

# **Annual Report and Accounts 2018-19**

**Staffordshire and Stoke-on-Trent  
Partnership Trust**

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2017/18 represented the last full financial year of operation for Staffordshire and Stoke on Trent Partnership NHS Trust, following the successful acquisition of the Trust by South Staffordshire and Shropshire Healthcare NHS Foundation Trust and the formation of Midlands Partnership Trust NHS Foundation Trust with effect from 1<sup>st</sup> June 2018. This report relates to the two months between the end of the financial year 2017/18 and the date of acquisition.

## **Performance Report**

### **An Overview**

Statement from our Chief Executive and Chairman

We are pleased to present the Staffordshire and Stoke on Trent Partnership NHS Trust Annual Report and Accounts for the final two months of the Trust's operation, April and May 2018.

The main focus of this period was ensuring a smooth transition to the new organisation, Midlands Partnership NHS Foundation Trust, however while that work was taking place, our staff continued to work incredibly hard to provide excellent services for the communities we serve across Staffordshire and Stoke-on-Trent.

The Trust also continued to play an integral role in the health and care economy of Staffordshire and Stoke-on-Trent through the region's Sustainability and Transformation Partnership (STP) "Together We're Better" programme.

David Pearson MBE  
Chairman

Neil Carr  
Chief Executive

## **Who we are and our services**

The Partnership Trust is an integrated health and adult social care community services provider located within the geographical boundaries of Staffordshire County Council and Stoke-on-Trent City Council and serves a population of 1.1 million people, employing around 4,300 people.

### **Core services 1 April – 31 May 2018**

- Adult services – district nursing, community rehabilitation, community matrons, community hospital care, dietetics, intermediate care, palliative and end of life care, long term condition specialist nursing, physiotherapy, occupational therapy, podiatry, speech and language therapy.
- Adult social care (county only) – reablement, occupational therapy, assessment and case management.
- Children's services – school nursing, health visiting, paediatric Hospital@Home, school age immunisation, palliative and complex care, physiotherapy, occupational therapy, speech and language therapy, dietetics, community offender health.
- Specialist services – adults with developmental disabilities, dental care, specialist falls, rheumatology, neuro-rehabilitation, respiratory, interdisciplinary chronic pain management, musculoskeletal, women's health, occupational physiotherapy, stroke and early supported discharge and sexual health covering North Staffordshire, Stoke-on-Trent, Leicestershire and Rutland

## **Our vision**

We will deliver personalised care of the highest quality, with the best outcomes for users and carers, empowering them to remain independent

For the final two months of the Trust's existence we continued to work towards our strategic goals and objectives and also focused on achieving the integration with South Staffordshire and Shropshire Healthcare NHS Foundation Trust and ensuring a smooth transition.

Our two strategic goals and eight objectives:

<b>Improving quality</b>	<b>Improving efficiency</b>
To be recognised by CQC as good or outstanding	Return the Trust to financial balance safely
Integrating community services with local care hubs	Play a lead role in the Sustainability and Transformation Partnership (STP)
Transforming adult social care	Fully implement IT solutions to improve care
To continue to improve our staff survey results	Re-design our services to meet the changing needs of our commissioners

## **Key issues for our strategic objectives**

The Trust Board is responsible for determining and monitoring the Trust's overall strategy and at the start of each financial year sets strategic objectives that are aimed at moving the organisation closer towards achieving its vision.

Key challenges affecting the organisation's ability to meet its strategic objectives during 1 April to 31 May 2018 were the delivery of the Trust's Cost Improvement Programme (CIP) and financial recovery and demand on capacity across the entire local health and social care system.

The completion of a robust transaction process to merge with South Staffordshire and Shropshire Healthcare NHS Foundation Trust and bring together physical health and mental health was the main priority for the final two months of operation. A considerable amount of resource regarding skill set and capacity was required to support the ongoing transaction process which was consistently reviewed and monitored to ensure that business as usual was safe and effective across the organisation.

The process was successfully completed on 1 June 2018.



## Performance Summary

During the period of 1 April 2018 to 31 May 2018, the Trust delivered the following volumes of activity:

<b>SSOTP / Physical Health</b>	<b>Pre-Merge Apr-May</b>
Hospital Daycase	568
Hospital Inpatient Spells	221
Hospital Outpatients Appointments	16405
Physical Health Contacts	256157
Walk in Centre / Minor Injuries Unit Attendances	11031

Percentage of patients on incomplete pathways waiting no more than 18 weeks from referral to treatment (RTT)	98.5%
Percentage of A&E Patients with a total time in the department of 4 hours or less	99.3%

## Performance at a glance

### How we measure performance

The Trust uses a comprehensive set of indicators to monitor performance and manage service improvement. These indicators include national, contractual, and internal metrics and targets, which cover the core service dimensions of operations, quality, finance and workforce.

Performance is reported and discussed at team, area, division, committee, and Trust Board level. This generates a constant flow of business intelligence that enables the early detection and correction of emerging performance concerns. Performance improvement plans are produced for indicators reported below target, and where business intelligence provides an early warning that performance may deteriorate. Robust data quality is essential for performance management. The Trust has a Data Quality Policy, and undertakes data quality assessments, leading to data quality improvement plans where issues are identified.

Performance data is also used to improve value for money. Demand and capacity analysis exercises enable the Trust to identify shifts in demand pressures, informing optimal deployment of resources.

## Key performance indicators

Indicator	Target	April 18	May 18
Percentage of Service Users on an incomplete pathway waiting 18 weeks or more from referral	92%	98%	99%
Percentage of Service Users waiting 6 weeks or more from Referral for a diagnostic test	<= 1%	0%	0%
Mixed sex accommodation breach	0	0	0
Zero tolerance Methicillin-Resistant Staphylococcus aureus	0	0	0
Mininise rates of Clostridium difficile	N/A	0	0
Zero tolerance RTT waits over 52 weeks for incomplete pathways	0	0	0
Duty of Candour	0	0	0

## **Sustainability Report**

The Trust has a Board-approved Sustainable Development Management Plan and looks to minimise its impact on the environment.

## **Accountability Report**

### **The Corporate Governance Report**

#### **The Directors' Report**

The Partnership Trust was formally established as an NHS Trust on 1 September 2011 and fully integrated with adult social care from Staffordshire County Council on 1 April 2012. The Trust Board was modelled on best practice while also taking into account the governance requirements of NHS and aspirant foundation trusts.

There is a formal shared governance arrangement in respect of social care. This includes Trust Board to Council Cabinet meetings and an Executive Transformation Group and a steering Board and Transformation Programme Board all of which contain representation from both organisations and have formal Terms of Reference in place.

#### **Board Membership**

- Neil Carr, Interim Chief Executive (on secondment from South Staffordshire and Shropshire Healthcare NHS Foundation Trust from 17<sup>th</sup> July 2017)
- David Pearson MBE, Chairman
- Five Voting Non-Executive Directors:
  - Dr John Scarpello
  - Gary Crowe
  - Jane Gaddum
  - Elizabeth Jarrett
  - Paul Weston
- Four Voting Executive Directors
  - Jayne Deaville, Interim Director of Finance and Resources (on secondment from South Staffordshire and Shropshire Healthcare NHS Foundation Trust from 1st December 2016)
  - Dr James Shipman, Medical Director (up to 16th September 2017. James continued one day per week as Medical Advisor to the Trust Board until 31st May 2018.)
  - Dr Zafar Iqbal, Medical Director (on secondment from Stoke-on-Trent City Council from 25th September 2017 until 31st May 2018.)
  - Rose Goodwin, Director of Nursing and Quality
- Non-Voting Directors
  - Jo Cowcher, Director of Adult Social Care
  - Kieron Murphy, Director of Operations
  - Julie Tanner, Director of Workforce and Development
  - Claire Bailey, Acting Director of Business, Strategy and Redesign



## **Audit Committee**

The audit committee performs a key role of reviewing and monitoring the systems of internal control to provide assurance to the Trust Board. The committee receives regular reports on the work and findings of the internal and external auditors. The directors, in so far as they were aware, have taken the necessary steps to make themselves aware of any relevant audit information and have provided this to the Trust's auditors.

### **Audit Committee Members:**

Non-executive directors Gary Crowe (Committee Chair), Jane Gaddum and Paul Weston.

### **Declarations of interest**

A register of interests is maintained in relation to all Trust Board members. This is available by application to the Company Secretary at Trust Headquarters.

## **Annual Governance Statement**

### **Staffordshire and Stoke on Trent Partnership NHS Trust Annual Governance Statement**

#### **Scope of Responsibility**

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

#### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Staffordshire and Stoke on Trent Partnership NHS Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Staffordshire and Stoke on Trent Partnership NHS Trust for the two months ended 31 May 2018, at which point, the organisation was acquired by South Staffordshire & Shropshire Healthcare NHS Foundation Trust, to form Midlands Partnership NHS Foundation Trust.

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

Leadership arrangements for risk management are documented in the Risk Management Strategy and further supported by the Trust Business Plan objectives and individual job descriptions. Leadership starts with the Chief Executive having overall responsibility, and delegation to named Executive Directors. The leadership is further embedded by ownership at a local level by managers taking responsibility for risk identification, assessment and analysis.

All new members of staff are required to attend mandatory induction that covers key elements of risk management. This is further supplemented by local induction. The organisation provides mandatory and statutory training that all staff must attend, and in addition to this, specific training appropriate to individuals' responsibilities is also provided. There are many ways that the organisation seeks to learn from good practice and this includes incident reporting procedures, complaints and pro-active risk assessment.

The overall governance framework operates to provide assurance to the board through board committees:

- Quality and Safety
- Finance, Investment & Performance



- Audit
- Workforce Matters
- Remuneration & Terms of Service

All Board and Committee members are expected to attend no less than 80% of the agreed cycle of meetings. A register of attendance is maintained for the Board and its Committees.

Board membership remained stable for the two-month period.

There has been a continued focus on visibility and listening (through quality visits and active use of social media) as well as staff support, engagement and the encouragement and support of innovation.

The Board is compliant with the Code of Conduct and Code of Accountability for NHS Boards. A register of relevant and material Board member interests is maintained and published on the Trust's website. Board and Committee meetings routinely include an opportunity for members to declare any interests in agenda items, which are recorded in the minutes of the meeting as well as in a separate register.

## **The role of the Board's Committees**

### **Quality and Safety Committee**

The Quality and Safety Committee is responsible for quality issues including the clinical agenda to ensure that appropriate clinical governance structures, systems and processes are in place across all services and are developed in line with national, regional and commissioning expectations. This is based on the three pillars of quality: safety; patient experience and effectiveness and includes clinical risk management (monitoring risks to quality) and service user safety. The Committee undertakes a review of the draft Quality Account and the proposed priorities for improvement. Any changes are reflected in the Quality Account before it is consulted upon. The priorities for improvement are tracked in-year through the Quality Dashboard, which is reviewed by the Committee and the Board.

### **Finance Investment & Performance Committee**

The Finance, Investment and Performance Committee is responsible for seeking assurance regarding the control and management of the Trust's performance, finances, resources and investments. Duties of the Committee include consideration of the finance strategy (revenue and capital), overseeing the implementation of the Trust's procurement strategy, and monitoring the key financial outcomes

The principal focus of the Finance Investment & Performance Committee has been to secure a sustainable financial recovery.

