Connecting health to build a healthier nation

Annual Report and Accounts 2023

A healthier nation lies at the heart of everything we do

Contents

Charity profile

Who we are

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

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.

Our values

C. We are Connected

A. We are Aspirational

R. We are Responsive

E. We are Ethical

Where and how we offer our services

37
Hospitals

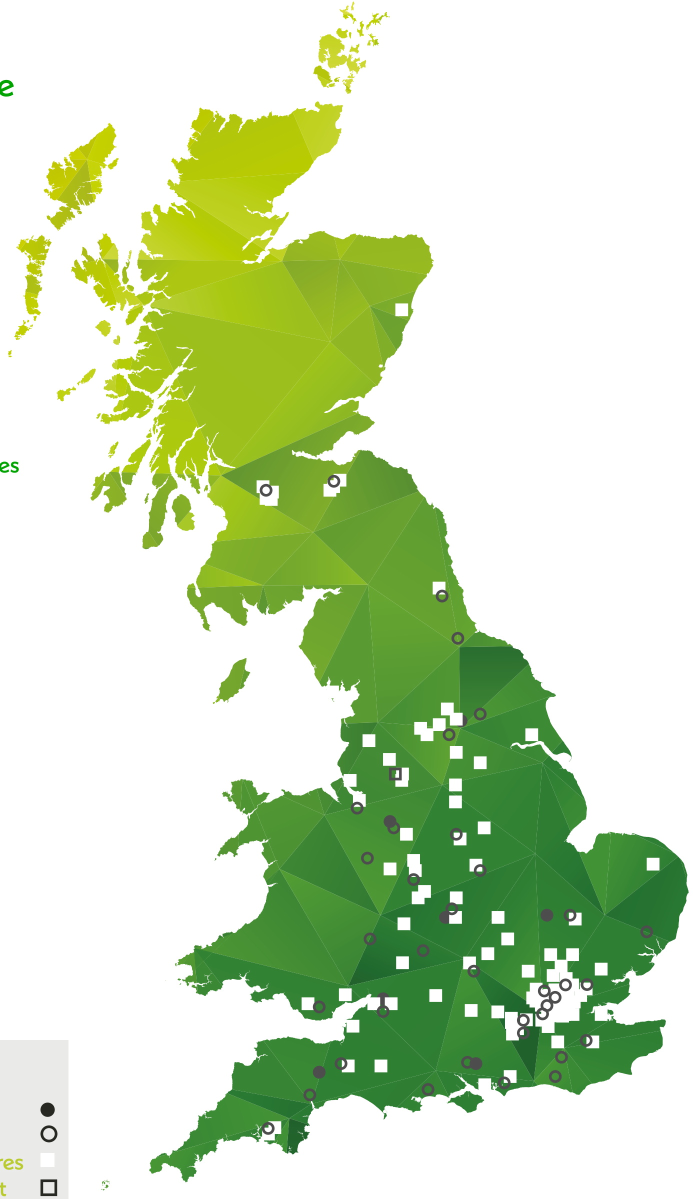
112
Fitness and wellbeing centres

122
Corporate fitness and wellbeing locations

7
Hospitals Sterile Services Units (HSSU)

1
Research and development facility

Key
Medical centres
Hospitals
Fitness and wellbeing centres
Research and development



The value we create

1.79m
people reached

137,800
people living on lower resources reached (7.7% of total people reached)

£100m
Social Value*

11.4%
carbon emissions reductions in 2023**

374,724
fitness and wellbeing members

289,910
hospital episodes

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

18,000
colleagues across our services

* 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.
** Across Scope 1, 2 and 3, compared to 2022 baseline.
*** Excludes Nuffield Health at St Bartholomew's Hospital, which is yet to undergo Care Quality Commission assessment.

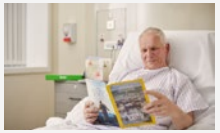
Charity profile continued

Our connected health approach

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. By offering connected healthcare, we aim to improve the experience and outcomes for our beneficiaries.

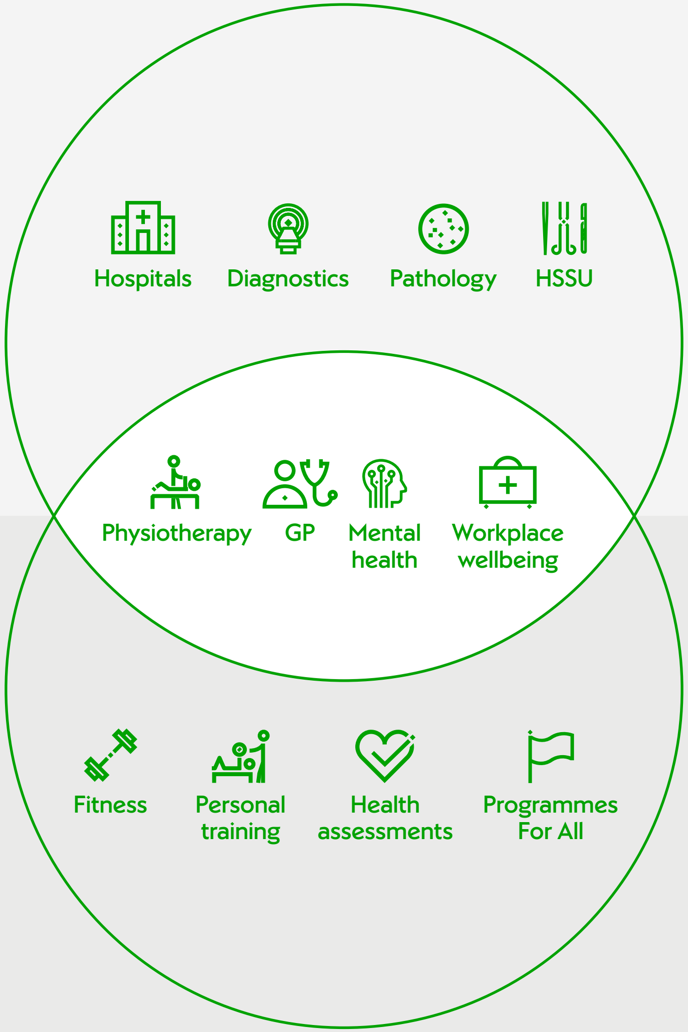
Health services



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

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

Hospital Sterile Services Units (HSSU)
Delivering decontamination and sterilisation services for reusable medical equipment

Wellbeing services

Fitness and wellbeing
Industry-leading personal trainers (PT) and fitness and wellbeing centres 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 on-site clinics and fitness and wellbeing centres

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

Chair statement

A message from our Chair

2023 was a year of progress for the Charity in a number of important areas, against a backdrop of considerable challenge for our people and the beneficiaries Nuffield Health serves. It could be argued that the post-pandemic era has proven to be more complex than that period, but we were not deterred.

The repercussions of the pandemic, the war in Ukraine and the subsequent cost-of-living crisis have been keenly felt. Our third Healthier Nation Index underscored the profound impact, not only on people's personal finances, but also on their physical and mental wellbeing. I'm proud to say that the team at Nuffield Health once again rose to the challenges highlighted in the Index, providing support to a record number of people who turned to us.

As the largest healthcare charity in the UK, our purpose is clear: to build a healthier nation, and everything we do is to serve that goal. When I joined the Board in 2017, there was an ambition to extend our reach to communities grappling with higher levels of health disparities. Since then, we've made huge strides in realising that ambition, with our people more embedded than ever within their local communities and delivering vital support to people living with unmet health needs. Crucially, the Charity has made progress in evidencing the impact of this important work, through our Social Value framework.

In terms of the Charity's operations, 2023 provided an opportunity to address the efficiency, scalability and financial sustainability of Nuffield Health's services, with stewardship being a key responsibility of the Board. As a non-fundraising charity, with a large estate and significant capital requirements, our ability to invest in equipment, services and the environment in which we operate is dependent upon us achieving a surplus through our paid-for services. In addition, it enables us to invest in and deliver our free Programmes For All, so it is critical that we work hard to ensure we are operating in the most efficient and productive way.

Steve's overview gives more insight into the steps taken and the pleasing progress made during 2023 to improve the Charity's performance and financial sustainability. This is a programme of work which continues in 2024.

The heroes of the year were undoubtedly, yet again, Nuffield Health's amazing colleagues. They are the driving force behind every success we achieve, and the Board and Executive Team are unified in our commitment to an environment where our people can be themselves at work, feel included and engaged, and have a voice in shaping our future.

While there's certainly more to be done, we've made significant progress this year, whether through our hardship fund and other financial support for those hit hardest by the cost-of-living crisis, or through giving everyone a voice via the new Employee Forum, to raise ideas or concerns directly to the Executive Team, and via the investment in Speaking Up.

> "As we embark on 2024, and thanks to the efforts of our people, our Charity finds itself in a position where it is making a materially greater contribution to the health of the communities we serve."
>
> **Dr Natalie-Jane Macdonald MBE**
> Chair

A theme of my conversations with our colleagues has been their pride in delivering exceptional services. There is no greater priority than embedding safety and Quality across every part of the organisation. I'm consistently impressed by our team's proactive approach: it was fantastic to see us take a leadership position on the introduction of the Patient Safety Incident Response Framework (PSIRF) across the healthcare sector, and we were among the first to publish and implement our patient safety plans.

A further priority is taking decisive action to tackle the increasingly evident impact of the climate crisis, and delivering sustainable healthcare remains central to our strategy. Our targets across both our own emissions and those of our suppliers (scopes 1, 2, and 3) remain ambitious, and we are pulling every available lever – from large scale innovations to changing simple everyday behaviours – as we strive to reduce our environmental impact.

As we embark on 2024, and thanks to the efforts of our people, our Charity finds itself in a position where it is making a materially greater contribution to the health of the communities we serve. However, the national need for greater access to health and wellbeing services will continue to grow – as will the increasing imperative to address health inequalities and unmet health needs.

It's reassuring to hear both major political parties acknowledge the role of non-NHS health and wellbeing providers in rebuilding the nation's health. This rhetoric must be translated into meaningful action at the national, regional and local levels. I am pleased to see this conversation is evolving, and the less politicised it becomes, the greater the positive impact we will see for patients.

Nuffield Health is a natural ally of the NHS. It's right that we should be offering it our capacity to help relieve the elective care burden, and I hope to see a bigger role for the Charity working alongside our local NHS partners so we can maximise our contribution. The Board and I, alongside our dedicated Executive Team, are deeply committed to the positive impact Nuffield Health can have on communities throughout the nation.

Our Board of Trustees approved this report on 7 August 2024, and I commend it to our members.

Dr Natalie-Jane Macdonald MBE
Chair

CEO's statement

A message from our Chief Executive Officer

People reached
1.79m
2022 – 1.72m

Social Value
£100m
2022 – £72.0m

At a time when the nation's health is in decline, I'm proud that our Charity has once again stepped forward to support more people than ever before to live happier, healthier lives. At the heart of our achievements has been the dedication, energy and commitment of our 18,000 people. With their skills, care and passion, we have delivered record numbers across all our key service lines, with 1.79 million people benefiting from our services throughout the year. This achievement is all the greater when you consider the backdrop of surging inflation, soaring energy prices, supply chain disruptions and escalating workforce costs.

2023 has also been a year of stabilisation, driven by our efforts to embed a more efficient economic model and operating structure. This has enabled us to enhance the experience of our beneficiaries and begin a programme of investment in our estate and services. Our relentless focus on delivering services in a more joined-up and efficient way is laying the foundations for our future success.

Supporting local communities

We set ambitious targets to extend our reach and representation in 2023, and with the support of our teams across the UK, we've met those targets, achieving some incredible feats along the way. Since launching in 2019, more than 23,000 people have now benefited from our free Joint Pain Programme, and 9,500 people in the last year alone. So many people have found their lives turned upside down by the debilitating impact of chronic pain conditions, and it is inspiring to hear about the transformative impact our rehabilitation specialists are having, each and every day. Just one example of this is mum of four, Rachel, from Cannock, who shares her story in this report page 34.

It has also been fantastic to see our people building strong links in their local communities to help those most in need. In total, our community outreach led by our teams on the ground supported more than 57,000 people, and 27% living with lower resources. This significant growth is mirrored in our Social Return on Investment (SROI) figures, with our Social Value climbing to £100 million (2022 – £72.0 million), a very meaningful contribution to the health and wellbeing needs of communities across the UK.

A key part of our drive to support the health of the communities we serve is our focus on protecting the environment, and this starts at a local level. We have a responsibility to reduce our emissions and work towards a more sustainable delivery model. I am pleased that we made good progress this year. With behaviour change campaigns leading the way, we reduced our carbon output, targeting energy usage reduction, waste reduction and recycling. Following our decision in 2022 to stop using desflurane, an environmentally harmful anaesthetic gas, in all 37 of our hospitals, we avoided almost 1,000 tonnes of carbon emissions over the course of 2023.

> "A strong culture of clinical excellence, accountability, and transparency is critical to maintaining our position as a leader in quality."
>
> **Steve Gray**
> Chief Executive Officer

CEO's statement continued

Delivering the highest quality care

When choosing our services, our beneficiaries are placing their health in our hands, and often at a time when they are at their most vulnerable. We owe it to them to deliver the highest standards of quality and safety, and it is pleasing when our commitment to these standards is affirmed by independent and expert bodies. This was further evidenced at the end of the year, when all our eligible hospitals were recognised as 'Gold' standard Quality Data Providers by the National Joint Registry.

A strong culture of clinical excellence, accountability, and transparency is critical to maintaining our position as a leader in quality. I believe this is one of our strengths, but we are always looking for further ways of empowering our people to advocate in the best interests of our beneficiaries. An example is the introduction of the new Patient Safety Incident Response Framework (PSIRF), a once-in-a-generation opportunity to evolve the safety culture across healthcare. One of its key elements is adopting a Freedom to Speak Up culture, which is something the Charity has fully embraced, as we see from the experience of David and Rachel page 19.

Delivering through partnerships

Tasking ourselves with delivering the best possible outcomes is something we will never step back from. Part of this is recognising and building on our strengths, while also acknowledging where we can benefit from strategic partnerships to enhance our capabilities.

Early in the year, following a successful pilot at our Derby Hospital, we announced the expansion of our work with Careology to provide remote monitoring for cancer patients. Separately, we moved to the next stage of our strategic partnership with the Icon Group, Australia's largest specialist oncology services provider. It has brought its technical capability and medical leadership to the Nuffield Health Cancer Centre London. Both of these partnerships will enable us to elevate our cancer pathways, allowing us to give our patients the best possible care.

Elsewhere, our strategic partnerships to drive our brand awareness and reach have been instrumental in also driving our social impact. Towards the end of the year, our partners at The FA launched The Greater Game, a campaign focused on inspiring 12- to 16-year-olds, and their families, to improve their health and wellbeing by making at least one extra healthier action per week. We co-created the campaign's grassroots intervention alongside The FA, which focuses on four areas – Move, Sleep, Eat and Think. The initiative has now launched nationally following a successful pilot in 2023 and is a great example of how we can extend our reach and impact by working with others.

Similarly, our partnership with Access Sport has attracted more than 15,000 young people, from disadvantaged backgrounds across Greater Manchester, to discover the sense of belonging, friendship and self-worth that sport instils so powerfully.

Supporting our people to thrive

While we celebrate our 2023 achievements, there's no denying they were hard-won. The year was exceptionally challenging, not only for organisations, but also for individuals as household bills and personal costs rose. In light of the ongoing cost-of-living crisis, I was proud that we were again able to award pay increases to all of our people, and continued with our principle of prioritising increases for those who need it most. I'm also pleased that our latest Gender Pay Gap Report shows a further closing of the gap, to 2.2%. We continue now on the path to eliminating this gap completely.

As a healthcare charity, it's imperative that we actively champion the physical, mental and financial wellbeing of our people. In a year dominated by financial uncertainty, we reopened our hardship fund and offered financial management support, ensuring our people have the tools to navigate increasingly difficult everyday pressures.

As part of our drive to embed a listening culture, we took steps to amplify the voice of our people, by launching our Employee Forum. With representation from all parts of the Charity, the forum serves as a direct link between our people and the Executive Team to air their ideas and concerns and have a say in our future. I have been struck by the energy and commitment of our forum representatives, such as one of our lead physiotherapists Kayleigh Llewellyn who we interview on page 43.

CEO's statement continued

"We must continue to play our part to rebuild the health of the nation, whether that's through strengthening our relationships with the NHS, expanding our reach and service offerings, or supporting an ever-increasing number of communities at greatest risk of suffering from health inequalities."

Steve Gray
Chief Executive Officer

Financial sustainability and embedding a more sustainable model

Throughout the year the Charity was operating in a challenging environment. In response the Charity implemented tight cost controls, consolidated our operating model and drove efficiencies.

Despite ongoing external pressures, the Charity saw continued demand for our services and delivered a strong trading and financial performance. Revenue for 2023 was £1,358.1 million, an increase of 9.7% on the previous year, and we saw increasing numbers of privately insured patients, together with greater volumes of NHS work. We strengthened our position by driving operational efficiencies that delivered improved experience and strong health outcomes for our beneficiaries, yet at a reduced cost. This resulted in an adjusted EBITDA of £78.4 million with an improved margin of 5.8% (2022 – 5.7%), and a net deficit after tax of £64.0 million (2022 – £62.6 million).

There is still much uncertainty externally, so it's crucial we keep focused on delivering efficiencies, expanding our reach and improving accessibility to meet demand. This will not only improve the ways of working for our teams but will also generate greater revenue to invest in our beneficiaries' experience and help the Charity remain resilient to external pressures.

Evolving our frontline operating model

Our true value is not simply in the range of services we offer, but in joining those services up and allowing us to respond as one team to support the needs of our beneficiaries. This year, we took an important step forward as we evolved how our teams work together on the frontline, organising our sites into regional health systems – with our fitness, clinical and hospital services working closer than ever before.

Participants from our Joint Pain Programme outside the Houses of Parliament

These relationships and systems are still bedding in, but we are already seeing the art of the possible, particularly from the forerunners in our London region, which our Health System Director in South West London, Kate, speaks so eloquently about page 15.

Increasing our voice and influence

I'm a firm believer that if we are to truly deliver on our purpose to build a healthier nation, we must have a strong public voice to contribute to the national debate on the health of the nation, by both sharing our learnings, and calling for meaningful change. In the last year, we have developed a strong network of advocates, with MPs from across the political spectrum visiting our sites to see our community rehabilitation programmes in action, showcasing the vital role the fitness industry can play in long-term health condition management.

We also welcomed the Minister for Sport, who visited our free Move Together exercise class for teenage girls in Guiseley. He joined us on the day the Government launched its Sports Strategy, highlighting our work to help young girls overcome the barriers to fitness they face as a great example of a local initiative.

Our Healthier Nation Index continued to position us as a thought leader, as we took our message of connected health and collaboration to the centre of Government with a roundtable debate in Westminster. This gave us a platform to highlight our natural alignment with all the parties' priorities to reduce NHS waiting lists, get people back to work and make greater use of community rehabilitation.

CEO's statement continued

> "On a personal note, after nine years leading the Charity, I made the decision that the time is right for me to retire. It was a tough decision as Nuffield Health is an incredibly special place to work and that's down to our army of passionate people who are committed to supporting our beneficiaries day in, day out."
>
> **Steve Gray**
> Chief Executive Officer

Looking forward

Our connected healthcare approach not only gives us a unique position in the market, but it also gives us a distinctive perspective and expertise. We must continue to play our part to rebuild the health of the nation, whether that's through strengthening our relationships with the NHS, expanding our reach and service offerings, or supporting an ever-increasing number of communities at greatest risk of suffering from health inequalities.

To do that, we must continue to do the hard work in the background, ensuring we are agile in the face of an ever-changing political and economic environment. In 2024, we remain laser-focused on embedding a more efficient economic model, while driving forward our plans to expand our reach and impact, improve our beneficiary experience, and support our people to thrive. As ever, our people remain front and centre of everything we do, and we will continue to communicate with and listen to our teams, bringing them with us on our journey.

On a personal note, after nine years leading the Charity, I made the decision that the time is right for me to retire. It was a tough decision as Nuffield Health is an incredibly special place to work and that's down to our army of passionate people who are committed to supporting our beneficiaries day in, day out. Nevertheless, we are now better positioned to deliver on our strategy, and I'm excited about the future for the Charity.

Lastly, I want to extend my thanks and gratitude to my Executive Team for their dedication and hard work throughout this challenging year, and to our Chair, Natalie-Jane, and her team of Trustees. Most importantly, I want to express my deepest appreciation to all our people. Your compassion, energy, and enthusiasm are the driving force behind Nuffield Health. Thank you.

Steve Gray
Chief Executive Officer

Market trends

1. Demand for health, wellbeing and fitness services

An ever-ageing population is a tribute to UK healthcare, it puts considerable – and rising – pressure on our health system.

7.58 million are waiting for elective care in the NHS in England. The result is delayed access to vital services.

By 2040, it is projected that 9.1 million people will be living with long-term health conditions – 2.5 million more than in 2019. Conditions such as anxiety, depression, chronic pain, obesity and diabetes will account for much of the increase.

Pressures on the NHS and the ongoing backlog for treatment has contributed to more patients opting to pay out of pocket for independent sector services as they seek faster treatment. There has also been growth in private health insurance coverage. The total market size of independent sector healthcare provision in the UK was projected to reach £11 billion in 2023[1].

'At the same time, the fitness and wellbeing sector is also experiencing growth as people prioritise their health and wellbeing following the pandemic.

How this affects us

As a long-standing NHS partner, we are well positioned to ease NHS waiting lists and support long-term recovery. While we expect self-pay to remain substantially higher than pre-pandemic level, the cost-of-living crisis is expected to dampen some demand. Separately, our fitness and wellbeing centres have seen increased demand, reaching record levels in 2023.

Actions we are taking

We continue to engage with NHS Trusts and Integrated Care Boards to identify their specific needs and how we can assist. We are investing in key services such as private GP availability and hospital-based care for both NHS and privately funded patients. We also continue to roll out our free community rehabilitation programmes. These have been shown to reduce an individual's need for further care, improve mobility and other health outcomes and get people back into work. By upskilling our fitness professionals to deliver clinically governed community rehabilitation, we have a blueprint for enabling the fitness industry to play a more significant role in healthcare delivery. As a major provider of corporate health and wellbeing services, we work with employers to support their workforce.

1 https://store.mintel.com/report/uk-private-healthcare-market-report

Market trends continued

2. Sustainability

Climate change present a massive threat to people's physical and mental health, with potential extreme heat, water scarcity, disease, famine and storms all posing an increased risk of anxiety.

The healthcare sector is itself a significant contributor to climate change, and therefore needs to lead by example in operating sustainably. The NHS has a clear net zero commitment and is the first health system to have it enshrined in legislation.

The fitness sector also contributes to carbon emissions, with swimming pools in particular being highly energy intensive.

How this affects us

Nuffield Health has made sustainability a priority and is committed to reduce its impact on the environment to support a more sustainable future for all. As a major supplier of services to the NHS, we are also required to meet its sustainability requirements, which we are striving to achieve.

Actions we are taking

We have defined a target to be net zero in its Scope 1 and 2 emissions by 2030, and in all emissions, including Scope 3, by 2040.

To achieve this, we are aiming to be market leaders in sustainable operation through a significant programme of emissions reductions. These range from large scale programmes, such as procuring 100% of our electricity through renewable supply contracts, and switching to less harmful anaesthetic gases, to leading behaviour change campaigns to reduce energy use at our sites through small, daily actions, such as switching off lights and recycling.

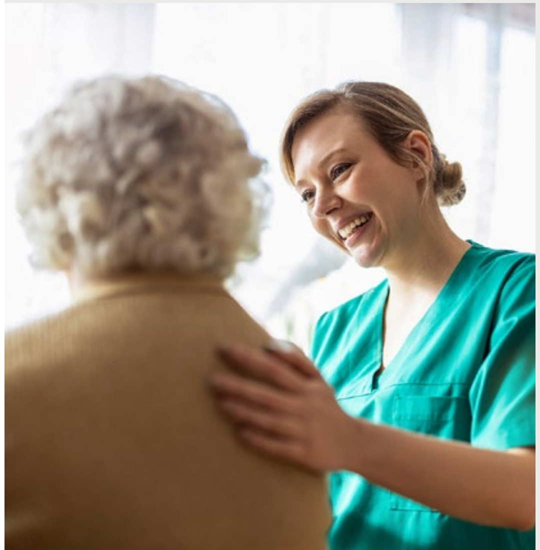
As a sector, the climate emergency is too important to be working in silos. We will always seek to learn from others, and have an ethos of sharing our own learning so others may also benefit.

For more information, see page 45.

3. Personalised care and experience

Increasingly people have become accustomed to receiving highly personalised services, from online shopping preferences through to on-demand television.

This is equally true across healthcare and fitness, where people are increasingly adopting a customer mindset, demanding services that are personalised and tailored to their individual needs and preferences.



How this affects us

As a large provider operating in a competitive market, we need to focus not only on successful outcomes, but how we arrive at them.

Across all of our services, we need to put our members and patients front and centre, listening to their preferences and focusing on the complete experience, from initial booking to discharge, to supporting their ongoing and future health and wellbeing needs.

Actions we are taking

We continuously assess, and invest in, technologies such as electronic health records (EHRs), omnichannel technology, and data analytics, which enable us to better connect our services and delivery personalised care plans.

We design all of our services in line with the Nuffield Health Way, which puts our beneficiaries at the centre of our services. We follow four key principles to do this. Our services have a personal touch. We work together with our beneficiaries and our experts to make our services accessible.

Market trends continued

4. Workforce challenges

Across the UK's healthcare and wellbeing industry, and in both the public and independent sectors, there is workforce shortage. Indeed, the NHS employs more than 1.5 million people, making it the UK's largest employer, yet it still has a staffing gap of some 112,000.

The reasons vary, ranging from pay and conditions to complexities such as immigration, exacerbated by Brexit.

How this affects us

A shortage of staff, together with the inflationary environment of 2023, drove up staff costs as we competed for new recruits, and sought to retain our people. We also have a mature workforce, with over 30% of our nurses aged 55 or over.

Actions we are taking

In 2023, we overhauled our learning and development, relaunching our Academy as the Nuffield Health Learning Foundation.

The foundation offers development, upskilling and re-skilling opportunities for our entire workforce and is backed by significant investment. We now have more than 70 active apprenticeship programmes running, ranging from fundamental skills through to senior leadership and Master's-level education.

As we seek to attract and retain high quality people, we believe a key element is our ability to offer them fulfilling careers and visible career paths.

5. Cost of living

Annual inflation of 7.3%, and energy costs still above pre-pandemic levels meant that the financial pressures of 2022 persisted into 2023.

Although discretionary spending by individuals has decreased, health and wellbeing continues to be a category in which individuals are willing to spend.

How this affects us

For many people in 2023, the cost of basics such as food, rent and energy hit critical levels. In this context, there is an even greater need to support people and communities most at risk of suffering health inequalities.

Of course, our own people are not immune to the cost-of-living crisis. They need support to ensure they bring their best selves to work each day, and deliver excellent care to our beneficiaries.

Actions we are taking

To support our team members through this difficult period, we awarded a pay rise to all staff, while focusing the greatest uplift on those on the lowest levels of remuneration. We were also able to set aside a fund of over £100,000 to ease cases of hardship.

At the same time, we extended our free community programmes, including a programme dedicated to alleviating joint pain; a programme to get teenage girls moving and active; and our site-led community outreach programmes.

Fund of over

£100,000

set aside to ease cases of hardship

Strategy at a glance

Our strategy

Underpinned by our values

C Connected
We work together as one 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 our 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

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

Underpinned by our sustainability pillars

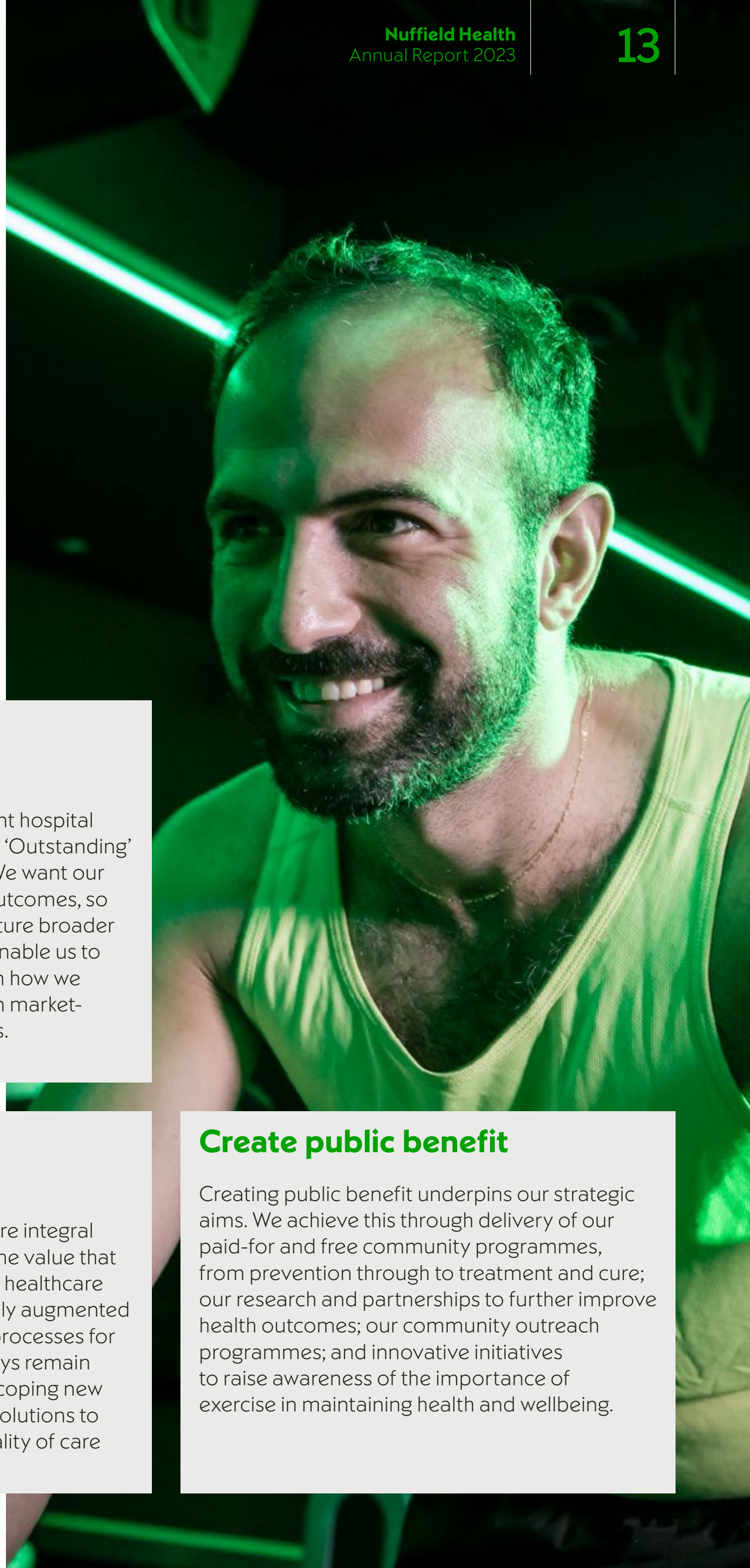
Healthy Work
We're investing in market-leading training and resources to help our people excel in their careers. And we're building an inclusive, caring culture, where our people feel they belong and can thrive.

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 strategy

Our strategic aims explained



Empower and develop our people

We strive to deliver an outstanding environment in which our 18,000 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.

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.

Data driven, market leading outcomes

We're the only UK-wide independent hospital group whose hospitals 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.

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.

Financially sustainable

As a trading charity, we have no shareholders or dividends to pay. Surplus funds are invested back into our services, the communities we serve, 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.

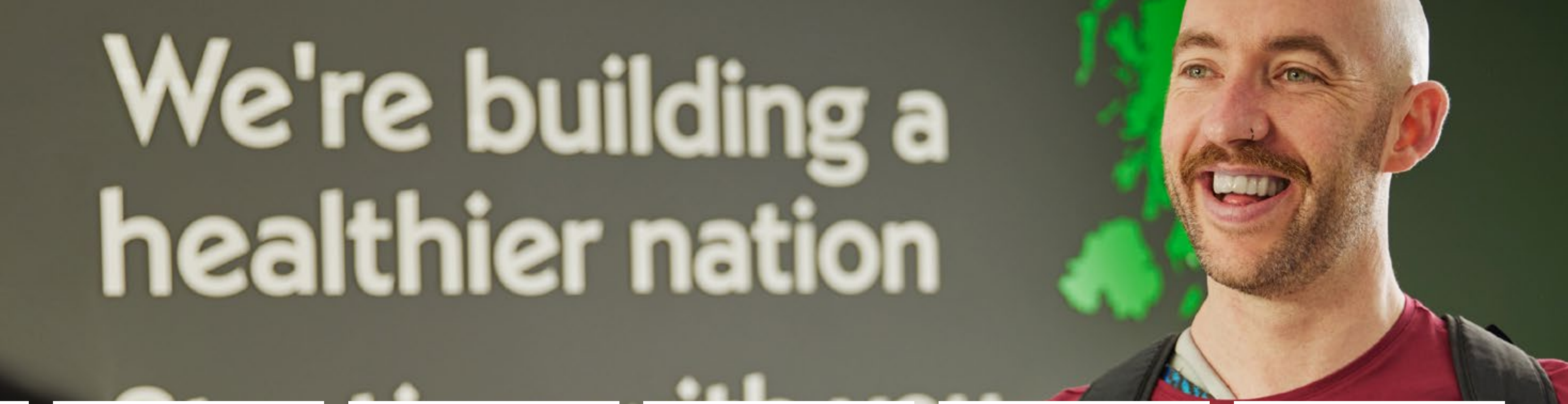
Human first, digitally enabled care

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.

Create public benefit

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

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



Strategy at a glance

2023 key performance indicators

2.2%
Gender pay gap

2023	2.2%
2022	3.4%
2021	5.9%

Our 2023 mean (average) pay gap is now 2.2%, compared to 3.4% last year, putting it at its lowest level since reporting began in 2017. This continues to be significantly below the national pay gap of 14.3%, as published in November 2023 by the ONS.

We remain committed to reducing this to zero, as part of our broader equity, diversity and inclusion agenda.

£78.4m
Adjusted EBITDA*

2023	£78.4m
2022	£70.4m
2021	£77.5m

Despite continued headwinds in the market, including continued cost inflation and high energy prices increasing our operating costs, we improved our adjusted EBITDA in 2023. This allows us to reinvest more funds into our estate, building our capacity to support the nation's health and wellbeing.

* Adjusted EBITDA is calculated as total operating deficit £17.7 million (2022 – £56.1 million) with adjusting items £16.9 million (2022 – £53.6 million), depreciation and amortisation £79.2 million (2022 – £72.9 million) added back.

11.4%
Carbon reduction in Scope 1, 2 and 3, against 2022 baseline*

2023	11.4%
2022*	16.5%

We continued to reduce carbon emissions in 2023, by embedding sustainability into our everyday ways of working, including energy reduction, waste and recycling, removal of potent anaesthetic gases and supply chain engagement. To help us achieve our net zero targets, we are focusing our actions in four key strategic areas: our property and operations, our people, procurement, and delivering greener surgery. For more information, see page 50.

* Scope 1 and 2 only.

1.79m*
People reached

2023	1.79m
2022	1.72m
2021	1.21m

In 2023, our services reached more people than ever before. Our fitness and wellbeing centre membership continues to grow, with people increasingly engaged in managing their health. Our hospital and primary care services have also grown, as have our programmes to support communities with unmet health needs.

* 2021 did not include the ex-Aspen sites.

7.7%*
Percentage of people reached living with lower resources*

2023	7.7%
2022	6.5%
2021	5.3%

Across all our services we again increased our reach with people living with lower resources. This includes through a number of free community programmes we run to support people most at risk of suffering health inequalities. Across all of our free and community programmes – which we refer to as Programmes For All – we reached 83,700 people throughout the year, 27% of whom were people living with lower resources.

* Based on evidenced demographics of 1.52 million beneficiaries.

£100m*
Social Value

2023	£100m
2022	£72.0m
2021	£18.0m

The continued growth of our Programmes For All, in particular our Joint Pain Programme, has increased our Social Value again in 2023. We calculate this by measuring the impact of a service on four beneficiary areas – health change for an individual, change in wellbeing of family or carers, cost savings to health and social care, and the change in productivity of the economy.

* In 2021, we updated our Social Value method. Using the current indicator values produced a Social Value of £37.6 million for the same volume of beneficiaries in 2021. Social Value for 2023 was calculated using the same method as was used in 2022.

Strategy in action

Local health systems

Aligning our services, systems and beneficiaries more closely than ever before.

Kate Farrow, Health System Director, Parkside Hospital

In a world where healthcare needs are not only complex but unique for each individual, Nuffield Health has long understood the need for joined-up care.

We call this connected health: it is our approach to how the health and care system should operate to support a person's entire health and wellbeing.

This reaches across all our hospitals, fitness and wellbeing centres and clinics, working together to deliver that seamless support and expertise. From personal training and helping people to stay fit and healthy, through to mental wellbeing support, diagnostics, hospital treatment and rehabilitation, we are lifelong partners.

Now for the next level

In 2023, we took a major step forward in delivering connected health by introducing Local Health Systems. In my case, I run the Parkside London Health System in Wimbledon, which includes Parkside Hospital and Cancer Centre London, along with 12 fitness and wellbeing centres.

We have spent the year integrating our services, so instead of offering them as separate service lines, we are working hard to bring them together.

First and foremost, this benefits our patients and members. It means they will be able to move seamlessly from our fitness and wellbeing centres to the hospital, or primary care clinics.

We are breaking down conventional ways of working: for example, our consultants are extending their reach by visiting our fitness and wellbeing centres, where we also run educational programmes. The referral system between our components will be more efficient, allowing us to share knowledge and relationships with beneficiaries across locations. This will enable better resource planning and improved health outcomes. We are seeing our goal of ensuring seamless clinical pathways, with rapid access to the right care, in our referrals from local fitness and wellbeing centres into our clinical services.

This connectivity means we can be more flexible in delivering healthcare within the communities we serve. And for our people, this is incredibly exciting as it creates a more varied environment to operate in, and opens up more varied career pathways and opportunities.

Connected health: St Bartholomew's Hospital and Barbican Fitness and Wellbeing Centre

Nuffield Health's cardiac rehabilitation programme integrates clinical, fitness, and emotional wellbeing support. In 2023, 40 participants saw a 25% increase in physical fitness, a 33% reduction in anxiety, and a 52% decrease in low mood over eight weeks. Helen Alexander, Cardiac Rehabilitation Lead, highlighted the programme's role in helping them gain confidence in looking after their long-term health.

In line with our purpose to build a healthier nation, we aim to expand access and are well placed to support more people with cardiac care.

Quality assurance

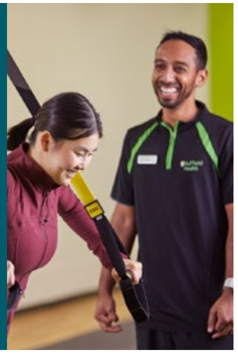
Quality assurance and outcomes

Across all our services, whether delivered through our hospitals, fitness and wellbeing centres, healthcare clinics, or our free-to-access programmes to support communities, we bring a relentless focus on quality to everything we do.

At Nuffield Health, this quality is built on the three pillars of our Quality Assurance Framework.

