Burton Hospitals NHS
NHS Foundation Trust

Annual Report and Accounts
April to June 2018

SAFE | EFFECTIVE | POSITIVE

TakePRIDE

- Passion
- Respect
- Innovation
- Determination
- Excellence

Burton Hospitals NHS Foundation Trust

Annual Report and Accounts
covering the period 01 April to 30 June 2018

Presented to Parliament pursuant to Schedule 7,
Paragraph 25 (4) (a) of the National Health Service Act 2006

Contents

Foreword from the Chairman and Chief Executive

Welcome to our final report for Burton Hospitals NHS Foundation Trust, (BHFT). This covers the three months leading up to the merger of BHFT with Derby Teaching Hospitals Foundation Trust to create University Hospitals of Derby and Burton Foundation Trust on 1st July 2018.

The merger was the culmination of two years of discussion and planning and we are extremely appreciative of the efforts and contributions of all those involved in ensuring the process ran smoothly. We acknowledge the hard work, commitment and support shown by our staff, leadership teams, partner organisations and regulators.

Whilst considerable effort went into preparing for the merger during the first three months of 2018/19, it was also very much a case of 'business as usual'. Our focus remained firmly on ensuring our patients continued to receive safe, high quality care throughout their treatment journey and across all of our services.

Although the BHFT name has gone, its outstanding legacy will remain and form a very firm foundation for the combined Trust. With DTHFT colleagues, we are looking forward to a very positive future and to developing the reputation of University of Derby and Burton NHS Foundation Trust for excellent clinical care and world renowned innovation.

John Rivers CBE DL
Chairman
6 June 2019

Dr Magnus Harrison
Deputy Chief Executive
6 June 2019

Part 1 - Performance report

1.1 Overview of performance

1.1.1 Statement from the Chief Executive

Welcome to our final report for Burton Hospitals NHS Foundation Trust (BHFT), which covers the three months leading up to the merger of BHFT with Derby Teaching Hospitals Foundation Trust to create University Hospitals of Derby and Burton Foundation Trust on 1st July 2018.

The merger was the culmination of two years of discussion and planning and we are extremely appreciative of the efforts and contributions of all those involved in ensuring the process ran smoothly. We acknowledge the hard work, commitment and support shown by our staff, leadership teams, partner organisations and regulators.

During this period the management and staff of the Trust delivered a safe high quality service to our patients whilst also meeting the additional challenges that came with completing the merger with Derby Teaching Hospitals.

The Board and Council of Governors have been supportive during this period in helping to ensure that the service quality was maintained whilst the merger details were being finalised.

Dr Magnus Harrison
Chief Executive
6 June 2019

1.1.2 Statement of the purpose and activities of the Foundation Trust

The Trust's total bed base is 496 beds over all three sites which include Queen's Hospital in Burton and Community Hospitals Sir Robert Peel and Samuel Johnson in Tamworth and Lichfield respectively, which carry a total of 70 beds. In addition the Trust acquired in 2011 the Treatment Centre, which offers patients the facilities to have some routine operations in a number of specialities such as Gynaecology, Orthopaedic, General Surgery and Ear Nose and Throat as well as the surgical 23-hour stay facility. Plans are in place to increase the capacity at the Queen's Hospital site.

The Trust also provides a full complement of Accident and Emergency, Outpatient and Direct Access services. All specialties were supported by a comprehensive range of clinical services in Therapies, Pharmacy, Pathology, and Radiology.

In addition, the Trust provides facilities to other NHS providers for specialties such as Orthopaedics, Phlebotomy and Obstetrics. Furthermore, the Trust has a number of partnership agreements and contracts with other healthcare providers to support specialist services.

The Trust's main clinical services were organised and managed by two clinical divisions, Medicine and Surgery; each of which is led by a Divisional Director, a Divisional Medical Director and a Divisional Nurse Director, supported by a dedicated team of General Managers leading their respective clinical Business Units alongside Clinical Directors and Matrons.

Samuel Johnson Community Hospital provides a number of services for the local population of Lichfield including a Minor Injuries Unit, Outpatient clinics, Rehabilitation beds, a midwife-led Maternity Unit and a Renal Unit together with X-ray and Pharmacy services.

The Sir Robert Peel Community Hospital in Tamworth provides the local population with services including a Minor Injuries Unit, Outpatient clinics, Rehabilitation beds, Day Case surgery, Endoscopy and X-ray and Pharmacy services.