### **Workforce Matters Committee**

The Workforce Matters Committee is responsible for all matters relating to the workforce, ensuring that strategies and policies adopted by the board are in support of an engaged and committed workforce.

### **Audit Committee**

The Audit Committee reviews systems of integrated governance, risk management and internal control, ensures that there is an effective internal audit function, reviews the findings of the external auditor, reviews the findings of other significant assurance functions, and considers the draft annual report and financial statements before their submission to the Board.

The Audit Committee meets in private session with the internal and external auditors to review the effectiveness of the committee and its working relationships. The committee also conducts a detailed annual self-assessment in line with the national model.

### **Remuneration and Terms of Service Committee**

The Remuneration Committee is responsible for ensuring that the Trust recruits, retains and develops a strong executive director team capable of achieving Trust objectives for performance. The Committee has oversight of succession planning and senior staff pay, contractual arrangements and termination payments.

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

The Risk Management Strategy clearly defines leadership, structure and the risk management process. Risks within the organisation are identified in many ways using many different methods. Once identified each risk is assessed and evaluated using the Australian / New Zealand 5 x 5 matrix (likelihood x impact, where 1 is low and 5 high). This method is the recognised NHS Risk Management Standard. The risk management strategy is supported by the risk management policy, which robustly sets out and documents its processes and arrangements for the structured identification, prevention, evaluation and mitigation of risk. Each Area maintains its own risk register, which are monitored monthly, and significant risks identified are considered for inclusion in the Corporate Risk Register. The Board reviews the Corporate risk register (risks scored 15 and above) monthly.

The review of risks and current control measures enables risks to be prioritised and supports the trust in determining the degree of risk that the trust will accept, i.e. its risk appetite, when reviewing service changes or investments.

The Trust continually seeks to improve its Assurance Framework, refine its Principal Objectives, and further develop the Assurance Plan in order to assess the potential risks that threaten the achievement of the organisational objectives, the existing control measures in place, where assurances are gained and any gaps in the same. The Trust has maintained its assurance plan, which has been subject to regular review to support the 2018/19 Business Plan objectives. Assurance for 2018/19 can further be drawn from regular performance reporting, review of the risk register and specific Board and Committee reporting on key issues and assurances, which provides assurance to the Chief Executive to enable sign off of the Annual Governance Statement. The organisation is involved with a multitude of partners including Clinical Commissioning Groups, Social Services, Education, Police, Prisons and the voluntary sector. The Trust Executive, Chief Operating Officers and operational Heads of Services work closely with the above partners, to provide a local integrated service to our public and stakeholders.



The key risks grappled with during the 2018/19 financial year have included the management of the financial position of the trust and in particular the cost improvement programme, and the improvement required in the delivery of service quality and in particular addressing the areas identified by the CQC as requiring improvement. In line with the Developing Workforce Safeguards' recommendations the trust established a strategy in partnership with South Staffordshire & Shropshire Healthcare NHS Foundation Trust to deliver the short, medium and long term workforce requirements to ensure staffing processes are safe sustainable and effective. This formed a key part of the merger Implementation Plan. The trust is fully compliant with the registration requirements of the Care Quality Commission.

The trust has published an up-to-date register of interests for decision-making staff during the two months, as required by the '*Managing Conflicts of Interest in the NHS*' guidance.

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

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

To deter fraud and mitigate the associated risk the Trust has a Local Counter Fraud Specialist who provides awareness training at the Trust induction, provides departmental training and delivers a proactive work plan during the year. In addition to this the Trust has, policies and internal audit that each contribute to the deterrent of fraud.

The trust has undertaken risk assessments and has a sustainable development management plan in place that takes account of UK Climate Projections 2018 (UKCP18). The trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

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

The trust has a process for setting business objectives across the whole organisation based on the trust's annual plan and monitored and reviewed by the board's committees. The Performance arrangements and reports enable key performance indicators, targets, business and improvement objectives to be effectively monitored, enabling service leads to take forward required actions and to provide evidence of delivery. These are subsequently used to provide evidence to third parties where required but also to the board so that they have assurance with evidence.

During the two-month period, the trust has continued its journey of financial improvements. The process of delivery to the board was via the Finance, Investment and Performance Committee and the Finance Recovery Group.

### **Information governance**

During the two months, the Trust continued with the arrangements contained within the 2017/18 Information Governance Toolkit submission, used to identify and manage information risks. The trust were not required to submit a return for the two-month period. There were no incidents during the two-month period that rated at Level 2 or higher.

Data security risks are managed as part of a comprehensive framework of risk management concerning IM&T and Information Governance within the trust. Risks are managed through the use of the risk register. Action plans are developed where necessary. Assurance is also provided through a comprehensive programme of internal and external audit which provides assurance on the effectiveness of security controls. Data security risks are further managed through close working with the Health Informatics Service and regular Information Security reviews. These arrangements will continue post acquisition under the management of Midlands Partnership NHS Foundation Trust.

### **Annual Quality Account**

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year. Owing to the organisation merging on 1 June 2018, this will be reflected in the accounts of Midlands Partnership NHS Foundation Trust.

### **Review of effectiveness**

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the information provided in this annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the audit committee and the Quality and Safety Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Owing to the impending acquisition of the organisation and this statement covering just two months, no internal audits were completed during the two-month period.

### **Significant Issues**

Following the declaration made in last year's annual governance statement the Trust was successfully acquired by South Staffordshire and Shropshire Healthcare NHS Foundation Trust and formed Midlands Partnership NHS Foundation Trust on 1 June 2018.

**Conclusion**

No significant internal control issues have been identified.

Signed:

A handwritten signature in black ink, appearing to read "Jayne Deaville". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jayne Deaville  
Deputy Chief Executive

Date: 24 May 2019



## **Statement of the chief executive's responsibilities as the accountable officer of the trust**

The Chief Executive of NHS Improvement, in exercise of powers conferred on the NHS Trust Development Authority, has designated that the Chief Executive should be the Accountable Officer of the trust. The relevant responsibilities of Accountable Officers are set out in the *NHS Trust Accountable Officer Memorandum*. These include ensuring that:

- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance;
- value for money is achieved from the resources available to the trust;
- the expenditure and income of the trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them;
- effective and sound financial management systems are in place; and
- annual statutory accounts are prepared in a format directed by the Secretary of State to give a true and fair view of the state of affairs as at the end of the financial year and the income and expenditure, recognised gains and losses and cash flows for the year.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an Accountable Officer.



Jayne Deaville  
Deputy Chief Executive

Date: 24 May 2019

## Statement of directors' responsibilities in respect of the accounts

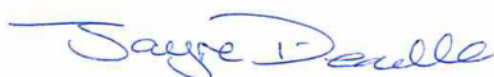
The directors are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of HM Treasury, directs that these accounts give a true and fair view of the state of affairs of the trust and of the income and expenditure, recognised gains and losses and cash flows for the year. In preparing those accounts, the directors are required to:

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;
- make judgements and estimates which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

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

The directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the accounts.

By order of the Board



Jayne Deaville  
Deputy Chief Executive



Marianne Cleeve  
Deputy Director of  
Finance

Date: 24 May 2019

## **The Governance Framework of the Staffordshire and Stoke on Trent Partnership NHS Trust**

The governance framework of the Staffordshire and Stoke on Trent Partnership NHS Trust has been mapped to the domains of the Well Led Framework and an action plan arising from a peer reviewed Board self-assessment was approved in January 2018.

The action plan focuses on the identification of priority actions required in the lead up to the proposed merger with South Staffordshire and Shropshire Healthcare NHS Foundation Trust to ensure that any gaps or risks identified were addressed or mitigated and the identification of additional actions required in support of the new Trust's "journey to outstanding".

Actions from previous reviews undertaken by NHS Improvement and CQC were carried forward into the new plan, which is iterative to enable changes to be addressed and features prominently in the Post Transaction Implementation Plan for the new organisation (PTIP).

The overall governance framework operates so as to provide assurance to the Board through its principal Board committees:

- Quality Governance;
- Finance Investment & Performance;
- Audit;
- Executive Risk Management Committee;
- Workforce Matters Committee;
- Remuneration of Terms of Service Committee.

All Committees of the Board are required to undertake an effectiveness review, the outcomes of which are reported annually to the Board and embedded within revised Terms of Reference and/or membership of each Committee. The report consists of an assurance report to the public Board that each Committee has discharged: its functions and cycle of business; reflected on the development of its Terms of Reference and its membership to confirm that they have the right skills and experience to deliver the business of the Committee whilst providing robust challenge and assurance; and providing confirmation to the Board that the findings of the effectiveness reviews have been implemented. In 2017/18 this work was undertaken to align the terms of reference of the Board committees to those in place within South Staffordshire and Shropshire Healthcare NHS Foundation Trust to support a smooth transition in anticipation of the merger.



## **Modern Slavery and Human Trafficking Act 2015 Annual Statement**

The aim of this statement is to demonstrate that the Trust follows good practice and all reasonable steps are taken to prevent slavery and human trafficking and to make every effort to prevent slavery and human trafficking in its supply chain.

The Trust has reviewed its internal policies and procedures to reflect the requirement to assess supplier risk in relation to the potential for modern slavery or human trafficking and expects all suppliers to affirm their compliance with the legislation. Discussions will continue to take place with Internal Audit regarding how as part of their future annual audit plan they can reference monitoring of the modern slavery and human trafficking act requirements. The Procurement Department staff abide by the CIPS code of professional conduct and over the next year, the Trust's internal supply chain management will continue to be required to undertake specific training related to modern slavery and human trafficking. With regard to wider staff training, the Trust has incorporates the principles within its safeguarding training and policy training of staff.

The Trust has evaluated the principal risks related to slavery and human trafficking and identifies them as:

- Reputational
- Lack of assurances from suppliers
- Lack of antislavery clauses in contracts
- Training staff to maintain the Trust's position around anti-slavery and human trafficking.

Performance indicators are being developed to provide a means of assessing the effectiveness of the statement.

All members of staff have a personal responsibility for the successful prevention of slavery and human trafficking with the Procurement Department taking lead responsibility for overall compliance.