Quality Assurance Framework

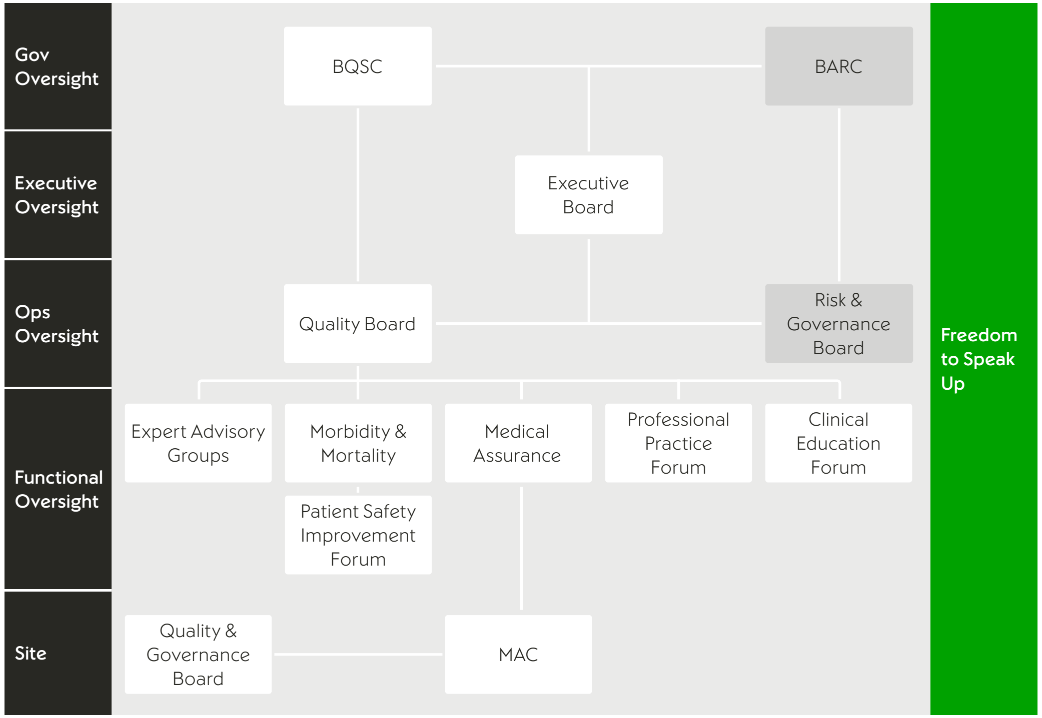
Safety
Meeting the highest possible standards by avoiding harm, upholding professional standards and acting responsibly



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

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

Quality Governance Structure



Assuring quality

We continually monitor quality at every Nuffield Health site, using a robust set of standards developed by our teams. We bring an evidence- and data-led approach to defining the quality levels that each site achieves, and for identifying trends, innovative successes and, if applicable, areas of continual improvement.

Importantly, we devolve operational responsibility to our sites. They are best placed to maximise local opportunities or to address any need for remedial actions, whilst remaining accountable against our nationwide standards.

Quality assurance continued

Radar: Safety reporting and analysis

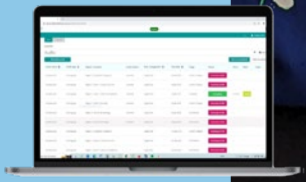
2023 marked a significant innovation to elevate safety at Nuffield Health. We rolled out a new Quality Management System called Radar, and with it a single, uniform safety reporting tool that extends right across our business.

Radar is the home to report, record and analyse any issue that has a bearing on safety. This includes adverse events, risk, complaints and patient safety alerts.

Moreover, it is a way to access the Freedom to Speak Up channel, where colleagues can report concerns that might compromise any aspect of safety for patients, members or staff.

Since its launch, Radar's ease of use and intuitive interface have generated a better quality, and quantity, of data being captured across the Charity. In turn, this has led to better identification of potential issues.

Radar also facilitates our compliance with the Patient Safety Incident Response Framework (PSIRF) and is compliant with NHS England's Learn from Patient Safety Events (LFPSE) framework.



2023: advancing quality

We never cease looking to drive up our quality performance across our services, pathways and training. This always means looking for honest feedback, and listening and learning from our beneficiaries and our own people.

We also actively share and compare the wealth of experiences and data we gather from our sites and, externally, keep up to speed with new developments, technologies and ideas.

During 2023, we rolled out our new Quality Management System, Radar. This provides a single and uniform system for tracking adverse events, issues and risks. Crucially, it makes a significant contribution to the quality of our care, and to Nuffield Health becoming a data- and evidence-based organisation when it comes to driving up quality.

We brought people together to swap experiences and have valuable peer-to-peer conversations among colleagues in similar roles across different geographies, encouraging a much more multi-disciplinary approach to conversations.

We held Lunch and Learn events where colleagues get together over food, while many more join remotely. We share knowledge and experiences, while building networks, breaking down silos, and celebrating success together.

Quality assurance continued

Patient safety reporting: Embracing wholesale change

Alison McCourt, Clinical Services Director, on how Nuffield Health is embracing a landmark reform in patient safety.

There is no greater priority than patient safety at Nuffield Health, and we constantly strive to achieve ever-better performances for all our beneficiaries.

In this reporting year, the NHS's new Patient Safety Incident Response Framework (PSIRF) came into force. It brought a new methodology for handling patient safety incidents (PSIs), and is mandatory for all providers, such as Nuffield Health, who deliver NHS contracted services.

We have embraced PSIRF not just as a requirement, but as a significant opportunity to evolve the whole culture of safety and learning across the Charity. It extends across both primary and secondary care, and to both NHS and private patients alike.

PSIRF shifts the focus from mandated investigations and timetabled submissions, to preventing similar incidents happening again. It promotes a system where the focus of any approach is on learning and improvement.

As in medicine itself, prevention is always preferable as the Charity strives to learn from incidents, minimise the chance of repetition, and enable patients who are registered with us.

At its heart is a 'Just Culture', where:

- all of our people feel comfortable and encouraged to highlight how things can be improved, without retribution or blame;
- they feel they have the skills, and are equipped, to have difficult conversations about PSIs with patients and their families, and with each other, and encourage everyone to be involved in incident responses and developing safety;
- are emotionally supported and feel that we recognise the significant impact an incident can have on any healthcare professional; and
- patients and their families can bring their own perspective by playing a central role in our Quality Governance Team, through recruiting Patient Safety Partners as a key component of the new framework. This entirely reflects Nuffield Health's values and will raise the patient voice across the organisation.

Quality assurance continued

Insights, loud and clear

Freedom to Speak Up (FTSU) is of pivotal importance to Nuffield Health. It is also a core element of the NHS Patient Safety Incident Reporting Framework (PSIRF). Nuffield Health is therefore creating an environment where everyone feels free to speak up.

David Henderson, Health System Director, The Holly Hospital

"Our staff know better than I do how we can make the journey easier and safer for our patients, and improve the way we work. It's therefore crucial that our people feel they can speak – and that we listen. Our leadership need to know about any concerns, blockages or worries, and with no atmosphere of blame or finger-pointing.

By having this constructive and open culture, we receive vital insights, and where we need to, we act. We have made some big decisions on the back of FTSU which have led to huge improvements in motivation and engagement. It has also helped to improve and develop some key manager and people performances."

Rachel Burrett, FTSU Guardian and Lead

"My key objective is to raise the profile of speaking up and act as a champion for a Freedom to Speak Up culture. Colleagues can raise anything they want to through me, and I also help with training on 'speak up' for staff, and 'listen up' training for managers and leaders.

Speaking up works if you have good leaders who want to listen and follow up on concerns. And as Guardians, we need to make sure colleagues who do speak up are heard. It's important to focus on the concerns and themes that surface.

It's about being constructive, improving patient safety and improving the wellbeing of us all."

Quality assurance continued

Doubling down on quality assurance

During 2022-2023, many of our primary care sites underwent a Quality Assurance Review (QAR) not once, but twice.

The initial phase was a self-assessment programme, where all 164 primary care sites judged their own performances. 80% of locations reported a self-rated verdict of 'Good' or 'Outstanding'.

This was followed by formal QAR visits from Nuffield Health teams unconnected with those sites. 30% of the Charity's sites were randomly selected from top, middle and bottom scoring segments of initial assessments. This second QAR included reviewing documentation, patient records, governance and clinical practice, and discussions with local teams.

Following review, each site received a personalised report identifying strengths and areas for improvement, along with an action plan to follow.

All sites scoring less than 'Good' were required to submit evidence highlighting improved compliance to the required standards. Following the completion of the programme, every site has provided sufficient evidence to move their rating into at least a 'Good', with several going the extra mile to increase their score up to 'Outstanding'.

Embedding quality

In 2023, Nuffield Health introduced a new Surgical Service Expert Advisory Group to fully encompass the whole surgical pathway, rather than just operating theatres.

We have established clinical networks for pre-operative assessments, endoscopy, operating theatres, outpatients, Hospital Sterile Services Units (HSSUs) and ward managers. These networks are designed to enable sharing of corporate learning and to gather information from the site leads on any issues and risks with our surgical services.

We have updated 12 key policies, documentation and learning material for 2024, aligning with the new National Safety Standards for Invasive Procedures (NatSSIPS2).

This has been complemented by numerous forums on surgical safety to share standards and learning and, by appointing new surgical safety champions at all 36 of our sites, to embed our surgical safety policy and processes.

Mr Arthur Stephen
Chief Medial Officer and
Consultant Orthopaedic Surgeon

My wish as Chief Medical Officer is to embed the three pillars of safety, effectiveness and experience across our entire workforce and not just the thousands of doctors who are registered with us.

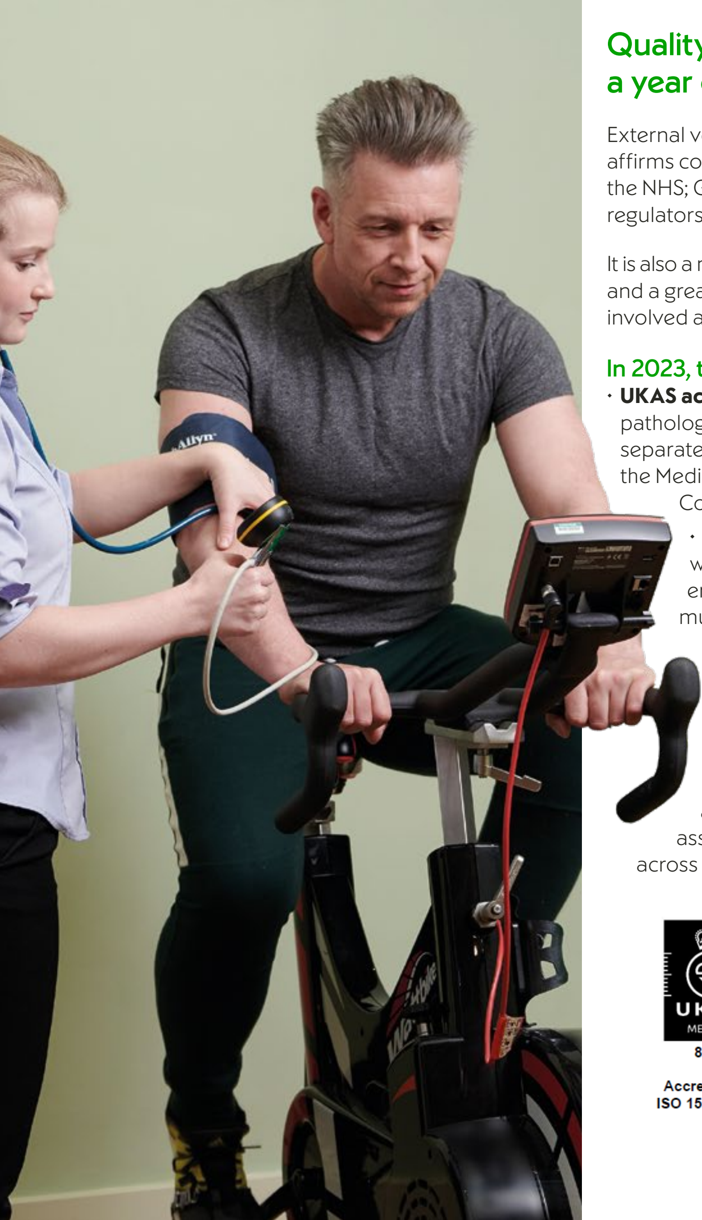
A surgical procedure is not just a 'window' in theatre but a procedure that started with a referral, became a consultation, led to a pre-operative workup and then an operation. Moreover, the pathway doesn't finish there: it is followed by rehabilitation and follow-up. Many people are involved in this, too many to mention individually. This illustrates the important role everybody plays and the need to share our collective responsibility for delivering high quality care.

We are all part of our connected health strategy, and we need to think about how our individual interaction with the beneficiary impacts on their journey, wherever that is.

But consider further, in the pursuit of ever-improving care, when things don't go according to plan how can we support our people. Rather than focusing on one person (as it is rarely the fault of one individual) look to improve the pathway.

Quality assurance continued

Accreditation and achievements



Quality standards: a year of achievement

External verification of our quality and standards affirms confidence in our expertise and care among the NHS; GPs and other specialists who refer us; regulators; insurers; and of course our beneficiaries.

It is also a motivator to look for constant improvement, and a great source of pride to the successful teams involved and the Charity as a whole.

In 2023, these validations included:

- **UKAS accreditation:** Since 2016, Nuffield Health's pathology departments have independently held separate UKAS accreditations and complied with the Medical Laboratories for Quality and Competence standards (ISO 15189:2012).
  - In 2023, all our pathology departments were accredited as a single entity. This entailed a five-month programme of multiple visits to all the disciplines and specialities within the laboratory network. The successful outcome means that every laboratory how holds the UKAS accreditation for four years.
  - As the first independent sector pathology network to be awarded accreditation as a single entity, we can be assured about the quality and consistency across all Nuffield Health hospitals.

UKAS MEDICAL 8107 Accredited to ISO 15189:2012
UKAS MEDICAL 8852 Accredited to ISO 15189:2012
UKAS MEDICAL 9338 Accredited to ISO 15189:2012

- **ISO9001:** the accreditation for our physiotherapy and health assessment services lines.

  This standard recognises that one of the main ways we can deliver efficient services is to ensure we have standardisation and continuity of our services across our network. The accreditation process involved:

  - eight site audits across hospitals, fitness and wellbeing centres and corporate sites
  - three days of auditing for central services covering 12 different teams
  - 10 education and preparation days for sites and teams
  - An internal auditing day for both service lines.

- **Joint Advisory Group (JAG) accreditation:** In 2023, two more of our sites achieved the highly sought-after JAG accreditation for high quality gastrointestinal endoscopy services, with our Wessex and Tunbridge Wells hospitals achieving this for the first time. In addition, our Derby, Cheltenham and Warwickshire hospitals gained five-year accreditations, meaning that in total 14 of our endoscopy services now how this accreditation. This was led by a multi-professional group of clinicians and managers, with input from patients, developing our standards and implementing quality improvement plans across these standards.

- **National Joint Registry:**
  The National Joint Registry (NJR) monitors the performance of hip, knee, elbow and shoulder joint replacement procedures to improve clinical outcomes.

  It runs a certification awards scheme to recognise those who achieve a series of six ambitious targets. One of these is compliance with the NJR's mandatory national audit aimed at assessing data completeness and quality within the registry.

  In 2023, Nuffield Health was awarded a Gold Quality Data Provider Award, meaning that all 34 of our hospitals across England and Wales met the 100% NJR target for sharing data to improve clinical outcomes for the benefit of patients.

Quality assurance continued

Leading quality from the frontline

Marc Holl, Head for Primary Care and Deborah Scott, Head of Clinical and Nursing Practice, explain how PL:AN is elevating quality assurance across both primary and secondary care.

Q You launched the PL:AN concept for primary care in 2021. What's the central idea behind it?

MARC: PL:AN stands for 'Professional Leadership and Assurance Network' and at its heart is the belief that the people who actually deliver frontline clinical services can make a vital contribution to leading our professional workforce whilst focusing on improving quality. They know, see and feel what needs to happen and that makes them a fantastic expert resource that we need to use to the full. So there are no ivory towers; our frontline specialists are 'doing' as well as directing our improvement over quality.

DEBORAH: ...and I'd add that because they have a foot in the clinical camp, the decisions they make and the examples they set carry even more weight and credibility to the rest of their teams.

Q So how did PL:AN evolve and where are you now?

MARC: We launched PL:AN with the aim of maximising collaboration in leadership, clinical quality and governance within each of our primary care services. These included mental health services, physiotherapy, GP, physiology and clinical fitness. Throughout 2022, we mobilised the new team, cementing ways of working, and tweaking and refining. 2023 was the first full year of the concept in action for primary care, and we started to see the fruits of the previous 18 months' work.

We measure our quality as a combination of safety, effectiveness and the patient experience. Fast forward to June 2023, and our internal Quality Dashboard showed top ratings across the board for the first time in physiotherapy. Colleague retention was better and both our beneficiary and colleague NPS scores were well above target. As importantly, we've also maintained that performance.

Q So Deborah, how are you taking PL:AN into secondary care?

DEBORAH: Essentially, we are now cloning the best parts of what Marc and the team have used in primary care. So I've got 12 specialisms including areas such as diagnostic imaging, cancer services, surgical services, and children and young people. And through 2023, our team has mirrored Marc's proof of concept for primary care. And we've been forming that team, getting the right individuals in place, and getting national leads, quality leads and subject matter experts for those clinical areas.

In secondary care, there is also a big drive towards having specialists set up exemplar sites. Where PL:AN has drawn on the expertise and clinical leadership at our particular sites, we are working towards making those sites our flagships in the relevant areas. PL:AN works because the people leading clinical improvement are also involved in delivering the service, so this takes that to the natural next level.

Q And does PL:AN also apply to quality in non-clinical fitness?

MARC: We split our fitness services into Clinical Fitness (those exercise and movement-based services focused on improving the function of those with long-term conditions and specific medical conditions through guided rehabilitation) and Non-Clinical Fitness (subscribed members accessing our fitness and wellbeing centres for generic health improvements, i.e. those undertaking spin classes, yoga or swimming for example). Due to the clinical nature of the services we provide within Clinical Fitness, this sits within our primary care PL:AN structure. We recognised we were missing a trick by not having a similar leadership and governance structure for non-clinical fitness, so in April 2023, we decided to create a dedicated quality role for Fitness. This new post follows a similar model – our new leader leads the service from a quality assurance perspective but also maintains a job role at the frontline.

Q Is PL:AN another example of our connected health ambition?

DEBORAH: Very much so. In bringing together primary care and secondary care, we are not only trying to connect our health system for our patients and beneficiaries, we're trying to connect our ways of working together. An example is the training of physiotherapists – using a hub and spoke model where training is held at the hospital for the physios across the partnered fitness and wellbeing centres. There is increasingly a joined up approach to training and quality improvement.

Quality assurance continued

My colleague, the robot

Mr Hasan Qazi is a consultant urology surgeon at Nuffield Health Parkside Hospital and at St George's University Hospitals NHS Foundation Trust.

Below he describes the role of robotic surgery and his experiences with the da Vinci system, which has performed over 12 million procedures worldwide.

"Robotic surgery represents the biggest change I have witnessed in my career as a urologist. It's revolutionising the way we operate.

"I started my career in 2001 and remember a patient having his prostate removed due to cancer. The incision on the abdomen was over six inches long, the operation took five hours, and there was almost a litre of blood loss.

"He stayed in hospital for several days and required a catheter in the bladder for three weeks. When he returned to clinic six weeks later, he had only just about resumed normal activities.

"Today, the same procedure using keyhole robotic surgery takes under two hours, results in less than a quarter of the blood loss, and requires just an overnight stay for most patients.

"The catheter stays in for about a week and when I see patients in clinic after three weeks, they have already resumed a full range of day-to-day activities.

"The outcomes are superior and repeatable thanks to the use of the robot.

Less strain for the surgeon

"From a surgeon's perspective, compared to open or even standard keyhole surgery, it's far less demanding and there's little difference in my energy levels between the first and the last case of the day.

"In my NHS practice at St George's University NHS Hospital, all procedures for prostate or urinary bladder cancer are now done using the da Vinci robot, as is the vast majority of kidney surgery and reconstructive, non-cancer surgery.

"Over the past decade, the number of robotic surgical systems across the UK has grown. They are being used for a range of specialisms including bowel, chest, ENT, gynaecology and paediatric surgery, with an increasing number of surgeons adopting robotic surgery as the standard of care.

The human factor

"For a patient, the human connection with their surgeon is important; it's a bond of trust and faith.

"The awareness that the surgeon, with all their human factors, will be fighting their corner is a hugely important part of the patient journey. Replicating that with a robot may not be easy.

"At Nuffield Health Parkside Hospital in Wimbledon, London, we have invested in the da Vinci Xi robotic surgical system. With an experienced team of surgeons and with several thousand operations under our belt, we are looking forward to improving outcomes for patients and proving my belief that robotic surgery is the future."

Quality assurance continued

Flu vaccinations: we roll up our sleeves

Dr Davina Deniszczyc launching 'let's knock out flu, with a jab'

Flu is an annual threat, and ahead of the flu season in 2023, Nuffield Health stepped up to enable staff to be vaccinated – both for their own protection and, by extension, the wellbeing of our patients and members.

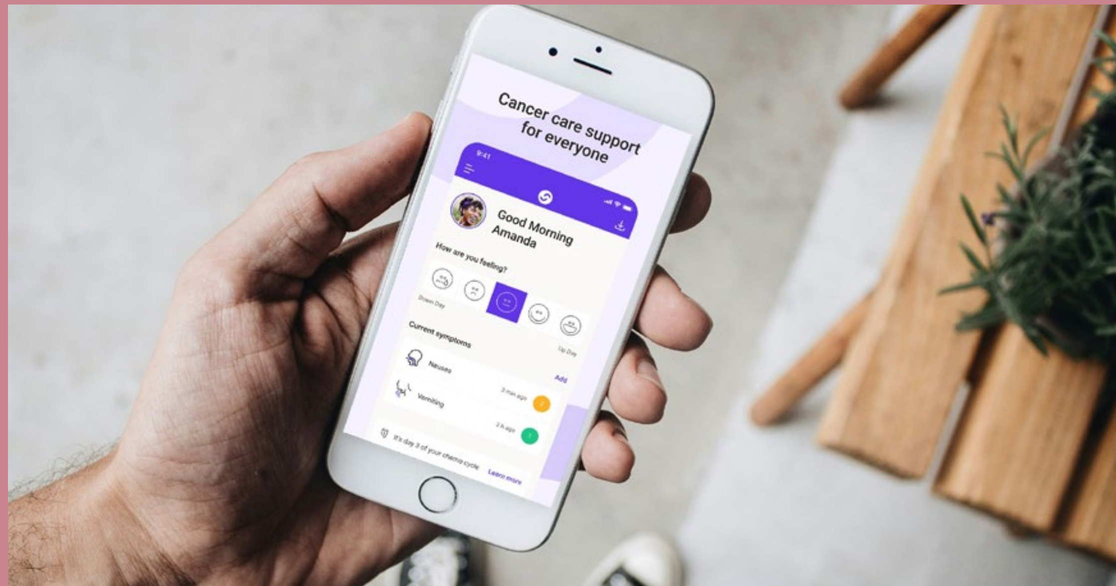
This involved training additional vaccinators, procuring new vaccine refrigeration for many locations, and an extensive communications campaign to make our people aware of this free service. In total, more than 10,500 people came forward. Throughout the programme, live data on the take-up of this service informed how we ordered the vaccines, minimising wastage of shots that could be used elsewhere.

This localised approach made it almost effortless for colleagues to get their jab. It typically required only a few minutes away from work.

10,500

people were vaccinated through the campaign

Digital cancer care



Strategic partnerships play an important role in our approach to safeguarding and improving quality, and in 2022, Nuffield Health partnered with specialist cancer care provider Careology. Following a successful pilot at our Derby Hospital in 2022, we announced in November 2023 a roll out of our partnership to 12 Nuffield Health hospitals across the UK.

An exciting development has been the 'virtual ward' trial, harnessing digital technology to improve the patient experience. Patients were provided with the Careology digital cancer platform, via an app. From their homes, they engaged with their clinical nurses about their wellbeing, logging their symptoms in response to medication such as chemotherapy.

One patient described it as "like having your cancer care in your back pocket. I used it to keep track of my appointments, medication and report side effects... the app was supportive, providing instructions if there were any problems."

For the care teams, the app gives early visibility of any issues and allows them to focus on the patients who need them most. The digital platform is a recommended service by Macmillan Cancer Support.

12

Nuffield Health hospitals involved in the roll out of the partnership

Quality assurance continued

Quality improvement plan for 2024

1 Freedom to Speak Up (FTSU) in primary care

What we plan to do:

- Learn from our successful roll out of FTSU across our secondary care services and hospitals and create a just culture across fitness and wellbeing centres incorporating both our primary care and fitness
- Establish a network of FTSU Guardians across our Clinical and Non-Clinical colleagues across these centres
- Ensure the level of awareness and training across our fitness and wellbeing centres are consistent with that across our hospitals
- Enhance safety cultures by enabling all colleagues to speak up as a business-as-usual approach, with a focus on learning and improving
- Raise awareness of just culture and leadership development to ensure recognition of staff speaking up, appropriate responses to staff speaking up, actions taken and feedback
- Encourage psychologically safe cultures where staff can freely speak up and be protected from detriment

2 Improving patient pathways – orthopaedic

What we plan to do:

- Starting with Orthopaedics, review and design our signature acute pathways to improve quality of care, efficiency and safety for our beneficiaries
- Deliver standardised evidence-based care across our 37 hospitals that enhances patient outcomes but also reduces the variability in clinical practice, leading to more predictable and efficient use of hospital resources
- Shift care provision to the ideal location to deliver a holistic and connected health provision
- Enhance multi-disciplinary collaboration to improve the patient experience but also foster a culture of continuous learning and improvement
- Work with our data and research teams to review our pathways to demonstrate health outcomes to payers, backed by data collection and risk stratification

3 Pre-op assessment-optimisation/ electronic pathway

What we plan to do:

- Ensuring standardisation of the pre-operative assessment process in all Nuffield Health hospitals
- Ensure early screening and risk assessment for patients attending Nuffield Health outpatient departments, commencing screening at the time of decision to treat
- Ensuring pathways of care for optimisation – referral back to primary care or referral to physio for pre-hab
- Early screening and risk assessment will aim to reduce late notice cancellations and cancellations on the day of surgery
- Establish a list of patients ready for surgery at short notice, to fill gaps in the theatre list to help utilise theatre capacity
- Set clinical requirements for electronic pre-op assessment discovery phase

4 Upgrade pathology and radiological systems

What we plan to do:

- Procurement and implementation of a new pathology wide Laboratory Information System (LIMS) – to speed up diagnostic pathways, offering remote viewing and reporting that supports our connected health ambitions
- Implement a new consultant 'Clinician Portal' to improve our diagnostic capabilities and user experience
- Use the new system to improve patient pathways, increase security and safety, increase efficiency, and uptime, enhancing our reputation as a trusted brand for third party referrals, increase opportunity for business growth
- Introduce a system for radiological services which enables remote reporting capability and which includes a robust secondary reporting mechanism and capacity for easier multidisciplinary teams and peer collaboration
- Greater access to system data will enable us to provide enhanced management reporting that can assist in the smooth and safe running of radiological departments

Research and development

"We live by being the first, the best or the only."

The words of Professor Ben Kelly, Data Director, as Nuffield Health seeks to break new ground in research and development.

Research and development (R&D) plays a central role in our organisation at Nuffield Health. It addresses an ever-changing world with an unchanging mission: to make sure that everything we do delivers safe, effective and ever-improving experiences for the people who use our services.

As a charity, we also share what we find, publishing our knowledge in open-source and specialist academic journals and welcoming the scrutiny of peer review.

At the heart of our R&D strategy is what we call a translational framework: this bridges the gap between clinical research and basic sciences by championing multi-disciplinary approaches to refine and advance a discovery.

Our view is that if an intervention has been proven to be a safe, effective and a good experience for the patient, we should accelerate it and widen its access to as many people as possible.

We are also uniquely set up to deliver this. We are one of the few organisations conducting academically-backed research and development, that also has the ability to roll out programmes nationally through our network of hospitals and fitness and wellbeing centres.

We have a superbly resourced team, with world class R&D leaders and the real-world access to members and patients.

This has enabled us to explore perennial and vital issues such as chronic pain and cancer rehabilitation, and indeed a phenomenon no one had even heard of five years ago: long-COVID.

Research and development

Joint pain

A life altering success

Our largest and longest-running Programme For All, Joint Pain, is run across all 112 of our fitness and wellbeing centres.

To ensure we maximise our impact, we consider areas that have historically been under-represented, and we found that chronic joint pain was something that needed to be explored. It causes misery to many thousands of people and musculoskeletal (MSK) related issues cost the NHS around £5 billion a year to treat.

Adding to the challenge, we wanted to pursue a solution that didn't need costly specialists to lead it, nor any special kit or clinical settings. That way, the programme could reach large numbers of people, practically and easily.

Having developed its translation pathway, we then trialled the programme at five of our sites. The feedback was positive and we found that people living with conditions such as osteoarthritis, fibromyalgia and lupus were also discovering a real benefit.

We rolled out the programme and made it as widely available as possible. It comprises an initial 12 weeks of supervised, low impact exercise, together with emotional wellbeing support and education, with the aim that participants emerge with the tools to self-manage their condition. This is followed by a further 12 weeks of unsupervised support, with free access to the fitness and wellbeing centre and classes.

The programme has supported an incredible number of people, 9,500 people in 2023.

The clinical outcomes have been impressive, with wider positive outcomes in terms of Social Return on Investment (SROI). For many, the course has been life-altering, and has reduced the need for GP appointments by 29%, with a 47% reduction in sick days

Carla, one of the people to benefit from our Joint Pain Programme

Joint Pain Programme: Clinical outcomes*

35%
improvement in joint pain (measured using the WOMAC score)

37%
improvement in joint function (measured using the WOMAC score)

28%
improvement in stiffness (measured using the WOMAC score)

25%
improvement in fitness (measured using the sit-to-stand test)

26%
improvement in anxiety (measured using ONS 4)

9%
improvement in happiness (measured using ONS 4)

13%
improvement in life satisfaction (measured using ONS 4)

9%
improvement in perceptions of life being worthwhile (measured using ONS 4)

* From our peer reviewed paper published in Frontiers in Rehabilitation Sciences.

Research and development

STAMINA: Fighting side effects with exercise

STAMINA is a five-year research project funded by the National Institute for Health Research (NIHR) in the UK. Its mission: to assess the effectiveness of supervised exercise for men with advanced prostate cancer.

Since 2018, Nuffield Health has been working with Sheffield Hallam University on the programme. Dr Sophie Reale, senior research fellow and behavioural scientist at the university, explains: "The programme provides a genuine opportunity to improve the quality of life of men with prostate cancer and, hopefully, to inform future NHS practice."

Men who are treated for the disease with Androgen Deprivation Therapy (ADT) experience a range of debilitating side effects. At the moment, the recommended treatment to offset them is supervised aerobic and resistance exercise for a period of 12 weeks. The programme will assess the clinical and cost effectiveness of embedding this treatment into the NHS prostate cancer pathway.

700

men on hormone therapy randomised onto the trial

In 2023, a milestone was achieved when the 700th man was recruited.

We are proud that the exercise programme is being delivered by upskilled Nuffield Health rehabilitation specialists. Dr Reale adds:

"Engagement and enthusiasm from Nuffield Health has been amazing. Some of their personal trainers have described the experience as a career highlight."

Long-COVID: Remote relief

Long-COVID was a once-in-a-generation disease. This new phenomenon tragically took many thousands of lives, while others were afflicted with what became known as long-COVID.

Today, as the disease recedes into the past for most of us, it lives on for around 1.9 million people. One patient recalls long-COVID was "an effort to breathe and just getting from the bed to the sofa was an achievement".

Studying the data from viruses such as SARS and MERS, our team assembled a task force of specialists, doctors and nurses, working to create a clinical pathway that could be trialled with long-COVID sufferers. Recruiting volunteers brought its own challenges, with potential participants worried about repeat infection.

The reported outcomes from the programme have been incredibly impressive, with dramatic outcomes in terms of physical and mental wellbeing (see figures below). In addition, we have seen a really positive Social Return on Investment (SROI) from the programme, including a 36% reduction in GP appointments needed, and 32% of those who weren't employed at the beginning reported that they were able to return to work by week 12.

Following the success of the face-to-face programme, in 2023, we expanded our virtual version of the programme, reaching further into communities to support people who aren't able to commute to our centres. Although it's still early days, the initial findings show the virtual programme delivers similar outcomes.

When fitness enthusiast Jodie contracted Covid-19, she struggled to recover, with extreme muscle fatigue, increased heart rate and sleeping throughout the day. After 12 weeks on the virtual Long-COVID Rehabilitation Programme, she was able to complete the three peaks challenge, climbing the highest mountains in Scotland, England and Wales.

COVID-19 Rehabilitation Programme: Clinical outcomes*

34%
improvement in breathlessness (measured using the D-12 score)

37%
improvement in function capacity (measured using the DASI score)

36%
improvement in fitness (measured using the sit-to-stand test)

68%
improvement in mental wellbeing score (measured using the WHO-5 Well-Being Index)

* From our peer reviewed paper published in Frontiers in Medicine

Research and development

Our third Healthier Nation Index, 2023

The Healthier Nation Index, produced by Nuffield Health, is one of the most detailed reviews of all aspects of physical and mental health in the UK.

Published annually, 2023 marked the report's third year as we took the nation's temperature on topics ranging from physical, mental and financial health to eating habits, quality of sleep and family relationships.

The report exposed the scale of the challenges to the nation's health:

- Nearly two-thirds of people we surveyed said the cost-of-living crisis had worsened their physical health and mental wellbeing.
- Nearly half felt slightly or significantly worse off financially.
- This has impacted people's sleep and eating habits.
- The majority of UK adults reported worsening health
- The hardest hit were younger people, those with long-term health issues and lower earners.

Over the last 12 months, how much better or worse would you say the following areas of your life are?

	Significantly or slightly better	Significantly or slightly worse
Financial Health	21.4%	48.5%
Physical Health	26.8%	35.1%
Mental or emotional Health	25.8%	33.7%
Eating habits	32.2%	26.9%
Family relationships	35.5%	14.9%
Social contact or social life	28.7%	30.7%

It is clear that the aftershocks of a global pandemic, international conflict, and the worst cost-of-living crisis in a generation are still being felt. It is a conversation that must not go away, and the index was the catalyst for more than 200 reports and articles in the media. It was also the focus of a roundtable meeting in the Houses of Parliament attended by politicians from across the House, as well as some of the leading health and wellbeing bodies across the UK.

The report's findings highlight that collaboration – including government, the healthcare sector, business, charities, communities, families and individuals – is more important than ever as we seek to build a healthier nation.

Sustainability

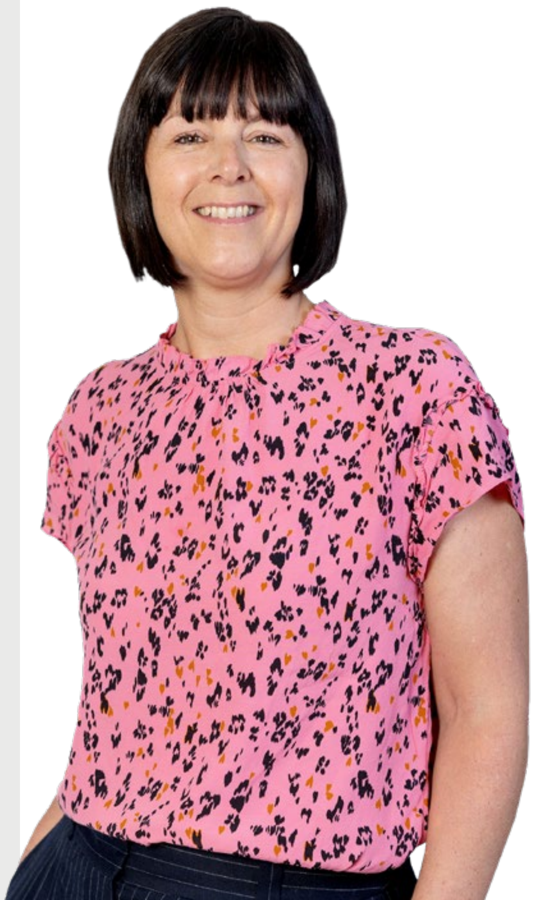
Supporting
Healthy Community

Creating
Healthy Work

Protecting a
Healthy Environment

Building a healthier nation sustainably

Victoria Hadley, Head of Social Impact and Sustainability, discusses how Nuffield Health puts sustainability at its heart.



Q Vicky, describe for us what being a sustainable business means at Nuffield Health

"I think when most people hear the word 'sustainability' they think of the environment and the planet, which of course is quite right, and it's vital that they do. We are facing a climate emergency, and every organisation and every one of us as individuals needs to play our part in adopting behaviours that actively minimise that threat.

For Nuffield Health sustainability is also about creating a more sustainable workplace, and contributing to healthier and more sustainable communities.

We believe in creating a healthy work environment, where our people have a sense of belonging, where we provide training and opportunities for personal growth, and where we prioritise the health and wellbeing of our people.

And it's also about the support we offer to local communities by understanding their health needs and being accessible to all, especially those living with lower resources.

Q So how do you frame a sustainability strategy to achieve that?

We break it into three distinct areas. First, there's what we call Healthy Community, which is about serving communities all over the UK.

Nuffield Health is a charity, so our ethos is about looking at how we can help in the widest sense to build a healthier nation. So that means sharing and publishing our knowledge, expertise and research for the common good.

It means removing barriers to health by welcoming many thousands of people to our Programmes For All. As the name suggest, these are open to anyone; however, we recognise that some communities are much more likely to experience health inequalities, so we try to promote these where the need is greatest.

And the other two areas?

Secondly, our sustainability strategy focuses on Healthy Work, creating a supportive, caring place to work where wellbeing – physical and mental – is paramount. Everyone has equal opportunities for recruitment and, in 2023, we launched our Learning Foundation, with the aim of helping to develop everyone in the organisation to be skilled and ready for the future.

Finally, our Healthy Environment strategy is focused on how we balance making the greatest impact with our services but with the least impact on the planet. We have an ambitious target to reach net zero for our own Scope 1 and 2 emissions by 2030, and all emissions including Scope 3 by 2040 – in 2023 we reduced our emissions by 11.4%.*

This is a fantastic achievement, driven predominantly by energy efficiency, removing the most harmful products, such as desflurane, and a real focus from our people on changing their behaviour in small ways every day.

We've had a strong start to 2024, with several exciting projects underway, so I'm confident we'll continue to see great progress this year.

* Carbon reduction in Scope 1, 2 and 3, against 2022 baseline.

Sustainability continued

Our sustainability pillars

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.