The Trust Executive Committee met on a regular basis in order to review performance and progress service developments.

1.1.3 Our Hospital facilities

The Trust enhanced its facilities in 2012 by working in partnership with InHealth, a specialist company with experience of working with the NHS on such projects, to fund and provide a state of the art Cardiac Catheterisation Laboratory and Chest Pain Unit. This allows local patients to be treated for vital heart procedures on their doorstep, rather than travelling to larger centres for treatment.

1.1.4 History of the Foundation Trust and its statutory background

The Trust was formed in 1993, successfully achieving Foundation Trust status in 2008. It works in partnership with a multitude of different agencies for the benefit of the local population. Following detailed discussions a merger with Derby Teaching Hospitals Foundation Trust was agreed and the combined organisation became

University Hospitals of Derby and Burton Foundation Trust on 01 July 2018.

1.1.5 Vision, objectives and values

The changing needs of the population and the on-going efficiency gains that the Trust and the wider health economy are tasked with continue to challenge many organisations.

The recent introduction of the Sustainability and Transformation Partnerships (STPs) are to enable the delivery of a transformed NHS; delivering the "Five Year Forward View" vision of better health, better patient care and improved NHS efficiency. The Trust is a full partner of the Staffordshire and Stoke-on-Trent STP and an Associate Member of the Derbyshire STP.

The Trust's vision has been "**To support our local communities with excellent healthcare when they need it most"** and has been delivered through five Trust objectives:

- Patients First
- Right care, first time
- Invest our resources wisely
- Develop all our staff
- Embed a partnership working culture

Care is delivered compassionately and is underpinned by the Trust's values:

- Compassionate
- Approachable
- Respect
- Excellence

This vision and values will become a key element in the development of the vision and values for the new Trust.

1.1.6 Principle risks faced by the Trust in delivering its objectives in 2018/19

As at 30 June 2018 these included:

- 4 Hour Emergency Standard - Failure to achieve and maintain national performance targets. This had a risk rating of Extreme
- Staff recruitment and retention - Inability to recruit and retain staff in sufficient numbers across all clinical areas to deliver high quality services to patients leading to increased clinical risks. This had a risk rating of Extreme
- Leadership and Management Capacity - Insufficient talent to ensure critical senior leadership posts are filled with the risk increased by the additional demands placed on these key post holders arising out of partnership work with Burton and the STP at a time of increased uncertainty and possible increased attrition. This had a risk rating of Extreme (16)
- Failure to provide patients with a positive experience from our services which could impact on the Trust's ambition to get to outstanding. This had a risk rating of High (12)
- Failure to address the findings from regulatory, safeguarding, quality and compliance inspections could lead to clinical and reputational risks in specific areas of service provision and prevent the Trust from moving from a culture of compliance to ambition. This had a risk rating of High (12)
- 62 day, 31 day and 2 week wait cancer treatment target - Failure to achieve and maintain national performance targets. This had a risk rating of High (12)

1.1.7 Going concern disclosure

As at 1st July 2018 Burton Hospitals NHS Foundation Trust was acquired by Derby Teaching Hospitals NHS Foundation Trust who directly changed their name to the University Hospitals of Derby and Burton Foundation Trust. Although the Trust was dissolved on 30 June 2018 the assets and liabilities of the Burton Hospitals NHS Foundation Trust were subsequently and immediately transferred to the University Hospitals of Derby and Burton NHS Foundation Trust. IAS 1 Presentation of Financial Statements requires management to assess, as part of the annual accounts preparation, as to the Trust's ability to carry on as a going concern. Informing this assessment was the public sector interpretation of IAS 1. There is a public sector interpretation of IAS 1, which emphasises that the continuation of the provision of the service is the important determinant of the basis of preparation of the financial statements for public sector entities. Functions and services previously provided by Burton Hospitals NHS Foundation Trust will be transferring to another entity within the Whole of Government Accounts boundary this represents a "machinery of government change" and as such this is considered to be sufficient evidence of a going concern and is the appropriate basis upon which to prepare these accounts.

1.2 Performance analysis

1.2.1 Performance framework

The Trust has a Performance Assurance Framework to both monitor and challenge the overall performance of the Divisions against all national and local targets and planned activity levels and associated income levels: making recommendations for further action in areas of poor performance; requesting and reviewing action plans to address shortfalls and having due regard to the NHS Improvement reporting requirements in terms of potential breaches of targets.