**Remuneration and Staff Reports**  
Salaries and Allowances

Name and Title	2018-19 as at 31 May 2018						2017-18				
	Salary	Bonus Payments	Benefits in Kind	All pension-related benefits	Total		Salary	Bonus Payments	Benefits in Kind	All pension-related benefits	Total
	(bands of £5000)	(bands of £5000)	Rounded to the nearest £100	(bands of £5,000)	(bands of £5000)		(bands of £5000)	(bands of £5000)	Rounded to the nearest £100	(bands of £5,000)	(bands of £5000)
	£'000s	£'000s	£	£'000s	£'000s		£'000s	£'000s	£	£'000s	£'000s
David Pearson MBE - Chair	5-10	Nil	Nil	Nil	5-10		60 - 65	Nil	Nil	Nil	60 - 65
Stuart Poynor - Chief Executive (to 17 July 2017)	Nil	Nil	Nil	Nil	Nil		45 - 50	Nil	15	40 - 45	90 - 95
* Neil Carr - Interim Chief Executive (from 17 July 2017)	15-20	Nil	500	Nil	15-20		60 - 65	Nil	Nil	Nil	60 - 65
* Jayne Deaville - Interim Director of Finance and Resources (from 1st December 2016)	10-15	Nil	400	Nil	10-15		80 - 85	Nil	Nil	Nil	80 - 85
Dr James Shipman - Medical Director (to 16 September 2017)	Nil	Nil	Nil	Nil	Nil		60 - 65	Nil	Nil	25 - 30	65 - 70
** Dr Zafar Iqbal (from 25 September 2017)	20-25	Nil	Nil	Nil	20-25		60 to 65	Nil	Nil	Nil	60 to 65



[illegible]

## Pension Benefits

## Pension Benefits

Pension Benefits												
	2018-19					2017-18						
	Real Increase in pension at age 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March 2019 (bands of £5000)	Lump sum at age 60 related to accrued pension at 31 March 2019 (bands of £5000)	Cash Equivalent Transfer Value at 31 March 2019	Cash Equivalent Transfer Value at 31 March 2018	Real Increase in Cash Equivalent Transfer Value	Real Increase in pension at age 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March 2018 (bands of £5000)	Lump sum at age 60 related to accrued pension at 31 March 2012 (bands of £5000)	Cash Equivalent Transfer Value at 31 March 2018	Cash Equivalent Transfer Value at 31 March 2017	Real Increase in Cash Equivalent Transfer Value
<b>Name and title</b>	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Stuart Poyner - Chief Executive (to July 2017)	0	0	0	0	0	0	0 - 2.5	65 - 70	205 - 210	1,407	1,292	115
Joanne Cowcher - Director of Social Care	0	0	0	0	0	0	2.5 - 5	0 - 5	0	49	0	49
Dr James Shipman - Medical Director (to September 2017)	0	0	0	0	0	0	0 - 2.5	15 - 20	35 - 40	312	287	25
Rose Goodwin - Director of Nursing and Quality	0	25-30	80-85	642	581	44	0 - 2.5	2.5 - 5	75 - 80	581	527	54
Julie Tanner - Director of Workforce and Development	0	52.5-55	45-50	145-150	657	0	0 - 2.5	2.5 - 5	90 - 95	657	600	57
Kieron Murphy - Director of Operations	0	82.5-85	25-30	195-200	773	0	0 - 2.5	35 - 40	105 - 110	773	708	65
Claire Bailey - Acting Director of Business and Strategy (from 1 September 2016)	0	0	0	0	402	0	2.5 - 5	25 - 30	95 - 70	402	318	84

The pension benefits for Neil Carr, Interim Chief Executive & Jayne Deaville, Interim Director of Finance and Resources can be found in the Annual Report and Accounts of Midlands Partnership NHS Foundation Trust.

**Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

**Real Increase in CETV**

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period.



Signed: Neil Carr  
Chief Executive

Date: 24 May 2019



## Directors' Remuneration

Remuneration of directors is considered and set by the Remuneration Committee

Remuneration committee membership as follows:

- Chairman David Pearson
- Dr John Scarpello NED
- Gary Crowe NED
- Jane Gaddum NED
- Paul Weston NED
- Elizabeth Jarrett NED
- Julie Tanner Director of Workforce and Development
- Jane Landick Company Secretary

## Pay Multiple Disclosure

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in Staffordshire and Stoke on Trent Partnership NHS Trust in the financial year 2018-19 was £175,000 - £180,000 (2017-18, £135,000 - £140,000). This was 6.7 times (2017-18, 5) the median remuneration of the workforce, which was £26,565 (2017-18 £25,951).

In 2018-19, nil employees (2017-18, 2) received remuneration in excess of the highest-paid director. Remuneration ranged from £5,000 - £10,000 to £175,000 - £180,000 (2017-18, £5 - £10,000 to £100,000 - £105,000).

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

# Staff costs

	Permanent	Other	Two Months 2018/19 Total	Full Year 2017/18 Total
	£000	£000	£000	£000
Salaries and wages	19,603	-	19,603	113,342
Social security costs	1,726	-	1,726	9,656
Apprenticeship levy	92	-	92	547
Employer's contributions to NHS pensions	2,273	-	2,273	13,305
Pension cost – other	268	-	268	1,876
Other post-employment benefits	-	-	-	-
Other employment benefits	-	-	-	-
Termination benefits	334	-	334	4,810
Temporary staff		1,238	1,238	4,618
Total gross staff costs	24,296	1,238	25,534	148,154
Recoveries in respect of seconded staff	-	-	-	(1,200)
Total staff costs	24,296	1,238	25,534	146,951
Of which				
Costs capitalised as part of assets	-	-	-	-

**Average number of employees (WTE basis)**

	Permanent Number	Other Number	2018/19 Total Number	2017/18 Total Number
Medical and dental	46	12	58	59
Ambulance staff	-	-	-	-
Administration and estates	801	35	836	887
Healthcare assistants and other support staff	598	9	607	640
Nursing, midwifery and health visiting staff	1102	13	1115	1115
Nursing, midwifery and health visiting learners	15	-	15	8
Scientific, therapeutic and technical staff	471	11	482	492
Healthcare science staff	-	-	-	-
Social care staff	544	5	549	534
Other	-	-	-	-
Total average numbers Of which:	3577	85	3662	3735

Number of employees (WTE) engaged on capital projects -

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Gender	Headcount	FTE
Female	4077	3314
Male	379	348
Grand Total	4456	3662

#### Sickness absence data

April to May 2018 Sickness Rate	4.85%
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#### **Staff policies applied during the year**

The Partnership Trust's ratification process for policies subjects each policy/strategy to an equality analysis (evidencing due regard for the protected equality groups and health inclusion groups). All employment policies follow this process and reflect the Trust's equality commitment as declared within the Equality Statement.

The Trust follows the NHS Agenda for Change and job evaluation processes which support the consideration of suitable applicants on skill requirements. We implement the Two Tick symbol (Disability Confident) support for applicants who have declared a disability and meet the required qualifications of the role to be guaranteed an interview.

The Trust supports staff who are/have become disabled through its return to work policies. We have a WRAP (Wellness Recovery Action Plan) which supports staff and managers to implement effective communication and reasonable adjustments upon return to work.

In addition the Trust has a disability staff support network which highlights good practice and areas for improvement based on staff member experiences. We are currently developing a reasonable pathway policy to support managers and staff on understanding which processes and support across the Trust can be accessed to support staff in the workplace.

There are several staff that have had reasonable adjustments in the workplace and this includes the associated training to them and their teams (where applicable) to understand the impact of the reasonable adjustment; such an example is the Dragon software training, working with Deaf staff and understanding sensory equality training.

The training and development team support staff to have resources in an accessible format and where there is face to face training will meet the reasonable adjustment requirements for staff to enable them to attend and attain the required skills and knowledge from the course they attend and are not disadvantaged. Examples are inclusive of printing of resources on different coloured papers, sending electronic copies prior to training session, loop induction systems at the training and use of BSL/note takers at training sessions/meetings.

#### Expenditure on consultancy

During the two months the Partnership Trust incurred consultancy costs amounting to £2,000 (2017/18 - £28,000).

#### Off-payroll engagements

HM Treasury requires public sector bodies to report arrangements whereby individuals are paid through their own companies and thereby are responsible for their own tax and national insurance arrangements as they are classed as employees. The Trust is required to report any off payroll engagements for more than £220 per day and last longer than six months that have arisen during 2018/19 or are in existence as at 31 March 2019. The Trust can report that no individual falls within these criteria.



## Exit packages

Exit packages 2018/19			
Exit package cost band (including any special payment element)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
	Number	Number	Number
Less than £10,000	7	-	7
£10,001 - £25,000	14	-	14
£25,001 - 50,000	17	-	17
£50,001 - £100,000	6	-	6
Total number of exit packages by type	44	-	44
Total cost of exit packages 2018/19 (£)	£1,121,000	-	£1,221,000

Exit packages 2017/18			
Exit package cost band (including any special payment element)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
	Number	Number	Number
Less than £10,000	28	26	54
£10,001 - £25,000	86	28	114
£25,001 - 50,000	37	9	46
£50,001 - £100,000	8	-	8
Total number of exit packages by type	159	63	222
Total cost of exit packages 2017/18 (£)	£3,384,000	£945,000	£4,329,000

Redundancy and other departure costs have been paid in accordance with the provisions of the relevant Agenda for Change or Local Government Terms and Conditions. Exit costs are accounted for in full in the year of departure. Where the Trust has agreed early retirements, the additional costs are met by the Trust and not by the NHS Pensions Scheme. Ill-health retirement costs are met by the NHS Pensions Scheme and are not included in the table.

This disclosure reports the number and value of exit packages agreed in the year. Note: The expense associated with these departures may have been recognised in part or in full in a previous period.

## Exit packages – Other Departures analysis

Exit packages: other (non-compulsory) departure payments	2018/19		2017/18	
	Payments	Total value	Payments	Total value
	agreed	of	agreed	of
	Number	£000	Number	£000
Voluntary redundancies including early retirement contractual costs	-	-	-	-
Mutually agreed resignations (MARS) contractual costs	-	-	63	945
Early retirements in the efficiency of the service contractual costs	-	-	-	-
Contractual payments in lieu of notice	-	-	-	-
Exit payments following Employment Tribunals or court orders	-	-	-	-
Non-contractual payments requiring HMT approval	-	-	-	-
Total	-	-	63	945
Of which:				
Non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months' of their annual salary	-	-	-	-

This disclosure reports the number and value of exit packages agreed in the year.

Note: The expense associated with these departures may have been recognised in part or in full in a previous period.

As a single exit packages can be made up of several components each of which will be counted separately in this disclosure, the total number above will not necessarily match the total numbers in the exit packages table which will be the number of individuals.



Jayne Deaville  
Deputy Chief Executive

24 May 2019



# STATEMENT OF COMPREHENSIVE INCOME

	2 Months	Full Year
	2018/19	2017/18
	£'000	£'000
Operating income from patient care activities	34,305	203,925
Other operating income	1,017	6,195
Operating expenses of continuing operations	-36,639	-214,521
<b>Operating Surplus/(Deficit)</b>	<b>-1,317</b>	<b>-4,401</b>
<b>Finance Costs</b>		
Finance income	13	34
Finance expense	-557	-3,271
PDC Dividends Payable	0	-38
<b>Net Finance Costs</b>	<b>-544</b>	<b>-3,275</b>
<b>Surplus/(deficit) for the year</b>	<b>-1,861</b>	<b>-7,676</b>
<b>Other Comprehensive (Expenses)/Income</b>		
<b>Will not be reclassified to Income and Expenditure:</b>		
Impairments	0	-138
Revaluations	0	3,236
<b>Total Comprehensive Income/(Expenses) for the Period</b>	<b>-1,861</b>	<b>-4,578</b>
<b>Adjusted Financial Performance for the Year</b>		
Retained deficit for the year	- 1,861	- 7,676
Add back all I&E impairments/(reversals)	-	- 1,793
Remove capital donations/grants I&E impact	-	1
CQUIN Risk reserve - CT non achievement adjustment	-	- 527
<b>Adjusted Financial Performance deficit</b>	<b>- 1,861</b>	<b>- 9,995</b>

