The terms of the bank loan and third party loan are shown below:

Description	Security	Interest rate	Repayment date
Bank loans and overdraft	Secured	Variable 2.50-3.5% + SONIA	23 September 2027
Third party loan	Secured	3.3092% + RPI indexation capped at 5% p.a	22 September 2072

Notes to the Financial Statements continued

for the year ended 31 December 2022

22. Finance derivatives

The financial derivatives in place during 2022 were:

	Maturity	Fixed rate %	Principal £m
In Charity and Group			
At 1 January and 31 October 2021			
Interest rate swap – floating to fixed rate	Sep-25	5.53%	67.5
Interest rate swap – floating to fixed rate	Sep-25	5.44%	67.5

The fair value of derivatives at 31 December 2022 was £4.5 million (2021 – £Nil). The derivatives are recognised in the Balance sheet at their fair value within creditors and the movement in the fair value is included in interest payable within the Consolidated Statement of financial activities and the Consolidated Income statement. The above table excludes the mark to market derivative on the asset backed funding arrangement in the Charity and the fair value movement on the third party loan, both of which are included in note 7.

23. Provisions for liabilities

Group	Property related £m	Self insured £m	Other £m	Total £m
As at 1 January 2022	39.5	4.3	2.2	46.0
Additional provision	41.6	0.8	1.0	43.4
Utilised in year	(3.9)	(1.1)	(1.0)	(6.0)
Credited to Income statement	(5.4)	–	(0.2)	(5.6)
At 31 December 2022	71.8	4.0	2.0	77.8
Charity				
As at 1 January 2022	34.4	3.2	2.2	39.8
Additional provision	41.6	0.8	1.0	43.4
Hive up of Aspen entities (note 15)	5.1	–	–	5.1
Utilised in year	(3.9)	(0.3)	(1.0)	(5.2)
Credited to Income statement	(5.4)	–	(0.2)	(5.6)
At 31 December 2022	71.8	3.7	2.0	77.5

The property related provisions are estimated unavoidable costs relating to vacant properties, onerous leases and dilapidations. The costs of the vacant properties are certain. However, the income from sub-lets and the timing of bringing the properties into use or of their disposal are uncertain. The provisions are discounted. Provisions are utilised based on the remaining lease of individual sites.

The onerous lease provision represents the minimum unavoidable lease cost loss expected to be incurred, after considering the net costs to fulfil the lease. The net costs to fulfil the lease have been determined as the expected cash flows at each site over the remainder of the lease and the net present value of rent. The provision is calculated on a site-by-site basis and discounted as appropriate. An additional provision of £41.6 million and a credit of £5.4 million (2021 charge of £12.5 million and a credit of £4.4 million) are reflected with adjusting items in the Income statement and in note 5.

The provisions for dilapidations are recognised at the time of entering property leases when it is probable that there is an obligation and it can be measured reliably or at the first date the conditions are met.

The self-insured provision covers the estimated exposure to medical negligence and public liability claims. The maximum exposure is limited as insurance provided by a third party will cover any claims once the cumulative claim value exceeds £1.0 million (2021 – £1.0 million). Where the provision exceeds the excess, an asset has been recognised in debtors for the amount receivable from the insurance provider. Provisions are utilised based on the outcome of claims, which could take a number of years.

Other provisions relate to Fitness & Wellbeing Public Liability claims, and the self-pay promise where there are no time limits on the aftercare of eligible patients. In the prior year, other provisions included potential contractual VAT liabilities which were settled in 2022.

Contractual disputes are those identified by the Group, including instances where legal claims have been instigated and are being defended by the Group. Claims are considered by the Board of Trustees and are defended robustly where the Board concludes that the Group is not liable. Provision is made for the most likely outcome of each individual case, based upon the information available to the Board.

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24. Permanent endowments

	2022 £m	2021 £m
At 1 January and 31 December	0.1	0.1

The permanent endowment is held for the benefit of Nuffield Health Manor Hospital in Oxford.