National Targets and Regulatory Requirements	2017/18 Target (Apr-Jun)	2017/18 Actual (Apr-Jun)	2018/19 Target (Apr-Jun)	2018/19 Actual (Apr-Jun)	201819 Performance Against National Target
Compliance with Core Standards as declared to the Care Quality Commission		✓			✓
Clostridium difficile – Number of cases	20	26	20	24	x
MRSA - maintaining the annual number of MRSA bloodstream infections at less than half the 2003/04 level	0	1	0	1	x
Referral to Treatment Waiting Times - Incomplete Pathways	92%	92.11%	92%	91.00%	x
Maximum waiting time of 4-hours from arrival in A&E to admission, transfer or discharge	95%	91.02%	95%	89.87%	x
Maximum waiting time of 2 weeks from urgent GP referral to first outpatient appointment for all urgent suspect cancer referrals	93%	95.54%	93%	94.90%	✓
Maximum waiting time of 2 weeks to first outpatient appointment for all suspected Breast Cancer referrals	93%	91.60%	93%	94.34%	✓
Maximum waiting time of 31 days from diagnosis to treatment for all cancers	96%	98.36%	96%	98.68%	✓
Maximum waiting time of 31 days from diagnosis to subsequent treatment: Surgery	94%	96.10%	94%	100%	✓
Maximum waiting time of 31 days from diagnosis to subsequent treatment: Drug Treatments	98%	100%	98%	99.196%	✓
Maximum waiting time of 62 days from urgent referral to treatment for all cancers	85%	81.16%%	85%	82.30%	x
Maximum waiting time of 62 days from urgent referral to treatment for consultant screening service referrals	90%	95.86%	90%	96.73%	✓

***RTT Incomplete Pathways are based on snapshot of patients waiting as at end of June

1.2.2 Analysis of key areas of performance

The Trust has seen a strong performance against a number of the key national indicators throughout this period.

The 18 week Referral To Treatment (RTT) standard has been met consistently throughout the period, where the Trust successfully converted operating capacity to focus on treating more day case procedures, providing increased bed capacity to support emergency admissions. As with the RTT position, the diagnostic waiting time targets, where 99% of patients receive diagnostic tests within six weeks, has also sustainably been delivered through the course of the period.

The Trust has seen a significant improvement in Cancer waiting time performance. A national priority for the year, the 62 day Cancer Standard measures the length of time from referral to definitive treatment. The Trust has focussed on the transformation of cancer pathways which cross a range of clinical specialties and teams throughout the year. This hard work and dedication across multiple teams has seen cancer waiting times fall, to the point that the Trust is now in a position where month on month compliance against cancer targets is now being seen.

The other key operational performance standard is the A&E 4 hour target. As with the majority of Trusts across the country, this target remains a significant challenge as the volume and complexity of demand rises and the capacity pressures are felt across Health and Social Care. Unfortunately there has been a rise in the number of patients who are Delayed Transfers of Care (DTOC), resulting in an increasing volume of patients remaining in hospital beds. This in turn has led to challenges in ensuring timely availability of beds for those patients arriving through A&E, which has had a detrimental effect on performance, particularly in the winter months. The Trust continues to actively work with partner organisations on 'whole system' solutions to ensure the right resource and capacity to manage patients across health and social care as effectively as possible.

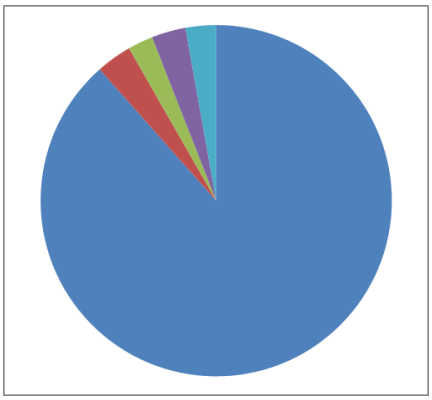
Patients treated	2017/18 (Apr-Jun)	2018/19 (Apr-Jun)	Variation
Non-elective patients	36,269	36,682	413
Elective inpatients	4,135	3,903	-232
Day case procedures	28,457	30,468	2,011
Renal Unit	5,546	5,158	-388
New outpatients	74,488	76,154	1,666
Follow up outpatients	137,827	136,749	-1,078
A&E attendances (including MIUs)	128,518	131,017	2,499
All patients	**415,240**	**420,131**	**4,891**

- Inpatient figures are based on the number of completed spells
- Non-elective's exclude well babies
- Outpatient figures are based on the number of Consultant-led attendances only
- A&E attendances include both planned and unplanned attendances
- It is all activity for the year including Private patients

1.2.3 Financial review

The Trust incurred an Operating Deficit for the period to 30th June 2018 of £3.724 million which was in line with the agreed plan. After dividends payable on Public Dividend Capital this resulted in a net retained deficit of £4.268 million.