# STATEMENT OF FINANCIAL POSITION

	31st May 2018 £'000	31st March 2018 £'000
<b>Non Current Assets</b>		
Intangible assets	2,175	2,293
Property, plant & equipment	83,355	83,564
Trade & other receivables	139	136
<b>Total Non Current Assets</b>	<b>85,669</b>	<b>85,993</b>
<b>Current Assets</b>		
Inventories	434	434
Trade & other receivables	14,819	14,599
Non-current assets for sale and assets in disposal groups	854	854
Cash and cash equivalents	14,326	10,710
<b>Total Current Assets</b>	<b>30,433</b>	<b>26,597</b>
<b>Current Liabilities</b>		
Trade & other payables	-26,050	-19,933
Borrowings	-877	-871
Provisions	-2,381	-2,737
Other liabilities	-126	-447
<b>Total Current Liabilities</b>	<b>-29,434</b>	<b>-23,988</b>
<b>Total Assets less Current Liabilities</b>	<b>86,668</b>	<b>88,602</b>
<b>Non-Current Liabilities</b>		
Borrowings	-72,832	-72,941
Provisions	-1,102	-1,066
<b>Total Non-Current Liabilities</b>	<b>-73,934</b>	<b>-74,007</b>
<b>Total Assets Employed</b>	<b>12,734</b>	<b>14,595</b>
<b>Financed by (taxpayers equity):</b>		
Public dividend capital	982	982
Revaluation reserve	22,910	22,910
Income and expenditure reserve	-11,158	-9,297
<b>Total Taxpayers Equity</b>	<b>12,734</b>	<b>14,595</b>

STATEMENT OF CHANGES IN TAXPAYERS EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MAY 2018

	Public Dividend Capital £'000	Revaluation Reserve £'000	Income & Expenditure Reserve £'000	Total Tax Payers Equity £'000
Taxpayers equity at 1st April 2017	982	20,095	-1,904	19,173
Deficit for the year	0	0	-7,676	-7,676
Revaluations – Property, Plant & Equipment	0	3,236	0	3,236
Public dividend capital received	0	0	0	0
Transfers between reserves	0	-283	283	0
Net impairments	0	-138	0	-138
<b>Taxpayers Equity at 31st March 2018 / 1<sup>st</sup> April 2018</b>	<b>982</b>	<b>22,910</b>	<b>-8,297</b>	<b>14,595</b>
Deficit for the year	0	0	-1,861	-1,861
<b>Taxpayers Equity at 31st May 2018</b>	<b>982</b>	<b>22,910</b>	<b>-11,158</b>	<b>12,734</b>



**STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31st May 2018**

	<b>2 Months 2018/19 £'000</b>	<b>Full Year 2017/18 £'000</b>
<b>Cash Flows from Operating Activities</b>		
Operating surplus/(deficit) from continuing operations	-1,317	-4,401
<b>Non Cash Income and Expense:</b>		
Depreciation and amortisation	368	2,117
Net Impairments	0	-1,793
(Increase)/Decrease in trade and other receivables	-223	8,725
(Increase)/Decrease in inventories	0	147
(Decrease) in trade and other payables	6363	-13,821
(Decrease) in other liabilities	-321	-262
Increase/(Decrease) in provisions	-320	2,623
<b>Net cash Generated from/(Used in) Operations</b>	<b>4,550</b>	<b>-6,665</b>
<b>Cash Flows from Investing Activities</b>		
Interest received	13	34
Purchase of intangible assets	2	-13
Purchase of property, plant and equipment	-98	-488
<b>Net Cash Generated from/(Used in) Investing Activities</b>	<b>-83</b>	<b>-467</b>
<b>Cash Flows from Financing Activities</b>		
Movement in loans from the Department of Health & Social Care	0	13,300
Capital element of PFI	-145	-854
Interest on loans	-383	-1177
Interest element on PFI	-323	-1901
PDC Dividend refunded	0	102
<b>Net Cash Generated from/(Used in) Financing Activities</b>	<b>-851</b>	<b>9,470</b>
<b>Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>3,616</b>	<b>-4,643</b>
<b>Cash and Cash Equivalents at 1st April 2017/18</b>	<b>10,710</b>	<b>8,372</b>
<b>Cash and Cash Equivalents at 31st May 2018</b>	<b>14,326</b>	<b>10,710</b>

# Independent auditor's report to the Directors of Midlands Partnership NHS Foundation Trust in relation to Staffordshire and Stoke on Trent Partnership NHS Trust

## Report on the Audit of the Financial Statements of Staffordshire and Stoke on Trent Partnership NHS Trust

### Opinion

We have audited the financial statements of Staffordshire and Stoke on Trent Partnership NHS Trust (the 'Trust') for the period ended 31 May 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2018-19.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 May 2018 and of its expenditure and income for the period then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2018-19; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Emphasis of matter – Demise of the organisation

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1.1.2 to the financial statements, which indicates that the Trust was acquired by South Staffordshire and Shropshire Healthcare NHS Foundation Trust on 1 June 2018 which formed a new organisation called Midlands Partnerships NHS Foundation Trust and its services will continue to be provided, using the same assets, by the successor organisation.



#### Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report of Staffordshire and Stoke on Trent Partnership NHS Trust, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement of Staffordshire and Stoke on Trent Partnership NHS Trust does not comply with the guidance issued by NHS Improvement or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

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

In our opinion:

- the parts of the Remuneration and Staff Report of Staffordshire and Stoke on Trent Partnership NHS Trust to be audited have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2018-19 and the requirements of the National Health Service Act 2006; and
- based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Annual Report of Staffordshire and Stoke on Trent Partnership NHS Trust for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

- we issue a report in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we refer a matter to the Secretary of State under Section 30 of the Local Audit and Accountability Act 2014 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency; or
- we make a written recommendation to the Trust under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters for of Staffordshire and Stoke on Trent Partnership NHS Trust.



## Responsibilities of the Directors and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Director's Responsibilities, the Directors of Midlands Partnership NHS Foundation Trust are responsible for the preparation of the financial statements of Staffordshire and Stoke on Trent Partnership NHS Trust in the form and on the basis set out in the Accounts Directions, for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 Directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity.

The Audit Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Trust's financial reporting process.

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

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

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

## Report on other legal and regulatory requirements – Certificate

We certify that we have completed the audit of the financial statements of Staffordshire and Stoke on Trent Partnership NHS Trust in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

## Use of our report

This report is made solely to the Directors of Midlands Partnership NHS Foundation Trust, as a body, in respect of Staffordshire and Stoke Partnership NHS Trust, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Directors of Midlands Partnership NHS Foundation Trust 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 Midlands Partnership NHS Foundation Trust and the Directors of Midlands Partnership NHS Foundation Trust, as a body, for our audit work, for this report, or for the opinions we have formed.

*Richard Percival*

Richard Percival, Key Audit Partner  
for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

30 May 2019

**Staffordshire and Stoke on Trent Partnership NHS Trust**  
**Annual Accounts for the period ended 31<sup>st</sup> May 2018**

## Statement of Comprehensive Income

		Two Months 2018/2019	Full Year 2017/2018
	Note	£000	£000
Operating income from patient care activities	2.2	34,305	203,925
Other operating income	3	1,017	6,195
Operating expenses	4	(36,639)	(214,521)
<b>Operating Deficit</b>		<b>(1,317)</b>	<b>(4,401)</b>
Finance Income	8	13	34
Finance Expense	8.1	(557)	(3,271)
PDC Dividend Charge		0	(38)
<b>Net finance costs</b>		<b>(544)</b>	<b>(3,275)</b>
<b>Deficit from Continuing Operations</b>		<b>(1,861)</b>	<b>(7,676)</b>
<b>Other comprehensive income</b>			
<b>Will not be reclassified to income and expenditure</b>			
Impairments	5	0	(138)
Revaluations		0	3,236
<b>Total comprehensive expense for the period</b>		<b>(1,861)</b>	<b>(4,578)</b>

The notes on pages 19 to 37 form part of this account.



## Statement of Financial Position

	Note	Two Months 2018/2019 £000	Full Year 2017/2018 £000
<b>Non-current assets</b>			
Intangible assets	9.1	2,175	2,293
Property, plant and equipment	10	83,355	83,564
Trade and other receivables	14.2	139	136
<b>Total non-current assets</b>		<b>85,669</b>	<b>85,993</b>
<b>Current assets</b>			
Inventories	13	434	434
Trade and other receivables	14.1	14,819	14,599
Non-current assets held for sale	15	854	854
Cash and cash equivalents	16	14,326	10,710
<b>Total current assets</b>		<b>30,433</b>	<b>26,597</b>
<b>Current liabilities</b>			
Trade and other payables	18.1	(26,050)	(19,933)
Borrowings	20	(877)	(871)
Provisions	21	(2,381)	(2,737)
Other liabilities	19	(126)	(447)
<b>Total current liabilities</b>		<b>(29,434)</b>	<b>(23,988)</b>
<b>Total assets less current liabilities</b>		<b>86,668</b>	<b>88,602</b>
<b>Non-current liabilities</b>			
Borrowings	20	(72,832)	(72,941)
Provisions	21	(1,102)	(1,066)
<b>Total non-current liabilities</b>		<b>(73,934)</b>	<b>(74,007)</b>
<b>Total assets employed</b>		<b>12,734</b>	<b>14,595</b>
<b>Financed by</b>			
Public dividend capital		982	982
Revaluation reserve		22,910	22,910
Income and expenditure reserve		(11,158)	(9,297)
<b>Total taxpayers equity</b>		<b>12,734</b>	<b>14,595</b>

The notes on pages 19 to 37 form part of these accounts.

The financial statements on pages 1 to 6 were approved by the board on 24th May 2019 and signed on its behalf by:

Jayne Deaville

Deputy Chief Executive

**Statement of Changes in Equity for the period ended 31<sup>st</sup> May 2018**

	<b>Public Dividend Capital £000</b>	<b>Revaluation Reserve £000</b>	<b>Income and expenditure reserve £000</b>	<b>Total £000</b>
<b>Taxpayers'equity at 1 April 2018</b>	<b>982</b>	<b>22,910</b>	<b>(9,297)</b>	<b>14,595</b>
Deficit for the year	0	0	(1,861)	(1,861)
<b>Taxpayers'equity at 31 May 2018</b>	<b>982</b>	<b>22,910</b>	<b>(11,158)</b>	<b>12,734</b>
<b>Taxpayers'equity at 1 April 2017</b>	<b>982</b>	<b>20,095</b>	<b>(1,904)</b>	<b>19,173</b>
Deficit for the year	0	0	(7,676)	(7,676)
Transfers between reserves	0	(283)	283	0
Net impairments	0	(138)	0	(138)
Revaluations	0	3,236	0	3,236
<b>Taxpayers'equity at 31 March 2018</b>	<b>982</b>	<b>22,910</b>	<b>(9,297)</b>	<b>14,595</b>

**Information on reserves**

**Public dividend capital**

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

**Revaluation reserve**

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

**Income and expenditure reserve**

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

Statement of Cash flows

	Two Months 2018/2019 £000	Full Year 2017/2018 £000
<b>Cash flows from operating activities</b>		
Operating deficit	(1,317)	(4,401)
<b>Non-cash income and expense:</b>		
Depreciation and amortisation	368	2,117
<b>Net impairments</b>	0	(1,793)
(Increase)/decrease in receivables	(223)	8,725
(Increase)/decrease in inventories	0	147
(Increase)/decrease in trade and other payables	6,363	(13,821)
(Increase)/decrease in other liabilities	(321)	(262)
(Increase)/decrease in provisions	(320)	2,623
<b>Net cash generated from/(used in) operating activities</b>	<b>4,550</b>	<b>(6,665)</b>
<b>Cash flows from investing activities</b>		
Interest received	13	34
Purchase of intangible assets	2	(13)
Purchase of property, plant and equipment	(98)	(488)
<b>Net cash generated from/(used in) investing activities</b>	<b>(83)</b>	<b>(467)</b>
<b>Cash flows from financing activities</b>		
Movement in loans from the Department of Health and Social Care	0	13,300
Capital element of PFI	(145)	(854)
Interest on loans	(383)	(1,177)
Interest element on PFI	(323)	(1,901)
PDC dividend refunded	0	102
<b>Net cash generated from/(used in) financing activities</b>	<b>(851)</b>	<b>9,470</b>
<b>Increase in cash and cash equivalents</b>	<b>3,616</b>	<b>2,338</b>
<b>Cash and cash equivalents at 1 April</b>	<b>10,710</b>	<b>8,372</b>
<b>Cash and cash equivalents at 31 May/31 March</b>	<b>14,326</b>	<b>10,710</b>



## Notes to the Accounts

### Note 1 Accounting policies and other information

#### Note 1.1 Basis of preparation

The Department of Health and Social Care has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2018/19 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

These accounts cover the final two months of Staffordshire and Stoke on Trent Partnership NHS Trust prior to its merger with Staffordshire and Shropshire Healthcare NHS FT which formed a new organisation called Midlands Partnership NHS FT. Therefore for 2018/19 the figures are for two months only and not comparable to the full year figures for 2017/18.