25. Financial Instruments

	Note	Group		Charity	
		2022 £m	2021 £m	2022 £m	2021 £m
Financial assets					
Measured at fair value through the Income statement and statement of financial activities	16	0.1	0.1	0.1	0.1
That are equity instruments measured at cost less impairment	16	0.1	0.2	36.0	41.8
That are debt instruments measured at amortised cost		111.2	78.7	106.2	71.2
Financial liabilities					
Measured at fair value through the Income statement and statement of financial activities		194.0	–	62.8	80.5
Measured at amortised cost		441.5	493.5	688.3	512.6

Credit, liquidity and interest rate risk

Credit risk

Credit risk arises from deposits and derivative financial instruments with banks and trade debtors. The credit risk relating to banks is managed centrally within the parameters set by the Board of Trustees which restricts the counterparty banks and the exposure to each bank. The risk from trade debtors is considered low as the majority of debtors are with NHS partners and key private medical insurance providers, with the values in the Balance sheet being presented after an allowance for doubtful debts.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities. The Group subjects its cash flow forecasts to stress tests to assess the risk of a major cash shortfall or breaches of covenants. Refer to the going concern policy for more information. Whilst current forecasts do not indicate any significant reduction in the amount of cash generated by the Group, any severe shortfall would be addressed by tight control over capital spending and operating costs. At the end of 2022, there were £32.0 million of unutilised bank loan facilities (2021 – £50.0 million). The repayment dates of debt are set out in note 21.

During Q3 2022, the Group entered into a refinancing arrangement totalling £500.0 million. The Group has secured continued financing in the form of secured bank debt of £290.0 million for a five-year term, as well as proceeds from a 50-year ground-rent-based property transaction raising capital of £210.0 million. The loan notes were redeemed upon conclusion of this transaction. The new debt facility includes a new regime of banking covenants. In Q2 2023, the Group secured additional financing from its lenders to support the Charity whilst energy prices and inflation remain at unprecedented levels. The additional facility provides access to a further £30.0 million of credit and revised debt covenants until the end of 2024.

Interest rate risk

The Group is exposed to fluctuations in the interest rate. The interest rate management policy is to optimise the balance between the fixed and floating interest rates in order to minimise the annual interest rate costs and reduce volatility. This is achieved by an element of fixed rate borrowing and modifying the interest rate exposure through the use of interest rate swaps; details of the latter are set out in note 22.

26. Analysis of net assets between funds

The Group and Charity's assets and liabilities are unrestricted except for £0.1 million (2021 – £0.1 million) of investments that are a permanent endowment and restricted funds comprising cash of £0.8 million (2021 – £0.8 million). Unrestricted funds amount to a deficit of £-105.3 million (2021 – deficit of £-55.5 million) for the Group and £-133.2 million (2021 – deficit of £-60.9 million) for the Charity. During the year, £1.5 million of grant income was transferred between restricted and unrestricted funds as it was fully utilised in 2022.

The restricted funds represent donations where the monies received have not yet been used for the purpose defined by the donor. Most of the restricted donations are those given to specific sites that have not yet been used to purchase tangible fixed assets at those locations.

Funds are transferred from restricted to unrestricted when the performance condition connected with that donation has been met or the donation has been used to purchase an asset for general purpose use. As a result, the grant income classified as restricted income was transferred in full to unrestricted income in 2022.