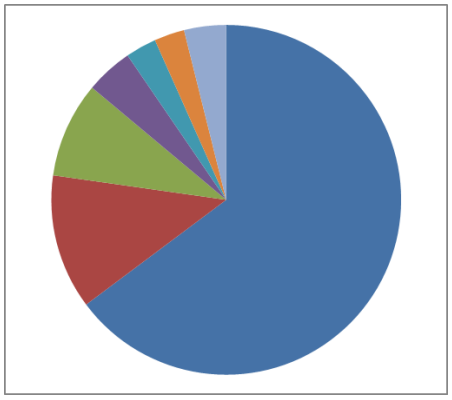
Income



Revenue from Patient Care Activities	£43.3m
Education and Training	£1.61m
Non Patient Care Services to Other bodies	£1.5m
Other Income	£1.4m
Sustainability and Transformation Fund	£1.1m

Expenditure
Total Operating Expenses incurred during the period amounted to £52.7 million

Operating expenses



Staff and Directors Costs	£34.2m
Supplies and Services Received	£6.6m
Drugs	£4.7m
Premises	£2.3m
Depreciation and Amortisation	£1.5m
Insurance	£1.5m
Other	£2m

1.2.4 Financial disclosures and Financial Compliance

Following the agreement of the merger by the Trust Board and the Council of Governors the finances from Burton Hospital Foundation Trust were incorporated in the accounts for the new organisation, University Hospital of Derby and Burton NHS Foundation Trust (UHDB NHSFT), when it formed on 1 July 2018. This financial transaction is reflected in the Annual Report and Accounts for the UHDB NHSFT.

As part of this exercise a full review of assets, liabilities including property and stock values was completed.

1.2.5 Social, community and human rights issues

Control measures such as policies and procedures remained in place to ensure that all the Trust's obligations under equality, diversity and human rights legislation are complied with. The effectiveness of these measures was monitored by the People Committee, a sub-committee of the Board.

1.2.6 Appointment of Non-Executive Directors

There were no changes to the Trust Board during the period 1 April to 30 June 2018. Executive and Non-Executive Directors were elected to form the prospective Board that was put in place prior to the merger which became the new Board when the merger was completed on 1 July 2018.

1.2.7 Council of Governors Elections

Due to the merger with Derby Teaching Hospitals no Council of Governors elections occurred during this period.

1.2.8 Overseas Operations

The Trust has no overseas operations.

1.3 Sustainability and Carbon Reduction

1.3.1 Governance and Leadership

The Trust will, as an integral part of its commitment, ensure the health and wellbeing of its community and ensure that its activities do not adversely impact the environment. The Trust is committed to reduce the environmental impact of its activities, and will comply with all relevant environmental legislation whilst doing so. As such:

"Burton Hospitals NHS Foundation Trust seeks to become an exemplar within the community, by delivering its services in a socially responsible and sustainable manner. The Trust recognises the many health benefits attributed to climate change mitigation, resilience and adaptation, and will foster key partnerships to promote climate action within the services it delivers and the communities it serves."

1.3.2 Management and Responsibilities

The Chief Executive has overall responsibility for ensuring compliance with statutory environmental management, energy consumption and sustainability regulations, through assurance that accountability is devolved to Directors, Managers and Heads of Departments. In addition, the Trust Board has a duty to endorse the Trust Sustainable Development Management Plan (SDMP) and Climate Change Adaptation Plan; and to ensure that any suggested actions progressed to Trust Board conform to current legislation.

The Sustainable Development Group (SDG), reporting into the Finance and Performance Committee, is accountable for the delivery of plans and actions outlined within the SDMP. Membership of the SDG includes Clinical, Estates, Facilities, Human Resources, Communications and Procurement representatives; in addition to

the Executive and Non-Executive Directors with responsibility for sustainability.