#### Note 1.1.1 Accounting convention

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

#### Note 1.1.2 Going concern

The Trust has prepared these financial statements on a going concern basis in line with the relevant Treasury guidance and the Department of Health and Social Care Group Accounting Manual (GAM). Going concern is a key concept in the preparation of the financial statements for the Trust. The accounting concept refers to the basis of measurement of an organisation's assets and liabilities in its accounts (that is, the basis on which those assets and liabilities are recorded and included in the accounts).

The Trust was acquired by South Staffordshire and Shropshire Healthcare NHS Foundation Trust on 1 June 2018 which formed a new organisation called Midlands Partnerships NHS Foundation Trust and its services will continue to be provided, using the same assets, by the successor organisation. Following this complies with the requirements of the Treasury's Financial Reporting Manual (FReM) of IAS 1 – Presentation of Financial Statements; whereby the anticipated continuation of service provision is normally sufficient evidence that accounting as a going concern is appropriate.

#### Note 1.2 Critical judgements in applying accounting policies

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised in the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### Note 1.2.1 Sources of estimation uncertainty

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

The Trust has made critical accounting judgements and estimates relating to the PFI scheme (the associated risks and judgements are set in Notes 1.7.5 and 24) and to the asset lives of the Trust's freehold buildings. The Trust commissioned a specialist valuer (Cushman & Wakefield) to value the buildings and assess their lives.



The Trust PFI buildings asset is valued at current value in existing use and includes VAT within that valuation.

**Note 1.3 Interests in other entities**

The Trust does not have interest in other entities.

**Note 1.4 Revenue**

Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the Trust is contracts with commissioners in respect of health care and adult social care services. The Trust also received income from the sale of goods, the majority of which is from canteen sales.

**Note 1.4.1 Revenue from contracts with customers**

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS). As directed by the GAM, the transition to IFRS 15 in 2018/19 has been completed in accordance with paragraph C3 (b) of the Standard: applying the Standard retrospectively but recognising the cumulative effects at the date of initial application (1 April 2018).

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

**Revenue from NHS contracts**

The main source of income for the Trust is contracts with commissioners for health care services. A performance obligation relating to delivery of a spell of health care is generally satisfied over time as healthcare is received and consumed simultaneously by the customer as the Trust performs it. The customer in such a contract is the commissioner, but the customer benefits as services are provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligns with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that are substantially the same and have a similar pattern of transfer. At the year end, the Trust accrues income relating to activity delivered in that year, where a patient care spell is incomplete.

**NHS injury cost recovery scheme**

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

**Note 1.4.2 Revenue grants and other contributions to expenditure**

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

The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are



paid directly to an accredited training provider, the corresponding notional expense is also recognised at the point of recognition for the benefit.

#### **Note 1.4.3 Other income**

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

#### **Note 1.5 Expenditure on employee benefits**

##### **Short-term employee benefits**

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

##### **Pension Costs**

Past and present employees are covered by the provisions of the two NHS Pension Schemes. These schemes are unfunded, defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

##### **a) Accounting valuation**

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2019 is based on valuation data as 31 March 2018, updated to 31 May 2018 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

##### **b) Full actuarial (funding) valuation**

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

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December

2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

#### **Local Government Pension Scheme**

Some employees are members of the Local Government Pension Scheme which is a defined benefit pension scheme. The scheme assets and liabilities attributable to these employees can be identified and are recognised in the Trust's accounts. The assets are measured at fair value, and the liabilities at the present value of future obligations.

The increase in the liability arising from pensionable service earned during the year is recognised within operating expenses. The net interest cost during the year arising from the unwinding of the discount on the net scheme liabilities is recognised within finance costs. Remeasurements of the defined benefit plan are recognised in the income and expenditure reserve and reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

A small number of employees who do not qualify to enter either of the NHS Pension Scheme or Local Government Superannuation Scheme are members of the National Employment Savings Trust (NEST), NEST is a defined contribution pension scheme.

#### **Note 1.6 Expenditure on other goods and services**

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

#### **Note 1.7 Property, plant and equipment**

##### **Note 1.7.1 Recognition**

Property, plant and equipment is capitalised where:

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

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

##### **Note 1.7.2 Measurement**

###### **Valuation**

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

All assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (ie operational assets used to deliver either front line services or back office functions)



are measured at their current value in existing use. Assets that were most recently held for their service potential but are surplus with no plan to bring them back into use are measured at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

#### ***Revaluations of property, plant and equipment***

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

- Land and buildings – a calculation based on the estimated building cost and the remaining useful economic life and were carried out as at 31 March 2018. The valuation was carried out by an external RICS qualified valuer from the Trusts retained valuer Cushman & Wakefield.

Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements of the services being provided.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional. Assets are revalued and depreciation commences when the assets are brought into use.

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful lives or low values or both, as this is not considered to be materially different from current value in existing use.

#### ***Subsequent expenditure***

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

#### ***Depreciation***

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

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

#### ***Revaluation gains and losses***

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

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

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

### **Impairments**

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

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

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

### **Note 1.7.3 De-recognition**

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable ie:
  - management are committed to a plan to sell the asset
  - an active programme has begun to find a buyer and complete the sale
  - the asset is being actively marketed at a reasonable price
  - the sale is expected to be completed within 12 months of the date of classification as 'held for sale' and
  - the actions needed to complete the plan indicate it is unlikely that the plan will be abandoned or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

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

### **Note 1.7.4 Donated and grant funded assets**

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



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

#### **Note 1.7.5 Private Finance Initiative (PFI) transactions**

PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's *FReM*, are accounted for as 'on-Statement of Financial Position' by the Trust. In accordance with IAS 17, the underlying assets are recognised as property, plant and equipment, together with an equivalent finance lease liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

The annual contract payments are apportioned between the repayment of the liability, a finance cost, the charges for services and lifecycle replacement of components of the asset. The element of the annual unitary payment increase due to cumulative indexation is treated as contingent rent and is expensed as incurred.

The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Statement of Comprehensive Income.

#### **Note 1.7.6 Useful lives of property, plant and equipment**

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

	<b>Min life Years</b>	<b>Max life Years</b>
Land	-	-
Buildings, excluding dwellings	21	85
Dwellings	-	-
Plant & machinery	4	24
Transport equipment	-	-
Information technology	1	8
Furniture & fittings	4	24

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

#### **Note 1.8 Intangible assets**

##### **Note 1.8.1 Recognition**

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

##### ***Internally generated intangible assets***

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

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use



- the Trust intends to complete the asset and sell or use it
- the Trust has the ability to sell or use the asset
- how the intangible asset will generate probable future economic or service delivery benefits, eg, the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the Trust to complete the development and sell or use the asset and
- the Trust can measure reliably the expenses attributable to the asset during development.

### **Software**

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

### **Note 1.8.2 Measurement**

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

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 of IFRS 5.

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

### **Amortisation**

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

### **Note 1.8.3 Useful lives of intangible assets**

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

	<b>Min life Years</b>	<b>Max life Years</b>
<b>Intangible assets - internally generated</b>		
Information technology	-	-
Development expenditure	1	7
Websites	-	-
<b>Intangible assets – purchased</b>		
Software	1	5
Licences & trademarks	-	-
Patents	-	-
Other	-	-
Goodwill	-	-

#### **Note 1.9 Inventories**

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method.

#### **Note 1.10 Investment properties**

The Trust does not hold any investment properties.

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

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

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

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

##### **Note 1.12.1 Recognition**

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

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

##### **Note 1.12.2 Classification and measurement**

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

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

Financial assets are classified as subsequently measured at fair value through income and expenditure.

Loans from the Department of Health and Social Care are recognised at historic cost. Otherwise, financial liabilities classified as subsequently measured at fair value through income and expenditure.

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

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



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

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

***Financial assets and financial liabilities at fair value through income and expenditure***

Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or at fair value through other comprehensive income. This category also includes financial assets and liabilities acquired principally for the purpose of selling in the short term (held for trading) and derivatives. Derivatives which are embedded in other contracts, but which are separable from the host contract are measured within this category. Movements in the fair value of financial assets and liabilities in this category are recognised as gains or losses in the Statement of Comprehensive income.

***Impairment of financial assets***

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets, the Trust recognises an allowance for expected credit losses.

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

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

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

**Note 1.13.3 De-recognition**

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

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

**Note 1.14 Leases**

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

#### **Note 1.14.1 The Trust as lessee**

##### ***Finance leases***

Where substantially all risks and rewards of ownership of a leased asset are borne by the Trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease.

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for an item of property, plant and equipment.

The annual rental charge is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability, is de-recognised when the liability is discharged, cancelled or expires.

##### ***Operating leases***

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

##### ***Leases of land and buildings***

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

#### **Note 1.14.2 The Trust as lessor**

##### ***Finance leases***

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

##### ***Operating leases***

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

#### **Note 1.15 Provisions**

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

##### ***Clinical negligence costs***

NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust.



The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at note 21.1 but is not recognised in the Trust's accounts.

#### ***Non-clinical risk pooling***

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

#### **Note 1.16 Contingencies**

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 22 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 22, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

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

#### **Note 1.17 Public dividend capital**

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

At any time, the Secretary of State can issue new PDC to, and require repayments of PDC from, the Trust. PDC is recorded at the value received.

A charge, reflecting the cost of capital utilised by the Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for

- (i) donated assets (including lottery funded assets),
- (ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and
- (iii) any PDC dividend balance receivable or payable.

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

#### **Note 1.18 Value added tax**

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

#### **Note 1.19 Corporation tax**

The Trust has determined that it has no corporation tax liability.

#### **Note 1.20 Foreign exchange**

The functional and presentational currency of the Trust is sterling.

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

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

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

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

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

The Trust holds no foreign currency assets or liabilities.