	Healthy **Community**	Healthy **Work**	Healthy **Environment**
Our progress in 2023	**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	**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	**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
Selected highlights	**11,400** reached by free rehabilitation programmes **83,700** reached through our Programmes For All **257** personal trainers upskilled as rehabilitation specialists	**2.2%** gender pay gap **70** active apprenticeship programmes **2** additional employee networks supporting social mobility and neurodiversity	**11.4%** carbon reduction in Scope 1, 2 and 3, against 2022 baseline **27** new Building Management Systems (BMSs) in the wellbeing estate enabling energy efficiencies **69%** of clinical waste recycled through the Tiger Stripe bags
Related to the following UN Sustainable Development Goals	3 Good health and well-being 8 Decent work and economic growth 10 Reduced inequalities	3 Good health and well-being 5 Gender equality 8 Decent work and economic growth	7 Affordable and clean energy 12 Responsible consumption and production 13 Climate action

Our strategy aligns to the following reporting frameworks and benchmarks:

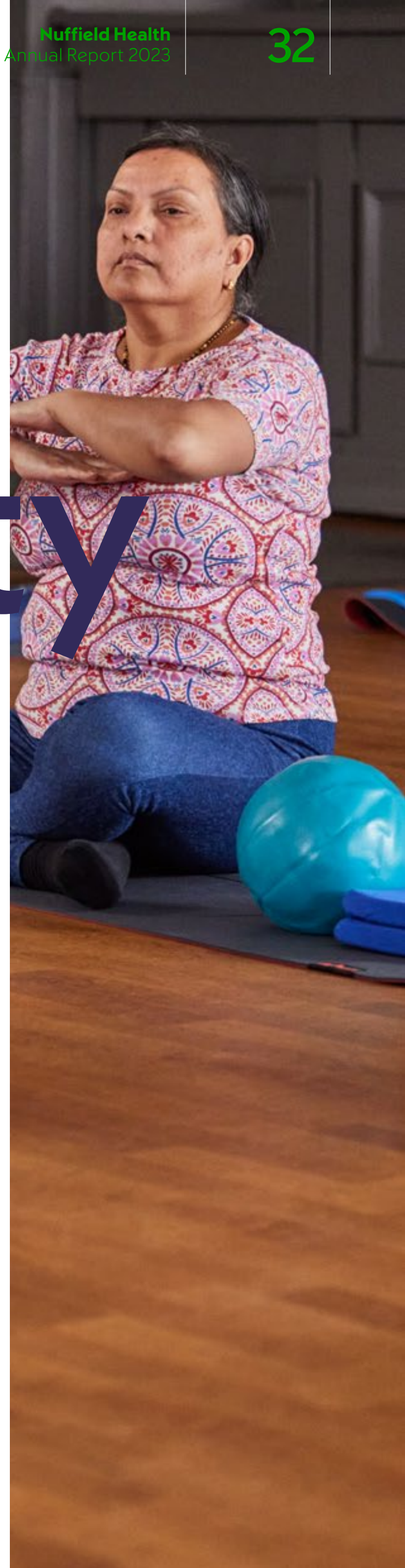
SUSTAINABLE DEVELOPMENT GOALS

ecovadis

CDP DRIVING SUSTAINABLE ECONOMIES

Sustainability: Healthy Community

Healthy Community



All our services deliver public benefit, from hospital treatments and personal training, through to free and community-based programmes – our Programmes For All.

This starts with the communities around us, and as we design and deliver our community activity, we place a particular emphasis on reaching people living with lower resources, and those suffering from unmet health needs.

Collectively, we refer to all of our community rehabilitation and outreach programmes as Programmes For All. As the name suggests, these are free and available to anyone.

Underpinned by relevant SDGs

Sustainability: Healthy Community continued

Our areas of focus

Our main areas are:

- **Community rehabilitation,** providing much needed support to people living with long-term health conditions:
  - Joint Pain Programme
    Read more on page 27
  - Long-COVID Rehabilitation Programme
    Read more on page 28]
  - Cardiac Rehabilitation Programme.

To deliver effective rehabilitation requires a certain set of skills, and Nuffield Health has pioneered unlocking the talents of our personal trainers (PTs). Across our fitness and wellbeing centres, 257 of our personal trainers have chosen to upskill as rehabilitation specialists, becoming qualified to work with people who have clinical conditions.

11,400
reached through free rehabilitation programmes

- **Community outreach and projects,** where our hospitals and fitness and wellbeing centres run programmes and interventions in their communities, focusing on areas such as:
  - Exercise and movement in Barnet
    Read more on page 37]
  - Health education
  - Move Together
    Read more on page 36]
  - Blood pressure project
    Read more on – page 38]

Measuring our impact

All organisations have an impact on society and the economy. As a purpose driven organisation, it's fundamental that we understand the impact of our services to understand how we can make an even greater contribution.

Our Social Return on Investment (SROI) framework, developed with Frontiers Economics, allows us to measure this, and focuses on four key areas:

- The direct health impact on the individual
- The indirect impact on the health and social care system
- The impact on families and carers
- The impact on the economy, through the reduction in sick days and increased productivity.

In total, our Programmes For All reached more than 83,700 people in 2023, of whom 27% where people living with lower resources.

Sustainability: Healthy Community continued

Joint pain meets our rehabilitation specialists

In 2023, we delivered our Joint Pain Programme in our 112 fitness and wellbeing centres, benefiting 9,500 people living with chronic pain conditions.

It is free to take part, and open to anyone living with a long-term joint or pain condition. However, we particularly seek to reach people from disadvantaged communities who are more likely to experience health inequalities.

The programme is run by our Rehabilitation Specialists who have a real drive to help people better manage their health conditions and become active. They are able to inspire people who are facing significant challenges from their pain, and often have low self-confidence and self-belief. The rehabilitation specialists' incredible work illustrates the powerful role the fitness industry can play in supporting more people to keep well and manage long-term health conditions.

Achieving the extraordinary: meet Janine

A remarkable story concerns Janine, one of our rehabilitation specialists at the Cannock Fitness & Wellbeing Centre. She was diagnosed at a young age with debilitating musculoskeletal conditions and was told it was unlikely she would ever walk again.

Sixteen surgeries followed, and some major setbacks, but Janine found extraordinary reserves of determination – so much so, she successfully regained her mobility, defying the bleak prognosis of her doctors.

This feat was achievement enough, but Janine then set her mind to qualify as a personal trainer, completing her training in 2018, and went on to become one of our rehabilitation specialists in 2021.

She comments: "I now have the privilege of being the proud supportive person, willing others on and seeing them achieve what they put their minds to."

From pain to parenthood

"The worst part of it was I couldn't pick up my own child."

Rachael,
Mum of four, Cannock

"I was a competitive swimmer until about 16, and since then always very active and a regular at the gym.

"Then it hit. All of a sudden I started to get really bad back pain and bad joints, and I couldn't do the exercise I wanted or was used to doing.

"The pain was just horrendous. I kept going back and forth to the doctor's trying to figure out what I'd done. What's the cause of this, what's happening to me?

"I wasn't getting any answers – I was just being thrown medication to deal with the pain.

"The worst part of it was I couldn't pick up my own child, and once I ended up dropping him. I was devastated. I'd hurt my child because I wasn't able to carry him.

"I then thought of going to Nuffield Health which was just behind my house. When I mentioned my condition, they went to get a wellbeing trainer called Janine. She pointed me to the Joint Pain Programme, which sounded great for me, and the price worked too because it was free!

"The programme itself was amazing – such a great environment and Janine was incredible. It's had such an incredible impact on me. Everything from the exercise right through to learning more about diet has all played a massive role in helping me manage my pain. The last time I went to see my consultant he was amazed by how far I've come, and he's even thinking about discharging me! One of the best things is that I'm now on hardly any medicine.

"Since finishing the programme, I've actually had another baby. I was petrified when I learned I was pregnant, but Janine was there to support me. To get all the way to the end of the pregnancy and be able to carry on – for me, that's life changing."

Sustainability: Healthy Community continued

How sport changes young lives

Disadvantaged young people, who have poorer life chances than their peers, face greater isolation, mental health issues, disability, struggles at school, or unemployment.

Since 2022, our collaboration with Access Sport, an inclusion charity, has aimed to address the unmet needs of 15,000 disadvantaged local young people in Manchester through innovative projects and thinking.

We know that community sport and physical activity can bring physical and mental benefits at a critical and formative time in young lives. So our partnership is doing just that: it's a catalyst to bring young people into community sport, opening new BMX tracks in the heart of Little Hulton and Partington, and inspiring the next generation of community leaders.

Joined forces with Access Sport in

2022

15,000

young people supported through the programme over the course of two years

One teenager who has discovered the benefits is Joe, 14, who found it hard to keep his emotions in check during lessons at school. He took part in a Young Leaders course, which taught him how to regulate his emotions and develop his communication skills. The course has also set him up with opportunities to gain coaching qualifications, and to take up a placement with Access Sport itself.

Girls also face their own challenges, and are often being steered away from sports and its benefits. Access Sport organised a celebration of female empowerment in sport at the Manchester Institute of Health & Performance, with 58 schoolgirls joined by GB Taekwondo World Champion Aaliyah Powel.

Charlotte Barnard, Senior Communicator Coordinator, commented: "It was an inspirational day for all involved – young girls in Manchester must have clear role models like Aaliyah."

Sustainability: Healthy Community continued

Creating a movement: Move Together

Young girls are often put off by the idea of sport. Many feel self-conscious, don't enjoy team sports, or have simply never been encouraged to discover the great feeling of movement.

Nuffield Health's Move Together has been created just for them, and after an initial pilot in 2022, the main programme went live in August 2023.

These free sessions take place in community venues across the country and are a safe space where everyone of every ability, shape and size can relax, build confidence, be themselves and have fun. Guiding them are specially trained professionals, selected from our cohort of personal trainers, who can reach and inspire this very specific target audience.

A Move Together session in Leeds was visited by Sports Minister Stuart Andrew MP, and the programme received a powerful launch platform with Nuffield Health's partnership with The FA. The Lionesses, who came so close to glory at the World Cup, took part in our Move Together TikTok campaign, scoring over 5.6 million impressions.

5.6m

impressions scored in our Lionesses Move Together TikTok campaign

Sustainability: Healthy Community continued

Al fresco fitness, free

In 2023, we worked with Swing Fit to place eight of its exercise boxes around London. These contain fitness equipment, and can be accessed for free through Swing Fit's app, ensuring more people can enjoy the benefits of exercise.

At Montrose playing fields in Barnet, our team from Friern Barnet Fitness & Wellbeing Centre got together Swing Fit and the local Age UK group, to deliver community exercise classes to local residents.

In the midst of the cost-of-living crisis, anyone can take part, for free, with group sessions in the local parks and playing fields led by one of our personal trainers.

8

Swing Fit exercise boxes placed around London

Sustainability: Healthy Community continued

Checking for red flags: free blood pressure checks

In 2023, Nuffield Health launched a pilot health initiative to offer free blood pressure checks to the public in Manchester.

Hypertension (high blood pressure) is one those conditions that may have no symptoms, yet its consequences can be serious. People who are hypertensive may have a heightened risk of heart attacks or strokes. In Greater Manchester alone, 69,000 people have been diagnosed with high blood pressure, according to the British Heart Foundation, with many more likely to be undiagnosed.

To carry out the programme, we recruited trusted members of the local area to be 'community champions'. They volunteered to be trained in how to carry out blood pressure checks, which also enabled us to take the programme to easily accessible community venues. We particularly focused on areas with the poorest health outcomes.

The champions used a digital device which gives a 'traffic light' result. People in the green group were offered free educational resources; the amber group was offered the free services of a 'Care Navigator' to support them in finding the right path to reduce their reading in the future; and those in the red group were encouraged to visit their pharmacist to have their reading verified and, if needed, further treatment or a referral to their GP.

This pilot programme attracted more than 900 people to have their blood pressure taken, with 57% needing to take steps to improve their blood pressure rating.

900

people had their blood pressure taken during the pilot programme

57%

needed to take steps to improve their blood pressure rating

Our 'take heart' mural, donated to the community as part of the programme

Just a few of our community champions, working in their communities to deliver blood pressure checks

Sustainability: Healthy Work

Healthy Work

This year we helped 1.79 million people, including the support we offer to employers at corporate, public sector and charitable organisations, at more than 120 locations.

It's critical that we look after our people.

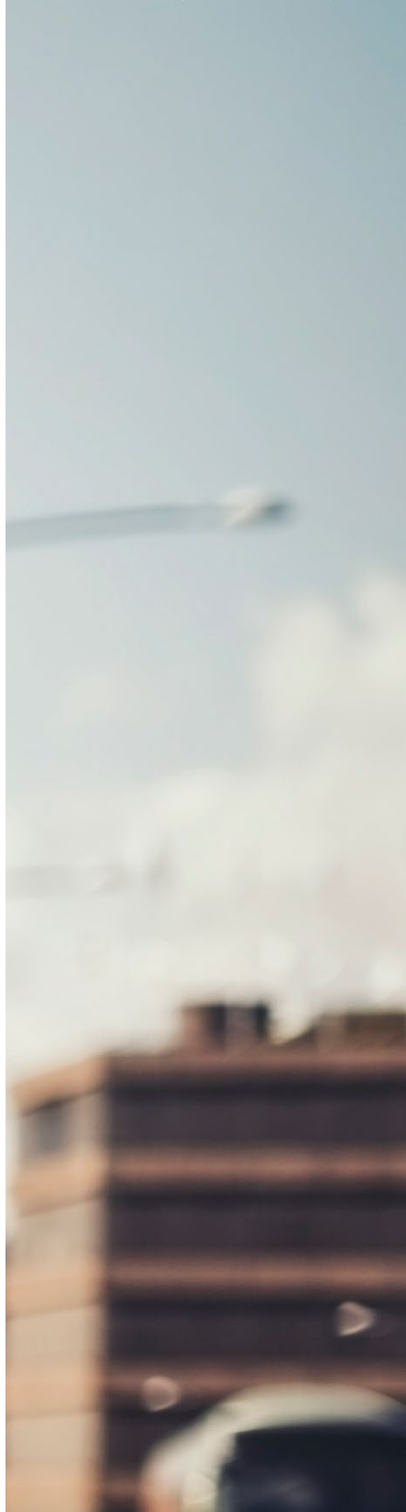
A sense of wellbeing comes from many sources. Help with financial pressures is certainly one, and in the cost-of-living crisis, we focused on alleviating worries and pressures where we could. This included competitive salary increases with higher percentage awards for colleagues on lower incomes. We reopened our hardship fund for employees who needed extra help, and offered support services such as financial planning.

More widely, wellbeing at work often comes from a sense of purpose; the feeling you are learning, developing and being recognised; and the deep satisfaction that comes with seeing the impact you are having on someone's health and wellbeing.

With innovations such as our new Learning Foundation, we are sowing the seeds that will make Nuffield Health an even better place to join, grow with, and thrive, in an inclusive environment where everyone can reach their full potential.

Underpinned by relevant SDGs

3 GOOD HEALTH AND WELL-BEING | 5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH



Sustainability: Healthy Work continued

Our progress in 2023

Shrinking the gender pay gap: For Nuffield Health to thrive, we must retain and enhance our record as a diverse, rewarding and equitable place to work.

Our 2023 mean (average) pay gap is now 2.2%, compared to 3.4% in 2022, its lowest level since reporting began in 2017. This continues to be significantly below the national pay gap of 14.3%, as published in November 2023 by the Office for National Statistics (ONS). But we are not complacent, and in particular we have work to do in increasing female representation in our senior leadership roles.

We also reported on our mean ethnicity pay gap, based on an improved ethnicity disclosure rate of 75%, which we will again seek to improve. In 2023, the gap rose from -4.4% in 2022 to -5.2%, where the negative gap indicates higher pay for our people from ethnic minority backgrounds.

- **Empowering our people:** Learning and development is pivotal in creating a business where great people can develop and see a long and fulfilling future ahead. During 2023, we relaunched our learning academy as the Nuffield Health Learning Foundation.

  Read more on page 41

  Ensuring our people have the right skills, career pathways and opportunities to develop and grow will enable us to meet the future demands of the Charity.

Key projects in 2023 include:

- **Thriving apprenticeships.** We now run more than 70 apprenticeship programmes, ranging from fundamental skills through to senior leadership and Master's-level education.
- **Reskilling: data literacy.** Over the next five years, around half of our current skill sets will become increasingly less relevant to the world of work. In 2023, we started this journey, launching apprenticeships and data fellowships focused on AI and data literacy. Our first cohort of more than 60 people has already embarked on this journey, with a second cohort primed and ready to start in 2024.
- **Green Leadership programme.** Working with the Florence Nightingale Foundation, we inaugurated the programme in 2022. Our future clinical leaders embark on a nine-month development programme that equips them with the knowledge and skills to lead sustainability initiatives in healthcare.

  The programme's success led to a significant expansion in 2023, as we opened the programme out to Allied Health Professionals and welcomed colleagues from the NHS for the first time.

- **A listening culture.** We always seek to get better at listening to our people, and in 2023 we:

  - Launched the Employee Forum, where anyone with ideas, concerns or feedback can raise these with in touch with forum members, drawn from across the Charity. Once a quarter, the members meet with the Executive Team to table and discuss feedback from employees.

    Read more on page 43

  - Welcomed a new employee network in Neurodiversity, while our Social Mobility network convened its first meetings and activities, adding to our existing Pride and Muslim networks.

    Read more on page 42

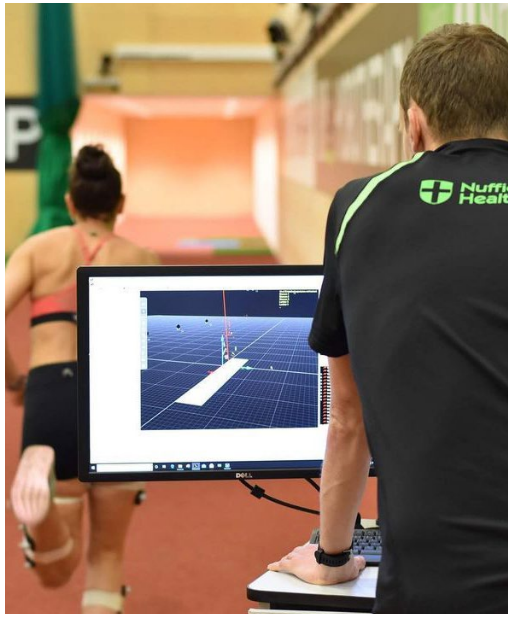
  - Carried out our Healthier Nation Index survey with our own people. This revealed important insights into their emotional, physical, financial and social wellbeing, and informed the development of our Healthy Work strategy.

    Read more on page 44

2.2%
2023 mean (average) pay gap (2022: 3.4%)

75%
ethnicity disclosure rate

70
active apprenticeship programmes



Sustainability: Healthy Work continued

Developing people. Opening doors. Building futures.

This is the philosophy of the new Nuffield Health Learning Foundation, which marks a major shift in our strategy to support the evolving needs of the Charity and its people.

We have always recognised the value of learning, and now we are extending that value with a much wider, more ambitious approach.

"The Learning Foundation is an investment in our people. By investing in their personal and professional development, we will empower them to be the very best version of themselves."

Ben Davies,
Organisational Development Director

During the pandemic, there was a need to weigh our investment towards core clinical skills and regulatory requirements, responding to a complex and ever-changing environment. Under our new foundation, we will be more proactive, creating an upskilled, well-rounded workforce, equipped with relevant capabilities and ambition to embrace opportunities and rise to the challenges ahead. Leadership capability is fundamental to our future success and, as such, we are investing in growing the skills of our current leaders and developing our leaders of the future with bespoke development pathways.

Additionally, the foundation will focus on creating Social Value. How, for example, can we leverage our estate, level up communities and create opportunities for under-represented groups – while always meeting the needs of our beneficiaries?

The Nuffield Health Learning Foundation will usher in a new era of aspiration, ambition, and achievement.

Pathways to success

Donna Govind, Staff Nurse, Leicester Hospital.

For Donna, the caring professions have always been a calling. On leaving school, she became a dental nurse, a role she would perform for the next 15 years. She then launched a childcare business and started her own family. Fast forward a few years, and with her own children no longer so dependent, she found herself being accepted onto our nursing pathway – and the start of a series of apprenticeships. She was one of the first Nursing Associates to qualify in the UK, before subsequently qualifying as a Registered Nurse.

From there, she went on to the Florence Nightingale leadership course, and then a nursing top-up course at her local university. Now, eight years later, she is a fully qualified nurse.

She says: "The programme offered me an ideal mix of academic learning placements, and the support of Nuffield Health which was an amazing thing. It enabled me to earn a wage without student debts and completing it has increased my job stability."

Ryen Spencer-Wolfe, ODP Apprentice, Chester

Ryen joined Nuffield Health back in 2016, originally working as a fitness and wellbeing adviser. He was then put forward for an Operating Department Practitioner (ODP) Apprenticeship, opening up new opportunities to work in operating theatres and contribute to the clinical care of patients. He valued the support package the apprenticeship brings: earning while you learn, an organised placement, and always someone to answer questions and any issues along the way.

He says: "I think you learn most about yourself when you're under pressure. I was quite comfortable, and doing well, in my fitness role, but you start again from the ground up as an apprentice. And each step up is a challenge."

He also had to organise himself, finding a work/life/study balance, and also playing championship rugby.

Ryen qualifies as an ODP in 2024, and is considering pathways with the guidance of the Charity's Clinical Education team. His current aim is to pursue a surgical care practitioner role – a remarkable journey from fitness and wellbeing centre to theatre.

Sustainability: Healthy Work continued

Promoting an equal and fair environment

Muzna Mahmood, Finance Business Partner – Investments

Having graduated from Imperial College, London, with a degree in engineering, Muzna Mahmood trained as a chartered accountant before joining the business development team of a renewable energy company.

She moved to Nuffield Health as Finance Business Partner in 2020, working on a variety of projects.

Muzna is also the Chair of our Social Mobility Group, which promotes an equal and fair working environment where everyone has an opportunity to succeed. She says: "The belief that valuable skills, experiences and ideas come from diverse mindsets really resonates with me. It aligns to building an inclusive culture by raising awareness and challenging unconscious bias in the way we interact with people and communities."

The aims of the group fit well with the Charity's focus on widening its reach and building trust with communities living with lower resources.

She says: "I'm inspired that senior leaders actively support the focus on social mobility." She believes that having "so many women in leadership positions" sends a strong message that "being ambitious in the workplace is encouraged". "I'm proud to be surrounded by so many talented women," she says. "It's empowering and provides a strong network for people to reach out to for guidance and support."

"I'm inspired that senior leaders actively support the focus on social mobility."

Muzna Mahmood,
Finance Business Partner – Investments

Fostering a culture of inclusion

A genuine distribution of ethnicities, life experiences, ages, genders, and abilities contributes to a rich working culture and encourages equal opportunities for everyone.

At Nuffield Health, we believe it is not only desirable, but essential, as we seek to inspire and represent the health and wellbeing needs of society as a whole.

Underpinning this goal is a group of employee networks, each meeting a focused need and acting as a catalyst to engender support, information and representation across the organisation. They include:

- **The Social Mobility Network.** The UK has lower social mobility than any country across the EU, and social background has a major effect on an individual's life chances. Our shared aim is to promote an environment where everyone can thrive at Nuffield Health, regardless of their economic, social or educational background.
- **The Neurodiversity Network** was launched in November 2023 and within months had welcomed more than 120 colleagues. The network's aim is to ensure that every team member at Nuffield Health is appreciated and respected for their unique perspectives and strengths. Together, its members support neurodivergent colleagues, sharing experiences, raising awareness, ensuring their voices are heard in decision-making and building a network of allies.

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.

"These networks play a vital role in giving insights and perspectives that help to make everyone feel valued, heard, and included."

Shirley Wilson-Brown,
Head of Inclusion and Employee Engagement

Sustainability: Healthy Work continued

A culture of listening and action

Kayleigh Llewellyn, Lead Physiotherapist at Brentwood Hospital, serves as a member of Nuffield Health's Employee Forum – our colleagues' new direct line to the boardroom.

Q So explain to us the concept behind the Employee Forum

The forum is actually quite new. It was established in September 2023, and it meets every quarter. The idea is that it's a channel where anyone across our 18,000 people can put forward an issue or idea that they feel needs some attention.

Q How is the forum structured?

There are four regional groups – London, North, South and Central Services. And each has four members, one for each of four specific focus areas: these are People, IT & Technology, Membership and Equipment/Assets. I'm the People representative for the London area.

Q And what does that role entail?

My role is to receive the comments and suggestions that colleagues have contributed and cross-reference them with others we've received across the forum. Some issues we find are better dealt with at the local level, while we focus on the wider ranging ones that can affect everyone. We then take a view and select the most pertinent ones to take to the Executive Team.

Q And how does that work?

This involves a two-day get-together at the Barbican office in London with all of the reps from across the business. On day one, we prepare our final presentation, pooling all the feedback we've received, we also get to informally meet the Executive Team, and that's great to relax things a little.

Then on day two, we are on our feet in front of those directors, presenting and then discussing the issues and getting their feedback.

Q And then?

Obviously, it depends on the outcome of the discussion and the practicalities of what's involved to resolve an issue. But if the Executive gives us a green light, we take those issues away and start developing them, and initiating action plans with the endorsement of the Directors behind them.

Q So what kind of issues have you addressed so far?

Quite a variety... for example, the forum has brought certain changes to paternity leave, as well as the language in the policy, and simply making the policy more clearly visible and easy to access.

We've also been the catalyst for change to the staff induction process to give a better experience, having analysed both positive feedback and things that didn't work.

Another example has been increasing communication between divisions – for example, thinking about my own field, enabling our fitness and wellbeing centre physios to visit our hospitals and learn about procedures.

Even though it's early days, and many things aren't overnight fixes, we're seeing positive change and that's satisfying.

Sustainability: Healthy Work continued

Health and wellbeing: the priority it deserves

The last few years have been turbulent for society as a whole.

At Nuffield Health, we see every day the effects of the cost-of-living crisis on patients and communities and, for some, the enduring challenge of long-COVID.

Since 2021, we have published our Healthier Nation Index, taking the pulse of the UK and exploring its physical and mental health.

In 2023, we also brought the survey internally for the first time, assessing the emotional, physical, financial and social wellbeing of our own people. At a difficult time, it reflected many of the results of the public survey, with concerns over mental and physical health, financial worries and poor sleep. It gave us valuable insights into where we, as a large employer, can make a positive impact on our collective wellbeing.

We also recognised that this requires investment and expertise, and took the step to appoint one of our colleagues, Dan Fulker, into the new and dedicated role of Employee Wellbeing Manager.

Dan has been with Nuffield Health for almost 10 years, starting as a Wellbeing Adviser and Personal Trainer, before moving into managerial roles, managing sites and later taking on a regional role. More recently, Dan has been creating and delivering employee health and wellbeing strategies for some of our large corporate clients.

He comments: **"My variety of experience within Nuffield Health has given me a broad insight into the Charity and equipped me to see working here from different perspectives. Overcoming depression in my early 20s acted as a catalyst for me to want to support others, so I personally understand the importance of employers supporting the health and wellbeing of their people, and I'm excited to make a real difference."**

With this in mind, the charity is launching a new Employee Wellbeing Strategy in 2024. Dan adds: **"Our purpose of building a healthier nation starts with our people. Our ambition is to create a healthier workplace where our people feel healthier because they work at Nuffield Health."**

Sustainability: Healthy Environment

Healthy Environment

At Nuffield Health, we're focused on creating a sustainable environment, and that means changing the way we do things.

We are working hard to minimise carbon emissions, from our procurement decisions, to sourcing only 100% renewable electricity, to making small, daily changes which add up to make a big impact.

Our target is ambitious: to be net zero in our Scope 1 and 2 emissions by 2030, and for Scope 3 by 2040.

While we remain dedicated to these goals, the impact of current external market conditions requires us to balance how we distribute funding across the Charity, which may impact the timing of the investments needed to meet our net-zero ambitions. Nonetheless, with climate change being the world's biggest health threat, we need to act to protect the future. These targets, and the actions we're taking to achieve them, demonstrate how our purpose, to build a healthier nation, is core to everything we do.

Underpinned by relevant SDGs

Sustainability: Healthy Environment continued

Embedding sustainability

At all our sites, acting sustainably is everyone's role.

We are engaging our teams and making it second nature: for example, by not throwing away something or by ending the day making sure we switch off lights, monitors and air conditioning. These are small actions, but multiply them every day, by 18,000 colleagues, across all our sites, and the difference we can make is vast.

This kind of behavioural change demands continuous championing from within, and clear enabling and direction from the top down.

2023: measurable progress.

- **Recycling, ramped up:** In 2023, we re-energised our mission to recycle. This campaign, which is also our first patient and member-facing recycling initiative, has been supported by a complete range of materials: from categorised recycling bins, signage, stickers and posters, to sustainability dashboards to track progress, and channels for sharing ideas and success stories. Backed with these tools, every Nuffield Health location is working to increase its recycling rates by 10% in 2024.
- **Clinical waste:** we targeted 60% usage of a clinical waste stream, which is recycled into energy. 69% was achieved and a new target of 80% is in place for 2024.

Read more on **page 47**

- **Supplier engagement programme:** a new project to engage and work with our suppliers to understand the carbon footprint of the goods and services they supply is supporting our aim of being net zero for our Scope 3 emissions. 59% of our Tier 1 suppliers responded to our survey in 2023. The target for 2024 is 80% and we will be extending the survey to Tier 2 suppliers.
- **Sheffield shrinks emissions:** in our Sheffield Fitness & Wellbeing Centre took up the challenge to cut energy usage and recorded an unbeaten 25% reduction in energy.

Read more on **page 48**

- **Handling nitrous oxide (N_2O) differently:** this potent greenhouse gas is 265 times more warming than CO_2. We aim to cut our N_2O emissions by up to 80% by the end of 2025.

Read more on **page 47**

> "In everything we do, our biggest asset is our people, and that includes our action to protect the planet. The small changes made each day by our 18,000 people are making a huge contribution to our efforts to cut emissions."

Vicky Hadley,
Head of Social Impact and Sustainability

Sustainability: Healthy Environment continued

Moving the needle: reusable sharps bins

New technology means that 'sharps' bins – for the safe disposal of syringe needles and other sharp waste – no longer need to be thrown away with their contents.

Following a successful trial in two Nuffield Health locations in 2023, we are now using bins which are designed to be sent away for specialist emptying and disinfection, before being returned to use again.

These new bins can be reused up to 600 times, and a roll out programme is underway to reach every site by the end of 2024.

Clinical waste: earning our stripes

'Tiger Stripe' bags are the healthcare sector's industry-standard bags for containing clinical waste that can be recycled for energy production. Naturally, we want those bags to be as full as possible.

In 2022, only around 35% of this waste was being recycled through the Tiger Stripe bags. Following an internal awareness campaign, with a target of 60% usage, behaviours soon changed. By the year-end, usage was running at 69%.

In 2024, we're looking for 80% of clinical waste to be disposed of in this way.

Nitrous oxide: smarter handling

In 2023, we started to close down the piping and manifold systems that supply our operating theatres with nitrous oxide (N_2O).

N_2O is 265 times more climate-warming than CO_2, and stays in the troposphere for more than 100 years. In 2022, it accounted for half of our carbon footprint from anaesthetic gases. Replacing the old system are mobile cylinders carried on wheels, raising the possibility of reducing our N_2O emissions by 80% (around 1,155 tonnes CO_2e). As part of this change, our anaesthetists may decide locally that this is an opportunity to substitute N_2O entirely.

This would follow other successful projects as we continually review the gases we use and their environmental impact.

Sustainability: Healthy Environment continued

The great Sheffield #SwitchOff

Our fitness and wellbeing centres use a significant amount of energy, so it is imperative that every site across our estate focuses on energy reduction and the emissions they cause.

We're delighted to have been awarded the energy site of the year. We are really proud of ourselves for reducing as much energy as possible here at Sheffield.

We ensure we get all of the team involved, from reception, to the clean team, to all the fitness team, and we make sure we get the basics right.

We have the energy toolkit, and everyone knows what is expected of them. We have the duty managers who will go around the centre making sure computers are closed down, every light that needs to be turned off is turned off, and also aircon units and fans. We've also looked at the car park lighting. Again, it's a small tweak, but getting our team to keep an eye on lighting as the year changes is making a difference.

My advice to others would be to ensure that the basics get done, and make it part of your everyday job – then instil this into the team and make it part of your culture.

25%

energy reduction in Sheffield

Sustainability continued

Our environmental sustainability plans

To help us achieve net zero by 2040, we're focusing our actions on four key strategic areas:

To carry on our progress towards net-zero, we have developed a decarbonisation roadmap which sets out the key actions we will take

Property and operations

Investing in our infrastructure and getting the basics right to drive efficiencies across our estate

- Continue roll out of BMS and LED lighting
- Waste awareness programme
- Operating theatre ventilation programme
- Low emissions transport fuels (HVO)
- Install solar PV
- Replace gas boilers
- Install EV charging points

People

Driving behavioural change and equipping our people with the knowledge and skills to help us reduce emissions

- Employee engagement
- Staff awareness campaign
- Learning and development programme
- Employee commuting
- Embed in recruitment

Procurement

Working with our suppliers to understand their carbon footprint and ensure their practices are aligned to ours

- Strategic supplier engagement
- Update procurement policy and Supplier Code of Conduct
- Supplier workshops
- Request supplier data annually
- Request product specific emissions

Greener surgery

Focusing on care pathways and delivery models to reduce our environmental impact, whilst maintaining quality

- Change anaesthetic delivery route
- Leakage detection
- Treatment of gas canisters
- Focus on reusable products
- Reduce single-use plastics
- Reduce emissions in care pathways

Sustainability: SECR

Streamlined Energy and Carbon Reporting

This report summarises Nuffield Health's energy usage, associated emissions, energy efficiency actions and energy performance under the government policy Streamlined Energy and Carbon Reporting (SECR). This is implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Mandatory information for compliance is detailed on page 54.

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.

A data completeness percentage of 93.9% has been achieved for this reporting year, with primary data for energy consumption data collected from supplier invoices. The remainder has been estimated to have achieved 100% data completeness for the period.

Reporting Year: January –December 2023

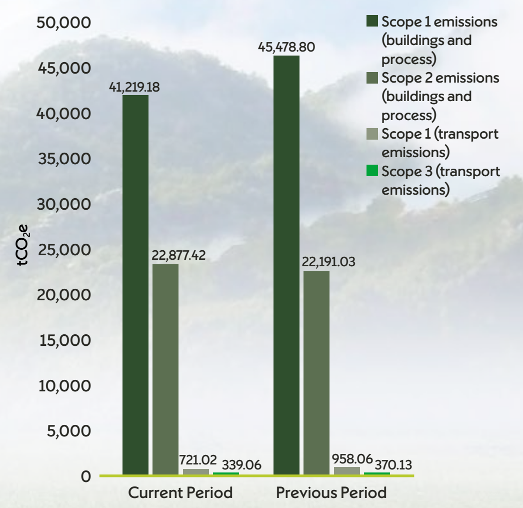
Nuffield Health's Scope 1 direct and Scope 3 indirect emissions (combustion of natural gas, use of other gases, and transportation fuels) for this reporting year are 42,279.26 tCO_2e, resulting from the direct combustion of 224,163,986 kWh. This represents a carbon reduction of 9.67% from the previous year ending December 2022 (Figure 1).

Scope 2 indirect emissions (purchased electricity) for this reporting year are 22,877.42 tCO_2e, resulting from the consumption of 110,479,270 kWh of electricity purchased and consumed in day-to-day business operations. This represents a carbon increase of 3.09% from the previous year ending December 2022 (Figure 1).

Nuffield Health's operations have an intensity metric of 5.45 tCO_2e/FTE* for this reporting year, demonstrating a decrease of 12.52%, from the 2022 intensity metric of 6.23 tCO_2e/FTE. The number of FTE for Nuffield Health has increased by approximately 8% year-on-year, from 11,074 in 2022 to 11,945 in 2023.

* Full Time Equivalent (FTE) is the combination of part-time employees FTE, full-time employees FTE and from 2023 also includes contractors FTE working for the Charity.

Figure 1: Scope 1, 2 and 3 (tCO_2e): this reporting period vs the previous reporting period



Sustainability: SECR continued

Annual reporting figures: Consumption and location-based emissions

The following tables show the consumption and associated emissions for the financial years ending December 2023 and December 2022 for all operations.

Total consumption and location-based emissions are reported in Tables 4 and 5.

Scope 1 consumption and emissions include direct combustion of natural gas, and fuels utilised for transportation operations, for example, company vehicle fleets. Scope 1 emissions also include the use of medical gases with global warming potential.

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

Scope 3 consumption and emissions cover emissions resulting from sources not directly owned by Nuffield Health, i.e. grey fleet business travel undertaken in employee-owned vehicles only.

Table 3: Nuffield Health total emissions intensity metric

	Location-based tCO_2e		Market-based tCO_2e	
Intensity Metrics	**2023**	2022	**2023**	2022
Total FTE	**11,945**	11,074	**11,945**	11,074
All Scopes tCO_2e per FTE	**5.45**	6.23*	**3.70**	4.58*
Year-on-year percentage change	**-12.52%**		**-19.21%**	

Table 4: Nuffield Health 2023 total energy consumption (kWH)

	2023 Consumption (kWh)	2022 Consumption (kWh)
Utility and Scope	**UK (Total)**	UK (Total)
Scope 1 Total	**222,656,415**	237,309,756*
Natural gas and other gases (Scope 1)	**219,450,528**	233,156,088*
Transportation (Scope 1)	**3,205,887**	4,153,668
Scope 2 Total	**110,479,270**	114,753,510
Grid-Supplied Electricity (Scope 2)	**110,479,270**	114,753,510
Scope 3 Total	**1,507,571**	1,604,350
Transportation (Scope 3)	**1,507,571**	1,604,350
Total	**334,643,256**	353,667,616*

Table 5: Nuffield Health 2023 total location-based emissions (tCO_2e)

	2023 Emissions tCO_2e	2022 Emissions tCO_2e
Utility and Scope	**UK (Total)**	UK (Total)
Scope 1 Total	**41,940.20**	46,436.86*
Natural gas and other gases (Scope 1)	**41,219.18**	45,478.80*
Transportation (Scope 1)	**721.02**	958.06
Scope 2 Total	**22,877.42**	22,191.03
Grid-Supplied Electricity (Scope 2)	**22,877.42**	22,191.03
Scope 3 Total	**339.06**	370.13
Transportation (Scope 3)	**339.06**	370.13
Total	**65,156.68**	68,998.02*

* Restated figure: Other gases (medical), calculated post-SECR 2022 due to lack of data availability, was incorporated into the Carbon Balance sheet 2022.

Sustainability: SECR continued

Annual reporting figures: Year-on-year changes

Natural gas and other gases emissions decreased by 9.37%, primarily due to the discontinuation of desflurane usage. Desflurane, known for its high global warming potential, was no longer used across the sites. This discontinuation significantly reduced the overall Scope 1 emissions, contributing to the observed decrease.

Electricity emissions increased due to a rise in the Department for Energy Security and Net Zero (DESNZ) 2023 electricity emission factors compared to the 2022 factors.

Transport emissions decreased by 20.19% from 2022 levels. Improved logistical efficiency, such as route optimisation implemented by Nuffield Health, played a part in this reduction, with less miles being covered over the reporting year, by the HSSU fleet in particular. This fleet has also been updated to EURO6 efficient vehicles over the reporting year. These vehicles are more fuel-efficient, and it is anticipated that transport-associated emissions will be reduced further in future years as a result of these replacements.

Location-based carbon intensity decreased by 12.52% from 2022 levels due to a reduction in overall emissions as well as an increase in the FTE. Market-based carbon intensity decreased by 19.21% when compared to 2022 levels, as can be observed in Table 3 of this report.

Annual reporting figures: Voluntary market-based emissions

Table 6: Nuffield Health total market-based emissions (tCO_2e)*

Utility and Scope	2023 Emissions tCO_2e UK (Total)	2022 Emissions tCO_2e UK (Total)
Scope 2 Total (Grid-Supplied Electricity)	**1,896.52**	3,892.41
Total	**1,896.52**	3,892.41

* Market-based emissions are reported in tCO_2e only, and reflect the specific emissions associated with a REGO-backed electricity contract or a residual grid factor. Please see the methodology on page 54 for further details.