Notes to the Financial Statements continued

for the year ended 31 December 2022

27. Reconciliation of operating surplus to cash flow from operating activities

	Note	2022 £m	2021 £m
Total operating (deficit)		(56.1)	(15.3)
Adjusting items in operating surplus	5	53.6	17.2
Depreciation and amortisation		72.9	75.6
Earnings before interest, tax, depreciation, amortisation, adjusting items and non-cash elements of post-retirement benefits		70.4	77.5
Gain on disposal of assets		(0.8)	(7.1)
(Increase) in stocks		(1.5)	(1.7)
(Increase)/decrease in debtors		(10.9)	12.0
Increase in creditors		1.7	5.2
(Decrease) in provisions		(4.4)	(2.7)
Total cash flow from operations		54.5	83.2
Post-retirement benefits – additional cash payments		(9.2)	(5.9)
Cash generated from operating activities before adjusting items		45.3	77.3
Adjusting cash outflow from operations			
Adjusting items in operating surplus	5	(53.6)	(17.2)
Impairment of tangible and intangible assets		11.2	3.3
Increase in creditors		–	1.4
Increase in provisions		36.4	8.1
Total cash outflow from adjusting items		(6.0)	(4.4)
Total cash inflow from operating activities		39.3	72.9

28. Cash flows from investing activities

	Note	2022 £m	2021 £m
Receipts from sale of tangible fixed assets and computer software		–	–
Purchase of tangible fixed assets and computer software		(47.3)	(61.1)
Acquisition of subsidiary (net of cash)		–	(10.4)
Acquisition of non-controlling interest	34	(1.5)	–
		(48.8)	(71.5)

29. Cash flows from financing activities

	2022 £m	2021 £m
Interest paid	(21.1)	(17.1)
Interest element of finance lease and hire purchase agreements	(0.1)	(0.1)
Early loan note redemption costs	(2.2)	–
Payment of fees in connection with new loans	(9.8)	–
Payment of bank loan	(325.0)	–
Receipt from new bank loan	258.0	20.0
Repayment of other loans	(100.0)	–
Receipt of new third party loan	211.0	–
Repayment of finance lease and HP agreements	(1.9)	(2.5)
	8.9	0.3

Notes to the Financial Statements continued

for the year ended 31 December 2022

30. Analysis of net debt

	Note	At 1 Jan £m	Cash flow £m	Non-cash changes £m	At 31 Dec £m
Cash at bank and in hand	31	8.8	9.1	–	17.9
Bank overdraft	19	–	(9.7)	–	(9.7)
Bank loans due within one year	21	(325.0)	325.0	–	–
Bank loans due after more than one year	21	–	(258.0)	–	(258.0)
Secured loan notes due after more than one year	21	(100.0)	100.0	–	–
Third party loans due within one year	19	–	–	(7.7)	(7.7)
Third party loans due after more than one year	20	–	(210.9)	29.1	(181.8)
Finance leases due within one year	21	(2.7)	1.8	0.1	(0.8)
Finance leases due after more than one year	20	–	–	(0.1)	(0.1)
		(418.9)	(42.7)	21.4	(440.2)

For the purpose of the Cash flow statement, cash and cash equivalents include the bank overdraft. The overdraft balance is recognised as a creditor on the Balance sheet in note 19. The most significant non cash change relates to fair value on third party loan of £26.3 million. See note 7.

31. Cash and cash equivalents

Group	Note	Group		Charity	
		2022 £m	2021 £m	2022 £m	2021 £m
Cash at bank and in hand		17.9	8.8	13.0	3.4
Overdraft	19	(9.7)	–	(9.7)	–
		8.2	8.8	3.3	3.4

32. Capital commitments

	Group		Charity	
	2022 £m	2021 £m	2022 £m	2021 £m
Contracts for future capital expenditure not provided in the Financial Statements – Property, plant and equipment	11.9	1.6	11.9	0.8

33. Obligations under leases and hire purchase contracts

	Note	Group		Charity	
		2022 £m	2021 restated £m	2022 £m	2021 £m
Future minimum rentals under non-cancellable operating leases:					
Land and buildings					
Less than one year		82.1	63.0	80.5	48.2
Between one and five years		306.1	231.9	299.7	170.4
After five years		1217.1	880.6	1169.7	401.3
		1605.3	1175.5	1549.9	619.9
Other					
Less than one year		10.0	4.6	10.0	4.6
Between one and five years		17.6	5.3	17.6	5.3
After five years		0.7	0.2	0.7	0.2
		28.3	10.1	28.3	10.1
Future minimum payments due under finance leases and hire purchase agreements:					
Less than one year	21	0.8	2.7	10.2	2.7
Between one and five years	21	0.1	–	37.7	–
After five years	21	–	–	420.6	–
		0.9	2.7	468.5	2.7