#### **Note 1.21 Third party assets**

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

#### **Note 1.22 Losses and special payments**

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had the Trust not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

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

#### **Note 1.23 Gifts**

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



**Note 1.24 Transfers of functions to South Staffordshire and Shropshire Healthcare NHS Foundation Trust**

As public sector bodies are deemed to operate under common control, business reconfigurations within the DHSC group are outside the scope of IFRS 3 Business Combinations. Where functions transfer between two public sector bodies, the GAM requires the application of 'absorption accounting'. Absorption accounting requires that entities account for their transactions in the period in which they took place. Where assets and liabilities transfer, the gain or loss resulting is recognised in the Statement of Comprehensive Income/Net expenditure, and is disclosed separately from operating costs.

**Note 1.25 Critical judgements in applying accounting policies**

Apart from those involving estimations (see below) that management has made in the process of applying the Trust's accounting policies there are no further judgements that have been made.

**Note 1.25.1 Sources of estimation uncertainty**

Apart from those involving estimations there have been no further assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Note 1.26 Early adoption of standards, amendments and interpretations**

No new accounting standards or revisions to existing standards have been early adopted in 2018/19.

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

The following presents a list of recently issued IFRS Standards and amendments that have not yet been adopted with the FReM, and are therefore not applicable to DHSC group accounts in 2018-19.

***IFRS14 Regulatory Deferral Accounts***

Not EU-endorsed\*

Applies to first time adopters of IFRS after January 2016. Therefore not applicable to DHSC group bodies.

***IFRS16 Leases***

Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM: early adoption is not therefore permitted.

***IFRS17 Insurance Contracts***

Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.

***IFRIC23 Uncertainty over Income Tax Treatments***

Application required for accounting periods beginning on or after 1 January 2019.

\*The European Financial Reporting Advisory Group recommended in October 2015 that the Standard should not be endorsed as it is unlikely to be adopted in many EU countries.



**Note 2 Operating income from patient care activities**

**Note 2.1 Income from patient care activities (by nature)**

	<b>Two Months 2018/2019 £000</b>	<b>Full Year 2017/2018 £000</b>
<b>Community Services</b>		
Income from CCGs and NHS England	24,818	144,662
Income from other sources (eg local authorities)	9,190	57,485
<b>All Trusts</b>		
Other clinical income	297	1,778
<b>Total Income from activities</b>	<b>34,305</b>	<b>203,925</b>

**Note 2.2 Income from patient care activities (by source)**

	<b>Two Months 2018/2019 £000</b>	<b>Full Year 2017/2018 £000</b>
<b>Income from patient care activities received from:</b>		
NHS England	2,580	17,005
Clinical commissioning groups	21,639	127,657
Other NHS Bodies	249	4,099
Local authorities	8,502	53,385
NHS other	0	1
Injury cost recovery scheme	56	392
Non NHS other	1,279	1,386
<b>Total Income from activities</b>	<b>34,305</b>	<b>203,925</b>

**Note 2.3 Additional information on revenue from contracts with customers recognised in the period**

	<b>2018/19 £000</b>
Revenue recognised in the reporting period that was included within contract liabilities at the previous period end	0

**Note 2.4 Transaction price allocated to remaining performance obligations**

	<b>31st May 2019 £000</b>
Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:	
Within one year	9,490
After one year, not later than five years	0
After five years	0
<b>Total revenue allocated to remaining performance obligations</b>	<b>9,490</b>

The Trust has exercised the practical expedients permitted by IFRS 15 paragraph 121 in preparing this.

**Note 2.5 Fees and Charges**

The Trust had no income generating activities above £1m.

**Note 3 Other operating income**

	<b>Two Months</b>	<b>Full Year</b>
	<b>2018/2019</b>	<b>2017/2018</b>
	<b>£000</b>	<b>£000</b>
Research and development	76	530
Education and training	330	2,184
Non-patient care services to other bodies	54	2,500
Other	507	311
Rental revenue from operating leases	50	670
<b>Total other operating income</b>	<b>1,017</b>	<b>6,195</b>

#### Note 4 Operating expenses

	Two Months 2018/2019 £000	Full Year 2017/2018 £000
Purchase of healthcare from NHS and DHSC bodies	832	7,393
Purchase of healthcare from non-NHS and non-DHSC bodies	76	513
Purchase of social care	0	316
Staff and executive directors	25,200	142,144
Non-executive directors	12	99
Supplies and services - clinical (excluding drug costs)	1,349	6,458
Supplies and services - general	682	3,893
Drug costs	1,866	10,884
Consultancy	2	24
Establishment	1,070	11,337
Premises	910	8,275
Transport	1,132	1,485
Depreciation	250	1,440
Amortisation	118	677
Impairments net of reversals	0	(1,793)
Movement in credit loss allowance: contract receivables	421	0
Movement in credit loss allowance: other receivables	0	1,019
Provisions arising/released in year	15	0
Audit services - statutory audit	62	78
Other auditor remuneration	0	7
Internal audit	48	84
Clinical negligence	62	268
Legal Fees	0	158
Education and training	21	346
Operating lease expenditure net	1,422	9,716
Redundancy costs	334	4,810
Charges to operating expenditure for on SoFP IFRIC 12 Schemes (PFI) on IFRS basis	675	3,826
Other	80	1,064
<b>Total operating expenditure</b>	<b>36,639</b>	<b>214,521</b>

#### Note 4.1 Other auditor remuneration paid to the external auditor:

	Two Months 2018/2019 £000	Full Year 2017/2018 £000
Audit-related assurance services	0	7

#### Note 4.2 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £0.5m



**Note 5 Impairment of assets**

	Two Months 2018/2019 £000	Full Year 2017/2018 £000
Changes in market price	0	(1,793)
<b>Total net impairments charged to operating surplus/deficit</b>	<b>0</b>	<b>(1,793)</b>
Impairments charged to the revaluation reserve	0	138
<b>Total net impairments</b>	<b>0</b>	<b>(1,655)</b>

**Note 6 Employee benefits**

	Two Months 2018/2019 £000	Full Year 2017/2018 £000
Salaries and wages	19,603	113,342
<b>Social security costs</b>	<b>1,726</b>	<b>9,656</b>
Apprenticeship levy	92	547
Pension cost - employer contributions to NHS pension scheme	2,273	13,305
Pension cost - other	268	1,876
Termination benefits	334	4,810
Temporary staff - agency/contract staff	1,238	4,618
<b>Total gross staff costs</b>	<b>25,534</b>	<b>148,154</b>
Recoveries in respect of seconded staff	0	(1,200)
<b>Total staff costs</b>	<b>25,534</b>	<b>146,954</b>

**Note 6.1 Retirements due to ill-health**

During 2018/2019 there were no early retirements from the trust agreed on the grounds of ill health (4 in year ended 31<sup>st</sup> March 2018). The estimated additional pension liability of these ill-health retirements is zero (£251k in 2017/8).

The cost of these ill-health retirements will be borne by the NHS Business Services Authority – Pensions Division.

**Note 7 Operating leases**

**Note 7.1 Staffordshire and Stoke on Trent Partnership as a lessor**

Staffordshire and Stoke on Trent partnership NHS Trust is in receipt of income from GP's in relation to a number of health centres.

	Two Months 2018/2019 £000	Full Year 2017/2018 £000
<b>Operating Lease Revenue</b>		
Minimum lease receipts	50	670
<b>Total</b>	<b>50</b>	<b>670</b>
<b>Future minimum lease receipts due not later than one year</b>		
	300	670
<b>Total</b>	<b>300</b>	<b>670</b>

**Note 7.2 Staffordshire and Stoke on Trent Partnership as lessee**

Staffordshire and Stoke on Trent Partnership NHS Trust has a number of lease arrangements for the occupation of properties with NHS Property services Ltd and Community Health Partnerships. The contracts are for operating leases in respect of premises for the current financial year only.

Additionally the Trust occupies a number of properties that it has lease arrangements for ranging over a number of years.

	Two Months 2018/2019 £000	Full Year 2017/2018 £000
<b>Operating Lease expense</b>		
Minimum lease payments	1,422	9,716
<b>Total</b>	<b>1,422</b>	<b>9,716</b>
<b>Future minimum lease payments due</b>		
not later than one year	9,146	9,734
later than one year and not later than five years	1,498	1,504
later than five years	512	512
<b>Total</b>	<b>11,156</b>	<b>11,750</b>

#### Note 8 Finance income

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

	Two Months 2018/2019 £000	Full Year 2017/2018 £000
Interest on bank accounts	13	34

#### Note 8.1 Finance expenditure

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

	Two Months 2018/2019 £000	Full Year 2017/2018 £000
Interest on loans from the Department of Health and Social Care	234	1,367
Interest on late payment of commercial debt	0	3
Main finance costs of PFI obligations	185	1,139
Contingent finance costs of PFI obligations	138	762
<b>Total interest expense</b>	<b>557</b>	<b>3,271</b>

#### Note 8.2 The late payment of commercial debts (interest) Act 1998/Public Contract Regulations 2015

	Two Months 2018/2019 £000	Full Year 2017/2018 £000
Amounts actually paid and included within other interest arising from claims made under this legislation	0	3

#### Note 9 Intangible assets

Intangible assets have not been revalued as historic cost is deemed to be reasonable proxy for fair value.

The useful economic life of software asset is determined by the duration of the licensing agreement but is typically in the range of 3 to 10 years. The life of development expenditure assets is in the range of 3 to 10 years as assessed by the Trust.

<b>Note 9.1 Intangible assets 2018-19</b>	<b>Software licences £000</b>	<b>Development Expenditure £000</b>	<b>Intangible assets under construction £000</b>	<b>Total £000</b>
Valuation/gross cost at 1 April 2018	176	3,251	0	3,427
Valuation/gross cost at 31 May 2018	176	3,251	0	3,427
Accumulated amortisation at 1 April 2018	32	1,102	0	1,134
Provided during the year	0	118	0	118
Accumulated amortisation at 31 May 2018	32	1,220	0	1,252
Net book value at 31 May 2018	144	2,031	0	2,175
Net book value at 1 April 2018	144	2,149	0	2,293

<b>Note 9.2 Intangible assets 2017-18</b>	<b>Software licences £000</b>	<b>Development Expenditure £000</b>	<b>Intangible assets under construction £000</b>	<b>Total £000</b>
Valuation/gross cost at 1 April 2017	71	3,251	92	3,414
Additions	13	0	0	13
Reclassifications	92	0	-92	0
Valuation/gross cost at 31 March 2018	176	3,251	0	3,427
Accumulated amortisation at 1 April 2017	16	441	0	457
Provided during the year	16	661	0	677
Accumulate amorisation at 31 March 2018	32	1,102	0	1,134
Net book value at 31 March 2018	144	2,149	0	2,293
Net book value at 1 April 2017	55	2,810	92	2,957