Nuffield Health dual-reports on location-based and market-based emissions factors. Market-based emissions demonstrate the carbon reduction achieved by renewable electricity procurement. See page 54 for the market-based methodology. Total market-based emissions are reported in Table 6.

Where possible, REGO-backed electricity contract emission factors were used for these calculations. Where those emission factors were not available, residual emissions factors were utilised.

Sustainability: SECR continued

Energy efficiency improvements

Energy efficiency improvements

Nuffield Health is committed to year-on-year improvements in its operational energy efficiency. A register of energy efficiency measures has been compiled, with a view to implementing these measures in the next five years.

Measures ongoing and undertaken through 2023:

BMSs in fitness and wellbeing centres

Nuffield Health installed 27 new Building Management Systems (BMSs) in the wellbeing estate. These advanced systems allow for precise monitoring and control of heating, ventilation, and air conditioning (HVAC) systems, enabling Nuffield Health to adjust settings according to occupancy patterns and external weather conditions. By fine-tuning HVAC operations, Nuffield Health reduced energy wastage.

Lagging projects completion

In both hospital and fitness and wellbeing centres, Nuffield Health successfully completed lagging projects on chilled water and Low Temperature Hot Water (LTHW) systems. Lagging effectively reduces heat loss during the transportation of water, minimising the need for constant heating or cooling. As a result, the optimised systems require less energy to maintain desired temperatures.

Ductwork lagging replacement in fitness and wellbeing centres

Within the fitness and wellbeing centres, Nuffield Health executed three lagging replacements on external ductwork. By upgrading and properly insulating the ductwork, Nuffield Health minimised heat loss during the distribution of conditioned air. This enhancement reduces the workload on HVAC systems, in turn reducing the necessary energy consumption when not in use.

#SwitchOff campaign

Nuffield Health initiated a comprehensive #SwitchOff campaign to re-engage employees in energy-saving practices. The campaign focused on achieving quick wins at the local site level, encouraging actions such as adjusting setpoints to align with Nuffield Health's standard guidelines, turning off lights when not in use, powering down computers during idle periods, and deactivating Audio-Visual (AV) and HVAC systems when not needed. By raising awareness and promoting behavioural changes among staff, Nuffield Health effectively reduced unnecessary energy consumption.

Pool AHU control strategy

Nuffield Health deployed a new control strategy for Air Handling Units (AHUs) serving pool areas during night-time operations. This strategy ensures that ventilation systems operate efficiently during off-peak hours, thereby reducing unnecessary energy consumption while maintaining optimal indoor air quality. By adjusting ventilation rates based on occupancy and pool activity levels, Nuffield Health minimises energy usage without compromising on comfort or safety.

Measures prioritised for implementation in 2024:

LED lighting installation

Nuffield Health plans to install energy-efficient LED lighting systems at selected hospital sites. By transitioning to LED lighting, Nuffield Health anticipates significant reductions in energy consumption while maintaining optimal lighting quality.

Heat pump scope and installation

Nuffield Health plans to install heat pumps at selected sites. This initiative aims to leverage renewable energy sources for heating and cooling, removing the reliance on fossil fuels for heating provision.

Expansion of Core Energy Team

Nuffield Health intends to strengthen its core energy team by hiring three Regional Energy Managers. These managers will oversee energy-related initiatives and optimisations across different regions, ensuring consistent and effective energy management practices.

York Theatres "Off at Night" Project Trial

Nuffield Health will initiate a trial project at York Theatres focused on turning off non-essential systems during night-time hours. If successful, this initiative will be scaled up and implemented across all hospital sites, leading to substantial energy savings during off-peak periods.

Sustainability: SECR continued

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 the 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 licensed energy supplier or a landlord/tenant).

Reporting Methodology

This report (including the Scope 1, 2 and 3 consumption and CO_2e emissions data) has been developed and calculated using the GHG Protocol – A Corporate Accounting and Reporting Standard (World Resources Institute and World Business Council for Sustainable Development, 2004); Greenhouse Gas Protocol – Scope 2 Guidance (World Resources Institute, 2015); ISO 14064-1 and ISO 14064-2 (ISO, 2018; ISO, 2019); Environmental Reporting Guidelines: including Streamlined Energy and Carbon Reporting Guidance (HM Government, 2019).

Government Emissions Factor Database 2023 version 1.1 has been used, utilising the published kWh gross calorific value (CV) and $kgCO_2e$ emissions factors relevant for the reporting period 1 January 2023 to 31 December 2023.

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 the meter level.

For all landlord properties where Nuffield Health is indirectly responsible for utilities and only the cost of utilities was available, the consumption of the electricity and gas supply was calculated using an average between Ofgem's 2023 Q1 and 2024 Q1 cost (£) per kWh figures.

These full-year estimations were applied to electricity supplies and gas supplies, and average cost per kWh was applied to all landlord meters. All estimations equated to 6.15% of reported consumption.

A restatement has been made for the 2022 other (medical) gases data where data availability improved. Previously, it was not included in 2022's SECR, but was later accounted for in 2022's Carbon Balance sheet, once data became available.

Market-based emissions were calculated using REGO-backed electricity contracts where an emission factor of $0kgCO_2e/kWh$ was applied. Where the electricity meter was not REGO-backed, a residual country-specific emission factor from Carbon Footprint 2023 was applied.

Intensity metrics were calculated using total tCO_2e figures and the selected performance indicator agreed with Nuffield Health for the relevant report period:

	2023	2022
FTE	**11,945**	11,074

CFD

Climate-related Financial Disclosures

The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 require publicly quoted and large private companies to integrate climate disclosures into their annual reports. Nuffield Health is a charity, limited by guarantee without share capital and incorporated in the UK and registered in England and Wales, and captured by this regulation.

Nuffield Health has disclosed in accordance with all eight requirements of the Climate-related Financial Disclosure (CFD) Regulations. We have fulfilled the reporting requirements of CFD by basing the report on the integration of climate related risks and opportunities into our processes and operations, across four key areas: Governance, Risk Management, Strategy, and Metrics and Targets.

CFD continued

Governance

Board of Governors

Our Board of Governors, who are both Directors of the company and Trustees of the Charity, discuss climate change as a standing agenda item during quarterly meetings. These meetings are attended by our Chief Executive Officer (CEO) and the Senior Executive Board. The Board of Governors is responsible for and considers climate related issues when guiding business strategy, by ensuring that the necessary financial, human, and physical assets to meet those strategic aims are available, monitoring the Group's performance, overseeing risk management, and setting the Group's values. The Board of Governors delegates day-to-day executive authority to the CEO and oversees climate change matters through the Executive Board.

Board member competency on climate-related issues

The Board of Governors, recognising the significance of climate related aspects, actively participated in a competency building session, dedicated to enhancing its understanding of climate related issues in December 2023. One of our Trustees has considerable expertise in climate related matters and has been honoured with an MBE for their contributions to Energy Efficiency and Sustainability in the Retail Sector. Additionally, in FY23, our Chief Finance Officer (CFO) successfully completed Business and Climate Change: Towards Net Zero Emissions at the Institute of Sustainable Leadership, University of Cambridge.

Executive Board

Our Chief Operating Officer and Quality Officer is Nuffield Health's most senior person on the Executive Board with oversight of climate change. The Executive Board reviews and approves the climate risk register, before presenting it to the Board of Governors for final approval. The Executive Board is responsible for ensuring that we meet a variety of climate related KPIs, in areas such as carbon reduction, energy, suppliers, waste, and recycling. The Social Impact and Sustainability (SIS) Forum sits under their directorate and has responsibility for driving the Healthy Environment strategy and ensuring sustainability is embedded across the Charity.

Climate change is a standing agenda item at the broader Executive Board meetings and is discussed monthly as part of decisions and projects, and collaborates with the Board Audit and Risk Committee (BARC) during its quarterly meetings.

Within these meetings, the Executive Board:

- Reviews climate related risks and opportunities reported to it from across the organisation
- Ensures that climate related KPIs, such as carbon reduction, energy, suppliers, waste, and recycling are met
- Ensures that sustainability and climate change are a fundamental part of the Charity's strategy, ensuring all decision making, investment and prioritisation are considered through a climate lens
- Ensures visibility of the importance of climate change across the Charity, through introducing and supporting initiatives.

In December 2023, members of the Executive Board participated in a competency-building session facilitated by our partner ESG consultancy, Inspired ESG. The session was designed to impart essential knowledge of identified climate related risks and opportunities. This comprehensive review served as a crucial step in finalising the approval process of the FY23 climate related risk and opportunities register.

Board Audit and Risk Committee (BARC):

The Board Audit and Risk Committee (BARC) provides the Board of Governors with assurances in key areas, including risk management. This assurance specifically involves reviewing the risk landscape, including the Charity's risk appetite, and assessing Principal Risks along with associated mitigating controls identified by management.

During each BARC meeting (four times annually), the Committee is presented with a report from management that provides updates on the areas of focus and actions taken by the Risk and Governance Board (RGB). This report encompasses management updates on key risks (including climate related risks), offering a comprehensive overview of the ongoing efforts and initiatives in risk management.

BARC underwent a similar competency-building session facilitated by our partner ESG consultancy during December 2023, before endorsing the risk register.

Roles and responsibilities

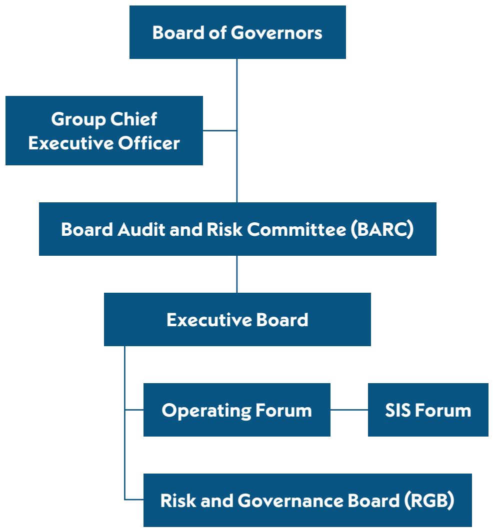
The Board of Governors and Executive Board receive updates on climate related progress from the monthly meetings of the Operating Forum, which receives an update from the Social Impact and Sustainability (SIS) Forum, attended by senior management representatives from across the Charity. The Risk and Governance Board (RGB) oversees overall risks, including climate related concerns, convening quarterly, and escalating key matters to the Executive Board and BARC.

Responsibility for climate related issues is delegated to the SIS Forum and Operating Forum, which report directly to the Executive Board. These forums receive monthly updates from the Healthy Environment working group and provide input and involve key individuals managing climate related risks from all Charity functions.

Risk and Governance Board (RGB):

The Risk and Governance Board (RGB) engaged in a climate risk management workshop in November 2023 undertaken by our partner ESG consultancy, where extensive discussions were held surrounding the Charity's identified climate related risks and opportunities. The workshop provided members of the RGB with the knowledge and tools required to navigate the complexities of climate related considerations. The RGB focuses on identifying, assessing, and managing climate related risks and opportunities, and this process is conducted annually. The RGB completed the initial risk register sign-off in December 2023. Subsequently, it was issued to the Executive Board and BARC for approval. Going forward, we will follow the same process of annual assessment and submission for approval.

Figure 1: Nuffield Health's climate related risk and opportunity governance structure.



CFD continued

Risk management

The Board of Governors assumes overall responsibility for Nuffield Health's Risk Management Framework, delegating this duty through committees dedicated to risk oversight.

The Board Audit and Risk Committee (BARC) ensures we employ an effective risk management approach, overseeing non-clinical enterprise risk across strategic, operational, commercial, and financial domains.

The Executive Board, reporting to the Board of Governors, is responsible for upholding Nuffield Health's adherence to the Risk Management Policy. Senior leaders and other risk owners manage their risks daily and through a hierarchy of governance committees. BARC and senior leaders provide objective scrutiny of risk management to the Executive Board, facilitating effective oversight by the Board of Governors.

Identify

In November 2023, supported by our ESG consultancy, we conducted a climate scenario analysis. This process evaluated both physical (acute: wildfires, flooding, and heatwaves, and chronic: sea level rise, rising mean temperatures and water stress) and transitional risks (associated with the transition to a low carbon economy) outlined in the framework. These were analysed across three distinct future warming scenarios (below 2°C 'Proactive Scenario', 2-3°C 'Reactive Scenario', and above 3°C 'Inactive Scenario') and three-time horizons (short 2023-2027, medium 2028-2037, and long-term 2038-2052). These timeframes have been selected to align with the UK's Net Zero by 2050 target and Nuffield Health's net zero by 2030 for absolute Scope 1 and 2 greenhouse gas (GHG) emissions and by 2040 for absolute Scope 3 GHG emissions. (90% reduction, 10% offset) from a 2022 baseline. Additional years have been incorporated to account for potential unforeseen changes in reaching these targets. This analysis will be performed on an annual basis, ensuring a thorough and consistent examination of our climate related risks and opportunities.

The analysis facilitated the identification of future warming scenarios and associated timeframes at a group level, providing insights into when climate change risks would manifest for the Charity.

Assess

We identified climate change in June 2023 as an emerging risk after participating in a climate-change competency building session with the RGB, facilitated by our ESG consultancy.

Subsequently, the results of our climate scenario analysis were presented during a climate risk management workshop held in November 2023. Attended by pertinent stakeholders from our various Charity sectors, including the RGB, this workshop identified physical and transitional risks relevant to Nuffield Health's operations. The classification methodology detailed below adheres to the existing scoring matrix utilised within the established Risk Management Framework. However, the scoring is enhanced to capture the longer timeframe posed by climate related risks and opportunities.

We have recognised the unique nature of climate related risks, which often materialise over an extended period. While our standard risk assessment uses a 1-5 scoring for impacts and likelihood over a 12-month horizon, we are adopting a distinct strategy for climate risks due to their extended materialisation window spanning 10-15 years. For this reason, we have not integrated the risk register into our existing Risk Management Framework. However, we will actively work on this integration throughout FY24 to ensure all climate related risks and opportunities are managed within our standard risk management system, Radar.

Our decision to use a Red-Amber-Green (RAG) rating methodology for these risks acknowledges the inherent difference in their time-horizon nature. Risks labelled as 'red' are classified as high risks and are considered material to our Charity. To accommodate the extended time horizon, we revisited our scoring matrix; instead of assigning a specific impact and likelihood score of 1-5 to each risk, we assigned a RAG rating (green is a low risk, amber is a medium risk and red is a high risk), based on criteria aligned with our standard methodology (likelihood and impact). This approach allows for a slightly less prescriptive evaluation. The overall RAG determination of our current risk status relies on the likelihood RAG as the primary driver, as it falls most within our area of influence.

As part of our risk management strategy, Nuffield Health has developed a framework to assess the potential risk around our activities. It focuses on six key areas: Strategy & Business Plan, People's Health & Wellbeing, Financial Cost/Loss, Reputation, Legal/Regulatory/Contractual, and Service/IT System/Key Business Data. This framework uses a colour-coded scoring system to help us prioritise potential risks.

Manage

Drawing upon insights from our climate scenario analysis, the climate risk management workshop, and subsequent deliberations to refine risk classifications, the Risk and Compliance team developed a comprehensive climate risk register in Q4 2023, and subsequently identified risk owners. This register is a robust framework for the continual management of our climate related risks and opportunities. Also, it signifies our commitment to proactive risk governance. The framework was endorsed by BARC in December 2023 and subsequently ratified by the Board in December 2023, and we have assigned dedicated owners to each identified risk, fostering a structured approach to management and mitigation (please see Table 6 detailing the material climate related transition risks that could impact Nuffield Health and how these are managed). Additionally, our forward-looking approach encompasses an inaugural assessment of the impact of climate change on our supply chain through climate modelling. During FY24, we intend to conduct financial modelling to deepen our understanding of each risk and opportunity and its potential financial impact, and will continue to update and refine this annually.

Decisions on climate related risks are guided by the RAG rating system, prompting tailored measures based on categorisation. For example, insurance contracts are already in place which cover financial losses in the event of red (high risk) events such as wildfires, flooding or other natural disasters and these contracts are reviewed annually for financial protection. Nuffield Health's Business Continuity and Crisis Management Framework also mandates climate related disaster scenarios in plans at each site, in compliance with the Business Continuity Policy, and includes these scenarios in testing plans.

RAG rating	Description of impact	Score
Green	Minimal or negligible negative impact on our operations or ability to achieve objectives	1-2
Amber	Indicates a potential for moderate delay in achieving objectives or moderate negative impact	3
Red	Signifies a significant or severe negative impact	4-5

Table 1: Likelihood rating methodology.

Likelihood (L)

Descriptor	Green (Score 1-2)	Amber (Score 3)	Red (Score 4-5)
Probability	Less than 9% within the timeframe	10-49% within the timeframe	More than 50% within the timeframe

CFD continued

Strategy

Our approach

Climate related scenario analysis was conducted across 10 strategically selected Nuffield Health sites, encompassing each Charity area. This included fitness and wellbeing centres, hospitals, offices and Hospitals Sterile Services Unit (HSSU) locations. The selection of these sites was deliberate, considering their distributed positioning throughout Great Britain. Analysis of the 10 selected sites indirectly encompassed 40 additional sites, due to their proximity to those under examination. These locations underwent climate modelling against acute physical climate aspects (wildfires, flooding, and heatwaves) and chronic physical climate aspects (sea level rise, rising mean temperatures, and water stress) using various models, to assess the potential impacts of climate change. Transition risks, encompassing changes in regulations, market preferences, and technological advancements as the Charity adapts to a low carbon economy, were evaluated based on the nature of our operations and industry, employing combinations of climate and social development models.

Moving into 2024, the climate scenario analysis will expand to encompass our key suppliers and explore the potential impacts of climate change on our operations.

The climate scenario analysis employed various established climate models, including the Intergovernmental Panel on Climate Change (IPCC), Representative Concentration Pathways (RCPs), Climada natural catastrophe damage model, CORDEX regional climate projections, Integrated Assessment Models (IAM), and Shared Socioeconomic Pathways (SSPs). While these models offer detailed insights into potential futures under different emission scenarios, the accuracy is not guaranteed. Discrepancies between model predictions and real-world observations are common when evaluating elements such as downwelling pressure, wind, clouds, temperature, precipitation, ocean currents, sea ice, permafrost, and more. Additionally, potential exaggerations or underestimations of climate variables may occur. The analysis considered three time horizons, which are detailed below.

Table 2: The timeframes used in the climate scenario analysis.

Time horizons	
Short term (2023-2027)	In this timeframe, we gain insights into imminent climate change implications, guiding decisions for enhanced resilience. We anticipate strict enforcement of transition risks, as we move towards a low carbon economy.
Medium term (2028-2037)	The effects of climate change are anticipated to become more noticeable, particularly in terms of reactive and inactive scenarios for physical risks. Transition risks will intensify in this period, requiring governmental responses to tackle evolving challenges. This timeframe is consistent with Nuffield Health's Scope 1 and 2 net-zero target by 2030.
Long term (2038-2052)	The most substantial threat arises from physical risks, especially in reactive and inactive scenarios. Businesses need comprehensive preparation to navigate and manage the resulting outcomes in these situations. This timeframe is consistent with the UK Government's net-zero pledge by 2050 and Nuffield Health's long-term target to be net zero (90% reduction, 10% offset) across Scopes 1, 2 and 3 by 2040.

Table 3: Warming scenarios used in the climate scenario analysis.

Scenario warming pathways
Below 2°C ('Proactive') scenario: Organisations are committing to the Paris Agreement and aiming for net-zero targets by 2050. Governments are expected to implement policies systematically. Investment in low carbon technology is driving innovative solutions for reducing energy consumption and emissions. Growing consumer demand for sustainable products is causing markets to transition to low carbon alternatives. Fortunately, the likelihood of reaching many climate tipping points is low, contributing to a more predictable climate outlook.
Between 2-3°C ('Reactive') scenario: Agreements from COP26 are in place, but government policies are uncoordinated, providing companies with limited time to comply. Climate action funding is delayed, and businesses lack incentives to reduce emissions. Industry leaders are setting net-zero targets, but investment in low emission technology is staggered. Several climate tipping points are reached, leading to an unpredictable climate with severe physical risks. Supply chain disruptions occur in some segments.
Above 3°C ('Inactive') scenario: Climate inaction persists as both industry and government maintain a 'business as usual' approach. Few companies set net-zero targets, leading to a rise in emissions. Untested low emission technology, with high capital costs, hampers progress. Numerous climate tipping points are reached, contributing to a volatile atmosphere. Businesses grapple with adapting to physical climate risks, without access to green financing. Supply chains collapse in regions that become inhospitable.

CFD continued

Strategy continued

Based on the risks and opportunities identified through the climate scenario analysis, five transition risks, two physical (acute) risks and three climate related opportunities were identified as significant (material) for the Charity's operations (Table 2).

Table 4: A table showing the material climate related transition risks that could impact Nuffield Health.

Climate risk category	Description of climate related risk	Risk description	Mitigation controls
Policy & Legal Short term (2023-2027) <2°C	Carbon pricing mechanisms	Expenditures – Increased direct costs The introduction of carbon pricing can have the following effects: • Carbon pricing can increase operational and compliance costs, by putting a price on direct emissions • Carbon pricing can be a variable cost and can be increased by governments to further reduce emissions, leading to increased costs for Nuffield Health • Companies in Nuffield Health's supply chain may be captured by carbon pricing mechanisms, which may increase the cost of goods and services. **Related metrics and targets:** Scope 1, 2 and 3 emissions and Net-Zero Strategy.	Nuffield Health is aiming to achieve carbon net zero by 2030 for Scope 1 and 2 emissions and by 2040 for Scope 3 emissions. To meet these targets, we have implemented various initiatives, including sourcing 100% of electricity from renewable sources, enhancing energy efficiency in buildings, adopting sustainable food packaging, and collaborating with suppliers to align with environmental practices. Notably, the shift from desflurane to sevoflurane in our 37 hospitals demonstrates a significant reduction in our carbon footprint. Desflurane has a GWP rating of 2,450, which means it is 2,540 more potent as a greenhouse gas than carbon dioxide. Sevoflurane has a far lower GWP rating of 130. The Healthy Environment Group (HEG) is in place to drive net zero and form focused working groups. HEG meets monthly with output presented to the Social Impact and Sustainability (SIS) Forum and covers people initiatives, waste, medical gases, clinical waste systems, reducing carbon-intensive gases, transitioning from single-use products, and minimising single-use plastics to deliver the plan on the page for the current year. A Net-Zero Strategy that details decarbonisation, energy efficiency ambitions and targets is in place. These are tracked through the SECR (Streamlined Energy and Carbon Reporting) report, Climate-related Financial Disclosure Regulations and Carbon Balance sheet, which are produced annually and agreed by the HEG. These are escalated through the SIS, the Executive Board and then the Board of Governors. A Sustainability Plan is in place and is tracked and reported to the SIS and Operational Forums and then on to the Executive Board. We will continue to monitor the progress of the Carbon Border Adjustment Mechanism (CBAM) and consider its impact on our operations. During FY24, we intend to engage in financial modelling to deepen our understanding of this risk. Our Carbon Balance sheet will be instrumental in supporting and informing this analytical process. Based on our absolute net-zero targets and current projections for global carbon prices per tCO_2e, a carbon tax could have various financial impact ranges; please see the table below. This is based on data from the World Bank, IMF, IPCC, OECD and Reuters.

Scenario	2027 (£)	2037 (£)	2052 (£)
Proactive	£1,466,148	–	–
Reactive	£382,190	–	–
Inactive	£873,577	£1,238,853	£1,580,442

CFD continued

Strategy continued

Climate risk category	Description of climate related risk	Risk description	Mitigation controls
Market Medium term (2028-2037) 2-3°C	Increased cost of energy and raw materials	Expenditures – Increased direct costs Risk that the financial sustainability of the Charity is compromised, with increases in operating costs sensitive to climate related cost fluctuations (increases in costs of materials and energy), which could impact our ability to deliver our full range of services and invest in the delivery of our strategic objectives. **Related metrics and targets:** Scope 1, 2 and 3 emissions and Net-Zero Strategy.	Nuffield Health is actively investing in energy-efficient measures, including insulation, LED lighting, and improved building management systems. The 'Greener Surgery' programme focuses on waste reduction, transitioning from single-use products, and minimising plastics. We have implemented energy and water metering, and initiated staff campaigns to promote energy conservation. Commodity hedging for energy, gas and electricity is in place. This is monitored by the CFO, with an ongoing review of energy hedging decisions at the bi-weekly Energy Risk Committee. Management of third party supplier relationships by Procurement includes consideration for sustainability and climate objectives in contract negotiations for new products and services. Also, this includes the costs of products and services. For example, 30% weighting for sustainability for new services contracts and use of Renewable Energy Guarantees of Origin (REGOs, which demonstrate that electricity has been generated from renewable sources) backed contracts for every managed office, to ensure our electricity comes from natural renewable sources. Energy meters are in place across all sites, to monitor usage and identify anomalies. Energy usage is monitored per site, with initiatives implemented to maximise cost and carbon efficiency (for example, saunas and steam rooms operating times are restricted). We track initiatives to ensure each site achieves our annual 3% reduction target year-on-year. Water meters are installed at all sites to monitor usage. Output is tracked to identify leaks and other anomalies with usage, and initiatives are in place to improve efficiency (for example, water system upgrades for steam condensation, closed-loop water systems, use of low flow devices and effective pool management). Reports for individual sites which are breaching the night base load for water use and electric use are produced, to highlight use over a defined level (set on an individual site basis). Copies are sent to Nuffield Health's Property Department, along with consolidated monthly views of all sites, to identify areas for improvement, develop actions and track changes to address over-consumption.

CFD continued

Strategy continued

Climate risk category	Description of climate related risk	Risk description	Mitigation controls
Policy & Legal Short – medium term (2023-2037) <2°C 2-3°C	Mandates on and regulation of existing products and services	Expenditures – Increased direct costs Risk that Nuffield Health's financial sustainability is compromised by our failure to implement the changes required to our processes, technology, assets, products, or services to meet climate related regulations. This should be done in a way which maximises cost efficiency for the Charity (for example, introducing ineffective changes, such as unsuccessful new or altered products or services, last-minute changes which incur additional costs, or failing to transition to new technology or update assets at a time which maximises cost efficiency). Considerations: Low emission technology may be more expensive compared with traditional high emission alternatives; training costs, early retirement of existing technology or assets may be required. **Related metrics and targets:** Scope 1, 2 and 3 emissions and Net-Zero Strategy. Business/ investment plan to replace legacy technology.	We have an established monitoring procedure and legal register, utilising both external ESG consultants and an in-house Sustainability Team to stay informed of mandates and regulation changes around existing products and services. Staff undergo training around updated regulations, and regular communication with suppliers is maintained to ensure compliance across the board. We are upgrading the Hospital Sterile Services Unit (HSSU) fleet to run on biofuel, aligning with a 90% CO_2 emissions reduction commitment. Plans include investing in equipment tracking for efficiency. Initiatives such as compostable packaging, sustainable menu redesign, and supplier collaboration demonstrate a comprehensive approach to waste reduction and eco-friendliness. We are actively working towards absolute carbon neutrality for Scope 1 and 2 emissions by 2030, and Scope 3 emissions by 2040. Initiatives include sourcing 100% renewable electricity, investing in energy-efficient measures, and engaging staff through internal campaigns and a Sustainability Forum to ensure active participation in ongoing changes. Project methodology includes consideration of climate regulations (existing and proposed future changes) to ensure that SME expertise on the impact of the project output on Nuffield Health's net-zero journey and any changes to minimise impact is considered in all projects/programmes. Large business cases for investment and CAPEX costs require consideration of climate regulations (existing and proposed future changes) to ensure that SME expertise on the impact of the project output on Nuffield Health's Net-Zero Strategy is considered in the sign-off of decisions. An ESG Consultancy is contracted to advise Nuffield Health on compliance with Climate-related Financial Disclosure Regulations and to help identify ways of reducing absolute carbon emissions, develop our Net-Zero Strategy and scan the horizon for future legislative requirements. We have established a sustainable procurement process that prioritises considering the climate impact in decision making regarding both new assets and asset replacement. We allocated £34.3 million to support this asset replacement plan, focusing on both climate impact mitigation and overall asset functionality and efficiency. We have a robust external communication, which aligns to Nuffield Health's net-zero plan.
Technology Short – medium term (2023-2037) <2°C 2-3°C	Substitute existing products and services with lower emissions alternatives		
Technology Short – medium term (2023-2037) <2°C 2-3°C	Costs to transition to lower emissions technology		

CFD continued

Strategy continued

Table 5: A table showing the material physical climate related risks that could impact Nuffield Health.

Climate risk category	Description of climate related risk	Risk description	Mitigation controls
Acute Long term (2038-2052) >3°C	Wildfires	Expenditures – Increased direct and indirect costs There is a risk that one or more sites could be directly impacted by wildfires, which could lead to site closures (temporary or permanent). Therefore, this could lead to financial loss and reputational damage.	Highlighted by the climate scenario analysis, 7 out of the 10 sites analysed were identified as being potentially at risk of flooding, wildfires, or both, including the Oxford Hospital, Surbiton Fitness & Wellbeing Centre and Edinburgh New Mart Fitness & Wellbeing Centre. We have analysed the results from the annual climate scenario analysis of Nuffield Health's exposure to wildfire/flooding/water shortage risks, to identify process and procedure changes. These are tracked from project conception to completion. Our Business Continuity and Crisis Management Framework prescribes the requirement for business continuity plans to include provisions for climate related disaster scenarios. Business continuity plans include climate related considerations (flood, extreme heat), and are in place at each site, in compliance with Nuffield Health's Business Continuity Policy (BCP). Climate related scenarios are included in Business Continuity Scenario testing, in accordance with BCP testing plans. Insurance contracts are in place which cover financial losses in the event of natural disasters. Contracts are reviewed annually. Most of our sites are situated near city centres, making flood mitigation efforts directly correlated with the overall flood defence infrastructure of the surrounding towns and cities. Climate modelling will play a pivotal role in shaping our portfolio strategy for future acquisitions and managing existing assets. Additionally, robust emergency preparedness procedures are firmly in place.
Acute Medium – long term (2028-2052) >3°C	Flooding	Expenditures – Increased direct and indirect costs There is a risk that one or more sites could be directly impacted by local area flooding, which could lead to site closures (temporary or permanent). Therefore, this could lead to financial loss and reputational damage.	

CFD continued

Strategy continued

Table 6: A table showing climate related opportunities that could impact Nuffield Health.

Climate opportunity category	Climate related opportunity	Potential impact	Impact description
Energy resources Short – medium term (2023-2037) <2°C 2-3°C	Use of lower emission sources of energy	Reduction in operating expenses as a result of increased efficiency (energy costs)	Nuffield Health is committed to decarbonising operational emissions, aiming to reach absolute net zero across its own operations by 2030. We have set a wider target of absolute net zero in all our emissions by 2040. Implementing energy-efficient technology across our operations to meet targets will reduce greenhouse gas emissions and contribute to financial savings, by decreasing energy consumption and associated costs for our Charity. The payback associated with lower emission sources of energy will contribute to mitigating the upfront cost of technology investment. Investment into technologies such as installing solar PV, LED lighting, and Building Management Systems could increase the cost reduction over time. This would reduce our reliance on the National Grid and help mitigate any carbon tax. To assess and quantify any economic impacts associated with this risk, we will engage in financial modelling in FY24. **Related metrics and targets:** Scope 1, 2 and 3 emissions and Net-Zero Strategy.
Technology and changing customer behaviour Short – medium term (2023-2037) <2°C 2-3°C	Consumer shift towards sustainable healthcare options and treatments	Increased revenue generation as a result of the sustainable product offerings to customers	Nuffield Health is focused on providing a greener surgery for beneficiaries by removing products that are environmentally harmful and these will continue to be replaced with alternatives that have a lower carbon footprint. We have removed harmful anaesthetic gases from our product offerings. By increasing the number of reusables and decreasing the number of single-use plastics, product offerings will become more attractive to customers as low emission alternatives. Nuffield Health can reduce the amount of waste it produces, positively contributing towards its Net-Zero Strategy. Strengthened relationships with clients and renewal of contracts may result in improved revenue generation and financial performance. **Related metrics and targets:** Waste targets
Reputation Short – medium term (2023-2037) <2°C 2-3°C	Nuffield Health may have the opportunity to be a market leader in the health and wellbeing industry	Increased revenue generation as a result of (stakeholders) customers being attracted to the proactive agency of the business regarding climate change	Nuffield Health's clear communication of its values, expectations, and strategy on climate change and net zero contributes to its strong, market-leading reputation. Our commitment to net zero aligns with our customer and supply chain expectations. An increased positive perception may lead to increased revenue opportunities and the increased ability to attract new investment and entice new workforce talent. The ability to predict and meet market expectations could improve our sales and financial performance. Clear communication and sustainability credentials can improve stakeholder relationships.

Our strategy

At the core of our mission is the commitment to build a healthier nation by advancing, promoting, and maintaining health and healthcare of all descriptions. Also, we strive to prevent, relieve, and cure sickness and ill health for the public benefit. This purpose strongly aligns with our vision, which is to help individuals in achieving, maintaining, and recovering to their desired levels of health and well-being, positioning ourselves as a trusted provider and partner. This overarching purpose serves as the driving force behind our strategy. Each strategic aim we pursue contributes significantly to the success of our Charity.

We are actively implementing strategies to mitigate climate risks and capitalise on opportunities presented by a low carbon future, ensuring our long-term sustainability in a below 2°C degrees global warming scenario. We are building resilience and contributing to a more sustainable future by increasing energy efficiency across our estate through boiler replacements, chillers, laggings, Building Management Systems (BMSs), LEDs and automated water meters.

To mitigate our impact on climate change, we have implemented initiatives to reduce carbon emissions and ensure our energy comes from natural renewable sources. We are working on the importance of energy management by utilising a temperature optimisation guide, to decrease energy consumption and costs.

CFD continued

Metrics and targets

Nuffield Health is using its financial year January 2022 to December 2022 as its baseline year for emissions reporting.

We acknowledge the significance of measuring and monitoring pertinent metrics and targets aimed at diminishing our GHG emissions and enhancing energy efficiency across the estate. We have been calculating our Scope 1 emissions (emissions that come from sources that are owned or controlled by Nuffield Health), Scope 2 emissions (indirect emissions associated with the generation of purchased or acquired energy) and Scope 3 emissions (emissions resulting from sources not directly owned by us).

The 2030 targets for Scope 1 and 2 differ from the 2040 objectives for Scope 3 due to the complexities associated with collating data and mitigating emissions beyond our direct operational control.

We align with the Science-Based Target initiative's (SBTi) definition of net zero and aim to reduce our Scope 1, 2 and 3 emissions as far as possible and by at least 90% compared to our baseline year, before we look to offset any residual emissions with carbon removal offsets.

Our absolute net-zero Scope 1 and 2 emissions by 2030 target is our near-term target and meets the SBTi criteria as we are aiming to achieve this reduction by 2030. Scope 2 emissions will be tracked using a location-based approach, this means the purchase of renewable electricity will not be accounted for. In addition, we have set the following near-term Scope 3 targets which will be achieved in the next 5 to 10 years:

- Nuffield Health commits that 52% of its suppliers by emissions covering Scope 3 Category 1 (Purchased Goods and Services), Category 2 (Capital Goods) and Category 4 (Upstream Transportation and Distribution) will have science-based targets by 2028.
- Nuffield Health commits to reduce absolute Scope 3 – Category 3 (Fuel-related Emissions) GHG emissions by 50% by 2033 from a 2022 baseline year. Nuffield Health commits to reduce absolute Scope 3 – Category 7 (Employee Commuting emissions) GHG emissions by 50% by 2030 from a 2022 baseline year.

Figure 2: Near-term Scope 1 and 2 pathways with annual reductions needed to reach net zero by 2030 (Table 7 outlines the associated key).

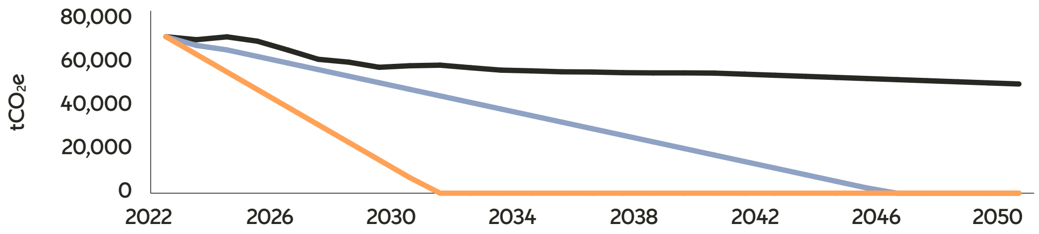


Figure 3: Net zero Scope 3 pathway with annual reductions needed to reach net zero by 2040 (Table 7 outlines the associated key).

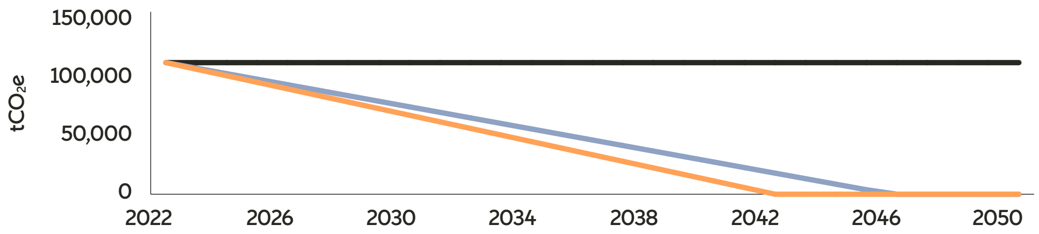


Table 7: Pathway descriptions for Figures 2 and 3.

Pathway	Pathway description
Scope 1&2 Business as usual	Assumes no change to 2022 emissions. Grid electricity factor based on BEIS forecast
Annual Target 2030 Net Zero 1.5°C (90% Absolute Reduction)	Reduction pathway using % reduction compared to baseline year approach, this results in the same tCO_2e reduction per year but results in changing year-on-year % reductions
SBT 1.5°C Emissions reduction target year =	1.5°C pathway as per the SBTi guidance. Equates to a 4.2% annual reduction compared to baseline year

CFD continued

Metrics and targets continued

Part of Executive remuneration is performance-based, relating to the attainment of Purpose & Public Benefit strategic targets, which were successfully achieved in FY23. Our incentive scheme includes climate related targets. This embeds the importance of sustainability through attaining energy reduction, recycling increase and carbon reduction targets.

These targets will contribute to our journey towards achieving absolute net zero.

Energy and emissions breakdown

The internal footprint (including the Scope 1 and 2 consumption and CO_2e emissions data) has been developed and calculated using the GHG Protocol – A Corporate Accounting and Reporting Standard; Greenhouse Gas Protocol Scope 2 Guidance; and Environmental Reporting Guidelines: including Streamlined Energy and Carbon Reporting Guidance. The UK Government Emissions Factor Database 2023 version 1.1 has been used, utilising the published kWh gross calorific value (CV) and $kgCO_2e$ emissions factors relevant for the reporting period 1 January 2023 to 31 December 2023. Intensity metrics have been calculated using total tCO_2e figures, and the selected performance indicator (FTE for 2023 (2022) 11,945 (11,074)) agreed with Nuffield Health for the relevant reporting period. A third party uses the Company's data to calculate emissions, but no formal assurance has been provided.

Nuffield Health dual-report on location-based and market-based emissions factors. Market-based emissions demonstrate the GHG emission reduction achieved by renewable electricity procurement. Where possible, country-specific emission factors were used for market-based calculations. Where country-specific emission factors were not available, UK Government published emission factors were utilised.