The prior year operating leases in relation to land and buildings have been restated to include the Aspen lease commitments. The within one year figure was restated by £14.8 million to £63.0 million; between one and five years by £61.5 million to £231.9 million; and after five years by £479.3 million to £880.6 million. These numbers are included for qualitative purposes and do not impact the prior year financial statements.

Notes to the Financial Statements continued

for the year ended 31 December 2022

34. Non-controlling interest

	Total £m
As at 1 January 2022	0.7
Share of gain for the period	0.3
Value of non-controlling interest purchased	(0.5)
Non-controlling interest at 31 December 2022	0.5

During the year, Aspen Healthcare Limited, a wholly owned subsidiary of the Charity, bought the remaining 37% members' interest in Cancer Centre London LLP for the sum of £1.5 million.

35. Related party transactions

Trustees and Executive Managers are considered key management personnel. Total remuneration of these individuals were £3.1 million (2021 – £5.4 million). The Charity has no other related party transactions in 2022 (2021 – none) other than with wholly owned undertakings, and is using the exemption allowed by FRS 102 to not disclose transactions with wholly owned undertakings.

36. Events after the reporting period

On 23 May 2023 the Group has secured additional financing from its lenders to support the Charity whilst energy prices and inflation remains at unprecedented levels. The additional debt facility provides access to a further £30.0 million of credit facility and revised debt covenants until the end of 2024.



Additional Information

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Board of Trustees' quality assurance statement

The Board Quality and Safety Committee (BQSC) is the quality and safety focused committee that supports the Board in its oversight of the products and services we provide to patients and customers.

The BQSC seeks assurance that the systems and processes in relation to quality and safety are robust and well embedded so that priority is given at the appropriate level within the organisation to identify and manage risks to quality and safety.

The BQSC provides the scrutiny to ensure that the accountable Directors are:

- **setting standards** – setting the required quality standards against the up-to-date evidence base
- **achieving** – ensuring required standards are achieved, including through audit and measuring customer feedback
- **taking action** – investigating and taking action on sub-optimal quality and safety performance and monitoring reports on preventative and corrective actions
- **driving quality** – planning and driving continual quality improvement to meet and exceed customer expectations and meet the requirements of interested parties such as the Care Quality Commission, Healthcare Improvement Scotland and Healthcare Inspectorate Wales

- **embedding best practice** – identifying, sharing and ensuring delivery of best practice including improvements to quality management systems and processes
- **managing risk** – identifying and managing risks to quality of care including approving resources to meet improvement plans.

The BQSC has delegated authority from the Board to provide assurance regarding the content of the Annual Quality Report, which is now incorporated in this 2022 Annual Report along with the NHS Quality Account.

The NHS core quality account indicators as they relate to Nuffield Health activities are provided on our website in the format prescribed by NHS England for 2022-2023.

As Chair of the BQSC, I am assured that the Committee has reviewed reliable sources of information that have been triangulated with internal and external (including regulatory) assessment and/or inspection, and I am satisfied with the course of action followed.