**Note 10 Property, Plant and equipment****Note 10.1 Property, plant and equipment 2018-19**

Valuation/gross cost at 1 April 2018  
Additions

**Valuation/gross cost at 31 May 2018**

Accumulated depreciation at 1 April 2018  
Provided during the year

**Accumulated depreciation at 31 May 2018**

Net book value at 31 May 2018

Net book value at 1 April 2018

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant & machinery £000	Information Technology £000	Furniture & £000 fittings	Total £000
	12,538	70,233	244	3,176	2,040	174	88,405
	0	0	41	0	0	0	41
	<b>12,538</b>	<b>70,233</b>	<b>285</b>	<b>3,176</b>	<b>2,040</b>	<b>174</b>	<b>88,446</b>
	0	182	0	2,602	1,883	174	4,841
	0	192	0	41	17	0	250
	<b>0</b>	<b>374</b>	<b>0</b>	<b>2,643</b>	<b>1,900</b>	<b>174</b>	<b>5,091</b>
	<b>12,538</b>	<b>69,859</b>	<b>285</b>	<b>533</b>	<b>140</b>	<b>0</b>	<b>83,355</b>
	<b>12,538</b>	<b>70,051</b>	<b>244</b>	<b>574</b>	<b>157</b>	<b>0</b>	<b>83,564</b>

**Note 10.2 Property, plant and equipment 2017-18**

Valuation/gross cost at 1 April 2017

Additions

Impairments charged to operating expenses

Impairments charged to revaluation reserve

Reversal of impairments credited to operating expenses

Revaluations

Reclassifications

**Valuation/gross cost at 31 March 2018**

Accumulated depreciation at 1 April 2017

Provided during the year

Impairments charged to revaluation reserve

Reversal of impairments credited to operating expenses

Revaluations

**Accumulated depreciation at 31 March 2018**

Net book value at 31 March 2018

Net book value at 1 April 2017

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant & machinery £000	Information Technology £000	Furniture & £000 fittings	Total £000
	12,538	70,233	244	3,176	2,040	174	88,405
	0	111	0	2,337	1,781	174	4,403
	0	1,073	0	265	102	0	1,440
	0	-30	0	0	0	0	-30
	0	-285	0	0	0	0	-285
	0	-687	0	0	0	0	-687
	<b>0</b>	<b>182</b>	<b>0</b>	<b>2,602</b>	<b>1,883</b>	<b>174</b>	<b>4,841</b>
	<b>12,538</b>	<b>70,051</b>	<b>244</b>	<b>574</b>	<b>157</b>	<b>0</b>	<b>83,564</b>
	<b>12,538</b>	<b>66,109</b>	<b>134</b>	<b>739</b>	<b>259</b>	<b>0</b>	<b>79,779</b>

Staffordshire and Stoke on Trent

12,538	48,000	0	0	140
0	21,007	0	533	
0	58	285		
12,538	69,917			

10.3 Property plant and equipment arrangements

Net book value

Owned - purchases

[illegible]

Owned - dollar value at 31st May 2018

Net book value

st and equipment - in-

**Note 10.4 Properties**

12,538	21,007	0	574
0	58	244	
0	70,051		
12,538	70,051		

1st March 2018

... value at

Net book value of assets purchased

Owned PFI contracts 2018

On-201 - donated

Net book value at:

**Note 11 Donations of property, plant and equipment**

The Trust has not received any donated property, plant or equipment during the two months of 2018/2019.

**Note 12 Disclosure of interests in other entities**

The Trust has no interest in other entities.

**Note 13 Inventories**

	Two Months 2018/2019	Full Year 2017/2018
	£000	£000
Drugs	346	346
Consumables	79	79
Energy	9	9
<b>Total inventories</b>	<b>434</b>	<b>434</b>

Inventories recognised in expenses for the year were £0k (2017-2018 £19,935k).

**Note 14 Trade receivables and other receivables**

**Note 14.1 Current trade receivables and other receivables**

	Two Months 2018/2019	Full Year 2017/2018
	£000	£000
Contract receivables	9490	0
Trade receivables	1,726	11,445
Accrued income	2,960	1,491
Allowance for impaired other receivables	-2,030	-1,609
Prepayments	1,833	2,903
PDC Dividend receivable	212	212
VAT Receivable	628	157
<b>Total current receivables</b>	<b>14,819</b>	<b>14,599</b>

**Note 14.2 Non-Current trade receivables and other receivables**

	Two Months 2018/2019	Full Year 2017/2018
	£000	£000
Accrued income	179	176
Allowance for impaired other receivables	-40	-40
<b>Total current receivables</b>	<b>139</b>	<b>136</b>

The great majority of trade is with Clinical Commissioning Groups and Local Authorities, as commissioners for Patient Care Services and Adult Social Care Services. As Clinical Commissioning Groups and Local Authorities are funded by Government to buy services, no credit scoring of them is considered necessary.



**Note 14.3 Allowances for credit losses (doubtful debts)**

Allowance for credit losses at 1 April 2018	0	1,649	1,649
Impact of IFRS 9 (and IFRS 15) implementation on 1 April 2018 balance	1,649	-1,649	0
New allowances arising	421	0	421
<b>Total current receivables</b>	<b>2,070</b>	<b>0</b>	<b>2,070</b>
<b>Loss/(gain) recognised in expenditure</b>	<b>421</b>	<b>0</b>	<b>421</b>

**Note 15 Non-current assets held for sale in disposal groups**

	<b>Two Months 2018/2019 £000</b>	<b>Full Year 2017/2018 £000</b>
NBV of non-current assets for sale and assets in disposal groups at 1 April	854	854
<b>NBV of non-current assets for sale and assets in disposal groups at 31 May/March</b>	<b>854</b>	<b>854</b>

**Note 16 Cash and cash equivalents movements**

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

	<b>Two Months 2018/2019 £000</b>	<b>Full Year 2017/2018 £000</b>
Cash and cash equivalents at 1 April	10,710	8,372
Net change in year	3,616	2,338
<b>Cash and cash equivalents at 31 May/March</b>	<b>14,326</b>	<b>10,710</b>
<b>Broken down into:</b>		
Cash at commercial banks and in hand	2	2
Cash with the Government Banking Service	14,324	10,708
<b>Total cash and cash equivalents in SoFP and SoCF</b>	<b>14,326</b>	<b>10,710</b>

**Note 17 Third party assets held by the trust.**

The Trust has no cash or cash equivalents which relate to monies held by the trust on behalf of patients or other parties.

**Note 18 Trade and other payables**

**Note 18.1 Trade and other payables – current**

	<b>Two Months 2018/2019</b>	<b>Full Year 2017/2018</b>
	<b>£000</b>	<b>£000</b>
NHS payables	0	0
DHSC payables	4589	0
Trade payables	5,074	11,202
Capital payables	2	57
Accruals	13,829	5,964
Social security costs	1,498	1,497
Other taxes payable	1,058	1,022
Accrued interest on DHSC loans	42	191
<b>Total current trade payables</b>	<b>26,092</b>	<b>19,933</b>

**Note 18.2 Early retirements in NHS payables**

There were no early retirements during the two months to 31 May 2018 or in the previous financial year (2017-2018).

**Note 19 Other liabilities**

	<b>Two Months 2018/2019</b>	<b>Full Year 2017/2018</b>
	<b>£000</b>	<b>£000</b>
Deferred income	126	447

**Note 20 Borrowings**

	<b>Two Months 2018/2019</b>	<b>Full Year 2017/2018</b>
	<b>£000</b>	<b>£000</b>
<b>Current</b>		
Obligations under PFI	877	871
<b>Total current borrowings</b>	<b>877</b>	<b>871</b>
<b>Non Current</b>		
Loans from the Department of Health and Social Care - Capital	13,300	13,300
Loans from the Department of Health and Social Care - Revenue	26,800	26,800
Obligations under PFI	32,690	32,841
<b>Total non-current borrowings</b>	<b>72,790</b>	<b>72,941</b>

**Note 21 Provisions for liabilities and charges analysis**

Other provisions relate to the projected liabilities and charges arising in the two months of 2018-2019 from potential employment issues, social care costs, property dilapidation assessments and injury benefit commitments.

Redundancy includes provisions for the redundancy consequences of the operational changes within the Trusts 0-19 clinical service. This provision also includes the redundancy consequences incurred in respect of Trust Directors as a consequence of its impending acquisition.

Legal claims are as notified by the NHS Resolution in respect of outstanding claims.

	Pensions				
	Injury Benefits	Legal Claims	Redundancy	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2018	556	66	2,329	852	3,803
Arising during the year	0	0	209	150	359
Utilised during the year - cash	0	0	-221	-114	-335
Reversed unused	0	0	-344	0	-344
At 31 May 2018	556	66	1,973	888	3,483
Expected timing of cash flows:					
- not later than one year	25	66	1,973	353	2,417
- later than one year and not later than five years	101			535	636
- later than five years	430				430
Total	556	66	1,973	888	3,483

#### Note 21.1 Clinical negligence liabilities

At 31 May 2018 there was no provision in respect of clinical negligence liabilities of Staffordshire and Stoke on Trent Partnership NHS Trust (£4,733k 31 March 2018)

#### Note 22 Contingent assets and liabilities

	Two Months 2018/2019 £000	Full Year 2017/2018 £000
NHS Resolution legal claims	0	-54

#### Note 23 Contractual capital commitments

	Two Months 2018/2019 £000	Full Year 2017/2018 £000
Property, plant and equipment	128	128

#### Note 24 On-SoFP PFI, LIFT or other service concession

The Trust has a PFI commitment relating to the Haywood Hospital, a community hospital, that was redeveloped as part of an overall scheme "fit for the future" secondary care developments in North Staffordshire.

The contract commenced 2007 (taken by the Trust in 2013) for a period of 37 years ending in 2044. A monthly unitary payment for the use of the facility, and the provision of housekeeping, portering, catering and estates maintenance services, will be paid up to that point.

The unitary payment is subject to annual increases in line with RPI. Services are subject to market testing every 7 years. The arrangement requires the operator to deliver services to the Trust in accordance with the service delivery specification.



Non delivery of quality of performance can lead to a reduction in the service charge being paid by the Trust. The Trust retains step in rights should the contractor fail to meet minimum standards as set out within the contract. Under IFRIC 12 the asset is treated as an asset of the Trust. The substance of the contract is that the Trust has a financial lease and payments comprise of two elements – imputed finance lease charges and service charges. Details of the imputed finance lease charges are included in the table below.

**Note 24.1 Imputed finance lease obligations**

Staffordshire and Stoke on Trent Partnership NHS Trust has the following obligations in respect of the finance lease element of on-Statement Financial Position PFI.

	<b>Two Months 2018/2019 £000</b>	<b>Full Year 2017/2018 £000</b>
<b>Gross PFI service concession lease liabilities</b>	50,363	51,024
<b>of which liabilities are due:</b>		
not later than one year	1,983	1,982
later than one year and not later than five years	7,556	7,892
later than five years	40,824	41,150
Finance charges allocated to future periods	-16,796	-17,312
<b>Net PFI service concession lease obligation</b>	<b>33,567</b>	<b>33,712</b>
not later than one year	877	871
later than one year and not later than five years	3,761	3,745
later than five years	28,929	29,096

**Note 24.2 Total on-SoFP PFI concession arrangement commitments**

When calculating the future unitary charge the Trust has applied an inflation increase in line with the prevailing Retail Price Index (RPI) and discounted those commitments in line with Treasury lending rate for NHS Trusts.