We made significant progress in reducing our total Scope 1 and 2 emissions in FY23, achieving a 5.56% decrease in greenhouse gas (GHG) emissions compared to the previous year (ending December 2022). This was driven by a 9.68% decrease in Scope 1 emissions. Scope 3 (Table 11) emissions have decreased by 15.35% from a 2022 baseline. Also, our carbon intensity has decreased by 12.52%, against the baseline. We have set a near-term Scope 1 and 2 absolute reduction target that aligns with the SBTi 1.5°C criteria, this requires a target year of 5-10 years from the current year and a reduction that aligns with a 4.2% annual reduction (compared to the baseline). We have reduced our Scope 1 and 2 emissions by 5.60% in this financial year, which aligns with the near-term KPI. We have reduced our Scope 1, 2 and 3 emissions by 11.39% from a 2022 baseline.

Table 8: Nuffield Health's UK emissions intensity metric for Streamlined Energy Carbon Reporting (SECR) (Scope 1, Scope 2 and Transport for Scope 3 only).

	Location-based tCO_2e		Market-based tCO_2e	
Intensity metrics	2023	2022	2023	2022
Total FTE	11,945	11,074	11,945	11,074
All Scopes tCO_2e per FTE	5.45	6.23*	3.70	4.58*
YoY percentage change	-12.25%		-19.21%	

Table 9: Nuffield Health 2023 Total Energy Consumption (kWh).

Utility and Scope	2023 Consumption (kWh)	2022 (baseline) Consumption (kWh)	% Change
Scope 1 Total	**222,656,415**	**237,309,756***	-6.17 %
Natural gas and other gases (Scope 1)	**219,450,528**	233,156,088	-5.88 %
Transportation (Scope 1)	**3,205,887**	4,153,668	-22.82 %
Scope 2 Total	**110,479,270**	**114,753,510**	-3.72 %
Grid-Supplied Electricity (Scope 2)	**110,479,270**	114,753,510	-3.72 %
Scope 3 Total	**1,507,571**	**1,604,350**	-6.03 %
Transportation (Scope 3)	**1,507,571**	1,604,350	-6.03 %
Total	**334,643,256**	**353,667,616**	-5.38 %

* Restated figure: Other gases (medical), calculated post-SECR 2022 due to lack of data availability, was incorporated into the Carbon Balance sheet 2022.

CFD continued

Metrics and targets continued

Table 10: Nuffield Health 2023 Total Location-based and Voluntary Market-Based Emissions (tCO_2e)

Utility and Scope	2023 Consumption (tCO_2e) Location-based	2022 Consumption (tCO_2e) Location-based	% Change	2023 Consumption (tCO_2e) Market-based**	2022 Consumption (tCO_2e) Market-based**	% Change
Scope 1 Total	**41,940.20**	**46,436.86***	**-9.68 %**		**–**	
Natural gas and other gases (Scope 1)	41,219.18	45,478.80*	-9.37 %		–	
Transportation (Scope 1)	721.02	958.06	-24.74 %		-	
Scope 2 Total	**22,877.42**	**22,191.03**	**+3.09 %**	**1,896.52**	**3,892.41**	**-51.28 %**
Grid-Supplied Electricity (Scope 2)	22,877.42	22,191.03	+3.09 %	1,896.52	3,892.41	-51.28 %
Scope 3 Total	**339.06**	**370.13**	**-8.39 %**		**–**	
Transportation (Scope 3)	339.06	370.13	-8.39 %		–	
Total	**65,156.68**	**68,998.02***	**-5.57 %**	**1,896.52**	**3,892.41**	**-51.28 %**

* Restated figure: Other gases (medical), calculated post-SECR 2022 due to lack of data availability, was incorporated into the Carbon Balance sheet 2022.

** Market-based emissions are reported in tCO_2e only, and reflect the specific emissions associated with a REGO-backed electricity contract or a residual grid factor.

Table 11: Nuffield Health 2023 Carbon Balance sheet.

Nuffield Health's emissions are reported on a consolidation, operational control approach, as defined by the GHG Protocol. All emissions have been calculated following the GHG Protocol's Corporate Accounting and Reporting Standard. All seven greenhouse gases defined by the Kyoto Protocol have been accounted for and reported on a tonnes of carbon dioxide equivalent (tCO_2e) basis.

	Greenhouse gas emissions inventory		Operational analysis	Comparison
Emissions Scope and Category	tCO_2e	%	tCO_2e Operational emissions	Previous year 2022 tCO_2e
Scope 1	**41,940**	**27.90%**	**41,940**	**46,437**
Natural Gas	40,144	26.70%	40,144	42,560
Transportation (excluding grey fleet)	721	0.50%	721	958
Other Gases	1,075	0.70%	1,075	2,918
Scope 2 (location-based)	**22,877**	**15.20%**	**22,877**	**22,191**
Scope 2 (market-based)	**1,897**			**3,892**
Scope 3	**85,409**	**56.90%**	**85,408**	**100,900**
1. Purchased Goods and Services	36,425	24.20%	36,425	54,049*
2. Capital Goods	13,327	8.90%	13,327	12,907*
3. Fuel-related Emissions	14,307	9.50%	14,307	15,444
4. Upstream Transportation and Distribution	574	0.40%	574	399
5. Waste Generated in Operations	379	0.30%	379	623
6. Business Travel	1,071	0.70%	1,071	819
7. Employee Commuting	19,326	12.90%	19,326	16,660*
8. Upstream Leased Assets	n/a		n/a	n/a
9. Downstream Transportation and Distribution	n/a			n/a
10. Processing of Sold Products	n/a			n/a
11. Use of Sold Products	n/a			n/a
12. End-of-life Treatment of Sold Products	n/a			n/a
13. Downstream Leased Assets	n/a			n/a
14. Franchises	n/a			n/a
15. Investments	n/a			n/a
Total emissions (location-based)	**150,226**	**100%**	**150,226**	**169,528**
All tCO_2e (location-based) per FTE	**13**		**13**	**15**
Total emissions (market-based)	**129,245**			**151,230**

* 2022 Scope 3 Categories 1, 2 and 7 have been restated with an improved methodology.

Category 1: 2022 was recalculated to reflect a realignment of spend data between Purchased Goods and Services and Capital Goods, to better align with 2023 data.

Category 2: 2022 was recalculated to reflect a realignment of spend data between Purchased Goods and Services and Capital Goods, to better align with 2023 data.

Category 7: 2022 was recalculated to reflect new assumptions for work patterns specifically for full-time and part-time employees to align with the new method in 2023 and enable better comparisons year-on-year.

CFD continued

Metrics and targets continued

This is our fourth year quantifying our full Scope 1, 2 and 3 GHG inventory. Overall, our emissions have decreased by 11.4%, driven by a decrease in Scope 3 – Category 1 (Purchased Goods and Services) and Category 3 (Fuel-related Emissions) emissions. Our Scope 1 emissions decreased by 9.7% between 2022 and 2023 and our Scope 2 emissions increased by 3.1%; this was due to the increase in electricity emission factors by the Department for Energy Security and Net Zero (DESNZ) in comparison to 2022.

Nuffield Health did not report emissions for Scope 3 Categories 8 (Upstream Leased Assets), 13 (Downstream Leased Asset), 10 (Processing of Sold Products), 11 (Use of Sold Products), 12 (End-of-Life Treatment of Sold Products), 9 (Downstream Transportation and Distribution), 14 (Franchises), and 15 (Investments) as they were not applicable due to the Charity's operational structure and activities. Categories 1-7 are applicable to the Charity's operations.

One of our three sustainability pillars is to actively implement measures to decrease its greenhouse gas emissions, enhance sustainability throughout our supply chain, and diminish reliance on precious resources through the development of a more sustainable and environmentally conscious healthcare model. We will achieve this by safeguarding natural resources and promoting a circular economy. The introduction of a revised Supplier Code of Conduct and Procurement policy in 2022 underscores the establishment of minimum expectations across various domains, notably environmental practices. A pivotal environmental commitment involved ceasing the procurement of the environmentally impactful and volatile anaesthetic desflurane from 1 January 2023.

Climate related risks and opportunities have influenced direct costs, indirect costs, and capital expenditures. To mitigate our impact on climate change, we have implemented initiatives to reduce greenhouse gas emissions and ensure our energy comes from 100% natural renewable sources (with 95% of electricity now carbon neutral). Energy management assumes a significant role in the company's operations, featuring initiatives such as temperature optimisation guides and toolkits disseminated to sites for mitigating energy consumption. Nuffield Health is proactively working towards achieving a net-zero emissions status, guided by the expertise of a specialised ESG Consultancy.

Other targets

Substantial measures have been implemented to eliminate single-use plastics, such as wet-kit bags and plastic cups, where possible, from Nuffield Health's fitness and wellbeing centres. Nuffield Health is striving to reduce waste production, strengthen recycling endeavours, and actively collaborate with our suppliers to phase out single-use plastics across both consumer and hospital sites. For a closer look at our sustainability performance, please visit the dedicated Sustainability section on page 45.

In 2023, our total clinical waste amounted to 1371.634 tonnes across all types. Our efforts to divert clinical waste to Tiger Stripe/offensive streams yielded promising results in the financial year. We set a diversion target of 60%, which we surpassed by a significant margin, with the diversion rate increasing from 35% at the beginning of the year to 69% by year-end. This shift to a more environmentally friendly disposal method represents a major accomplishment in reducing our environmental impact. Building on this success, the 2024 target for clinical waste diversion has been set even higher, at 80%.

We set an ambitious target of achieving a 35% recycling rate for general waste across the Charity in 2023. While we achieved a commendable improvement, reaching a 32% recycling rate, we fell short of the target. Challenges related to supplier changes and data reporting contributed to this gap. However, we are actively addressing these issues and remain committed to achieving the 35% target in 2024.

Future actions

As we move forward, we will leverage the findings outlined in this report, to enhance our climate resilience and seize the opportunities presented by the low carbon transition. This includes exploring the use of lower emission sources of energy within our operations, aligning ourselves with the consumer shift towards sustainable healthcare options and treatments, and positioning ourselves as a market leader in the health and wellbeing industry that prioritises environmental responsibility.

Stakeholder engagement

Bringing our stakeholders closer

From our beneficiaries and suppliers to communities and government, meaningful engagement with our stakeholders is inextricably linked to our purpose: to help build a healthier nation.

Our impact and success wouldn't be possible without their support, and their perspectives and insights contribute significantly to our development. Indeed, as we aim to deliver ever-more sustainable healthcare, we choose only to work alongside like-minded organisations who seek to learn and grow together.

Our stakeholder groups

We explore each of our stakeholders on the following pages.

Stakeholder engagement continued

Our people

Why we engage

We will only achieve our purpose to build a healthier nation if we have the energy, skills, passion and support of our people, at all levels, across the Charity. They are the beating heart of Nuffield Health.

How we engage

- Regular CEO video, giving 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.

Outcomes of engagement

- An employee-led Equity Forum
- Creation of networks supporting our Muslim, LGBTQIA+, black, and disabled colleagues, and dedicated Neurodiversity and Social Mobility networks
- 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.

Plans for 2024

- Continue to focus on providing professional education opportunities for our people, through the launch of the new Nuffield Health Learning Foundation
- 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.

Beneficiaries

Why we engage

We aim to provide outstanding levels of healthcare and wellbeing services to anyone who uses or touches our services – our beneficiaries. It's only by giving a voice to the people who use our services that we can continually improve and develop.

How we engage

- Face-to-face through our people, at our hospitals, medical centres, and fitness and wellbeing centres
- Feedback from beneficiaries and our people
- Customer satisfaction surveys
- Patient forums
- Our contact centre
- Our social media channels, digital, video, and our website
- Leaders' site visits.

Outcomes of engagement

- A greater understanding of the views of our service users allows us to develop and grow the organisation in accordance with their feedback
- Increased numbers of visits to our social media channels year-on-year.

Plans for 2024

- 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.

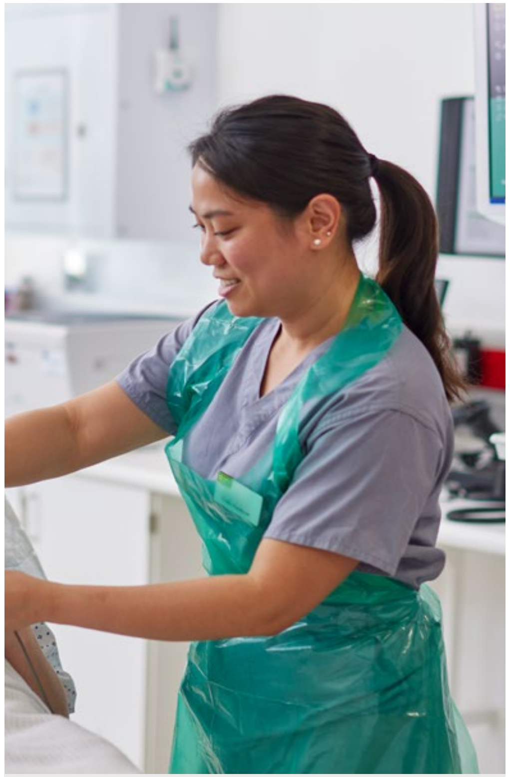
Stakeholder engagement continued

Healthcare partners

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, and as a charity, our ethos is to share research, experiences and resources for the common good.

How we engage
- Provision of high quality services to our partners and consultants
- Health System 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 high quality outcomes for their customers
- Regular local and national level communications with consultants, including surveys, newsletters and face-to-face meetings.

Outcomes of engagement
- We continue to work with local NHS trusts to encourage referrals and develop ways to ease pressure on their services, and help to bring down waiting lists
- We are 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.



Plans for 2024
- 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.

Communities

Why we engage
We're committed to giving people who live with lower resources, and people of all ethnicities, genders and disabilities, greater access to our services. This is central to our purpose to build a healthier nation.

How we engage
- Our free Programmes For All, addressing unmet health needs
- Support for local initiatives and community events offering a wide range of apprenticeship programmes, through our 'think apprenticeship first' scheme
- Delivering services in the local communities, such as our Merton Libraries partnership and our free blood pressure checks project.

Outcomes of engagement
- Delivered a Social Value of £100 million (2022 – £72.0m)
- Supported 11,400 people through our free rehabilitation programmes (2022 – 8,000)
- Increased our range of local apprenticeships
- Embedded a Healthy Community toolkit to support all our sites with local outreach, resulting in 57,000 people being reached through free activities
- A community grant scheme to allow sites to support local underserved groups.

Plans for 2024
Continue to extend our reach to more people living with lower resources, in underserved communities, to allow them to access our services.

- Pilot our Condition Agnostic rehabilitation programme, using movement to treat long-term conditions
- Increase the reach of programmes to encourage people of all ages to take part in exercise, such as Move Together for young girls.

Stakeholder engagement continued

Government

Why we engage

We have an important 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.

How we engage

- Direct approaches to ministers, MPs and public bodies
- Access through industry bodies such as IHPN and ukactive.
- Provide insights and evidence for government papers relating to health and wellbeing
- Contribute to consultations, roundtable events and All-Party Parliamentary Group evidence sessions.
- Share research findings and best practice
- Host visits to our programmes to share best practice with MPs and policymakers.

Outcomes of engagement

- Good relationships with MPs and policymakers have allowed us to highlight the importance of fitness and wellbeing to the nation's overall health
- Stakeholder networking through events, such as our roundtable discussion in the House of Commons in 2023 to share the findings of our Healthier Nation Index
- Nuffield Health is recognised as a thought leader in the health and fitness sector.

Plans for 2024

- Proactively engage key stakeholders in the health and wellbeing policy arena
- Actively contribute our expertise and experience to inform policy development
- Work closely with our sector groups to have input into decisions relating to health and wellbeing.

Suppliers and partners

Why we engage

We partner with strategically aligned organisations who can enable us to extend our reach, representation and social impact, and/or support commercial growth.

We work with partners who share our vision and values, who can support one or more of our strategic objectives and improve or add value to our beneficiary experience.

We build collaborative relationships with educational institutions, charities and regulators 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.

How we engage

- Regular meetings
- Agree partnership KPIs as part of a contract or agreement, and regularly review progress based on performance
- Leverage our Supplier Code of Conduct to ensure consistency of values
- Monthly, quarterly or bi-annual supplier reviews to ensure objectives are being met
- Regular research and innovation meetings to develop future care pathways with partners such as the Florence Nightingale Foundation and Manchester Metropolitan University
- We present at conferences, publish through peer-review processes, and offer joint studentships and joint grants.

Outcomes of engagement

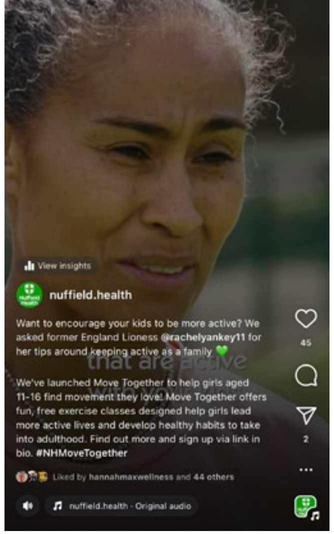
- To learn, improve and build on partnership for the future and/or agree to end the relationship
- Reassurance that our supplier and partner selections align with our goal of driving a positive impact on society and the environment (i.e. those partners who support social impact and sustainability objectives)
- Strengthened the case for evidence-based healthcare
- Industry-leading outcomes as a thought leader and trusted partner within the healthcare sector
- Continued running of the Green Healthcare Leadership programme, developed with the Florence Nightingale Foundation.

Plans for 2024

- The Executive Team has set out a clear framework to guide our strategic partnerships going forward
  - To achieve our purpose we must achieve scale, and partnerships are central to this aim
  - Be clear on how strategic relationships can help us to achieve our commercial, social purpose or brand or communications objectives
- Continued engagement with our suppliers and partners to ensure alignment in Healthy Environment and sustainability goals.
  - Work closely to develop our Healthy Environment strategy, to lead the way in this area in 2024
  - Develop supplier selection criteria to ensure alignment with our Healthy Environment goals and sustainability agenda
- Continue to support major research programmes such as STAMINA, alongside our partners including Sheffield Hallam University
- Continued work to advance ethical AI and analytics
- Advancing work to validate new pathways across groups with multiple morbidities.

Stakeholder engagement continued

A partnership roars to life



England's Lionesses taking part in a TikTok dance to promote our Move Together programme

In 2022, Nuffield Health became the Official Health and Wellbeing Partner of the England Teams. 2023 was our first full year of activating the partnership, which saw us taking full advantage of the reach that this high profile, culturally relevant new partnership brings.

Nuffield Health's values are perfectly aligned with those of The FA: promoting the importance of movement, activity, and good physical and mental wellbeing, together with inclusivity and access for all across ages, sexes, ethnicities and social backgrounds.

2023 also brought the best possible launchpad, with England's magnificent Lionesses powering their way to the World Cup final. This provided Nuffield Health with major branding opportunities, amplified by global broadcast coverage, as well as exclusive content and access.

Away from the elite level, this partnership also gives us important leverage with our social impact projects. Just one example is our Move Together campaign to encourage young girls into physical activity and sport. The shining example of the Lionesses, coupled with fun and tailored social media activity across TikTok and YouTube, boosted the programme to new audiences.

This momentum will only build in 2024. We will capitalise on The FA's grass roots membership of 7,000 clubs as a founding partner of 'The Greater Game' campaign.

Directed at 12- to 16-year olds, and focused on the pillars of 'Move, Eat, Think, Sleep', it will inspire growing teens and their families to make one healthier choice a week, delivered through the power of football. As a founding partner, Nuffield Health co-created a health and wellbeing programme which will be delivered as part of the campaign.

THE GREATER GAME

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) to (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 2023, 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:

- **C** Connected
- **A** Aspirational
- **R** Responsive
- **E** Ethical

Stakeholder key

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

Significant decision 1

Having emerged from the shadow of the COVID-19 pandemic, the Charity took the decision to relaunch a refreshed Healthy Work strategy, reflecting the changing needs of our people.

S172 factors considered

(a), (b), (e), (f)

Stakeholder groups affected

Our people, Communities

Action taken

- We launched the Healthier Nation Index survey with our people in 2023, gaining an understanding of their health needs and expectations. This has been used to inform the broader Healthy Work strategy, for the benefit of all of our people.
- The Board received presentations, including the summary findings of the survey, and provided its full support for the Charity's Healthy Work strategy.

Impact of the decision

- Key actions were taken as part of the Healthy Work strategy, with the launch of the Nuffield Health Learning Foundation in Q3 2023, the Employee Forum, and a change in our healthcare scheme provider for all employees.

Significant decision 2

Continuing to drive our focus on delivering public benefit and Social Value, including agreement to continue the roll out of our Joint Pain Programme (see page 27), and drive increased participation in Move Together (see page 36).

S172 factors considered

(a), (d), (e)

Stakeholder groups affected

Beneficiaries, Communities

Action taken

- In considering whether Nuffield Health, as a charity, is adequately focused on delivering public benefit and Social Value, the Board took part in a number of sessions to explore and understand the Charity's social impact and sustainability plans, with particular consideration given to how these plans will drive public benefit with underserved communities in line with our charitable purpose. During the session, the Board had regard to the both the risks and benefits for affected beneficiaries, communities and the Charity.

Impact of the decision

- Ambitious targets have been set across the Charity's social impact and sustainability work, focusing our resource and effort in communities most likely to experience health inequalities, and to extend the Charity's public benefit and reach.

Section 172 statement continued

Significant decision 3

To improve customer experience across the booking process and online interactions, through the improvement of call handling and implementation of omnichannel solutions to offer a more joined-up approach to communicating with beneficiaries outside of our sites and centres.

S172 factors considered

Stakeholder groups affected

Action taken

- The Board was presented, and agreed with, plans to improve our customers' experience so that they can access the services when and where they want, and communicate in a more effective way – whether this is through our call centres or a variety of online channels.

Impact of the decision

- Following approval by the Board, the Charity has taken steps to improve our call handling, directing additional resource and capability to reduce dropped calls successfully, and utilising suppliers and partners were appropriate.
- Other omnichannel services are in development, with investment in this area expected to future-proof the Charity's out-of-site communications.

Significant decision 4

To accelerate our drive towards carbon net zero, in line with UN Sustainability Goals, the decision was made to continue our drive to reduce the carbon emissions, and minimise our impact on the environment in the longer term.

S172 factors considered

Stakeholder groups affected

Action taken

- The Board was presented with, and agreed to, plans to reduce the carbon output of our sites. Consideration was given to the risks and opportunities on the path towards achieving carbon net zero.

Impact of the decision

- Asset replacement and lagging investments started in 2023 and continue to be rolled out across all our sites. The Charity continued to lead a behaviour change campaign, working with our people to reduce energy through small actions across our estate. In addition, our recycling behaviour change campaign extended our efforts to our beneficiaries.
- Reporting is in place to assess the impact in terms of energy and carbon saved, including to understand the carbon footprint of our suppliers.

Significant decision 5

As the Charity was operating in a challenging external environment, with increasing inflation and energy prices, steps were taken to improve operating efficiency through a remodelling programme, ensuring we remain viable and resilient to achieve our long-term goals.

S172 factors considered

Stakeholder groups affected

Action taken

- The Board requested and received regular remodelling updates throughout the year, including approving key cost saving initiatives.

Impact of the decision

- As part of the remodelling programmes, there was a reduced reliance on agency and bank staff across our hospitals, which contributed to improved flow-through from our revenue to our adjusted EBITDA position. This, along with other cost control initiatives, has allowed the Charity to begin a programme of reinvestment in equipment and services, taking a longer-term view to improve the work environment for our people, and outcomes for beneficiaries, and to work more collaboratively with our healthcare partners and suppliers.

Significant decision 6

The Board received updates on additional partnerships, as part of the Charity's long-term plan to increase public benefit and improve beneficiary outcomes in line with its purpose to build a healthier nation.

S172 factors considered

Stakeholder groups affected

Action taken

- The Board received updates on key partnership developments throughout the year, including approving top tier partnerships to improve oncology services, such as the further roll out of Careology and our new partnership with the ICON Group.

Impact of the decision

- ICON Group entered into a services agreement to enhance the delivery of oncology services at Cancer Centre London, which should develop in 2024 and beyond.
- Careology's digital cancer care platform has been rolled out across an additional 12 Nuffield Health Hospitals.

Financial sustainability

Our financial year

The Charity entered 2023 focused on building on the successful financial improvement measures made in the previous financial year. In parallel, 2023 continued to be challenging, with the high cost of energy, rising inflation and increasing interest rates affecting the Charity, our beneficiaries and indeed their health. Our Healthier Nation Index 2023 found that 63% of people surveyed cited the cost of living as having the most significant impact on their mental and physical health.

Although energy prices eased later in the year, the UK economy slowed and contracted, with little overall growth in 2023. The pressure of lengthy waiting times in the NHS led to increased activity in our healthcare settings as we increased volumes of NHS work. The demand from those paying for their own procedures softened slightly following the post-COVID increase; however, we saw greater numbers of patients turning to private medical insurers (PMIs) to meet their healthcare needs.

In this context, the Charity prioritised making sure that those who need to access our services can do so more easily and will continue to receive a high quality service. Demand for our healthcare services continued to grow and the number of episodes of hospital care we delivered increased by 6.7% in 2023. We also remained committed to delivering excellent wellbeing services, as the public continued to prioritise maintaining and monitoring their own health through our fitness and wellbeing centres and health assessment facilities.

As a result, Group turnover rose 9.7%, to £1,358.1 million. Hospital turnover increased by £141.5 million, with PMI and NHS revenue being significant areas of growth. This increase included revenue growth in both hospital diagnostic services, which grew 14.4%, and income from episodes of hospital care, which grew by 10.6% over the year.

Wellbeing revenue increased by £23.4 million in 2023, driven by the significant positive impact of our consumer fitness membership base, which rose by 10,000 to 375,000 over the year. Health assessment activity also improved in 2023, following a focus on recruitment that drove capacity and resulted in a 21.1% increase in this revenue stream.

The Charity saw high levels of activity in our corporate fitness sites, as employees spent more time in the office. We opened one further corporate site in 2023, and closed eight, with the net result that the Charity now operates 89 corporate fitness sites, and with additional service lines, our total corporate locations exceed 120. These remain an important channel to improve reach and deliver on our charitable purpose.

Key financial indicators

Group turnover
2023
£1,358.1m
2022 £1,237.6m

Adjusted EBITDA*
2023
£78.4m
2022 £70.4m

Adjusted EBITDA*
as percentage of group turnover
2023
5.8%
2022 5.7%

Operating (deficit)/surplus
before interest and tax
2023
£(17.7)m
2022 £(56.1)m

(Deficit)/surplus after tax
2023
£(64.0)m
2022 £(62.6)m

Capital expenditure
(excluding acquisitions)
2023
£53.6m
2022 £45.3m

Net debt
2023
£478.2m
2022 £440.2m

* Adjusted EBITDA is calculated as total operating deficit (-£17.7 million, 2022 – -£56.1 million) with adjusting items (£16.9 million, 2022 – £53.6 million), depreciation and amortisation (£79.2 million, 2022 – £72.9 million) added back.

Financial sustainability continued

Our financial year continued

Rising activity brought increasing costs, both from the sites themselves and the people to run them. The Charity rolled out a one-off remodelling programme to drive continued efficiency and improve our structures for the future, placing more staff in beneficiary-facing roles to support growing demand. As a result, the efficiencies made in the year enabled us to invest in a meaningful and conscious way. We were able to better support our people by providing a one-off cost-of-living payment for those on the lowest rates of pay. We also enacted a Charity-wide pay review, again providing enhanced increases for those on lower wages, and maintained our Nuffield Health Living Wage at 5% above the statutory minimum.

Although teams across the Charity delivered excellent savings with our #SwitchOff energy reduction campaign, energy costs were a significant challenge, rising by 23.9% to reach £72 million in 2023. The Charity substantially hedged its energy supply in 2023, accepting higher prices in exchange for certainty and protection from further volatility.

Through this careful cost management and ongoing focus on operational efficiencies, the Group achieved an adjusted EBITDA of £78.4 million for the financial year (2022 – £70.4 million). This represented an adjusted EBITDA margin of 5.8% (2022 – 5.7%). The full calculation of adjusted EBITDA can be found within the key performance indicators on page 14.

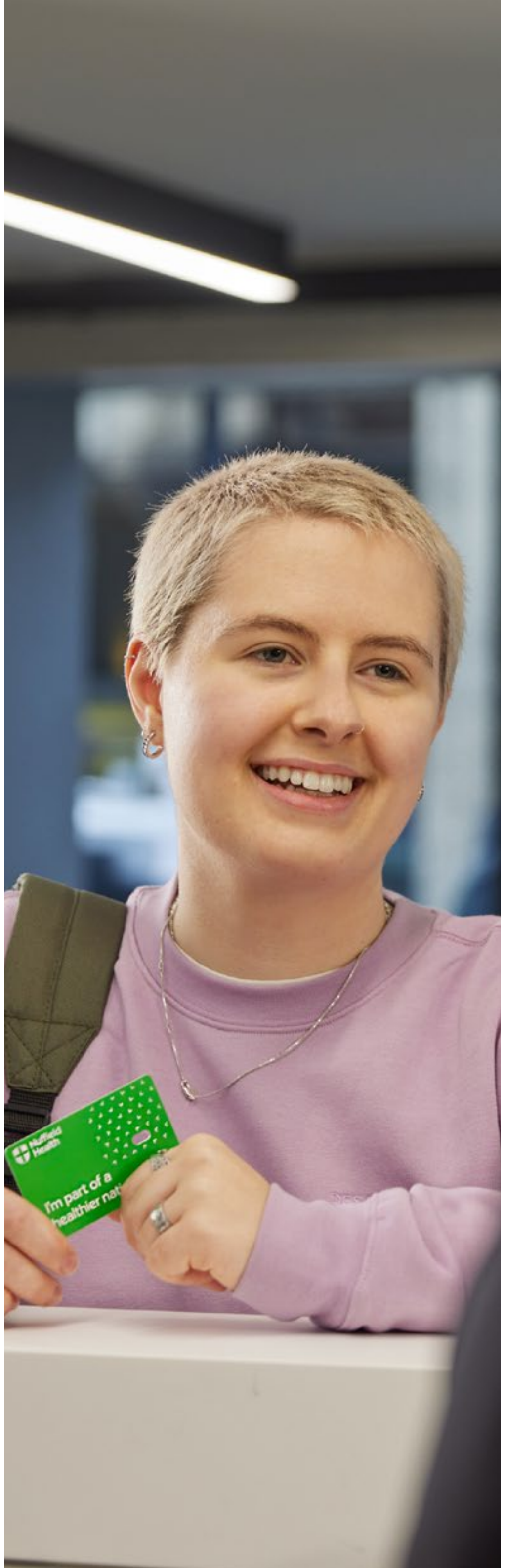
Interest costs on our bank borrowings rose to £20.9 million (2022 – £12.1 million) in the year, being directly impacted by the Bank of England rate rises. Interest costs associated with our indexed linked third party loan also increased. The movement in fair value is reflected in interest, and amounted to a £9.3 million loss in 2023 (2022 – £26.3 million gain).

Movement in funds

Total net expenditure, including adjusting items, reduced the Group's funds by £64.0 million (2022 – £62.6 million).

Other movements included an actuarial loss on defined benefit retirement schemes of £0.9 million (2022 – £12.8 million gain), and a gain on the revaluation of land and buildings of £1,250.5 million, enacted in 2023. The decision to hold these assets at fair value has brought the Group's total funds into a surplus position of £1,081.2 million (2022 – £104.4 million deficit) and reflects the value of the land and buildings on the Group's balance sheet. The revaluation surplus can only be realised upon disposal of the related assets. The general fund remains in a deficit position of £132.7 million (2022 – £63.5 million). The Trustees are committed to returning to a surplus position within the general fund. Actions introduced by the Trustees to eliminate the general fund deficit include a pension deficit repayment plan arranged with Pension Trustees; building strategic partnerships to improve Nuffield Health's offering in key clinical areas; and investing in our assets to support revenue growth, while also continuing our focus on reducing operating costs to ensure flow through to net surplus. The Trustees have approved forecasts on this basis.

Total restricted funds of £0.8 million (2022 – £0.8 million), permanent endowments of £0.1 million (2022 – £0.1 million) and a post-retirement reserve of £38.1 million (2022 – £42.3 million) are included in the Group's reserves. The Trustees scrutinise the financial sustainability of the Group through regular reviews of cash forecast and budgets. The Group aims to use the majority of surplus cash to invest in operational assets and infrastructure to improve the quality of its activities for public benefit. There is no expectation that free reserves will be created at this stage.



Net debt and liquidity

Net debt was £478.2 million at the end of 2023, an increase of £38.0 million on 2022's position of £440.2 million. This was mainly due to a £22.0 million increase in the usage of the banking facilities and the £9.3 million movement on the third party loan.

Further information can be found in note 20 on page 130. The Group's cash position was £1.0 million overdrawn at the year-end (2022 – £8.2 million surplus). The Charity aims to use the majority of cash generated from activities to invest in assets that improve the quality and reach of our activities, furthering the charitable objective to improve the health of the nation. However, management of the debt facilities and adequate cash headroom are also required to ensure short- and medium-term stability and resilience, and we plan investment with these goals in mind.

Investment in our assets

Although the Charity started 2023 with less to invest than required, operational efficiencies provided funds that enabled a return to a proactive programme of investment to ensure our estate remains competitive and sustainable.

Improving patient safety and quality of care is at the forefront of the Charity's approach to capital investment within our hospitals. With this in mind, Nuffield Health's Electronic Patient Record system, TrakCare, was rolled out at a further three sites in 2023, and we began a multi-year upgrade programme of diagnostic imaging equipment.

The Charity also continued to invest in the beneficiary experience, upgrading our call-management technology for a much improved phone service to patients, and installing 626 top-of-the-line spin bikes to deliver motivating workouts for our fitness and wellbeing centre members.

Financial sustainability continued

As part of our commitment to reduce our environmental impact and emissions, we upgraded to a new fleet of fuel efficient, HVO-ready vehicles to service our hospitals' sterilisation hubs. We also increased investment in lagging and recycling programmes. These and other actions not only serve our strategic sustainability aims, they reduce operating costs, which in turn frees up funds for further investment.

Assuring long-term financial stability

The Group's trading performance in the first four months of 2024 has exceeded management's expectations, with all areas of trading contributing strongly to this position. Hospital activity and revenue remains strong, particularly in PMI and diagnostic. Membership of our consumer sites hit its highest ever peak at 391,300 in February, contributing strongly to revenue growth.

Our EBITDA levels have exceeded budget and our results in 2024 are already showing an improved EBITDA margin. Management kept direct costs under control in the early months of 2024, though has increased spending on IT infrastructure to support the transformation to more efficient ways of working.

We have pushed on with improving our beneficiary experience, rolling out our electronic patient record software to a further three hospitals in February 2024. Investment also continues in our assets, both to improve quality of care and enable easier access to our services.

Going concern

The Group's trading performance in the first six months of 2024 has exceeded Management's plans and expectations, with the strength of our market demand and performance across each aspect of our business, which has led to over-delivery against EBITDA budget in the first six months of 2024. In April 2023, the Group secured additional financing from its lenders to support the Charity whilst energy prices and inflation was at unprecedented levels.

The additional debt facility agreed in March 2023 provides access to a further £30 million of credit facility until the end of 2024. Management has recently obtained an extension to the term of the additional £30m facility due to expire in December 2024, to 31 December 2025. This includes the option to extend for a further 8 months to August 2026 subject to credit approval.

Our going concern review takes into account the positive results for the six months of 2024 and covers a period of 12 months post the date of signing the financial statements.

Included in the forecasts are the planned impact of several programmes and initiatives to enhance trading and cash flow performance, which are necessary to ensure compliance with banking covenant requirements and operate within the committed facilities over the going concern period. These include a reduction in debtor receipt days, improved procurement arrangements, a reduction in capex and a review of the workforce to identify potential cost savings. The Group also considered a downside scenario taking into account the impact of a further potential economic downturn and a reduced delivery of the Group's financial improvement programmes, together with cost saving initiatives.

In this scenario, the forecast identified pressures with regards to cash and covenant headroom at certain times during the going concern period. As part of sensitivities performed, it has been calculated that EBITDA over the forecast period would need to fall by 13% from the base case forecast to lead to a breach of covenant compliance.

The Group has several additional options within our control to generate additional liquidity if the need arises. These options include a review of planned capital expenditure to identify any expenditure that can be delayed, including the roll out of new operational systems across the business, and a review of the costs associated with the workforce over the going concern period. Should a reduction of capital expenditure be needed, this may impact the timing of the investments needed to meet our net-zero ambitions.

There are approximately £250 million of unencumbered properties that could be used to raised additional finance if needed.

As well as this, there are additional planned trading initiatives to generate increased cash and EBITDA performance. While these improve liquidity they are not within the Group's control.

Based on the above, the financial forecasts indicate that Nuffield Health will operate within banking covenants, with liquidity headroom and with headroom on all financial covenants during the testing going concern period. As a result of the uncertainties associated with future trading performance, the forecast identified pressures with regards to cash and covenant headroom at certain times during the going concern period, however the Group believes there are sufficient mitigations to cover any pressure points (defined as points when liquidity or EBITDA leverage covenant test headroom drops below £10m) should they arise. The Group has a strong asset base including approximately £250 million of unencumbered properties and the financial statements as at the end of 2023 include the reflection of the fair value of its assets on the Group's balance sheet (£1,081.2 million net assets).

As a result, the Trustees believe there will continue to be sufficient liquidity and positive headroom on all financial covenants to absorb any pressures. Taking into account the sensitivities considered, the mitigations within the Group's control and the asset base, the Trustees believe the Group will have adequate resources to continue in operational existence for the foreseeable future and funding is in place for more than 12 months from the date of approval of the financial statements.

Therefore, in accordance with section 3.8 of FRS 102, the annual report and financial statements for 2023 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).

Risk management

Risk management

Risk management sits at the core of our operation as a Charity and is critical for ensuring we deliver our purpose and meet all our stakeholders' expectations.

Our Risk Management Framework supports how we identify and mitigate the key risks that could prevent us from delivering our purpose and strategic objectives. The Charity operates in an external environment, which brings challenges as well as opportunities, and it is important that we have the tools and practices to respond accordingly.

Risk management continued

Our Risk Management Framework

Nuffield Health has established a robust Risk Management Framework, ensuring that we:

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

The main elements of our Risk Management Framework are set out below:

Risk Management Policy

We have a set of clear and accessible policies which define the way we conduct our business, and how we manage risk. Central to these is the Risk Management Policy, together with other policies determining how we manage specific areas of risk such as clinical, financial, health and safety, information technology and data security.

Our policy sets out a Risk Management Framework which:

- ensures that all risks are managed using a consistent methodology across the Charity
- ensures that 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 risks against it
- appropriately addresses incidents where risks have crystallised
- promotes a positive and progressive risk culture across the Charity.

Our approach to risk management uses 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 sub-committees, which are 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, while senior leaders and other risk owners across the Charity are responsible for the day-to-day management of their respective risks. Through a hierarchy of governance committees, the Executive Board members and other senior leaders provide objective challenge on risk management. This culminates in regular risk reports to BARC and BQSC to enable the Board of Trustees to maintain effective oversight.

How we manage our risks

All identified risks are recorded in a risk register, with each having a single owner in the first line of defence who is responsible for ensuring their risk is measured, managed, monitored and correctly reported (see Figure 2). Risk owners are responsible for measuring the severity of their risks using our impact and likelihood scoring criteria; this allows the severity of different risks across the Charity to be compared. Mitigating controls are recorded, with a designated owner who reports the implementation status of the control to the risk owner.