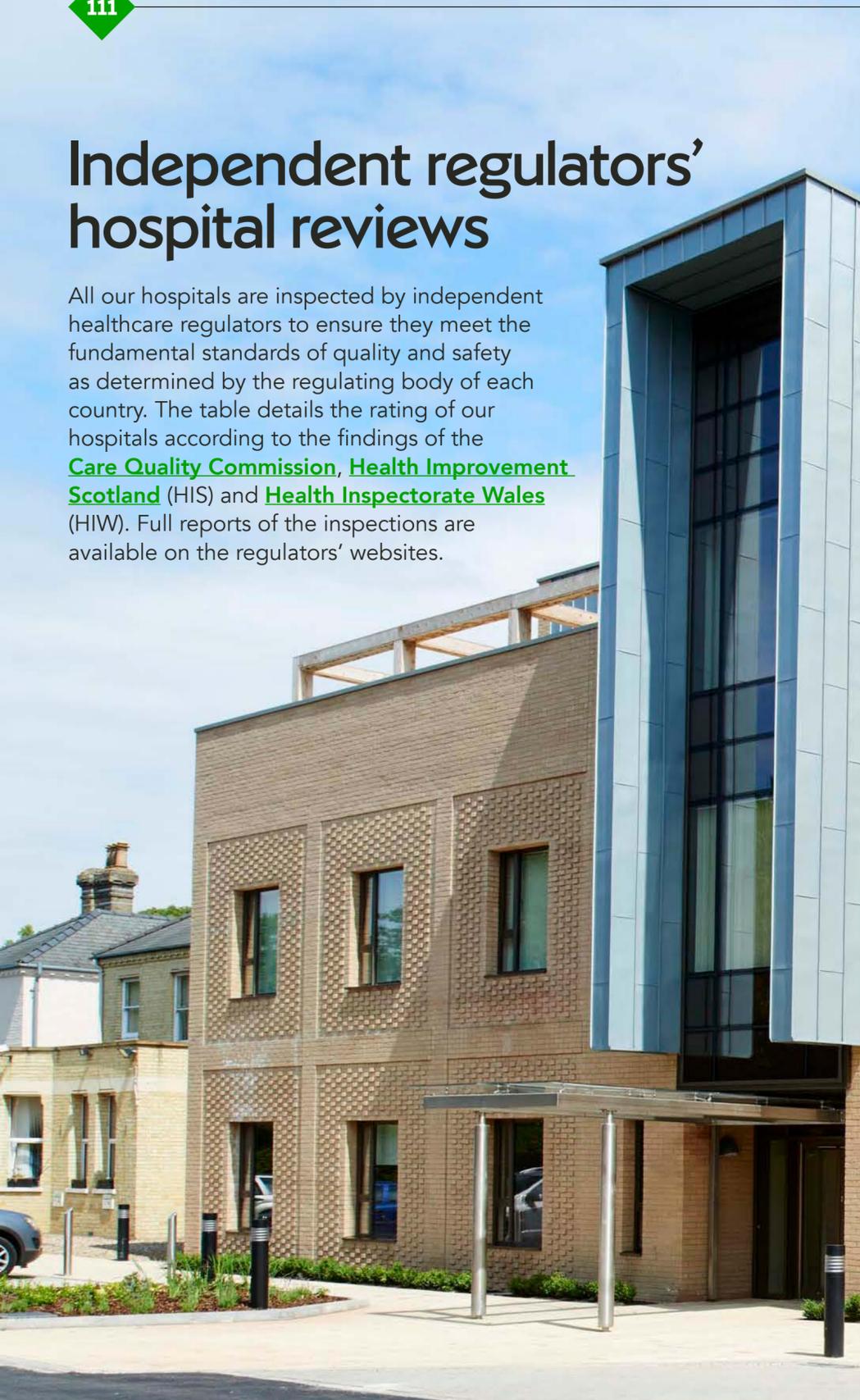
The Committee would like to acknowledge the work of our people across the Charity at all levels and in all parts of Nuffield Health, who remain dedicated to providing safe, effective and caring services to our beneficiaries. We would also like to thank the team which supports our work and to commend their consistent openness and relentless quest for improvement.

David Lister,
Trustee and Chair of Board Quality and Safety Committee



Independent regulators' hospital reviews

All our hospitals are inspected by independent healthcare regulators to ensure they meet the fundamental standards of quality and safety as determined by the regulating body of each country. The table details the rating of our hospitals according to the findings of the [Care Quality Commission, Health Improvement Scotland](#) (HIS) and [Health Inspectorate Wales](#) (HIW). Full reports of the inspections are available on the regulators' websites.