	<b>Two Months 2018/2019 £000</b>	<b>Full Year 2017/2018 £000</b>
<b>Total future payments committed in respect of PFI service concession arrangements</b>	231,357	233,201
<b>of which liabilities are due:</b>		
not later than one year	6,581	6,581
later than one year and not later than five years	27,679	27,679
later than five years	197,097	198,941

**Note 24.3 Analysis of amounts payable to service concession**

	Two Months 2018/2019 £000	Full Year 2017/2018 £000
<b>Unitary payment payable to service concession operator</b>	<b>1,143</b>	<b>6,581</b>
<b>Consisting of:</b>		
Interest charge	185	1,139
Repayment of finance lease liability	145	854
Service element and other charges to operating expenditure excluding revenue lifecycle	640	3,638
Revenue lifecycle maintenance	35	188
Contingent rent	138	762
<b>Total amount paid to service concession operator</b>	<b>1,143</b>	<b>6,581</b>

**Note 25 Financial instruments**

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

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

**Note 25.1 Currency risk**

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

**Note 25.2 Interest rate risk**

The Trust borrows from government for capital expenditure, subject to affordability as confirmed by NHS Improvement. The borrowings are for 1-25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

The Trust has borrowed from government for revenue finance subject to approval by NHS Improvement. Interest rates are confirmed by the Department of Health and Social Care (the lender) at the point borrowing is undertaken and it is fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

**Note 25.3 Credit risk**

Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk.

#### Note 25.4 Liquidity risk

The Trust's operating costs are incurred under contracts with Clinical Commissioning Groups, which are finance from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

#### Note 25.5 Carrying values of financial assets and liabilities

##### Carrying values of financial assets

	Loans and receivables £000	Assets at fair value through the I&E £000	Held to maturity £000	Available- for-sale £000	Total book value £000
<b>Assets as per SoFP as at 31 May 2018</b>					
Trade and other receivables excluding non financial assets	12,912	-	-	-	12,912
Cash and cash equivalents at bank and in hand	14,326	-	-	-	14,326
<b>Total at 31 May 2018</b>	<b>27,238</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,238</b>

	Loans and receivables £000	Assets at fair value through the I&E £000	Held to maturity £000	Available- for-sale £000	Total book value £000
<b>Assets as per SoFP as at 31 March 2018</b>					
Trade and other receivables excluding non financial assets	11,271	-	-	-	11,271
Cash and cash equivalents at bank and in hand	10,710	-	-	-	10,710
<b>Total at 31 March 2018</b>	<b>21,981</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,981</b>

##### Carrying value of financial liabilities

	Other financial liabilities £000	Liabilities at fair value through the I&E £000	Total book value £000
<b>Liabilities as per SoFP as at 31 May 2018</b>			
Borrowings excluding finance lease and PFI liabilities	40,100	-	40,100
Obligations under finance leases	-	-	-
Obligations under PFI, LIFT and other service concession contracts	33,567	-	33,567
Trade and other payables excluding non financial liabilities	23,662	-	23,662
<b>Total at 31 May 2018</b>	<b>97,329</b>	<b>-</b>	<b>97,329</b>



	Other financial liabilities £000	Liabilities at fair value through the I&E £000	Total book value £000
<b>Liabilities as per SoFP as at 31 March 2018</b>			
Borrowings excluding finance lease and PFI liabilities	40,100	-	40,100
Obligations under PFI, LIFT and other service concession contracts	33,712	-	33,712
Trade and other payables excluding non financial liabilities	17,636	-	17,636
<b>Total at 31 March 2018</b>	<b>91,448</b>	<b>-</b>	<b>91,448</b>

#### Note 25.6 Fair values of financial assets and liabilities

The Trust views book value (carrying value) is a reasonable approximation of fair value

#### Note 25.7 Maturity of financial liabilities

	31 May 2018 £000	31 March 2018 £000
In one year or less	24,538	18,507
In more than one year but not more than two years	907	904
In more than two years but not more than five years	43,005	42,942
In more than five years	28,879	29,095
<b>Total</b>	<b>97,329</b>	<b>91,448</b>

#### Note 26 Losses and special payments

There were no losses or special payments in the two months to the 31 May 2018 (£0 2017-2018)

#### Note 27 Gifts

There were no gifts received in the two months to the 31 May 2018 (£0 2017-2018)

#### Note 28 Related parties

During the two months to 31 May 2018 none of the Department of Health and Social Care ministers, Trust Board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with Staffordshire and Stoke on Trent Partnership NHS Trust. The Department of Health and Social Care is regarded as a related party. During the two months to 31 May 2018 Staffordshire and Stoke on Trent Partnership NHS Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent:

- NHS England
- NHS Cannock Chase CCG
- NHS East Staffordshire CCG
- NHS North Staffordshire CCG
- NHS South East Staffordshire and Seisdon CCG
- NHS Stafford and Surrounds CCG

- NHS Stoke on Trent CCG
- NHS Eastern Cheshire
- NHS South Cheshire
- Health Education England
- North Staffordshire Combined Healthcare NHS Trust
- South Staffordshire and Shropshire Healthcare NHS Foundation Trust
- University Hospitals of North Midlands NHS Trust
- University Hospitals of Leicester NHS Trust
- Leicestershire Partnership NHS Trust
- The Royal Wolverhampton NHS Trust
- Birmingham Community Healthcare NHS Foundation Trust
- West Midlands Ambulance Service NHS Foundation Trust
- Burton Hospitals NHS Foundation Trust
- NHS Resolution
- NHS Property Services Limited
- Community Health Partnerships
- Care Quality Commission

In addition, the Trust has had a number of material transactions with the Local Authorities and other government departments:

- Staffordshire County Council
- Stoke on Trent City Council
- Leicester City Council
- Leicestershire County Council
- HM Revenue and Customs
- NHS Pension Service

#### Note 29 Better Payment Practice Code

For the two month period the Trusts better payment practice code was:

Body	Status	Number		Value £'000	
NHS	On time	60	95.24%	3,259	99.93%
	Paid late	3	4.76%	2	0.07%
	<b>Total</b>	<b>63</b>	<b>100%</b>	<b>3,261</b>	<b>100.00%</b>
Non NHS	On time	3,524	91.04%	8,767	88.35%
	Paid late	347	8.96%	1,156	11.65%
	<b>Total</b>	<b>3,871</b>	<b>100%</b>	<b>9,923</b>	<b>100%</b>
Total	On time	3,584	91.10%	12,026	91.21%
	Paid late	350	8.90%	1,159	8.79%
	<b>Total</b>	<b>3,934</b>	<b>100%</b>	<b>13,185</b>	<b>100%</b>

#### Note 30 External Financing Limit

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

	Two Months 2018/19 £'000	Full Year 2017/18 £'000
External finance limit	2,059	11,086
Cash flow financing	(3,761)	(10,108)
<b>External financing requirement</b>	<b>(3,761)</b>	<b>10,108</b>
Under/(over) spend against the external financing limit	5,820	978



### Note 31 Capital Resource Limit

	Two Months 2018/19 £'000	Full Year 2017/18 £'000
Gross capital expenditure including IFRS impact	41	347
<b>Charge against the capital resource limit including IFRS impact</b>	<b>41</b>	<b>347</b>
<b>Capital resource limit including IFRS impact</b>	<b>523</b>	<b>2,833</b>
Under/(over) spend against the capital resource limit	482	2,486

### Note 32 Breakeven duty rolling assessment

	Full Year 2011/12 £'000	Full Year 2012/13 £'000	Full Year 2013/14 £'000	Full Year 2014/15 £'000	Full Year 2015/16 £'000	Full Year 2016/17 £'000	Full Year 2017/18 £'000	Two Months 2018/19 £'000
Breakeven duty in-year financial performance	1,527	2,004	509	(3,747)	604	(32,934)	(9,468)	(1,861)
Breakeven duty cumulative position	1,527	3,531	4,040	293	897	(32,037)	(41,505)	(43,366)
Operating income	204,268	372,746	368,539	372,486	372,553	344,832	210,120	35,322
Cumulative breakeven position as a percentage of operating income	0.75%	0.95%	1.10%	0.08%	0.24%	-9.29%	-19.75%	-122.77%

### Note 33 Transfers by absorption

There have been no transfers by absorption in the two months to 31 May 2018 where the Trust has been the receiving or divesting party. Please see note 31 Events after the reporting date.

### Note 34 Prior period adjustments

The Trust has made no prior period adjustments.

### Note 35 Initial application of IFRS 9

IFRS 9 Financial Instruments as interpreted and adapted by the GAM has been applied by the Trust from 1 April 2018. The standard is applied retrospectively with the cumulative effect of initial application recognised as an adjustment to reserves on 1 April 2018.

IFRS 9 replaces IAS 39 and introduces a revised approach to classification and measurement of financial assets and financial liabilities, a new forward-looking 'expected loss' impairment model and a revised approach to hedge accounting.

Under IFRS 9, borrowings from the Department of Health and Social Care, which were previously held at historic cost, are measured on an amortised cost basis. Consequently, on 1 April 2018 borrowings increased by £191k, and trade payables correspondingly reduced.

Reassessment of allowances for credit losses under the expected loss model did not result in a significant movement in the carrying value of receivables.



The GAM expands the definition of a contract in the context of financial instruments to include legislation and regulations, except where this gives rise to a tax. Implementation of this adaptation on 1 April 2018 has led to the classification of receivables relating to Injury Cost Recovery as a financial asset measured at amortised cost. The carrying value of these receivables at 1 April 2018 was £0k.

#### **Note 36 Initial application of IFRS 15**

IFRS 15 Revenue from Contracts with Customers as interpreted and adapted by the GAM has been applied by the Trust from 1 April 2018. The standard is applied retrospectively with the cumulative effect of initial application recognised as an adjustment to the income and expenditure reserve on 1 April 2018.

IFRS 15 introduces a new model for the recognition of revenue from contracts with customers replacing the previous standards IAS 11, IAS 18 and related Interpretations. The core principle of IFRS 15 is that an entity recognises revenue when it satisfies performance obligations through the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services.

As directed by the GAM, the Trust has applied the practical expedient offered in C7A of the standard removing the need to retrospectively restate any contract modifications that occurred before the date of implementation (1 April 2018).

The application of IFRS 15, has had a trivial impact on the Trust's financial statements.

#### **Note 37 Adjusted Financial Performance**

##### **Adjusted financial performance for the year**

Retained deficit for the year	(1,861)	(7,676)
Add back all I&E impairments(reversals)	0	(1,793)
Remove capital donations/grants I&E impact	0	1
CQUIN Risk Reserve - CT non achievement adjustment	0	(527)
<b>Adjusted Financial performance deficit</b>	<b>(1,861)</b>	<b>(9,995)</b>

#### **Note 38 Events after the reporting date**

During 2017-2018 the Trust declared its intention to be acquired by South Staffordshire and Shropshire Healthcare NHS Foundation Trust. Subject to the agreement of the Trusts Regulatory Body this acquisition will be enacted on 1 June 2018. South Staffordshire and Shropshire Healthcare NHS Foundation Trust will be responsible for the publication, agreement and publication of the 2018-2019 part year accounts.

#### **Analysis of balances transferred to successor organisations (£000)**

Summarised final statement of financial position	Amounts transferred to:	
	Midlands Partnership NHS FT	Total
Non current assets	85,669	85,669
Current assets	30,433	30,433
Current liabilities	(29,476)	(29,476)
Non-current liabilities	(73,892)	(73,892)
<b>Net assets/(liabilities)</b>	<b>12,734</b>	<b>12,734</b>