Figure 2: Positive risk culture framework used to manage risk

Figure 1: Three lines of defence model

Risk management continued

Our Risk Management Framework continued

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

During 2023, this reporting process was further enhanced by the roll out of Radar, a healthcare risk management software tool. Radar has replaced the network of risk registers and provides a central record of all risks across the Charity, which will improve the way we report and monitor our risks in the future.

Managing risk can only be fully effective if awareness levels are high and there is a constructive attitude towards taking and managing risk. We therefore engender a positive risk culture across Nuffield Health, encouraging top-down endorsement and engagement by senior management and by providing risk training to risk owners. In 2023, this included a new online risk training module to support the roll out of Radar.

Risk appetite

Risk appetite is a key component of our Risk Management Framework, which is determined by the Executive Board and validated by 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 aims to manage its Principal Risks within our risk appetite in order to fulfil our charitable purpose, meet stakeholder expectations and deliver on our strategic objectives.

Principal Risks

Through our Risk Management Framework, the Board of Trustees and Executive Board identify and oversee the Charity's Principal Risks: those that could threaten our strategic objectives, significantly disrupt our operating model, or negatively impact our future financial performance.

An annual review of these risks takes place to ensure their identification is sound, accurately recorded and rated. During 2023, we mapped our key underlying risks to the Principal Risks. This identified that a Principal Risk around our financial processes was required, and which will also improve the accuracy of our risk ratings.

We present nine of the Charity's Principal Risks on pages 81-82 with a summary of mitigations and forward plans. These do not comprise all our risks and are not in priority order. Additional risks that are currently unknown, or deemed less material, may also have adverse effects.

The risk landscape in 2023

Economic environment

During 2023, the Charity focused on improving mitigations in response to external factors impacting Principal Risks such as financial sustainability and quality of our physical assets. Although the external economic environment remained challenging due to inflationary and supply chain pressures, the Charity has responded internally by remodelling our finances; concentrating our investments in areas which are most critical to delivering our strategic plans; and building strategic partnerships to enhance our offering. This has resulted in notable improvements in our Financial Sustainability risk.

Strategic investments

Our Principal Risks remained stable during 2023, and we have made good progress to prioritise investments to help reduce our risk over the longer term. This is particularly evident in both the technology and quality and our physical assets risks where our multi-year strategy is supporting our investment decision making. We have also seen a reduction of our Service Proposition risk in 2023 due to strategic investment in enhancing our Health Assessment proposition and technological enhancements.

Climate risk

The growing significance of climate related risks has led the Charity to develop a comprehensive Climate Risk Register, to enhance our resilience in the face of evolving challenges.

Looking forward

We anticipate that external factors will continue to play a significant role in our risk environment throughout 2024. The continuing scenarios of cost-of-living and inflationary pressures in the UK, together with conflicts around the world, may again impact both revenue and costs. The UK General Election may also result in changes to government policy which could impact the charity and health sectors. We will continue to monitor these events and review our Principal Risks as needed.

Although all our Principal Risks pose a degree of threat to the Charity, we anticipate that the following Principal Risks will remain significant during 2024 due to the level of investment required:

- **Technology and cyber security**
  We need to exploit the benefits of new technology, such as Artificial Intelligence, to enhance operational efficiency, while also ensuring that current technology is reliable and resistant to cyber-attacks. Legacy and obsolete technology increases the chance of technology failure, inefficiency and the severity and likelihood of cyber-attacks. Therefore, we will continue to improve our mitigation of this risk in 2024 through prioritised investment in technology replacement and upgrades.
- **Quality and availability of our physical assets**
  The standard of our physical assets, such as our buildings and equipment, underpins the quality of service we provide to our beneficiaries. Assets reaching the end of their service life are more prone to failure, which could lead to our services being cancelled, delayed or altered. We therefore need assets of a high standard, both to avoid service disruption and to enhance the beneficiary experience. During 2023, we made further progress in mitigating this risk through better reporting processes and by planning investment roll outs. This focus on asset quality will continue during 2024.
- **Climate related risk**
  Climate change and its related risks will also significantly impact our risk environment. Meeting our target dates to achieve net zero, the physical impacts of climate change on our sites and finances, and complying with BEIS regulations – all carry risks. We monitor these through our Risk Management Framework and they will continue to have our focus during 2024. The Charity will continue to consider the impact of these risks in the long term, including mitigating actions and weighing up opportunities against cost. We discuss climate related risk further on page 57.

Risk management continued

Our Risk Management Framework continued

Key

↑ Increased → No Change ↓ Decreased

	Strategic priorities	Risk	Mitigations	Forward plans
Service propositions ↓	• Public benefit • Quality outcomes and assurances • Connected health • Brand leadership • Financial sustainability	There is a risk that we do not invest, adapt, and innovate our service propositions to meet the changing needs of our beneficiaries and business-to-business (B2B) clients and partners. As a result, we may not 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 in growing revenue.	• Dedicated team for insights-led propositions • Proposition initiatives aligned with the Charity's strategic objectives • Customer feedback mechanisms and monitoring of trends	• Streamlining review and approval workflows • Executing launch strategies for new offerings • Enhancing customer experience pathways
Workforce →	• Public benefit • Quality outcomes and assurances • Connected health • Brand leadership • Financial sustainability	There is a risk that the Charity is unable to attract, develop and retain the right quantity and calibre of allied health professionals and other critical category roles, due to the UK skills shortage, impacting our ability to deliver our services to the high levels of safety, care and excellence expected. This could result in a deterioration in employee wellbeing, increased dependency on agency staff (with the associated financial impact) and an inability to support the ambitious growth plans of the business.	• Wellbeing and development initiatives to enhance colleague wellbeing, capability and retention • Key performance indicator monitoring to include staff turnover, vacancies and engagement • Talent management programme	• Developing and implementing workforce strategies for long-term stability • Enhancing employee training and skills development
Quality of care →	• Public benefit • Quality outcomes and assurances • Connected health • Brand leadership • Financial sustainability	There is 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 substandard performance could adversely impact beneficiary health and wellbeing, and result in additional costs, financial penalties, reputational damage, and other sanctions (including loss of registration).	• Robust Quality Assurance Framework • Programme of quality improvement activity • Promotion of a culture of openness and transparency • Compliance training and oversight • Transparency and openness culture • Induction, onboarding, and training programmes for employees to embed Nuffield Health's standards and processes	• Implementing upgrades and advancements in technology systems • Investing in improving clinical capabilities
Cyber security →	• Quality outcomes and assurances • Connected health • Brand leadership • Financial sustainability	There is 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.	• Regular independent security testing • Good practice cyber frameworks • Operational cybersecurity technologies and controls aligned to National Cyber Security Centre (NCSC) and ISO 27001 good practice	• Strengthening network security measures • Enhance our cybersecurity strategies and roadmaps
Regulatory and policy environment →	• Quality outcomes and assurances • Brand leadership • Financial sustainability	There is 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), and damage to patients' and members' health and wellbeing, and to our reputation.	• Proactive monitoring and impact assessments • Legal compliance training • Horizon scanning with key links into regulatory bodies to gain early sight of upcoming regulatory and policy changes • Internal compliance and assurance reviews	• Aligning our senior experts with regulatory requirements
Brand enhancement and protection ↓	• Public benefit • Brand leadership • Financial sustainability	There is a risk that we do not build and/or maintain Nuffield Health's brand awareness and trust due to our failure to: • deliver a clearly articulated and funded brand strategy (including effective and compliant marketing) • listen, and respond to, stakeholder expectations (e.g. on quality of service, environmental sustainability, and accessibility) • adequately address a Charity-wide damaging media event. We are reliant on our trusted reputation to deliver the Charity's purpose and strategic objectives. The erosion of brand awareness and trust due to lack of investment is a risk.	• Third party suppliers in place to measure brand awareness and trust, and monitor effectiveness of our advertising • Approval processes for communications and marketing messages in place • Marketing processes documented, and marketing strategy reviewed on a regular basis and tracked • Incident reporting and whistleblowing processes in place to ensure incidents are dealt with efficiently and effectively • Customer satisfaction and complaints monitoring	• Establish protocols for press engagements • Invest strategically in brand development

Risk management continued

Our Risk Management Framework continued

Key

↑ Increased → No Change ↓ Decreased

	Strategic priorities	Risk	Mitigations	Forward plans
Technology →	· Public benefit · Quality outcomes and assurances · Connected health · Brand leadership · Financial sustainability	There is a risk that under-investment in technology means that we fail to keep pace with technological developments, such as Artificial Intelligence (AI) and Robotic Process Automation. Being unable to effectively exploit these developments would decrease our ability to improve the efficiency, productivity, effectiveness and resilience of our services, and diminish our competitive capability. Additionally, using ageing and obsolete technology increases the likelihood of cyber-attacks and operational disruption from IT system failures, ultimately leading to unnecessary costs, loss of revenue, ICO fines, clinical risk (due to system failure) and reputational damage.	· Strategic IT development in line with wider business strategy · Incident management processes in place to minimise outage times and impact · Monitoring and risk-based continual improvement of technologies and controls	· Upgrading outdated systems · Initiating AI research and development initiatives
Financial sustainability →	· Public benefit · Quality outcomes and assurances · Connected health · Brand leadership · Financial sustainability	There is a risk that the financial sustainability of the Charity could be compromised if the worsening economic climate pressures are not adequately mitigated by internal financial processes robust enough to identify economic issues, predict their impacts, and implement appropriate mitigation strategies. External economic factors, such as rising rates of inflation driving up costs and the cost-of-living crisis impacting demand for services, are placing downward 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.	· Financial hedging strategies in place · Annual budgets, quarterly financial forecasts and weekly cash flow reviews · Mitigation of inflationary impacts through supply chain management · Budgeting, stress testing and scenario modelling · Financial policies and processes in place, including delegation of authorities and approval workflows · Use of external advisors for any key judgements and estimates · Oversight processes and committees in place	· Continuous monitoring of economic indicators · Consistently assessing and enhancing policies and associated processes, including internal controls · Conducting regular reviews of the cost base and implementing cost-cutting initiatives · Proactively managing the renewal of the £30m additional facility expiring in December 2024, to ensure continued financial flexibility and support long-term sustainability objectives.
Quality and availability of our physical assets ↓	· Public benefit · Quality outcomes and assurances · Connected health · Brand leadership · Financial sustainability	There is a risk that the quality and level of the service which we can offer and provide to our beneficiaries is impacted by our failure to invest appropriately in our physical assets. This could result in the ceasing, interruption, or adjustment of the services we can provide, which could negatively impact our reputation and our finances.	· Asset management plan focused on critical fixes and maintenance of clinical care estate · Quality monitoring · Regular cross-functional meetings focused on asset management · Access to other sources of funding	· Implementing tools for effective asset management · Planning and executing investments in a cyclical manner

The Strategic report has been approved by the Board of Trustees and is signed on its behalf by:

Natalie-Jane Macdonald | Patrick Figgis

Dr Natalie-Jane Macdonald
Executive Chair
7 August 2024

Patrick Figgis
Trustee
7 August 2024

Trustees' Report

Chair's Trustee statement

Dr Natalie-Jane Macdonald MBE

The last few years have been marked by a series of significant challenges, and 2023 carried on in much the same vein. From global conflicts and continuing high energy costs to economic instability, the cost-of-living crisis, growing NHS waiting lists and increasing health inequalities, navigating these turbulent times has demanded resilience on both personal and professional levels.

At Nuffield Health, we haven't been immune to the impacts of these challenges. But throughout, the Board sought to provide guidance, support and constructive challenge to Steve and his Executive Team as they successfully steered the Charity through another unpredictable year.

As the largest healthcare charity in the UK, we execute a broad purpose. While this allows us freedom to maximise our impact, it also carries the risk of spreading ourselves too thinly, diluting our efforts. The Board is playing an active role in helping the Executive Team to have a strategic focus on the Charity's activities, doing fewer things, but doing them exceptionally well, delivering tangible impact and enhancing our capabilities and offering with key partners.

2023 was a year of renewal for our Board. Two of our longest-serving members, David Lister and Martin Bryant, stepped down, having collectively contributed 19 years of dedicated service. As they depart, they leave a very different charity to the one they joined, and I am immensely grateful for their contributions to our progress. On a personal level, they have both been a joy to work with.

We have welcomed three new members to the Board, with Lee Rochford and Tracey Killen having joined in the summer. Lee's background in financial services and investment reinforces our financial credentials and experience, while Tracey's expertise in developing outstanding employment propositions brings a fresh perspective on how we can best nurture our people and support them to thrive. Later in the year, we were joined by Karen Whitworth, whose significant finance, risk and commercial track record widens our Board's skill set.

Their appointments further strengthen our Board composition, and I am delighted that we continue to attract such high calibre Non-Executive Directors, each of whom has already made a positive impact in their short time with us.

I would like to extend my heartfelt thanks to our subcommittee chairs, Dr Junaid Bajwa, Steve Maslin, Patrick Figgis, and Lee Rochford, who took over as the chair of the Finance and Investment Committee following Martin Bryant's departure. Their dedication has been instrumental in enabling the Board to execute its responsibilities effectively.

As I do each year, I have been visiting our services. These visits not only allow me to celebrate the successes and professionalism of our teams, but also to gather insights into the challenges they face on the frontline. Understanding any obstacles and barriers is essential for making well-informed decisions, and the Board and Executive Team are committed to ensuring our people have a strong voice in our future.

Hearing their passion and enthusiasm continually re-emphasises just how special our Charity is. It also reminds me that our role as a Board is one of stewardship. Nuffield Health has been supporting the nation's health for more than 65 years, and we must honour the legacy nurtured by those who came before us, while equipping and modernising the Charity to be relevant and effective in the modern age and for years to come.

Lastly, I want to thank every one of our dedicated team members, whose unwavering commitment to our cause fuels our collective efforts. I also extend my appreciation to the Executive Team members for their tireless dedication throughout another challenging year.

Our Board of Trustees approved both the Strategic Report and Trustee's Report on 7 August 2024, and I commend it to all our members, reflecting our ongoing commitment to transparency, accountability, and the pursuit of excellence in all that we do.

Dr Natalie-Jane Macdonald MBE
Chair

> "My particular thanks to Steve, our CEO, who will be retiring later this year. He has led the Charity with commitment, passion and successfully championed our purpose to support more people in our local communities across the nation, including those in most need. I'm extremely grateful for his substantial contribution to the Charity."

Our Board of Trustees

Meet our Trustees

During the financial year and up to the date of approval of this Annual Report and Accounts, the following Trustees were in place:

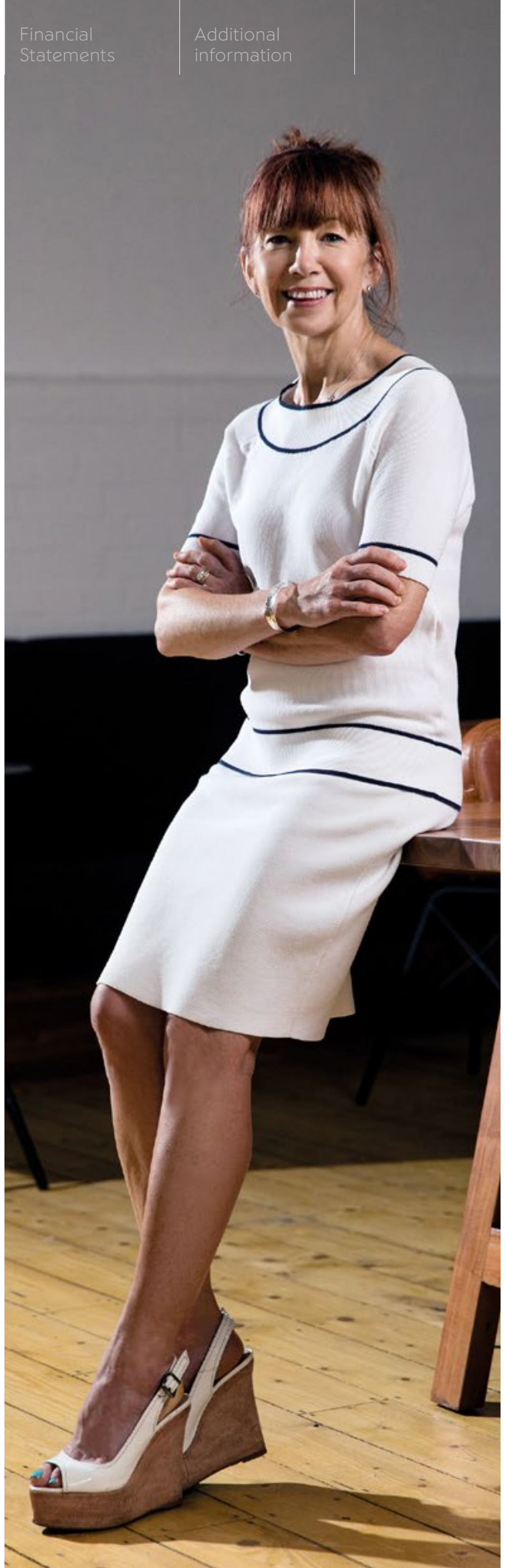
Dr Natalie-Jane Macdonald MBE — F, R

Chair, Board of Trustees
Appointed: 2020

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 a 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 was awarded an MBE for services to healthcare.

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

Dr Natalie-Jane Macdonald MBE
Chair



Committees key:

- **A** Board Audit and Risk
- **N** Trustees' Nominations
- **Q** Board Quality and Safety
- **R** Executive Remuneration and Succession
- **F** Finance and Investment

Steve Maslin — A, R

Chair of the Board Audit and Risk Committee
Appointed: July 2017

Career and external appointments

Steve has 40 years' experience in finance, auditing, policy, and risk and regulation within the public, private and charity sectors. He was formerly 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, Independent Non-Executive Director and Chair of the Public Interest Committee of Crowe UK LLP, and the Director and Chair of the Risk and Audit Committees for the Gurkha Museum and Carey Group Limited.

Patrick Figgis — A, N, R

Chair of the Executive Remuneration and Succession Committee
Chair of the Trustees Nominations Committee (from July 2023)
Appointed: June 2018

Career and external appointments

Patrick has had a wide-ranging executive career. He has advised the boards of complex UK private and public sector entities on how to achieve transformation and growth, including leading and growing purpose-led and values-driven businesses across the UK and globally. He was also a Senior Partner at PwC, where he led its Global Health practice; is a former Chair of Bowel Cancer UK; and has supported several charities during his career. He is currently a member of the Board of Trustees for the National Trust.

David Lister — Q

Chair of the Board Quality and Safety Committee (retired July 2023)
Appointed: 2014/Retired: July 2023

Career and external appointments

David 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:

- **A** Board Audit and Risk
- **Q** Board Quality and Safety
- **F** Finance and Investment
- **N** Trustees' Nominations
- **R** Executive Remuneration and Succession

Our Board of Trustees continued

Martin Bryant — F, A, R

Chair of the Finance and Investment Committee

Appointed: 2013/Retired: July 2023

Career and external appointments

Martin 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 — F, N

Appointed: 2018/Resigned: July 2024

Career and external appointments

Neil 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 — Q

Chair of the Board Quality and Safety Committee (from July 2023)

Appointed: September 2021

Career and external appointments

Junaid has more than 15 years' experience working across primary and secondary care, and public healthcare settings, in addition to acting as a policymaker 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 — F, N

Appointed: October 2021

Career and external appointments

Mark 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 — A, Q, N

Appointed: October 2022

Career and external appointments

Elizabeth 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.

Tracey Killen — Q, R

Appointed: May 2023

Career and external appointments

Tracey joined the Nuffield Health Board of Directors in July 2023. She brings a wealth of non-executive experience. She is Trustee of Dorset and Somerset air ambulance service and a Fellow of Be the Business, and a Non-Executive Director of Morgan Sindall Group, the leading construction and regeneration business where she also Chairs the remuneration committee.

Prior to this, she was Executive Director of People for the John Lewis Partnership where she was accountable for shaping and delivering a distinctive and competitive employment proposition for 92,000 Partners.

Our Board of Trustees continued

Lee Rochford F

Chair of the Finance and Investment Committee (from July 2023)

Appointed: May 2023

Career and external appointments

Lee joined the Board in 2023 as a Non-Executive Director, and immediately took on the role of Chair of the Finance and Investment Committee. He has spent over 30 years in financial services, most recently as CEO at Arrow Global plc, a listed integrated asset manager that Lee took through both a strategic and cultural transformation before taking the business private.

Prior to that, Lee was CFO at Virgin Money, playing an instrumental role in taking the business public, as well as working at a variety of international banks advising financial services businesses on their balance sheet management and funding strategies.

Karen Whitworth A

Appointed: September 2023

Career and external appointments

Karen brings significant board-level retail, strategic and financial experience to Nuffield Health, gained through a number of commercial, operational and governance roles. She has held several senior leadership positions across national and multinational multi-site organisations, including Intercontinental Hotel Group PLC and J Sainsbury PLC, where she was a member of the Commercial Board and Director of Non-Food Grocery and New Business. She brings a breadth of experience across all aspects of logistics and supply chain management, technology implementation and the operation and development of e-commerce channels.

Committees key:

- **A** Board Audit and Risk
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Diversity of the Board

Gender diversity as of July 2024

- Female
- Male

Tenure as of July 2024

- 1–2 years
- 2–5 years
- 6+ years

Board ethnicity as of July 2024

- White
- Asian

Board changes in 2023

- Lee Rochford appointed May 2023
- Tracey Killen appointed May 2023
- Karen Whitworth appointed September 2023
- David Lister retired July 2023
- Martin Bryant retired July 2023

Our Executive Team

Meet our Executive Team

During the financial year and up to the date of approval of this Annual Report and Accounts, the following executives were in place:

Steve Gray
Chief Executive Officer

Steve joined Nuffield Health from A S Watson, where he was Healthcare Director. He 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 health and wellbeing services.

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 joined the Charity from the international professional services firm PwC, where he was a senior leader in its healthcare division.

Amanda Lambert
Chief Operating Officer – Central Services

With extensive experience of leading digital transformation in customer-focused organisations, Amanda has held a number of senior leadership roles including heading up 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.

Caroline Smith
Chief Operating Officer – Quality & Operations

Caroline's experience spans a wide range of healthcare services, including regulated and unregulated outsourced services, working alongside the pharmaceutical industry, and direct to the NHS. She is responsible for the frontline delivery of all our services across the UK, and for maintaining the highest quality regulatory and safety standards while meeting the increasing demand for health and wellbeing services.

Mary O'Reilly
Chief Communication Officer

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.

James Murray
Chief Customer and Strategy Officer

James joined Nuffield Health in 2020 as Trading & Sales Director. In December 2022, he took up the post of Chief Commercial Officer, leading propositions and sales across the Charity's trading services. He was appointed to his current role as Chief Customer and Strategy Officer at the beginning of 2024. James has a wealth of experience in sales and commercial roles across the healthcare industry, having previously held senior positions at companies including Vitality and Lloyds Pharmacy.

Wouter Van den Brande*
Chief Strategy and Development Officer

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 was responsible for strategy, data and insights, and corporate development.

Executive Team changes in 2023

Matthew Lynn appointed as Chief Financial Officer in April 2023

* Wouter Van den Brande served as Chief Strategy and Development Officer until December 2023

James Murray joined as Chief Commercial Officer in December 2022, before changing role to Chief Customer and Strategy Officer in January 2024

Gender diversity as of July 2024

Female
Male

Tenure as of July 2024

1–2 years
2–5 years
6+ years

Structure, governance and management

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

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

- setting strategy
- ensuring that 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 that public benefit and adherence to its charitable purpose sits at the heart of everything it does
- supporting and advising the Executive Team.

Trustees

The Nominations Committee recommends candidates for appointment as Trustees. The Trustees serve for a period of three years, appointed at the Annual General Meeting (AGM) by a vote of the members. They are eligible to stand for re-election but are usually limited to serving a total aggregate of nine years. For more information on our Trustees and their areas of responsibility, see pages 85-87.

Members

As a registered charity, and a company limited by guarantee without share capital, Nuffield Health does not 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.

Being a member is an unpaid position, and gives no entitlement to receive any profits or assets from Nuffield Health. Members 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

The 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 91-97, 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 2023, the Board of Trustees met 10 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.

In 2023, Nuffield Health continued to work under its clear strategic framework following a comprehensive review in 2021. Its strategy will ensure continued success through to 2030 and enable the Charity to deliver on its purpose to build a healthier nation.

Supporting this, the governance structures of the organisation ensure that decisions made at all levels align with our obligations as a Charity. In light of the ongoing economic environment, we have been particularly mindful of our financial commitments and ensuring long-term sustainability to continue providing public benefit long into the future.

In 2023, we maintained our focus on high quality care and outcomes. Supported by the Board Quality and Safety Committee (BQSC), the Board of Trustees assessed ongoing improvement plans to enhance processes, management and culture.

The Trustees are all experienced Non-Executive Directors, and we regularly update them on relevant legal and regulatory matters pertaining to the Charity and its activities. The Charity has a comprehensive induction programme for new Trustees, providing meaningful insights into the Charity's objectives, and the requirements relating to public benefit, operations and governance. We provide an ongoing programme of training – for example, in charity law, cyber training and safeguarding – as well as online mandatory training.

For important events since the end of the financial year, see page 134.

Structure, governance and management continued

Structure of the Board*

Board of Trustees

Chair: Dr Natalie-Jane Macdonald

Steve Maslin | Elizabeth Robb OBE | Karen Whitworth | Tracey Killen | Neil Sachdev MBE** | Patrick Figgis | Mark Stansfeld | Dr Junaid Bajwa | Lee Rochford

- Q – Board Quality and Safety Committee
- A – Board Audit and Risk Committee
- R – Executive Remuneration and Succession Committee
- N – Trustees' Nominations Committee
- F – Finance and Investment Committee
- Governor Remuneration Committee

Executive Team

CEO: Steve Gray

Mary O'Reilly | Amanda Lambert | Caroline Smith | Matthew Lynn | James Murray

* As of July 2024.
** Neil Sachdev resigned at the end of July 2024.

BOG attendance 2023

	Jan	Feb	Mar	Apr	May	Jun	Jul	Oct	Nov	**Total**
Dr Natalie-Jane Macdonald (Chair)	Y	Y	Y	Y	Y	Y	Y	Y	Y	**9**
Martin Bryant	Y	Y	Y	Y	Y	N	Y			**6**
David Lister	Y	Y	N	N	Y	Y	Y			**5**
Steve Maslin	Y	Y	Y	Y	Y	Y	N	Y	Y	**8**
Patrick Figgis	Y	Y	N	Y	Y	Y	Y	Y	Y	**8**
Neil Sachdev MBE	Y	N	Y	Y	Y	Y	Y	Y	Y	**8**
Dr Junaid Bajwa	Y	Y	Y	Y	Y	Y	N	Y	N	**7**
Mark Stansfeld	Y	Y	Y	Y	Y	Y	Y	Y	Y	**9**
Elizabeth Robb	Y	Y	Y	Y	Y	Y	Y	Y	Y	**9**
Tracey Killen					Y	Y	Y	Y	Y	**5**
Lee Rochford					Y	Y	Y	Y	N	**4**
Karen Whitworth								Y	N	**1**

Engaging with our stakeholders

Our Board of Trustees believes that, throughout the year, it 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 73).

The Board of Trustees has identified that our stakeholders are as described on pages 68-72 of this report. The table shows how we engaged with our stakeholders and the outcomes of these interactions during 2023. 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.

The Board of Trustees has ensured that the Charity has in place appropriate policies that fostering an environment of inclusion for our staff. Further information is found on page 42.

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 2023 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.

Total Group funds as at 31 December 2023 stood at £1,081.2 million (2022 – funds were in deficit of £-104.4 million). Restricted funds amounted to a surplus of £0.8 million for the Group (2022 – surplus of £0.8 million) and a £0.8 million surplus for the Charity (2022 – surplus of £0.8 million). Unrestricted funds amounted to a surplus of £1,079.7 million for the Group (2022 – deficit of £-105.8 million) and a £931.6 million surplus for the Charity (2022 – deficit of £-133.2 million). Within these unrestricted surplus amounts are gains arising from the revaluation of land and buildings on 31 December 2023, amounting to £1,250.5 million for the Group and £1,115.5 million for the Charity. Also within unrestricted funds is a General fund deficit of £-132.7 million for the Group (2022: £-63.5 million deficit) and a deficit of £-202.7 million for the Charity (2022: £-149.2 million deficit) and the Post-retirement reserve, which shows a deficit of £-38.1 million for the Group (2022: £-42.3 million deficit) and a surplus of £18.8 million for the Charity (2022: £16.0 million surplus).

The decision to hold land and buildings at their fair value has brought the Group's funds back into a surplus position and better reflects the value of the land and buildings on the Group's balance sheet. The Trustees are committed to maintaining a surplus position within funds and have approved forecasts on this basis. Further information on actions taken to ensure the stability of reserves can be found within the Financial sustainability review on pages 75-77.

Trustee responsibility for good governance was a continuing theme of the Charity Commission during the year, and the Board remains mindful of its responsibilities. The Charity took significant steps 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 KPIs 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 reduction in carbon emissions. See page 14.

Structure, governance and management continued

Committee Reports
Board Quality and Safety Committee (BQSC)

Purpose

To provide internal quality control 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.

Membership and frequency

The Committee met four times during 2023. The CEO regularly attends meetings. The following attend by invitation:

- Chief Operating Officer – Quality and Operations
- Chief Medical Officer
- Charity and Medical Director – Responsible Officer
- Clinical Services Director
- Organisational Development Director
- Executive Operations Director
- General Counsel and Company Secretary
- Central Operations Director
- Head of Safety Culture
- Head of Clinical Governance, who provides secretariat services.

Main activities of 2023

The BQSC enhanced its oversight of all aspects of the Charity by introducing themes for each quarterly meeting, as follows: Secondary Care; Health, Safety and Environment; Primary Healthcare and Community Outreach; and Well Led.

To reflect the continued embedding of the Freedom to Speak Up strategy, the Head of Safety Culture has become a permanently invited member to the Committee. This enables the Committee's continued oversight and support to enhance the safety culture within the Charity.

The BQSC helps to manage, deliver and assure high quality care as an integral component of our Quality Assurance Framework, alongside the Quality Board and expert advisory groups. Our aim is to embed a quality improvement culture that is continually learning lessons and instigating change at both site and organisation level.

"Our aim is to embed a continuous quality improvement culture that's always striving to learn, adapt and innovate for our beneficiaries."

Dr Junaid Bajwa
Chair

Chair

David Lister (retired July 2023)

Dr Junaid Bajwa (Chair from July 2023)

Committee members:

Dr Junaid Bajwa

Tracey Killen (appointed October 2023)

Elizabeth Robb

Board Quality and Safety Committee Attendance 2023

	Jan	Apr	Jul	Oct	**Total**
David Lister	Y	N	Y		**2**
Dr Junaid Bajwa	Y	Y	Y	Y	**4**
Elizabeth Robb	Y	Y	Y	Y	**4**
Tracey Killen				Y	**1**

Structure, governance and management continued

Committee Reports Board Quality and Safety Committee (BQSC) continued

During the year, the BQSC:

- supported and advised on the implementation of the Patient Safety Incident Response Framework (PSIRF) 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 Care Quality Commission (CQC) to attend on a cycle of committee meetings
- reviewed quality and safety performance information, with input from the relevant governance forums, including the Surgical Safety Plan as an action following highlighted Never Events
- reviewed and provided oversight of the Charity's response and compliance to NHS England's requests for organisations' action following the Letby governance review
- reviewed the Charity's research strategy, including the aim to be a thought leader and inform national policy
- Considered how research is supporting the development of flagship programmes and delivering the best possible outcomes
- considered matters arising from Quality reviews and other reports, as defined by the Board and recorded in the Cycle of Activity.

Structure, governance and management continued

Committee Reports
Executive Remuneration and Succession Committee

Purpose

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

Membership and frequency

The Committee met twice in 2023, during which period the members of the Committee were Patrick Figgis (Chair), Dr Natalie-Jane Macdonald, Martin Bryant (until July 2023), Steve Maslin and Tracey Killen (from July 2023).

Main activities of 2023

The Committee carried out an annual review of executive salaries to ensure that total executive remuneration packages were competitive – comprising basic salary, pension contributions, performance-based annual bonus and organisation-wide employee benefits – while also reflecting the organisation's charitable status. The key management personnel eligible for the scheme are reviewed by the Committee and identified within their meeting minutes. 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. It also gave attention to team, as well as individual, performance.

Performance against key metrics for the FY23 bonus was assessed by the Committee and a decision made to award bonuses to the Chief Executive and members of the Executive Team. The bonus distribution was lower than the scheme rules allowed, in order to provide for a fairer and more consistent distribution across the wider senior manager bonus population.

The Committee also started deliberations – with advice from external consultations and by reference to external market benchmarks – into the most appropriate short- and long-term incentive arrangements for the Executive Team going forward.

The Committee focuses on the Charity's succession needs, and ensures appropriate plans are in place for the immediate future and longer term. This year, the Committee reviewed the succession plan for both the CEO and Executive Team and gained confidence from the rigorous development programme undertaken by senior leaders with executive aspirations.

In 2023, the Committee made a permanent appointment for the Chief Financial Officer role, ensuring the Charity appointed an appropriately qualified member of the Executive. Remuneration for this appointment 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 35:1 (2022 – 25:1). This is calculated as the CEO's total annual emoluments in 2023 as a ratio to our median employee FTE total emoluments in 2023.

Chair

Martin Bryant (retired July 2023)

Patrick Figgis (Chair from July 2023)

Committee members:

Dr Natalie-Jane Macdonald

Martin Bryant (retired July 2023)

Steve Maslin

Tracey Killen (joined July 2023)

Executive Remuneration Committee Attendance 2023

	Jul	Oct	Total
Patrick Figgis	Y	Y	**2**
Dr Natalie-Jane Macdonald	Y	Y	**2**
Martin Bryant	Y		**1**
Steve Maslin	Y	Y	**2**
Tracey Killen		Y	**1**

Structure, governance and management continued

Committee Reports
Trustees' Nominations Committee

Purpose
The names of prospective Trustees are referred to the Trustees' Nominations Committee. This Committee also considers recommendations for appointment to membership of the Charity. Only members may be appointed as Trustees.

Membership and frequency
During 2023, the members of the Committee were Patrick Figgis (Chair), Neil Sachdev, Mark Stansfeld and Elizabeth Robb.

Main activities
With the retirements of David Lister and Martin Bryant as Trustees in July 2023, the Committee was responsible for reviewing replacement candidates and making recommendations to the Board. The Committee appointed external recruitment consultants to help ensure the Charity had a diverse and high-quality range of potential candidates to choose from. The Committee assessed the nominated individuals, considering their skills and experience alongside the current skills, knowledge, and experience of the existing Trustees before making their recommendations.

As a result of this process, Tracey Killen and Lee Rochford were appointed to the Board in May 2023, followed by Karen Whitworth in September 2023. All new Trustees received a formal induction and all necessary information describing what is expected of them in performing the duties of their role.

Chair	Committee members:		
Patrick Figgis	Neil Sachdev MBE (resigned July 2024)	Mark Stansfeld	Elizabeth Robb OBE

Trustees' Remuneration Committee

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

Membership and frequency
Membership of the Trustees' Remuneration Committee is drawn from the Charity's Members. The members of the Committee are Dame Denise Holt (Chair), George Fergusson and Guy McCracken, who met on 24 February 2023.

Main activities
The Committee is made up of Members of the Charity and meets annually to review Trustee performance and discuss Trustees' remuneration and whether it is commensurate with the level of duties and responsibilities imposed by the nature and activities of the Charity in line with Charity Commission guidance. The level of remuneration and any adjustment is benchmarked thoroughly in accordance to the Articles of Association of the Charity against a number of factors, including similar external roles. Details of the fees paid to the Trustees are shown within the financial statements under note 10 on page 122.

Chair	Committee members:	
Dame Denise Holt	George Fergusson	Guy McCracken

Structure, governance and management continued

Committee Reports
Board Audit and Risk Committee (BARC)

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, in the specific areas of:

- 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 accordingly
- evaluation of non-clinical internal controls and systems, and the review of the risk landscape; specifically, the Charity's risk appetite, and the 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.

Membership and frequency

The Committee met six times in 2023 and is expected to meet five times in 2024. In June 2024, it met to review the 2023 Annual Report and Accounts and the External Audit report.

Representatives of the external and internal auditors attend the Committee's meetings, along with the Chief Executive Officer, the Chief Financial Officer, the Financial Control and Accounting Director, and the 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 with an update on the areas of focus and actions of the Risk and Governance Board (RGB). These included a refresh of Risk Management Policy, management updates on key risks including Principal Risks, NHS counter fraud planning, whistleblowing, and Internal Audit delivery and action tracking.

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

- Cyber security
- Technology
- Financial sustainability.

The Committee also reviewed and approved the Internal Audit plans for 2023 and 2024, following recommendations from the RGB. The 2023 audit reflected a more standard approach, aligned to the Charity's Principal Risks. It also focused on key financial controls, our recruitment and onboarding processes, and lessons learned for future capital projects.

"We have a proactive stance to risk management from the bottom of the organisation to the top, using an integrated approach to calibrate risks across the Charity and take mitigating action accordingly. The progress of mitigating actions is tested regularly at BARC and directorate meetings throughout the year."

Steve Maslin
Chair

Chair

Steve Maslin

Committee members:

Martin Bryant (resigned July 2023)

Patrick Figgis

Elizabeth Robb OBE

Karen Whitworth (joined September 2023)

Board Audit and Risk Committee Attendance 2023

	Mar	Jun	Jun	Sept	Dec	Total
Martin Bryant	N	Y	Y			**2**
Steve Maslin	Y	Y	Y	Y	Y	**5**
Elizabeth Robb	Y	Y	Y	Y	Y	**5**
Lee Rochford					Y	**1**
Karen Whitworth					Y	**1**

Structure, governance and management continued

Board Audit and Risk Committee (BARC) continued

BARC key audit and accounting judgements for the 2023 financial statements

Onerous leases

Issue

Judgement is required when determining the extent to which future lease payments exceed anticipated economic benefits, as forecast cash flows consider income, indirect costs, an allocation of central costs and capital expenditure. Trigger tests are performed to assess financial performance of sites and identify sites requiring a full assessment. Management prepares the expected cash flows by site, over the remainder of the lease, and the net present value of rent. In addition, management considers a sub-lease option for the onerous sites and, where appropriate, calculates an onerous lease provision. Judgements applied also include the discount rate and long-term growth rate used within the models.

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.

Impairments

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.

Response

The Committee reviewed management's impairment assessments across all strategic projects, fixed assets at sites where an onerous lease exists and sites for resale performed at the year end. The impairment of St Bart's hospital was given significant consideration, due to its short trading history, and the estimates included in establishing a forecast for the fully mature site. It was satisfied that the assumptions used, and the resultant impairments and impairment reversals, were reasonable.

Adjusting items

Issue

Judgement is required when considering whether transactions should be classified as adjusting items in the financial statements. The Group's policy designates these items as being significant transactions, either individually or in aggregate, that fall outside the routine operations of the Group, and will include movements in onerous lease provisions, asset impairments and costs relating to approved reorganisation and transformation programmes. Management has identified transactions to be treated as adjusting items in the current financial year. The purpose of this separate classification is to provide a meaningful picture of how the Group is managed and measured on a day-to-day basis.

Response

The Committee reviewed the treatment of adjusting items, as detailed by management. The Committee was satisfied with the validity and application of the Group's policy.