Hospital	Report published	Overall	Safe	Effective	Caring	Responsive	Well led	
Bournemouth	June 2022	Good	Good	Good	Good	Good	Good	
Brentwood	June 2017	Good	Outstanding	Good	Good	Good	Good	
Brighton	December 2022	Good	Good	Good	Good	Good	Good	
Bristol	August 2016	Good	Good	***	Good	Good	Good	
Cambridge	November 2016	Outstanding	Good	Good	Outstanding	Outstanding	Outstanding	
Cancer Centre London	February 2020	Good	Good	Good	Good	Good	Good	
Cheltenham	January 2023	Good	Good	Good	Good	Good	Good	
Chester	December 2016	Good	Good	Good	Good	Good	Good	
Chichester	December 2021	Outstanding	Good	Good	Outstanding	Good	Outstanding	
Derby	May 2016	Good	Good	Good	Good	Good	Good	
Exeter	October 2016	Good	Good	Good	Good	Good	Good	
Guildford	July 2019	Good	Good	Good	Good	Good	Good	
Haywards Heath	December 2017	Good	Requires improvement	Good	Good	Good	Good	
Hereford	March 2017	Good	Good	Good	Outstanding	Good	Good	
Highgate	May 2017	Good	Good	Good	Good	Good	Outstanding	
Ipswich	November 2016	Good	Requires improvement	Outstanding	Outstanding	Good	Good	
Leeds	June 2017	Outstanding	Good	Good	Outstanding	Outstanding	Good	
Leicester	March 2017	Good	Good	Good	Good	Good	Good	
Newcastle	August 2016	Good	Good	Good	Good	Good	Good	
North Staffordshire	January 2022	Good	Good	Good	Good	Good	Good	
Nuffield Health at St Bartholomew's		Hospital opened May 2022 – as yet not rated						
Oxford	June 2022	Good	Good	Good	Good	Good	Good	
Parkside	November 2021	Good	Good	Good	Good	Good	Good	
Plymouth	July 2022	Good	Good	Good	Good	Good	Good	
Shrewsbury	October 2018	Good	Good	Good	Good	Good	Good	
Taunton	November 2016	Good	Good	Good	Good	Good	Outstanding	
Tees	April 2022	Good	Good	Good	Good	Good	Good	
The Holly	May 2017	Good	Good	Good	Good	Good	Outstanding	
Tunbridge Wells	July 2017	Good	Good	Good	Good	Good	Good	
Warwickshire	March 2017	Good	Good	Requires improvement	Good	Good	Good	
Wessex	January 2023	Good	Good	Good	Good	Good	Good	
Woking	August 2017	Good	Good	Good	Good	Good	Good	
Wolverhampton	August 2022	Good	Good	Good	Good	Good	Good	
York	June 2017	Good	Good	Good	Good	Good	Good	
Cardiff & Vale*	February 2022	No issues identified by HIW						
Edinburgh**	March 2022	Good (HIS)						
Glasgow**	November 2020	Good (HIS)						

Rating key: ◆Outstanding ◆Good ◆Requires improvement

* HIW conducts a review and provides a letter of findings, but not a rating. No breaches were identified in its inspection.
 ** Inspected by HIS – areas of patient experience, safe care and leadership/change improvement all recorded as Good. HIS does not produce an overall rating.
 *** Not enough evidence to rate.

Additional quality assurance information

Internal and External Audit

Nuffield Health assures the quality of services provided by undertaking, and being subject to, continual Internal and External Audit programmes. The following expert advisory groups (EAGs) are in place and further assurance reviews are undertaken at the Quality Board and the BQSC.