Capitalisation and useful economic lives of assets developed through key change projects

Issue

Judgement is applied when determining whether costs in the early stages of a capital project are recoverable, the treatment of overheads including internal employee costs, the treatment of expenditure on existing assets and treatment of costs relating to capital projects which could be considered an Income statement item. Management assesses the treatment on a project-by-project basis to appropriately reflect the asset type and build.

Response

The Committee reviewed the accounting treatment on a project-by-project basis, where appropriate. It was satisfied that the treatment reflected the Charity's capitalisation and depreciation policy and a realistic economic benefit derived from the assets.

Change to accounting policy for land and buildings

Issue

On 31 December 2023, management adopted the revaluation model for land and buildings under section 17.15 of FRS 102, instead of the cost model, to better reflect the fair market value of the Group's assets in the Balance sheet. Judgement has been applied in reaching these valuations, which have been performed with input from external advisors as appropriate. Please refer to accounting policy 5 for further information on the valuation.

Response

The Committee reviewed the approach to the valuations as well as the advice from external advisers and the outputs generated. It concluded that both the basis and final valuations were appropriate for inclusion in the financial statements.

Going concern

Issue

Although the external environment has stabilised during 2023, high energy costs, inflation and interest rate increases, coupled with tightness in the labour market, continued to impact the Charity's activity and financial position. Management introduced the Group's financial improvement programme to manage financial performance and ensure future financial stability. Appropriate financial modelling was undertaken to support the assessment of the Charity as a going concern. Judgement is applied in determining the financial impact of the above risks, as well as the mitigations applied on the Group's ability to meeting its covenants for at least 12 months from the date of approval of the accounts Further detail on Going Concern is disclosed in the Financial sustainability section on page 77 of the Strategic Report.

Response

The Committee reviewed management's financial modelling and reasonable sensitivities, and the headroom to extended 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 for at least 12 months following the date of this report.

Further detail on key accounting judgements can be found in section 5 of the accounting policies on page 108.

Structure, governance and management continued

Finance and Investment Committee

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 five times in 2023. The Chief Executive Officer, Chief Financial Officer, the General Counsel and Company Secretary attended each meeting. Other representatives from the management team were invited to attend to provide expert knowledge when this was required.

Main activities

In line with the Charity's delegation of authority, the Committee reviewed all proposals and material contracts which exceeded 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 considered:

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

In 2023, the Committee carried out the following activity:

- Provided endorsement for the Charity's approach for medium- to long-term financial objectives, including future financing arrangements and investment approach
- Critiqued various strategic projects implemented in order to apply lessons learned to future investment requests, and identified projects for future reviews
- Appraised and provided a recommendation to proceed, or requested additional information, for key projects and contractual commitments identified for investment during the year
- Provided a recommendation to proceed with the strategic partnership between Nuffield Health and Icon Group to deliver oncology services in the UK.

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

Chair

Martin Bryant (retired July 2023)

Lee Rochford (from July 2023)

Committee members:

Dr Natalie-Jane Macdonald

Neil Sachdev MBE (resigned July 2024)

Mark Stansfeld

Finance and Investment Committee 2023

	Feb (Extraordinary)	March	Apr (Extraordinary)	Jun	Sept	Dec	**Total**
Dr Natalie-Jane Macdonald	Y	Y	Y	Y	Y	Y	**6**
Martin Bryant	Y	Y	Y	Y			**4**
Neil Sachdev MBE	N	N	N	N	Y	Y	**2**
Mark Stansfeld	Y	Y	Y	Y	Y	Y	**6**
Lee Rochford					Y	Y	**2**

Structure, governance and management continued

Trustees' review of our objectives

In 2023, the Trustees reviewed the Charity's objectives, its activities, and the degree to which its services are made accessible to the public. This is all part of our charitable purpose, which we articulate simply as to build a healthier nation.

This review examined the Charity's achievements, and the outcomes of its activities over the previous 12 months, together with the benefits delivered to the users of our 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 in the round the level of access and affordability of all the Charity's services, across its sites, 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 to expand our reach to those who could not normally afford our services. Nuffield Health has policies in place to clarify, internally and externally, how we deliver benefits to the public in order to fulfil our charitable objectives.

These include:

- limiting revenues from ancillary activities to no more than 10% of the total turnover of the Charity.
- establishing guidelines to judge ancillary or fundraising activities, 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' responsibility to deliver our charitable purpose 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 (being at least 12 months from the date of approval of these financial statements). This takes into consideration risks contained in the forecasts and, for this reason, the Trustees continue to adopt the going concern basis in preparing the financial statements. Further detail on Going Concern is disclosed in the Financial sustainability section on page 77 of the Strategic Report.

In addition, the Trustees are confident that plans scheduled for 2024 will further enhance the accessibility of the Charity's activities to people living on lower resources. By the end of 2023, over 83,700 had benefited from our Programmes For All. Our Joint Pain Programme was delivered in all of our 112 fitness and wellbeing centres, while our COVID-19 Rehabilitation Programme was extended as a virtual programme, to support people not within commuting distance of our centres.

We have developed specific initiatives 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.

The Trustee's report has been approved by the Board of Trustees, and is signed on its behalf by

Patrick Figgis
Trustee
7 August 2024

Structure, governance and management continued

Trustees' responsibilities for the financial statements

For the purposes of company law, our Trustees are also Directors of Nuffield Health. They are responsible for preparing the Strategic Report, the Trustees' Report and the financial statements.

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 the 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 the 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. Intercompany loans and trading are covered by written agreements.

Significant events after the reporting period

In December 2023, Aspen Healthcare Limited, a Group company, granted a call option to a third party to purchase all of the interests in Cancer Centre London LLP, its wholly owned subsidiary. Simultaneously, Cancer Centre London LLP agreed to receive a £2.1 million interest-free loan from the same third party. The loan was received in January 2024. At the date of signing these accounts, the option has not been exercised.

On 16 May 2024, the Group announced the retirement of the CEO, Steve Gray after nine years leading Nuffield Health and 20 years in the healthcare sector. Alex Perry, currently CEO for Bupa UK Insurance, is set to succeed Steve later in 2024.

The Group recently obtained an extension to the additional facility due to expire in December 2024, from its lenders. The extension provides access to the £30 million credit facility for a further 12 months to 31 December 2025, with the option to extend for a further 8 months, subject to credit approval. There are no changes to the loan covenants.

Independent Auditor's Report

Independent Auditor's Report

Independent auditor's report to the members and the trustees of Nuffield Health

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Nuffield Health (the '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 2023 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 35.

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 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 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.

Independent Auditor's Report

Independent auditor's report continued to the members and the trustees of Nuffield Health

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 industry and its control environment, and reviewed the group'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 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, Climate Financial Disclosures (CFD), 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'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, Office of the Scottish Charity Regulator (OSCR) regulations, Care Quality Commission regulations, Health and Social Care Act 2008 (Regulations 9-20), Health and Safety Executive (HSE), Professional Standards Authority (PSA), 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 and IT 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 procedures performed to address them are described below:

- Revaluation of land and buildings for freehold hospitals: we have held discussions with company's experts; challenged the significant judgements and assumptions applied in their valuation model, and assessed the underlying data. We have engaged with internal real estate valuation specialists to determine the appropriateness of the valuation approach and market assumptions applied; and
- 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.

Independent Auditor's Report

Independent auditor's report continued
to the members and the trustees of Nuffield Health

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 and 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

Helen Burridge
(Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
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.
7 August 2024.

Financial Statements

Financials

Consolidated Income statement for the year ended 31 December 2023

	Note	2023 £m	2022 £m
Turnover – unrestricted	2	**1,356.5**	1,236.1
Turnover – restricted	2	**1.6**	1.5
Cost of services		**(1,174.3)**	(1,103.2)
Gross surplus		**183.8**	134.4
Support costs		**(201.5)**	(191.3)
Gain on disposal of tangible assets	2	**–**	0.8
Operating deficit before adjusting items		**(0.8)**	(2.5)
Adjusting items	5	**(16.9)**	(53.6)
Total operating deficit before interest and tax		**(17.7)**	(56.1)
Adjusted for:			
Depreciation and amortisation		**79.2**	72.9
Adjusting items	5	**16.9**	53.6
Adjusted earnings before interest, tax, depreciation and amortisation		**78.4**	70.4
Net interest payable and similar costs	7	**(46.3)**	(6.5)
(Deficit) before taxation		**(64.0)**	(62.6)
Tax on (deficit)	12	**–**	–
(Deficit) after tax for the financial year		**(64.0)**	(62.6)
(Deficit) attributable to:			
Charity		**(64.1)**	(62.9)
Non-controlling interests	33	**0.1**	0.3

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 fair value of land and buildings. These items are presented in the Consolidated and Charity statement of financial activities on the following page.

The accounting policies and notes on pages 107 to 134 form part of these Financial Statements.

Consolidated and Charity Statement of financial activities for the year ended 31 December 2023

		Group Total funds*		Charity Total funds*	
	Note	2023 £m	2022 £m	2023 £m	2022 £m
Income and endowments from					
Charitable activities	2	**1,333.0**	1,168.1	**1,333.0**	1,170.7
Other trading activities	2	**23.5**	68.0	**–**	–
Other income – restricted	2	**1.6**	1.5	**1.6**	1.5
Gain on disposal of tangible assets	2	**–**	0.8	**2.2**	1.4
Total income and endowments		**1,358.1**	1,238.4	**1,336.8**	1,173.6
Expenditure on charitable activities					
Other expenditure before adjusting items	3	**(1,332.7)**	(1,172.3)	**(1,332.7)**	(1,174.6)
Adjusting items	5	**(16.9)**	(53.6)	**(16.9)**	(52.4)
Interest payable and similar costs	7	**(46.3)**	(6.5)	**(36.7)**	(23.3)
Other expenditure					
Other trading activities		**(26.2)**	(68.6)	**0.0**	–
Total expenditure		**(1,422.1)**	(1,301.0)	**(1,386.3)**	(1,250.3)
Net expenditure					
Before adjusting items		**(47.1)**	(9.0)	**(32.6)**	(24.3)
Adjusting items		**(16.9)**	(53.6)	**(16.9)**	(52.4)
Net expenditure		**(64.0)**	(62.6)	**(49.5)**	(76.7)
Other movement in funds					
Actuarial (loss)/gain on defined benefit retirement scheme	8	**(0.9)**	12.8	**(1.2)**	4.4
Gain on revaluation of land and buildings	14	**1,250.5**	–	**1,115.5**	–
Net movement in funds		**1,185.6**	(49.8)	**1,064.8**	(72.3)
Fund balances at 1 January		**(104.4)**	(54.6)	**(132.3)**	(60.0)
Fund balances at 31 December		**1,081.2**	(104.4)	**932.5**	(132.3)
Net movement in funds attributable to non-controlling interest	33	**0.1**	0.3	**–**	–

* Total funds for the Group and Charity include restricted funds of £0.8 million (2022 – £0.8 million) and permanent endowments of £0.1 million (2022 – £0.1 million).

All amounts derive from continuing activities.

The accounting policies and notes on pages 107 to 134 form part of these Financial Statements.

Financials

Consolidated and Charity Balance sheets for the year ended 31 December 2023

		Group		Charity	
	Note	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Fixed assets					
Intangible assets	13	**86.8**	101.6	**87.0**	101.8
Tangible assets	14	**1,659.6**	422.9	**1,659.6**	556.2
Post-retirement defined benefit assets	8	**2.8**	2.4	**23.2**	20.7
Investments	15	**0.2**	0.2	**36.1**	36.1
		1,749.4	527.0	**1,805.9**	714.8
Current assets					
Stocks	16	**18.1**	17.3	**16.9**	16.2
Debtors	17	**128.9**	118.9	**130.1**	118.6
Cash at bank	30	**12.0**	17.9	**6.7**	13.0
		159.0	154.1	**153.7**	147.8
Creditors: amounts falling due within one year	18	**(240.6)**	(226.7)	**(282.6)**	(264.7)
Net current liabilities		**(81.6)**	(72.6)	**(128.9)**	(116.9)
Total assets less current liabilities		**1,667.8**	454.5	**1,677.0**	597.9
Creditors: amounts falling due after more than one year	19	**(462.7)**	(436.4)	**(657.1)**	(648.0)
Provisions for liabilities	22	**(83.0)**	(77.8)	**(83.0)**	(77.5)
Net assets/(liabilities) excluding post-retirement liabilities		**1,122.1**	(59.7)	**936.9**	(127.6)
Post-retirement defined benefit liabilities	8	**(40.9)**	(44.7)	**(4.4)**	(4.7)
Net assets/(liabilities)		**1,081.2**	(104.4)	**932.5**	(132.3)
Income funds					
Restricted funds surplus	1	**0.8**	0.8	**0.8**	0.8
Unrestricted funds:					
General fund (deficit)		**(132.7)**	(63.5)	**(202.7)**	(149.2)
Post retirement reserve (deficit)/surplus		**(38.1)**	(42.3)	**18.8**	16.0
Revaluation reserve		**1,250.5**	–	**1,115.5**	–
Total unrestricted funds surplus/(deficit)		**1,079.7**	(105.8)	**931.6**	(133.2)
Total income funds surplus/(deficit)		**1,080.5**	(105.0)	**932.4**	(132.4)
Permanent endowment	1,23	**0.1**	0.1	**0.1**	0.1
Funds surplus/(deficit) attributable to the Charity		**1,080.6**	(104.9)	**932.5**	(132.3)
Non-controlling interest	33	**0.6**	0.5	**–**	–
Group Funds surplus/(deficit)	1	**1,081.2**	(104.4)	**932.5**	(132.3)

The accounting policies and notes on pages 107 to 134 form part of these Financial Statements.

Approved and issued by the Board of Trustees on 7 August 2024.

Dr Natalie-Jane Macdonald
Executive Chair

Patrick Figgis
Trustee

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

Financials

Consolidated Cash flow statement for the year ended 31 December 2023

	Note	2023 £m	2022 £m
Cash generated from operating activities			
Before adjusting items		**59.7**	45.3
Adjusting items		**(4.7)**	(6.0)
	26	**55.0**	39.3
Cash flows from investing activities	27	**(55.1)**	(48.8)
Cash flows from financing activities	28	**(9.1)**	8.9
Net decrease in cash and cash equivalents		**(9.2)**	(0.6)
Cash and cash equivalents at 1 January		**8.2**	8.8
Cash and cash equivalents at 31 December	30	**(1.0)**	8.2
Reconciliation of net cash flow to movement in net debt			
Decrease in cash and cash equivalents for the financial year		**(9.2)**	(0.6)
Cash inflow from changes in debt		**(20.2)**	(43.9)
Cash (inflow)/outflow from changes in finance leases		**(0.7)**	1.8
Cash movement in net debt in the financial year	29	**(30.1)**	(42.7)
Non-cash movement in net debt in the financial year		**(7.9)**	21.4
Net debt at 1 January	29	**(440.2)**	(418.9)
Net debt at 31 December	29	**(478.2)**	(440.2)

The accounting policies and notes on this page to page 134 form part of these Financial Statements.

Accounting policies for the year ended 31 December 2023

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 65 Members on 31 December 2023.

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 assets, certain financial instruments and post-retirement defined benefits. The revaluation model for land and buildings was prospectively adopted by the Group on 31 December 2023.

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 Charity and all subsidiary entities in 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 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 2023 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 being at least 12 months from the date of approval of these financial statements and, as a result, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

The forecast projections include the extension of the additional credit facility of £30.0 million to the end of 2025. This facility, due to expire in December 2024 was recently extended to December 2025, with an option to extend for a further 8 months (subject to credit approval). It also considers sensitivities such as a potential economic downturn and reduced delivery of the Group's financial improvement programmes, as well as the mitigating actions under the Group's control. The financial forecasts indicate that the Charity will continue to operate within all banking covenants for the foreseeable future. Further detail on Going Concern is disclosed in the Financial sustainability section on page 77 of the Strategic Report.

Therefore, the Trustees believe the Group will have adequate resources to continue in operational existence for the foreseeable future and funding is in place for at least 12 months from the approval of the financial statements.

Financials

Accounting policies continued for the year ended 31 December 2023

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). Adjusting items are considered to fall outside the routine operations of the Group and are disclosed after earnings before interest, tax, depreciation and amortisation. Adjusting items include accounting movements in relation to onerous lease provisions, impairment of assets and reorganisation and transformation costs.

The Group has adopted the revaluation model for freehold land and buildings on 31 December 2023 instead of the cost model, to better reflect the fair market value of the Group's freehold assets in the Balance sheet. Judgement has been applied in reaching these valuations, which have been performed with input from external advisors as appropriate.

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 15.

Judgement was also applied in determining capitalisation and useful economic lives of assets developed through key change projects. Judgement is applied when determining whether costs in the early stages of a capital project are recoverable, the treatment of overheads and assessing the treatment on a project-by-project basis to appropriately reflect the asset type and build.

In addition judgments applied relating to the Trustees' going concern assessment are detailed in the Strategic Report on page 77. This is considered a critical accounting judgement due to the level of uncertainty around future forecasts.

Key sources of estimation uncertainty

Fair value of freehold land and buildings

The Group adopted the revaluation model for freehold land and buildings on 31 December 2023. The fair value of buildings has been derived from market-based evidence by professional valuers in accordance with the RICS Valuation – Professional Standards January 2022, with specific regard to VPGA 1- Valuation for inclusion in Financial Statements and VPGA 4 – Valuation of individual trade-related properties. The valuation is provided having regard to each hospital's trading potential as a fully operational entity subject to the special assumption that it is to be offered to the market in isolation of the Nuffield Health group. The valuer's approach to fair value is guided by their knowledge of market practise and with regard to the principles of a 'Reasonably Efficient Operator'.

The fair value is calculated from a multiple of a fair maintainable trade (FMT), based on these principles also drawing from current and forecast EBITDAR generated by the site in full operation, less the net book value of all equipment and any fixtures and fittings that could be removed from the site in the event of a sale. The amount of the overall valuation allocated to land has been made with a greater reliance placed on comparable market transactions and taking into account additional special assumptions. The land values assessed are not realisable in isolation being an apportionment only.

Special assumptions applied to each site's valuation include: the assumption that each of the properties would be sold independently of the wider Nuffield Health business; that in the event of a sale each hospital would continue to access Nuffield Health's existing central sterilisation services on similar terms; that current occupational licences in place do not give rise to any liabilities to Nuffield Health in the event of a sale; that the current charitable status of the sites would not deter potential acquisition nor impact the market price; and no charitable benefits currently enjoyed by the sites would transfer under new ownership. There are further considerations applied to land specifically. The special assumptions included in the fair value of freehold land include considerations such as access, existing infrastructure, demand for such sites and any planning permission already granted. The valuations assume the land would be cleared of all existing buildings and appropriate for development.

There is judgement in the multiple and the FMT used by the valuers and so the valuation outcome is sensitive to both.

Financials

Accounting policies continued for the year ended 31 December 2023

5. Significant judgements and estimates continued

The general assumptions included in arriving at an annual FMT figure to which the multiple is applied include revenue growth of 6% and cost increases of 4% – 8% from 2023 levels. FMT is also subject to a wide range of factors including changes in the local market (new competition emerging for example), changes in national trends (insurer policy, NHS outsourcing etc) as well as macro-economic factors, (interest rates, inflation etc). A sensitivity analysis was carried out showing that if FMT moved by 10% in either direction, the valuation would increase or decrease by £141.9 million.

The multiple assigned is a benchmark, which is adjusted based on a grading of the attributes of each site. The benchmark reflects the valuers view of the multiple expected on an average UK private hospital property in the middle of the quality spectrum based on their knowledge of the market. The grading system takes into account factors potential purchasers are likely to consider most significant when appraising a potential acquisition: asset quality, revenue mix, location and growth prospects. A sensitivity analysis was carried out showing that if the multiple used moved by 10% in either direction, the valuation would increase or decrease by £141.9 million.

Impairment 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.

Impairment tests are carried out after performing a trigger assessment, which includes whether a site was historically onerous and whether a site has been loss making or marginally profitable during the year. 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. Key estimates are the short and long-term growth rates of leasehold hospitals and 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.

At the year end, the carrying value of St Bart's hospital total fixed assets was £63.4 million (2022 – £66.8 million). Indicators of impairment existed at the Balance sheet date. An impairment assessment was carried out using value in use calculations as described above and a charge of £2.3 million (2022 – £Nil) was subsequently recognised. Key estimates include the time frame in which St Bart's hospital will reach business maturity, short and long term growth rate as well as cost inflation. Revenue over the period to business maturity in 2032 is expected to grow straight-line at an equivalent compound annual growth rate of 18.5%. A long term EBITDA growth rate of 2% was applied.

A sensitivity analysis of some of the principal assumptions used to measure the impairment charge for St Bart's hospital for the year ended 31 December 2023 was carried out. A reduction in the equivalent compound annual growth rate of revenues in the period to business maturity to 15%, whilst achieving the same EBITDA margin, would increase the impairment charge to £28.0 million. A decrease in EBITDA margin by 3% points for the longer term at the point of business maturity would increase the impairment charge to £18.7 million, whereas a similar increase in EBITDA margin would reduce the impairment to £Nil.

The discount rate of 8.9% applied in the value in use calculations represents the lowest end of the reasonable range of the Group's weighted average cost of capital (WACC). An increase in the discount rate applied of 1% point increases St Bart's impairment charge to £12.7 million.

Fair value of third party loan

The Group recognises a financial liability arising from a third party loan, held by Nero Propco LLP, a subsidiary company. This liability is considered to be a non-basic financial instrument and is measured at fair value at each reporting date. 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 2.1%-3.4% (2022 – 2.0%-3.1%) and a range of discount rates were considered, between 6.7%-7.3% (2022 – 6.5%-6.9%). This sensitivity analysis resulted in loan liability valuations ranging from £173.3 million to £222.3 million (2022 – £170.6 million to £209.6 million). The fair value of the loan recognised within liabilities on the Balance sheet is £195.0 million as at 31 December 2023.

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 £56.9 million (2022 – £58.8 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.

Financials

Accounting policies continued for the year ended 31 December 2023

5. Significant judgements and estimates continued

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. 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 judgment in estimating the unavoidable costs which has been forecasted to grow at 2% per annum. Refer to note 22 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.

These future cash flows are sensitive both to the model assumptions used and to market conditions. A sensitivity analysis of some of the principal assumptions used to measure the onerous lease provision at 31 December 2023 is set out below.

Various model scenarios were reviewed all of which followed the Charity's five-year business plan and then modelled with various changes to the revenue and cost assumptions. An increase in revenue growth by 1% in the short term followed by 2% growth for the longer term would result in a provision of £65.8 million compared to the existing provision of £76.0 million. A decrease in revenue growth by 1% in the short term followed by 2% growth for the longer term would result in a provision of £95.9 million.

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. Accumulated gains and losses relating to the revaluation of assets held under the revaluation model are held separately in the Revaluation 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. These are:

- Income from the hospital and wellbeing clinical activities that are recognised when the treatment or goods are 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 other grant income.

Donations are accounted for when receipt is probable, there is evidence of entitlement and it can be measured reliably.

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.

Interest payable, other than retirement benefit finance costs, is accrued using the effective interest method. Additionally, the third party loan interest payable includes an element of RPI linked indexation.

9. Grants and reliefs

The Charity has taken 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 Health day nurseries. The Charity also receives nurse placement and training grants from Health Education England.

The grants received were classed as restricted and fully utilised within the year.

Financials

Accounting policies continued
for the year ended 31 December 2023

9. Grants and reliefs continued

Other reliefs

The treatment of funding received in prior years 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 Group repaid the CLBILS in full, in September 2022.

The Charity previously took advantage of the business rates relief introduced by the government, rent concessions and HM Revenue & Customs' (HMRC's) Time to Pay arrangement, which was settled in May 2023.

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 were recognised in the Income statement.

10. Adjusting items

During the prior 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 Group 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 twenty 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 on a straight line basis 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.

Financials

Accounting policies continued
for the year ended 31 December 2023

15. Tangible fixed assets and depreciation

Land and buildings, which includes property under finance lease, are held under the revaluation model and are measured at fair value. The Group adopted the revaluation model for land and buildings on 31 December 2023. In line with FRS 102, the change was prospective, therefore the comparative values in the prior year have not been updated. Subsequent revaluations will be made every three years, which is sufficiently regular to ensure that the carrying amount of these assets is materially accurate at the end of each reporting period. If there is a significant movement in the market during the interim period, a revaluation would take place prior to the next three year cycle.

The fair value of buildings has been derived from market-based evidence by professional valuers in accordance with RICS Valuation – Professional Standards January 2022 and is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The reported fair value for each freehold site is a multiple of a fair maintainable EBITDAR generated by the site, less the net book value of fixtures, fittings and equipment that could be removed from the site in the event of a sale. Therefore, the valuation includes an additional element of value which is attributable to the business being carried on from the property. Freehold land values have been allocated by having regard to prevailing evidence of land transactions in each of the locations, to which a premium is applied to reflect the planning permission for hospital use. A set of special assumptions has also been applied to the land valuation approach, as disclosed in policy 5. An element of judgement exists in such valuation processes; this is discussed further in policy 5.

Revaluation gains and losses are recognised in the Statement of Financial Activities and added to reserves in a separate Revaluation reserve. An annual transfer will be made from revaluation reserve to retained earnings equivalent to the excess depreciation in respect of the revalued assets.

Leasehold assets and equipment are held under the cost model and 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 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; all other development costs are written off in the year of expenditure.

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

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 their 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.

Financials

Accounting policies continued for the year ended 31 December 2023

20. Business combinations continued

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.

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 at bank and 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 cost 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 payment. The discount rate is based on the yield curve of high quality corporate bonds.

Financials

Accounting policies continued for the year ended 31 December 2023

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

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.

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 (2022 – £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 (2022 – £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 and Income statement 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.

Financials

Notes to the Financial Statements for the year ended 31 December 2023

1. Fund analysis

Group	2023 Permanent £m	2023 Restricted £m	2023 Unrestricted £m	2023 Total £m	2022 Permanent £m	2022 Restricted £m	2022 Unrestricted £m	2022 Total £m
Total Income								
Donations and legacies including government grants	**–**	**1.6**	**–**	**1.6**	–	1.5	–	1.5
Other sources of income	**–**	**–**	**1,356.5**	**1,356.5**	–	–	1,236.9	1,236.9
Total incoming resources	**–**	**1.6**	**1,356.5**	**1,358.1**	–	1.5	1,236.9	1,238.4
Total expenditure	**–**	**–**	**(1,422.1)**	**(1,422.1)**	–		(1,301.0)	(1,301.0)
Net income/ (expenditure)	**–**	**1.6**	**(65.6)**	**(64.0)**	–	1.5	(64.1)	(62.6)
Other movement in funds	**–**	**–**	**1,249.6**	**1.249.6**	–	–	12.8	12.8
Transfer between funds	**–**	**(1.6)**	**1.6**	**–**	–	(1.5)	1.5	–
Net movement in funds	**–**	**–**	**1,185.6**	**1,185.6**	–	–	(49.8)	(49.8)
Fund balance at 1 January	**0.1**	**0.8**	**(105.3)**	**(104.4)**	0.1	0.8	(55.5)	(54.6)
Fund balance at 31 December	**0.1**	**0.8**	**1,080.3**	**1,081.2**	0.1	0.8	(105.3)	(104.4)

Charity	2023 Permanent £m	2023 Restricted £m	2023 Unrestricted £m	2023 Total £m	2022 Permanent £m	2022 Restricted £m	2022 Unrestricted £m	2022 Total £m
Total Income								
Donations and legacies including government grants	**–**	**1.6**	**–**	**1.6**	–	1.5	–	1.5
Other sources of income	**–**	**–**	**1,335.2**	**1,335.2**	–	–	1,172.1	1,172.1
Total incoming resources	**–**	**1.6**	**1,335.2**	**1,336.8**	–	1.5	1,172.1	1,173.6
Total expenditure	**–**	**–**	**(1,386.3)**	**(1,386.3)**	–	–	(1,250.3)	(1,250.3)
Net income/ (expenditure)	**–**	**1.6**	**(51.1)**	**(49.5)**	–	1.5	(78.2)	(76.7)
Other movement in funds	**–**	**–**	**1,114.3**	**1,114.3**	–	–	4.4	4.4
Transfer between funds	**–**	**(1.6)**	**1.6**	**–**	–	(1.5)	1.5	–
Net movement in funds	**–**	**–**	**1,064.8**	**1,064.8**	–	–	(72.3)	(72.3)
Fund balance at 1 January	**0.1**	**0.8**	**(133.2)**	**(132.3)**	0.1	0.8	(60.9)	(60.0)
Fund balance at 31 December	**0.1**	**0.8**	**931.6**	**932.5**	0.1	0.8	(133.2)	(132.3)

During the year, £1.6 million of grant income was received (2022 – £1.5 million). £0.8 million was received from the Local Authority in relation to day nurseries (2022 – £1.0 million), £0.5 million from Health Education England in relation to nurse training placements (2022 – £0.5 million) and a £0.3 million grant for lift works from Barts Health NHS Trust. These sums were transferred between restricted and unrestricted funds as they were fully utilised in 2023. All sums received in 2022 were fully utilised in 2022.

Financials

Notes to the Financial Statements continued for the year ended 31 December 2023

2. Turnover and income analysis

Group	2023 £m	2022 £m
Hospitals	**967.4**	825.9
Wellbeing services	**365.6**	342.2
Net income from charitable activities	**1,333.0**	1,168.1
Other grant income – restricted	**1.6**	1.5
Other trading income	**23.5**	68.0
Turnover	**1,358.1**	1,237.6
Gain on disposal of tangible assets	**–**	0.8
Total income	**1,358.1**	1,238.4

Charity	2023 £m	2022 £m
Hospitals	**967.4**	828.5
Wellbeing services	**365.6**	342.2
Net income from charitable activities	**1,333.0**	1,170.7
Donations – restricted		
Other grant income – restricted	**1.6**	1.5
Turnover	**1,334.6**	1,172.2
Gain on disposal of tangible assets	**2.2**	1.4
Total income	**1,336.8**	1,173.6

Other trading income includes the income from Mythbreaker Ltd and the former Aspen trading entities that were not hived up into the Charity in the prior year.

3. Expenditure on charitable activities

		Direct activities		Support Costs		Total	
Charity	Note	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m
Normal							
Staff and related costs		**441.3**	387.7	**93.3**	76.9	**534.6**	464.6
Partnership Fees		**238.7**	189.4	**–**	–	**238.7**	189.4
Consumable and supply costs		**159.7**	145.4	**–**	–	**159.7**	145.4
Depreciation and amortisation		**46.8**	43.9	**30.5**	26.9	**77.3**	70.8
Other costs		**250.2**	226.8	**72.2**	77.6	**322.4**	304.4
Expenditure on charitable activities before adjusting items		**1,136.7**	993.2	**196.0**	181.4	**1,332.7**	1,174.6
Adjusting items							
Reorganisation and transformation costs	5	**–**	–	**4.7**	5.0	**4.7**	5.0
Impairment of fixed assets	5	**2.5**	11.2	**–**	–	**2.5**	11.2
Onerous lease provision	5	**9.7**	36.2	**–**	–	**9.7**	36.2
Total adjusting items		**12.2**	47.4	**4.7**	5.0	**16.9**	52.4
Expenditure on charitable activities		**1,148.9**	1,040.6	**200.7**	186.4	**1,349.6**	1,227.0

Within Expenditure on charitable activities there were £0.9 million (2022 – £0.6 million) of Research and Development costs; £0.4 million in staff and related costs (2022 – £0.3 million) in staff and related costs and £0.5 million relating to non-staff costs (2022 – £0.3 million).

Charity	2023 £m	2022 £m
Hospitals	**948.6**	851.8
Wellbeing services	**401.0**	375.2
	1,349.6	1,227.0

The above segmental reporting shows direct costs allocated to each relevant area plus support costs allocated to hospitals and wellbeing services based upon the 2023 revenue derived from each of these segments.

Financials

Notes to the Financial Statements continued for the year ended 31 December 2023

4. Governance costs

	2023 £m	2022 £m
Staff and related costs	**5.4**	7.2
Other costs	**2.0**	3.0
	7.4	10.2

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 £16.9 million for Group (2022 – £53.6 million) and £16.9 million for the Charity (2022 – £52.4 million) is analysed and categorised in the Income statement as follows:

	Group		Charity	
	2023 £m	2022 £m	2023 £m	2022 £m
Impairment of tangible and intangible assets	**2.5**	11.2	**2.5**	11.2
Onerous lease provision	**9.7**	36.2	**9.7**	36.2
Reorganisation and transformation costs	**4.7**	6.2	**4.7**	5.0
Total adjusting items	**16.9**	53.6	**16.9**	52.4

Impairment of tangible assets

During the year the Group recognised a total impairment charge of £2.5 million (2022 – £11.2 million). In fitness and wellbeing sites, an impairment charge of £0.2 million was recognised in relation to spa closures at some fitness and wellbeing sites and a total impairment reversal of £2.2 million (2022 – £8.2m charge) was recorded, following the onerous lease assessment and associated impairment reviews at year end.

The Hospitals impairment review resulted in an impairment charge for St Bart's hospital of £2.3 million (2022 – £Nil), a charge of £2.7 million (2022 – £Nil) for Woking hospital and an impairment reversal of £0.5 million (2022 – £0.4m charge) in relation to Highgate Hospital.

Onerous lease provision

Following the onerous lease assessment at the year end, an adjustment was made to the onerous lease provision, resulting in a £9.7 million charge to adjusting items (2022 – £36.2 million charge). This is made up of an additional provision of £27.0 million and a reversal of £17.3 million (2022 – charge of £41.6 million and a reversal of £5.4 million). The provision is calculated on a site-by-site basis and discounted as appropriate.

The onerous lease provision represents the estimated minimum net costs to fulfil or exit 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. 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.

Reorganisation and transformation costs

During the year the Group undertook a financial remodelling programme, designed to drive lasting efficiency in our cost base and improve our people structures for the future.

Changes arising from the improved people structures resulted in the redeployment or redundancy of individuals, predominately in central support roles, the cost of which amounted to £2.8 million. Additional non-staff expenditure in relation to the financial remodelling programme was £1.9 million and consisted primarily of professional fees incurred.

In the previous year, the Group was completing its transformation programme aimed at improving the way the Charity provides holistic healthcare to customers and to standardise activities through 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. Additional non-staff expenditure in relation to the reorganisation and transformation programme was £2.2 million and consisted primarily of professional fees incurred.

No other adjusting items over £1.0 million were identified in the year.

Financials

Notes to the Financial Statements continued for the year ended 31 December 2023

6. Operating deficit

This is stated after charging or (crediting):

	Note	2023 £m	2022 £m
Amounts payable to auditor:			
Audit fees payable		**0.9**	1.0
Fees payable for other services		**–**	0.2
Depreciation on tangible assets:			
On owned assets		**46.7**	41.5
On assets held under finance leases and hire purchase contracts		**11.2**	10.2
Loss/(gain) on disposal of tangible assets	2	**0.5**	(0.8)
Amortisation of intangible assets	13	**21.3**	21.2
Research and development expenditure	3	**0.9**	0.6
Hire of plant and machinery (including operating lease charges)		**17.6**	9.8
Property operating lease rentals		**73.9**	72.0
Rental income from operating leases		**(0.9)**	(1.3)
Third party indemnity insurance		**2.5**	2.3
* Adjusting item – reorganisation and transformation costs	5	**4.7**	6.2
* Adjusting item – impairment Impairment of intangible and tangible assets	5	**2.5**	11.2
* Adjusting item – onerous lease provision	5	**9.7**	36.2

Fees payable by the Charity for the audit of the annual accounts of the Charity amounted to £792,400 (2022 – £627,740) and its subsidiaries amounted to £104,900 (2022 – £338,010). Fees payable for other services amounted to £22,084 (2022 – £206,250) 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 £98,000 (2022 – £106,000).

A reconciliation from operating deficit to adjusted EBITDA is as follows:

	Note	2023 £m	2022 £m
Total operating deficit before interest and tax		**(17.7)**	(56.1)
Add back: Depreciation and amortisation		**79.2**	72.9
Adjusting items	5	**16.9**	53.6
Adjusted earnings before interest, tax, depreciation and amortisation		**78.4**	70.4

7. Net interest payable and similar income

	Group		Charity	
	2023 £m	2022 £m	2023 £m	2022 £m
Interest receivable	**0.7**	0.1	**0.4**	0.1
Interest payable				
Bank loans and overdraft	**(20.9)**	(12.1)	**(20.9)**	(12.1)
Senior secured loan notes	**–**	(6.7)	**–**	(6.7)
Third party loan	**(9.1)**	(2.0)	**–**	–
Finance charges in respect of finance leases	**(0.1)**	(0.1)	**(8.2)**	(5.0)
Finance charges in respect of pension liability for asset backed funding	**–**	–	**(4.0)**	(4.0)
Other interest payable	**(4.4)**	(1.4)	**(5.1)**	(2.0)
Costs in connection with loan facilities	**(2.4)**	(2.2)	**(2.4)**	(2.2)
	(36.9)	(24.5)	**(40.6)**	(32.0)
Retirement benefit finance costs	**(2.0)**	(1.0)	**0.9**	0.2
Total interest payable	**(38.9)**	(25.5)	**(39.7)**	(31.8)
Fair value movement	**(8.1)**	18.9	**2.6**	8.4
Interest payable and movement in fair values	**(47.0)**	(6.6)	**(37.1)**	(23.4)
Net interest payable and similar income/(costs)	**(46.3)**	(6.5)	**(36.7)**	(23.3)

Fair value movement includes a £9.3 million loss on the year end value of the Third party loan (2022 – £26.3 million gain, offset with an indexation charge of £2.9 million) and a fair value gain on interest rate derivatives of £1.2 million (2022 – £4.5 million loss). The Charity fair value movement includes a £1.4 million gain on the Asset backed funding arrangement (2022 – £12.9 million gain), and a fair value gain on interest rate derivatives of £1.2 million (2022 – £4.5 million loss).

Financials

Notes to the Financial Statements continued for the year ended 31 December 2023

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, is 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 the 1st June 2022, the former Aspen pension scheme was transferred to the Charity from its subsidiary, Aspen Healthcare Limited, as part of a group restructure. 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 £7.9 million (2022 – £8.8 million).

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 2022 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 (2022 – £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:

	2023		2022	
	Nuffield Health defined benefit % pa	**Aspen defined benefit % pa**	Nuffield Health defined benefit % pa	Aspen defined benefit % pa
Rate of increase in medical inflation	**4.6**	**–**	4.6	–
Rate of increase for pension in payment pre 1 August 2005 service	**3.4**	**2.8**	3.5	3.3
Rate of increase for pensions in payment post 31 July 2005 service	**2.1**	**2.0**	2.0	2.3
Rate of increase for deferred pensions	**2.6**	**2.7**	2.6	3.4
Discount rate (yield curve basis)	**4.8**	**4.4**	5.1	4.7
Inflation rate (CPI)	**2.6**	**2.7**	2.6	3.4

Financials

Notes to the Financial Statements continued for the year ended 31 December 2023

8. Defined benefit pensions and other post-retirement benefits continued

The post retirement mortality assumptions used to value the benefit obligation at 31 December 2023 and 31 December 2022 are based on the S3PA base tables. Assumed life expectancies on retirement at age 65 are:

		2023		2022	
		Nuffield Health years	**Aspen years**	Nuffield Health years	Aspen years
Retiring today	Males	**21.4**	**20.9**	22.1	21.5
	Females	**23.7**	**23.4**	24.3	23.8
Retiring in 20 years' time	Males	**23.0**	**21.9**	23.7	22.4
	Females	**25.1**	**24.5**	25.7	25.0

The returns on the plan assets in the period are as follows:

	2023		2022	
	Nuffield Health % pa	**Aspen % pa**	Nuffield Health % pa	Aspen % pa
Growth assets	**8.0**	**–**	(8.0)	–
Matching assets including hedge liability	**5.1**	**–**	(2.8)	–

For the Aspen scheme, the return on assets split between growth and matching assets is not readily available this year due to the significant change in the investment strategy over the year.

The amounts charged to the Consolidated Income statement and Group statement of financial activities were as follows:

	Nuffield Health defined benefit pension funds		Retirement healthcare		Aspen defined benefit pension funds		Total	
	2023 £m	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Operating surplus								
Administrative costs	**1.1**	0.7	**–**	–	**–**	–	**1.1**	0.7
Net interest (receivable)/ payable								
Interest on schemes' assets	**(14.1)**	(8.0)	**–**	–	**(0.6)**	(0.3)	**(14.7)**	(8.3)
Interest on schemes' liabilities	**16.1**	9.0	**0.1**	0.1	**0.5**	0.2	**16.7**	9.3
Total charged to finance expenses	**2.0**	1.0	**0.1**	0.1	**(0.1)**	(0.1)	**2.0**	1.0
Total charged to net income	**3.1**	1.7	**0.1**	0.1	**(0.1)**	(0.1)	**3.1**	1.7

The total Group actuarial gains on defined benefit retirement schemes and retirement healthcare are as follows:

	2023		2022	
	Nuffield Health £m	**Aspen £'m**	Nuffield Health £m	Aspen £'m
Actual return on schemes' assets	**19.2**	**0.7**	(155.4)	(5.1)
Less interest on schemes' assets	**(14.1)**	**(0.6)**	(8.0)	(0.3)
	5.1	**0.1**	(163.4)	(5.4)
Actuarial movements on obligations excluding interest costs	**(6.3)**	**0.2**	178.4	3.2
Net actuarial gain/(loss) on defined benefit retirement schemes	**(1.2)**	**0.3**	15.0	(2.2)

The Charity's post-retirement defined benefit scheme is less than the Group's by £56.9 million (2022 – £58.3 million) and the Charity has a liability for the asset backed funding (ABF) of the same amount.

Financials

Notes to the Financial Statements continued for the year ended 31 December 2023

8. Defined benefit pensions and other post-retirement benefits continued

The amounts recognised in the Group Balance sheet are as follows:

	Defined benefit pension funds		Retirement healthcare		Aspen defined benefit pension funds		Total	
	2023 £m	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Growth assets	**147.6**	160.9	**–**	–	**0.4**	9.7	**148.0**	170.6
Matching assets including liability hedge	**139.9**	112.1	**–**	–	**12.3**	2.9	**152.2**	115.0
Other assets	**6.4**	11.4	**–**	–	**–**	–	**6.4**	11.4
	293.9	284.4	**–**	–	**12.7**	12.6	**306.6**	297.0
Present value of funded obligations	**(330.4)**	(324.4)	**–**	–	**(9.9)**	(10.2)	**(340.3)**	(334.6)
	(36.5)	(40.0)	**–**	–	**2.8**	2.4	**(33.7)**	(37.6)
Present value of unfunded obligations	**(1.9)**	(1.8)	**(2.5)**	(2.9)	**–**	–	**(4.4)**	(4.7)
Net (liabilities)/ assets	**(38.4)**	(41.8)	**(2.5)**	(2.9)	**2.8**	2.4	**(38.1)**	(42.3)

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	
	2023 £m	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Opening defined benefit obligations	**(326.2)**	(510.4)	**(2.9)**	(3.5)	**(10.2)**	(13.8)	**(339.3)**	(527.7)
Benefits paid	**16.5**	15.2	**0.3**	0.3	**0.6**	0.6	**17.4**	16.1
Interest cost	**(16.1)**	(9.0)	**(0.1)**	(0.1)	**(0.5)**	(0.2)	**(16.7)**	(9.3)
Actuarial (losses)/ gains	**(6.5)**	178.0	**0.2**	0.4	**0.2**	3.2	**(6.1)**	181.6
Closing defined benefit obligations	**(332.3)**	(326.2)	**(2.5)**	(2.9)	**(9.9)**	(10.2)	**(344.7)**	(339.3)

The cumulative actuarial losses recognised in the Statement of financial activities at 31 December 2023 were £93.0 million (2022 – £91.8 million) in relation to the Nuffield Health Pension and Life Assurance Scheme and £1.3 million for the Aspen Scheme (2022 – £1.6 million).

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 2023 is set out below. The disclosures are likely to remain volatile in future years, particularly the figures shown in the Balance sheet.

	Liability value at 31 December 2023 after change £m	Change in liability relative to base value £m
Discount rate up by 0.5% p.a.	312.3	(18.1)
Discount rate down by 0.5% p.a.	350.3	19.9
RPI inflation rate up by 0.5% p.a.	340.5	10.1
RPI inflation rate down by 0.5% p.a.	321.9	(8.5)
Mortality: minus 1 year age rating	342.8	12.4

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	
	2023 £m	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Open fair value of plan assets	**284.4**	446.9	**–**	–	**12.6**	18.3	**297.0**	465.2
Interest income	**14.1**	8.0	**–**	–	**0.6**	0.3	**14.7**	8.3
Actuarial gains/ (losses)	**5.1**	(163.4)	**–**	–	**0.1**	(5.4)	**5.2**	(168.8)
Contributions paid	**7.9**	8.8	**0.3**	0.3	**–**	–	**8.2**	9.1
Scheme administrative costs	**(1.1)**	(0.7)	**–**	–	**–**	–	**(1.1)**	(0.7)
Benefits paid	**(16.5)**	(15.2)	**(0.3)**	(0.3)	**(0.6)**	(0.6)	**(17.4)**	(16.1)
Closing fair value of plan assets	**293.9**	284.4	**–**	–	**12.7**	12.6	**306.6**	297.0

Financials

Notes to the Financial Statements continued for the year ended 31 December 2023

8. Defined benefit pensions and other post-retirement benefits continued

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 £56.9 million (2022 – £58.3 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 2023, the Charity's net post-retirement defined benefit asset is £18.8 million (2022 – asset of £16.0 million) and the liability for asset backed funding due within one year is £5.0 million (2022 – £4.8 million) and due after one year is £51.9 million (2022 – £53.5 million).

9. Defined contribution pension schemes

	2023 £m	2022 £m
The amounts charged to the income and expenditure account and statement of financial activities	**20.0**	10.8
Contributions owing to the pension schemes at 31 December	**2.7**	2.5

The number of employees in defined contribution pension schemes at year end was 12,515 (2022 – 10,289).

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 Health Articles of Association clauses 4.1 to 4.4.

	2023 £	2022 £
Emoluments paid to the Trustees:		
Mr M W Bryant (resigned July 2023)	**25,000**	49,000
Mr P Figgis	**45,000**	42,000
Mr D W Lister (resigned July 2023)	**20,000**	40,000
Ms N Macdonald*	**62,000**	63,000
Mr S Maslin	**41,000**	40,000
Mr N Sachdev (resigned July 2024)	**36,000**	36,000
Dame L Homer (resigned October 2022)	**–**	29,000
Lord V O Adebowale (resigned October 2022)	**–**	23,000
Dr J Bajwa	**37,000**	34,000
Mr M Stansfeld	**35,000**	34,000
T Killen (appointed May 2023)	**20,000**	–
L Rochford (appointed May 2023)	**23,000**	–
K Whitworth (appointed September 2023)	**12,000**	–
E J Robb (appointed October 2022)	**37,000**	7,000
	393,000	397,000

The highest paid Trustee, who is also a Director under company law, was Ms N Macdonald with remuneration of £62,000 (2022 – £63,000).

The total value of employer contributions towards defined contribution pension schemes in respect of the Trustees is £1,584 (2022 – £10,060) included within the £393,000 remuneration above. Travel and subsistence paid on behalf of or reimbursed to 9 Trustees was £12,020 (2022 – £11,953 to 9 Trustees) in the year.

* The emoluments paid during both FY22 and FY23 include £6,000 in respect of services provided in prior years.

Financials

Notes to the Financial Statements continued for the year ended 31 December 2023

11. Group employees

	2023 Number	2022 Number
Average number of employees:		
Hospital	**9,160**	8,578
Wellbeing	**7,146**	6,740
Support	**1,909**	1,847
Total	**18,215**	17,165

The employees are classified into the categories where the related costs are finally charged.

	Note	2023 £m	2022 £m
Staff costs during the year:			
Wages and salaries		**438.8**	394.3
Social security costs		**40.7**	37.7
Defined benefit scheme administrative costs	8	**1.1**	0.7
Defined contribution	9	**20.0**	10.8
Total employee costs		**500.6**	443.5
Agency costs		**25.5**	42.3
Total staff related costs		**526.1**	485.8

	Charged to Consolidated statement of financial activities		Accrued at year end	
Termination benefits	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Staff costs during the year:				
Individual redundancy and terminations	**1.3**	0.5	**–**	
Associated with reorganisations	**2.8**	4.0	**–**	
	4.1	4.5	**–**	–

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.

	2023 Number	2022 Number
£60,000 to £69,999	**252**	232
£70,000 to £79,999	**138**	116
£80,000 to £89,999	**86**	73
£90,000 to £99,999	**47**	43
£100,000 to £109,999	**27**	19
£110,000 to £119,999	**20**	19
£120,000 to £129,999	**14**	20
£130,000 to £139,999	**12**	15
£140,000 to £149,999	**6**	7
£150,000 to £159,999	**6**	4
£160,000 to £169,999	**11**	1
£170,000 to £179,999	**10**	5
£180,000 to £189,999	**13**	1
£190,000 to £199,999	**2**	5
£200,000 to £209,999	**5**	2
£210,000 to £219,999	**7**	6
£220,000 to £229,999	**2**	2
£230,000 to £239,999	**1**	2
£240,000 to £249,999	**2**	1
£250,000 to £259,999	**–**	2
£260,000 to £269,999	**1**	–
£270,000 to £279,999	**3**	–
£280,000 to £289,999	**1**	2
£290,000 to £299,999	**1**	1
£300,000 to £309,999	**–**	3
£320,000 to £329,999	**–**	1
£330,000 to £339,999	**1**	1
£340,000 to £349,999	**1**	–
£370,000 to £379,999	**2**	–
£380,000 to £389,999	**–**	1
£480,000 to £489,999	**1**	–
£530,000 to £539,999	**–**	1
£540,000 to £549,999	**1**	–
£570,000 to £579,999	**–**	1
£620,000 to £629,999	**–**	1
£970,000 to £979,999	**1**	–

Financials

Notes to the Financial Statements continued for the year ended 31 December 2023

11. Group employees continued

The total emoluments and employee benefits for the Executive Team, who are the key management personnel, in the year was £3.4 million (2022 – £2.7 million). The highest paid individual in 2023 was the Chief Executive Officer, Steve Gray (2022 – Steve Gray).

	2023 £m	2022 £m
Employer contributions towards defined contribution pension schemes for higher paid employees	**4.3**	3.6

	2023 Number	2022 Number
Number of higher paid employees to whom retirement benefits are accruing under the defined contribution pension scheme	**652**	566

12. Tax on deficit

	Group		Charity	
	2023 £m	2022 £m	**2023 £m**	2022 £m
Current tax				
United Kingdom corporation tax main rate of 23.5% (2022 – 19%)	**–**	–	**–**	–

The parent company is a charity whose charitable activities are exempt from corporation 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 2023 (2022 – £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 2023	122.7	12.4	199.4	**334.5**	123.4	12.4	199.5	**335.3**
Additions	–	6.1	0.4	**6.5**	–	6.1	0.4	**6.5**
Transfers	–	(15.5)	15.5	**–**	–	(15.5)	15.5	**–**
Disposals	–	–		**–**	–	–	–	**–**
At 31 December 2023	122.7	3.0	215.3	**341.0**	123.4	3.0	215.4	**341.8**
Amortisation								
At 1 January 2023	(92.9)	(2.3)	(137.7)	**(232.9)**	(93.8)	(2.3)	(137.4)	**(233.5)**
Charge for the year	(6.5)	–	(14.8)	**(21.3)**	(6.5)	–	(14.8)	**(21.3)**
At 31 December 2023	(99.4)	(2.3)	(152.5)	**(254.2)**	(100.3)	(2.3)	(152.2)	**(254.8)**
Net book value at 31 December 2023	23.3	0.7	62.8	**86.8**	23.1	0.7	63.2	**87.0**
Net book value at 31 December 2022	29.8	10.1	61.7	**101.6**	29.6	10.1	62.1	**101.8**

Goodwill is the difference between the consideration paid-for acquisitions and the fair value of the assets and liabilities attributed to the purchase.

Additions during the year included capitalised internal project development costs of £3.0 million (2022 – £1.8 million). The internal project development costs capitalised to date are £39.2 million (2022 – £36.2 million).

Financials

Notes to the Financial Statements continued for the year ended 31 December 2023

14. Tangible fixed assets

Group	Assets in course of construction £m	Land and buildings £m	Leasehold £m	Equipment £m	Total £m
Cost or valuation					
At 1 January 2023	8.5	267.5	195.3	695.1	**1,166.4**
Additions at cost	22.5	1.7	7.2	15.7	**47.1**
Transfers	(12.7)	0.3	11.8	0.6	**–**
Disposals	–	(0.2)	(3.6)	(9.6)	**(13.4)**
Revaluation surplus	–	1,250.5	–	–	**1,250.5**
At 31 December 2023	18.3	1,519.8	210.7	701.8	**2,450.6**
Depreciation and impairment					
At 1 January 2023	–	(120.7)	(72.3)	(550.5)	**(743.5)**
Charge for the year	–	(5.9)	(18.1)	(33.9)	**(57.9)**
Transfers	–	0.3	(1.4)	1.1	**–**
Disposals	–	0.2	3.2	9.5	**12.9**
Impairment	–	–	(2.5)	–	**(2.5)**
At 31 December 2023	–	(126.1)	(91.1)	(573.8)	**(791.0)**
Net book value at 31 December 2023	18.3	1,393.7	119.6	128.0	**1,659.6**
Net book value at 31 December 2022	8.5	146.8	123.0	144.6	**422.9**

The Group has revalued its land and buildings on 31 December 2023.

The revaluation surplus comprises of £1,177.1 million for buildings and £73.4 million for land. The fair value of buildings is £1,289.2 million and fair value of land is £104.5 million.

Under the historic cost model, the net book value of buildings would be £112.1 million and the net book value of land would be £31.1 million.

The amount on which depreciation on buildings is being calculated is £238.2 million (2022 – £236.4 million). The net book value of equipment and motor vehicles held under finance leases and similar hire purchase contracts is £4.2 million (2022 – £4.2 million).

During the year the business conducted a review of certain fixed assets and their classification as part of the revaluation. As a result, a transfer of cost and depreciation from land and buildings to leasehold categories was made. There was no impact on the carrying value of these assets.

Charity	Assets in course of construction £m	Land and buildings £m	Leasehold £m	Equipment £m	Total £m
Cost or valuation					
At 1 January 2023	8.5	393.7	198.1	695.7	**1,296.0**
Additions at cost	22.5	1.7	7.2	15.7	**47.1**
Transfers	(12.7)	6.8	9.0	(3.1)	**–**
Disposals	–	(0.2)	(3.6)	(6.5)	**(10.3)**
Revaluation surplus	–	1,115.5	–	–	**1,115.5**
At 31 December 2023	18.3	1,517.5	210.7	701.8	**2,448.3**
Depreciation and impairment					
At 1 January 2023	–	(117.6)	(73.1)	(549.1)	**(739.8)**
Charge for the year	–	(4.2)	(17.9)	(33.9)	**(56.0)**
Transfers	–	(2.1)	(0.7)	2.8	**–**
Disposals	–	0.1	3.1	6.4	**9.6**
Impairment	–	–	(2.5)	–	**(2.5)**
At 31 December 2023	–	(123.8)	(91.1)	(573.8)	**(788.7)**
Net Book Value at 31 December 2023	18.3	1,393.7	119.6	128.0	**1,659.6**
Net Book Value at 31 December 2022	8.5	276.1	125.0	146.6	**556.2**

The Charity has revalued its land and buildings on 31 December 2023.

The revaluation surplus comprises of £1,042.1 million for buildings and £73.4 million for land. The fair value of buildings is £1,289.2 million and the fair value of land is £104.5 million.

Under the historic cost model, the net book value of buildings would be £112.1 million and the net book value of land would be £31.1 million.

The amount on which depreciation on freehold buildings is being calculated is £370.9 million (2022 – £255.8 million). The net book value of buildings held under finance leases is £207.5 million (2022- £208.7 million). Equipment and motor vehicles held under finance leases and similar hire purchase contracts is £4.2 million (2022 – £4.2 million).

During the year the business conducted a review of certain fixed assets and their classification as part of the revaluation. As a result, a transfer of cost and depreciation from land and buildings to leasehold and equipment categories was made. There was no impact on the carrying value of these assets.

The land and buildings includes the fair value of land and buildings held under finance leases.

Financials

Notes to the Financial Statements continued for the year ended 31 December 2023

14. Tangible fixed assets continued

Group and Charity

Following an assessment of the market value of Nuffield's Health's freehold estate at April 2024, the Group and Charity adopted the revaluation model for land and buildings on 31 December 2023. The fair value has been derived from market-based evidence by professional valuers with accordance with RICS Valuation–Professional Standards January 2022. The reported fair value for each site is a multiple of a fair maintainable EBITDAR generated by the site, less the net book value of fixtures, fittings and equipment. Therefore, the valuation includes value attributable to the properties trading potential.

An annual transfer will be made from revaluation reserve to retained earnings equivalent to the excess depreciation in respect of the revalued assets.

Additions during the year included capitalised internal project development costs of £0.2 million (2022 – £2.0 million). The interest charges and internal project development costs capitalised to date are £10.7 million (2022 – £10.7 million) and £11.1 million (2022 – £10.9 million) respectively.

During the year the Group recognised a total impairment charge of £2.5 million (2022 – £11.2 million). In fitness and wellbeing sites, an impairment charge of £0.2 million in relation to spa closures at some fitness and wellbeing sites and a total impairment reversal of £2.2 million (2022 – £8.5m charge) was recorded, following the onerous lease assessment and associated impairment reviews at year end.

The Hospitals impairment review resulted in an impairment charge for St Bart's hospital of £2.3 million (2022 – £Nil), a charge of £2.7 million (2022 – £Nil) for Woking hospital and an impairment reversal of £0.5 million (2022 – £0.4m charge) in relation to Highgate Hospital.

Charity

During 2022, 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 land and buildings category within tangible fixed assets as the risks and rewards relating to these properties have remained with the Charity throughout the transaction. A surplus of £133.7 million was 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. Investments

Group	UK listed investment £m	Unlisted investment £m	**Total £m**
Cost or market value			
At 1 January and 31 December 2023	0.1	0.1	**0.2**

Charity	Note	Subsidiary undertaking £m	UK listed investment £m	Unlisted investment £m	**Total £m**
Cost or market value					
At 1 January and 31 December 2023		56.0	0.1	0.1	**56.2**
Provision for impairment					
At 1 January and 31 December 2023		(20.1)	–	–	**(20.1)**
Net book value at 31 December 2023		35.9	0.1	0.1	**36.1**
Net book value at 31 December 2022		35.9	0.1	0.1	**36.1**

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.

Financials

Notes to the Financial Statements continued for the year ended 31 December 2023

15. Investments continued

Subsidiary undertakings

The subsidiary undertakings at 31 December 2023 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 Ltd	Ordinary	100%		Subsidiary holding company
Aspen Leasing Ltd	Ordinary		100%	Dormant
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%	Dormant
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
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%		Provision of ancillary trading services
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
Registered in Scotland				
Edinburgh Medical Services Ltd	Ordinary		100%	Dormant
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

Financials

Notes to the Financial Statements continued for the year ended 31 December 2023

15. Investments continued

During 2022, 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 18, 19 and 20. 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 shown in notes 18, 19 and 20. Nero Propco LLP, company number OC443283, is registered in England and Wales at 1 Bartholomew Lane, London, EC2N 2AX.

On 30 September 2021, investment was made in Aspen Healthcare Limited and its subsidiaries. On 1 June 2022 the trade and 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 hived up and transferred to the Charity by way of an Asset Purchase Agreement. 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.

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 is amortised over their estimated useful lives of between six and twenty years.

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, United Kingdom EH1 2EN. Edinburgh Medical Services Ltd and The Edinburgh Clinic Ltd are registered in Scotland at 40 Colinton Road, Edinburgh, EH10 5BT.

16. Stock

	Group		Charity	
	2023 £m	2022 £m	**2023 £m**	2022 £m
Raw materials and consumables	**18.1**	17.3	**16.9**	16.2

There were no significant differences between the replacement cost and the values disclosed above.

Consignment stock not included in the Group Balance sheet is £19.3 million (2022 – 18.6 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 £163.7 million (2022 – £152.2 million).

17. Debtors falling due within one year

	Group		Charity	
	2023 £m	2022 £m	**2023 £m**	2022 £m
Trade debtors	**71.4**	68.9	**70.0**	67.1
Amount owed by Group undertakings	**–**	–	**3.0**	1.9
Other debtors	**6.8**	7.0	**6.7**	6.8
Prepayments and accrued income	**50.7**	43.0	**50.4**	42.8
	128.9	118.9	**130.1**	118.6

Interest is charged on loans to Group undertakings at various rates of interest between 2.7% and 2.9% above the base rate (2022 – 2.7% and 2.9% above the base rate). The loans are repayable on demand and are unsecured.

Financials

Notes to the Financial Statements continued for the year ended 31 December 2023

18. Creditors: amounts falling due within one year

	Note	Group 2023 £m	Group 2022 £m	Charity 2023 £m	Charity 2022 £m
Trade creditors		**59.3**	26.3	**58.3**	25.5
Amounts owed to Group undertakings		**–**	–	**39.8**	38.4
Obligations under finance leases		**0.4**	0.8	**1.9**	2.2
Social security and other taxes		**13.1**	19.4	**13.0**	19.5
Other creditors		**13.5**	20.4	**14.5**	20.5
Pension contributions		**2.7**	2.5	**2.6**	2.5
Liability for asset backed funding	8	**–**	–	**5.0**	4.8
Accruals and deferred income		**126.7**	139.9	**121.8**	138.9
Deferred gain on sale and leaseback disposal		**–**	–	**2.7**	2.7
Third party loan		**1.9**	7.7	**–**	–
Bank loan		**10.0**	–	**10.0**	–
Bank overdraft		**13.0**	9.7	**13.0**	9.7
		240.6	226.7	**282.6**	264.7

The Deferred gain on the sale and leaseback disposal is amortised over the lease period of 50 years. During the year, £2.7 million (2022 – £0.6 million) was credited to the Charity Statement of financial activities and recognised within Gain on disposal of tangible assets.

Included within Obligations under finance leases for the Charity is a finance lease for 10 properties held with Nero Propco LLP, a Group company. The lease payments are indexed linked, with the annual increase capped at 5%. The lease liability was measured at inception as the present value of the minimum lease payments and the finance charge is determined using the effective interest rate method. The additional charge incurred as a result of indexation is deemed contingent rent and expensed to the Statement of financial activities.

Interest is charged on amounts owed to Group undertakings at various rates of interest between 2.7% and 2.9% above the base rate (2022 – 2.7% and 2.9% above the base rate). The loans are repayable on demand and are unsecured.

19. Creditors: amounts falling due after more than one year

	Note	Group 2023 £m	Group 2022 £m	Charity 2023 £m	Charity 2022 £m
Bank loan		**270.0**	258.0	**270.0**	258.0
Deferred expenses in connection with bank loan		**(9.1)**	(11.6)	**(9.1)**	(11.6)
Fair value of interest rate derivatives		**3.2**	4.5	**3.2**	4.5
		264.1	250.9	**264.1**	250.9
Obligations under finance leases		**1.8**	0.1	**208.8**	208.8
Liability for asset back funding	8	**–**	–	**51.9**	53.5
Third party loan		**193.1**	181.8	**–**	–
Deferred expenses in connection with loan		**(0.9)**	(0.9)	**–**	–
Deferred gain on sale and leaseback disposal		**–**	–	**127.7**	130.3
Other creditors		**4.6**	4.5	**4.6**	4.5
		462.7	436.4	**657.1**	648.0

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 £195.0 million as at 31 December 2023. Further information is disclosed in policy 5 on page 109.

Liability for asset backed funding

Charity	2023 Risk free discount rate %	2023 Forecast Payments £m	2023 Fair value of liability £m	2022 Risk free discount rate %	2022 Forecast Payments £m	2022 Fair value of liability £m
Amounts falling due within one year	**4.73%**	**8.0**	**5.0**	4.56%	7.9	4.8
Amounts falling due after one year	**3.25% to 4.01%**	**60.6**	**51.9**	3.87% to 4.58%	64.1	53.5
		68.6	**56.9**		72.0	58.3
Cash contribution paid in year			**(4.0)**			(4.0)

Financials

Notes to the Financial Statements continued for the year ended 31 December 2023

20. Borrowings

The future minimum payments on borrowings are as follows:

	Note	Group total funds 2023 £m	Group total funds 2022 £m	Charity total funds 2023 £m	Charity total funds 2022 £m
Borrowings are repayable as follows:					
Not later than one year:					
Bank overdraft		**13.0**	9.7	**13.0**	9.7
Finance leases		**0.5**	0.8	**9.9**	10.2
Third party loan		**9.4**	9.4	**–**	–
Later than one year and not later than five years:					
Bank loans		**280.0**	258.0	**280.0**	258.0
Finance leases		**1.7**	0.1	**39.3**	37.7
Third party loan		**37.6**	37.6	**–**	–
Later than five years:					
Finance leases		**0.5**	–	**409.3**	420.6
Third party loan		**408.8**	420.7	**–**	–
		751.5	736.3	**751.5**	736.2

The Charity holds a finance lease relating to 10 hospitals that were sold to Nero Propco LLP, a Group company, under a sale and leaseback transaction in 2022. The lease term is 50 years with the option to purchase at the end of the term.

Nero Propco LLP, holds an indexed linked third party loan, the original proceeds of which were used to purchase the 10 freehold properties from the Charity in 2022. 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 land and buildings 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 3.30–3.90% + SONIA	23 September 2027
Bank loans – temporary facility	Secured	Variable 3.30 – 3.90% + SONIA	31 December 2024*
Third party loan	Secured	3.3092% + RPI indexation capped at 5% p.a	22 September 2072

* Post year end, this facility has been extended to December 2025. Please refer to note 35 for further details.

21. Finance derivatives

The financial derivatives in place during 2023 were:

	Maturity	Fixed rate %	Principal £m
In Charity and Group			
At 1 January and 31 December 2023			
Interest rate swap – floating to fixed rate	Sep-25	5.53%	67.5
Interest rate swap – floating to fixed rate	Sep-25	5.57%	67.5

The fair value of derivatives at 31 December 2023 was £3.2 million (2022 – £4.5 million). 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.

22. Provisions for liabilities

Group	2023 Property related £m	2023 Self insured £m	2023 Other £m	2023 **Total £m**
As at 1 January 2023	71.8	4.0	2.0	**77.8**
Additional provision	27.0	0.6	2.2	**29.8**
Utilised in year	(5.5)	(0.8)	(0.7)	**(7.0)**
Reversal of provision	(17.3)	–	(0.3)	**(17.6)**
At 31 December 2023	76.0	3.8	3.2	**83.0**

Charity	£m	£m	£m	**£m**
As at 1 January 2023	71.8	3.7	2.0	**77.5**
Additional provision	27.0	0.9	2.2	**30.1**
Utilised in year	(5.5)	(0.8)	(0.7)	**(7.0)**
Reversal of provision	(17.3)	–	(0.3)	**(17.6)**
At 31 December 2023	76.0	3.8	3.2	**83.0**

Financials

Notes to the Financial Statements continued for the year ended 31 December 2023

22. Provisions for liabilities continued

The property related provisions are estimated unavoidable costs relating to vacant properties and onerous leases. 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. 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.

The provision is calculated on a site-by-site basis and discounted as appropriate. An additional provision of £27.0 million and a reversal of £17.3 million (2022 – charge of £41.6 million and a reversal of £5.4 million) result in a net charge to the Income Statement of £9.7 million (2022 – £36.2 million) and are reflected within Adjusting items in the Income statement and in note 5.

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 (2022 – £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.

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.

23. Permanent endowments

	2023 £m	2022 £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.

24. Financial Instruments

		Group		Charity	
	Note	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Financial assets					
Measured at fair value through the Income statement and Statement of financial activities	15	**0.1**	0.1	**0.1**	0.1
Equity instruments measured at cost less impairment	15	**0.1**	0.1	**36.0**	36.0
Debt instruments measured at amortised cost		**104.6**	111.2	**100.7**	106.2
Financial liabilities					
Measured at fair value through the Statement of financial activities		**198.2**	194.0	**60.1**	62.8
Measured at amortised cost		**480.3**	441.5	**725.5**	688.3

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.

Financials

Notes to the Financial Statements continued for the year ended 31 December 2023

24. Financial Instruments continued

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 on page 107 and financial sustainability report on page 75 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 operating costs. At the end of 2023, there were £27.0 million of unutilised bank loan facilities (2022 – £32.0 million). The repayment dates of debt are set out in note 20.

The Group holds secured bank debt of £290.0 million, expiring in 2027, and recently obtained an extension to the term of £30m additional facility due to expire in December 2024, to December 2025, with an option to extend for a further 8 months subject to credit committee approval. In addition, the Group performs regular cash flow forecasts to manage sufficient levels of liquidity. The cash flow forecasts take into consideration the risks contained within the modelling and monitor progress of any mitigating actions to manage optimum liquidity for the Group.

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 21.

25. Analysis of net assets between funds

The Group and Charity's assets and liabilities are unrestricted except for £0.1 million (2022 – £0.1 million) of investments that are a permanent endowment and restricted funds comprising cash of £0.8 million (2022 – £0.8 million).

Unrestricted funds amount to a surplus of £1,080.3 million for the Group (2022 – deficit of £105.3 million) and a £931.6 million surplus for the Charity (2022 – deficit of £133.2 million). Within these unrestricted surplus amounts are gains arising from the revaluation of freehold land and buildings on 31 December 2023, amounting to £1,250.5 million for the Group and £1,115.5 million for the Charity. Also within unrestricted funds is a General fund deficit of £132.7 million for the Group (2022 – £-63.5 million deficit) and a deficit of £202.7 million for the Charity (2022 – £149.2 million deficit) and the Post-retirement reserve, which shows a deficit of £38.1 million for the Group (2022 – £42.3 million deficit) and a surplus of £18.8 million for the Charity (2022 – £16.0 million surplus).

During the year, £1.6 million of grant income was transferred between restricted and unrestricted funds as it was fully utilised in 2023.

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 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 2023.

26. Reconciliation of operating surplus to cash flow from operating activities

	Note	2023 £m	2022 £m
Total operating (deficit)		**(17.7)**	(56.1)
Adjusting items in operating surplus	5	**16.9**	53.6
Depreciation and amortisation		**79.2**	72.9
Earnings before interest, tax, depreciation, amortisation, adjusting items and non-cash elements of post-retirement benefits		**78.4**	70.4
Loss/(gain) on disposal of assets		**0.5**	(0.8)
(Increase) in stocks		**(0.8)**	(1.5)
(Increase) in debtors		**(10.0)**	(10.9)
Increase in creditors		**4.3**	1.7
(Decrease) in provisions		**(4.5)**	(4.4)
Total cash flow from operations		**67.9**	54.5
Post-retirement benefits – cash payments		**(8.2)**	(9.2)
Cash generated from operating activities before adjusting items		**59.7**	45.3
Adjusting items cash outflow from operations			
Adjusting items in operating surplus	5	**(16.9)**	(53.6)
Impairment of tangible and intangible assets		**2.5**	11.2
Increase in provisions		**9.7**	36.4
Total cash outflow from adjusting items		**(4.7)**	(6.0)
Total cash inflow from operating activities		**55.0**	39.3

Financials

Notes to the Financial Statements continued for the year ended 31 December 2023

27. Cash flows from investing activities

	Note	2023 £m	2022 £m
Purchase of tangible fixed assets and computer software		**(55.8)**	(47.3)
Acquisition of non-controlling interest	33	**–**	(1.5)
Interest received	7	**0.7**	–
		(55.1)	(48.8)

28. Cash flows from financing activities

	2023 £m	2022 £m
Interest paid	**(29.9)**	(21.1)
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	**22.0**	258.0
Repayment of third party loan	**(1.8)**	(100.0)
Receipt of new third party loan	**–**	211.0
Repayment of finance lease and HP agreements	**(0.8)**	(1.9)
Receipt of finance lease and HP agreements	**1.5**	–
	(9.1)	8.9

29. 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	30	17.9	(5.9)	–	12.0
Bank overdraft	18	(9.7)	(3.3)	–	(13.0)
Bank loans due within one year		–	(10.0)	–	(10.0)
Bank loans due after more than one year	19	(258.0)	(12.0)	–	(270.0)
Third party loans due within one year	18	(7.7)	–	5.8	(1.9)
Third party loans due after more than one year	19	(181.8)	1.8	(13.1)	(193.1)
Finance leases due within one year	18	(0.8)	0.8	(0.4)	(0.4)
Finance leases due after more than one year	19	(0.1)	(1.5)	(0.2)	(1.8)
		(440.2)	(30.1)	(7.9)	(478.2)

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 18. The most significant non cash change relates to fair value on third party loan of £9.3 million. See note 7.

30. Cash and cash equivalents

		Group		Charity	
Group	Note	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Cash at bank and in hand		**12.0**	17.9	**6.7**	13.0
Overdraft	18	**(13.0)**	(9.7)	**(13.0)**	(9.7)
		(1.0)	8.2	**(6.3)**	3.3

Financials

Notes to the Financial Statements continued for the year ended 31 December 2023

31. Capital commitments

	Group 2023 £m	Group 2022 £m	Charity 2023 £m	Charity 2022 £m
Contracts for future capital expenditure not provided in the financial statements – Property, plant and equipment	**11.9**	11.9	**11.9**	11.9

Capital commitments consist of purchase orders placed for capital expenditure where the goods or services have not been delivered at the Balance sheet date and commitments under lease agreements for capital expenditure relating to improving certain leasehold properties. Purchase orders for capital expenditure placed at 31 December 2023 totalled £4.1 million (2022 – £2.6 million) and are expected to be fulfilled during the following financial year. The capital commitments relating to leasehold properties totalled £7.8 million (2022 – £9.3 million). These commitments will be fulfilled by 30 September 2031 in line with the lease agreements. These commitments will be funded in the same way as all other capital expenditure for the Group, using cash generated from operations and the Group's credit facilities as outlined in note 21.

32. Obligations under leases and hire purchase contracts

	Note	Group 2023 £m	Group 2022 £m	Charity 2023 £m	Charity 2022 £m
Future minimum rentals under non-cancellable operating leases:					
Land and buildings					
Less than one year		**80.9**	82.1	**79.3**	80.5
Between one and five years		**300.1**	306.1	**293.2**	299.7
After five years		**1,157.4**	1,217.1	**1,105.2**	1,169.7
		1,538.4	1,605.3	**1,477.7**	1,549.9
Other					
Less than one year		**14.5**	10.0	**14.5**	10.0
Between one and five years		**13.0**	17.6	**13.0**	17.6
After five years		**0.1**	0.7	**0.1**	0.7
		27.6	28.3	**27.6**	28.3
Future minimum payments due under finance leases and hire purchase agreements:					
Less than one year	20	**0.5**	0.8	**9.9**	10.2
Between one and five years	20	**1.7**	0.1	**39.3**	37.7
After five years	20	**0.5**	0.0	**409.3**	420.6
		2.7	0.9	**458.5**	468.5

33. Non-controlling interest

	Total £m
As at 1 January 2023	**0.5**
Share of gain for the period	**0.1**
Non-controlling interest at 31 December 2023	**0.6**

34. Related party transactions

Trustees and Executive Managers are considered key management personnel. Total remuneration of these individuals were £3.8 million (2022 – £3.1 million). Alloc8tor Limited provided software for the management of bank and agency staff to the Group. A director of Alloc8tor Limited is the spouse of Caroline Smith, Chief Operating Officer of Nuffield. The value of the contract in 2023 amounted to £320,670 (2022 – £5,400), with an outstanding balance in respect of services provided of £166,844 at the year end (2022 – £nil). Nuffield also purchased system implementation support services from Caroline Smith operating under MS4H. Expenses incurred by the Group payable to MS4H amounted to £262,656 in 2023 (2022 – £59,040). An outstanding balance in respect of services provided by MS4H of £62,525 was included within liabilities at year end (2022 – £nil). The Charity has no other related party transactions in 2023 (2022 – none) other than with wholly owned undertakings, and is using the exemption allowed by FRS 102 to not disclose transactions with wholly owned undertakings.

35. Events after the reporting period

In December 2023, Aspen Healthcare Limited, a Group company, granted a call option to a third party to purchase all of the interests in Cancer Centre London LLP, its wholly owned subsidiary. The option can be exercised at any time in the next three years. Simultaneously, Cancer Centre London LLP agreed to receive a £2.1 million interest-free loan from the same third party. The loan was received in January 2024. At the date of signing these accounts, the option has not been exercised.

On 16 May 2024, the Group announced the retirement of the CEO, Steve Gray after nine years leading Nuffield Health and 20 years in the healthcare sector. Alex Perry, currently CEO for Bupa UK Insurance, is set to succeed Steve later in 2024.

The Group recently obtained an extension to the additional facility due to expire in December 2024, from its lenders. The extension provides access to the £30 million credit facility for a further 12 months to 31 December 2025, with the option to extend for a further 8 months, subject to credit approval. There are no changes to the loan covenants.

Additional information

Additional information

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 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** the required standards are achieved, including through auditing 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 continuous quality improvement** to meet and exceed customer expectations, and 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; and
- **Identifying and managing risks** to quality of care including approving resources to meet improvement plans.

The Board has delegated authority to the BQSC to provide assurance regarding the content of the Annual Quality Report, which is now incorporated within this 2023 Annual Report along with the NHS Quality Account.

The NHS's core quality account indicators, as they relate to Nuffield Health activities, are provided on our website in the format prescribed by NHS England for 2023-2024.

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 Nuffield Health's people across the Charity at all levels and in all parts, 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.

Dr Junaid Bajwa
Trustee and Chair of the Board Quality and Safety Committee

Additional information continued

Independent regulators' hospital reviews

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 each 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	April 2024	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	Good	Good	Good	Outstanding	Outstanding	Good
Leicester	October 2023	Good	Good	Good	Good	Good	Requires improvement
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	February 2024	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	October 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 information continued

Additional quality assurance information

Internal and External Audit

Nuffield Health assure the quality of its services 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 by the Quality Board and the Board Quality and Safety Committee (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)

- 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:

- Radiological Protection Centre (RPC) continues to independently assure that Nuffield Health uses ionising radiation and non-ionising imaging safely, in order to protect the wellbeing and safety of patients and staff.
- All Nuffield Health pathology facilities are accredited by United Kingdom Accreditation Service (UKAS) in accordance with Medical Laboratories for Quality and Competence (ISO 15189:2012) and are compliant with Blood Safety and Quality Regulations (BSQR–2005)
- All seven Nuffield Health Support Service Units remain registered with MHRA. Registration is retained through an annual audit of each site by the UK Approved Body BSI for the continued suitability, adequacy and effectiveness of the Quality Management System as the route to compliance with Essential Requirements and applicable parts of the Medical Devices Regulations 2002 (SI 2002 No. 618, as amended) (UK MDR 2002).'
- All 32 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.

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.