Nuffield Health EAGs

- Clinical Governance & Outcomes
- Cardiac
- Musculoskeletal
- Pharmacy & Medicines Management
- Primary Care
- Pathology
- Children & Young Persons
- Medical Directorate
- Research
- Radiology
- Theatres & Decontamination
- Critical Care & Resuscitation
- Infection Prevention
- Cancer Services
- Medicines Devices
- Health, Safety & Environment
- Information Governance

Nuffield Health joint advisory groups (JAGs)

- Quality Assurance
- Gastrointestinal Endoscopy

External advisors

Nuffield Health is grateful for the support and expertise provided to us by a range of subject-matter experts. A list of these is available on our website.

Regulatory frameworks

Regulators of health and care professionals, products and services include but are not limited to the following:

- **Professional Standards Authority** – oversight of regulators of health and social care professionals in the UK
- **Health and Safety Executive (HSE)** – statutory body to reduce work related death and serious injury in Great Britain
- **Local Authority/Food Standards Agency** – environmental health officers' inspection of food quality and hygiene
- **Care Quality Commission (CQC)** – inspection of health and care services in England
- **Healthcare Improvement Scotland (HIS)** – inspection of healthcare in Scotland
- **Healthcare Inspectorate Wales (HIW)** – inspection of healthcare in Wales
- **Medicines and Healthcare products Regulatory Agency (MHRA)** – registration of medical devices
- **Human Fertilisation and Embryology Authority (HFEA)** – licensing and monitoring of UK fertility clinics
- **General Pharmaceutical Council (GPhC)** – regulator for pharmacy premises in Great Britain
- **Office for Standards in Education, Children's Services and Skills (Ofsted)** – regulator of care/education (e.g. Nuffield Health crèche facilities)

Additional information on quality assurance not already included in this report:

- the Radiological Protection Centre (RPC) continues to independently assure that Nuffield Health uses ionising and non-ionising radiation safely in order to protect the wellbeing and safety of patients and staff
- all Nuffield Health pathology facilities are accredited by clinical pathology accreditation (CPA) and are also all compliant with blood safety and quality regulations (BSQR)
- all seven Hospitals Sterile Services Units remain registered with the UK competent authority (MHRA) and continue to be audited by the notified body, SGS Ltd. This registration provides evidence of compliance with Medical Devices Directive 93/42/EEC (and its amendment 2007/47/EC) as well as a robust quality management system based on ISO 9001:2015 and ISO 13485:2016
- all 34 Nuffield Health endoscopy services are enrolled with the Royal College of Physicians (RCP) Joint Advisory Group for Gastrointestinal Endoscopy (JAG) accreditation programme for continuous service and quality improvement.

Professional advisors

External auditor

Deloitte LLP

1 New Street Square, London EC4A 3HQ

Internal auditor

PriceWaterhouseCoopers LLP

1 Embankment Place, London WC2N 6RH

Solicitor

CMS Cameron McKenna

Cannon Place, 78 Cannon Street, London EC4N 6AF

Banks

Barclays Bank plc

1 Churchill Place, Canary Wharf, London E14 5HP

Santander UK plc

Santander House, 100 Ludgate Hill, London EC4M 7RE

NatWest Group plc

250 Bishopsgate, London EC2M 4AA

HSBC Bank plc

Level 7, Thames Tower, Station Road, Reading, Berks RG1 1LX

Property advisor

Avison Young

3 Brindley Place, Birmingham B1 2JB

Pension and remuneration advisor

Mercer Ltd

1 Whitehall Quay, Whitehall Road, Leeds LS1 4HR

Willis Towers Watson

51 Lime Street, London EC3M 7DQ

Building a
healthier nation
lies at the heart
of everything
we do.

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Epsom Gateway, Ashley Avenue, Epsom, Surrey KT18 5AL.
A registered Charity number 205533 (England and Wales),
a Charity number SCO41793 (Scotland) and a company
limited by guarantee. Registered in England.
Company number 00576970.

Telephone:

0300 123 6200

All our hospitals in England, and those clinics delivering regulated activities, are registered with the Care Quality Commission. Our hospitals in Scotland are registered with Healthcare Improvement Scotland and our hospital and clinic in Cardiff are registered with Healthcare Inspectorate Wales.