The Trust also has a designated Waste and Sustainability Officer who has a duty to actively participate in the SDG, provide reports on progress towards targets, oversee the implementation of Trust policy relating to sustainability and to oversee the development of engagement materials to promote sustainability awareness.

The Trust continued an integral part of its commitment, to ensure the health and wellbeing of its community and to ensure that its activities do not adversely impact the environment. The Trust committed to reduce the environmental impact of its activities, and will comply with all relevant environmental legislation whilst doing so.

The Trust Sustainability Plan will be subject to a stringent review following the merger to ensure that the combined document meets the requirements of the UK Climate Regulations 2018 and work done across all 5 sites will be reported in the UHDB Annual report.

Dr Magnus Harrison
Deputy Chief Executive
On behalf of the Board of Directors—6 June 2019

Part 2 Accountability Report

2.1 Directors' Report

The Board of Directors for Burton Hospitals NHS Foundation Trust comprised of Non-Executive Directors and Executive Directors and was disbanded on the 30 June 2018 following the approval of the merger with Derby Teaching Hospital Foundation Trust to form University Hospitals of Derby and Burton NHS Foundation Trust (UHDB) on 1 July 2018.

The successful management of the Trust was the responsibility of the Board of Directors which maintained a close working relationship with the Council of Governors. The Non-Executive Directors were appointed by the Council of Governors to provide challenge to the Executive Directors and bring an independent perspective into the Trust.

In respect of the NHSI Well Led framework the Trust had not had a formal inspection in relation to this however the work done by the Reporting Accountant and both the Competition and Markets Authority and NHSI during the merger approval process confirmed that there were no issues to address in relation to the Well Led framework. Work will continue in the combined organisation to ensure compliance is maintained.

The composition of the Board of Directors as at 30 June 2018 was made up of the following:

2.1.1 Non-Executive Directors

	Role
Mr John Rivers CBE	Chairman
Dr Stephen Goode CBE	Deputy Chairman
Dr John Davies	Senior Independent Director
Mr John Bale	
Mr Paul Doona	
Mr Steve Hollingsworth	
Mrs Joy Street	

The Trust considers each of the listed Non-Executive Directors to be independent.

2.1.2 Executive Directors

	Role
Ms Helen Scott-South	Chief Executive
Dr Magnus Harrison	Medical Director and Deputy Chief Executive
Mr Duncan Bedford	Chief Operating Officer
Mrs Tosca Fairchild-Moyo	Director of Governance, Communications & Engagement (non-voting)
Mr Jonathan Tringham	Director of Finance, Information, Performance and Estates
Mr Roger Smith	Director of Human Resources (non-voting)
Ms Alison Wynne	Director of Strategy and Partnerships
Mr Jim Murray	Acting Chief Nurse (01/04/18 to 30/06/18)

2.1.3 Management of the Trust

The Board of Directors has responsibility for setting the strategic values, priorities and direction of the Trust. The Board is committed to maintaining high standards of corporate governance by adopting the recommendations contained in NHS Improvement's Code of Governance.

Full details of the financial performance of the Trust for the period 1 April 2018 to 30 June 2018 are detailed in the accounts which are an integral part of this Annual Report.

Board of Directors as at 30 June 2018 – profiles

2.1.3.1 Non-Executive Directors

John Rivers CBE – Chairman

John was appointed as Chairman of Burton Hospitals NHS Foundation Trust in March 2016 also serving as Chairman at Derby Teaching Hospitals NHS Foundation Trust. He works on a full-time basis, splitting his time between both Trusts. He has been appointed as Chair of university Hospitals of Derby and Burton from its inception on 1 July 2018

John retired from Rolls-Royce plc in 2007 after ten years as Director of Human Resources which was preceded by five years as Personnel Director for the Aerospace Group. For 19 years prior to joining Rolls- Royce, he worked at General Electric Company (GEC) in a number of senior management positions, including Personnel Director at GEC Plessey Telecomms (GPT). John serves as Chair of the Nominations and Remuneration Committee.

Dr Stephen Goode CBE - Non-Executive Director and Deputy Chairman

Stephen worked in the Criminal and Community Justice System from 1975, retiring from the Ministry of Justice as a Senior Civil Servant in 2013. He undertook international, national and regional roles in his career. He was Chief Probation Officer for Derbyshire between 1997 and 2004, and was awarded a CBE for Services to Probation in 2002. In addition he was a member of the Parole Board from 2000 to 2006 and a Non- Executive Director for the Strategic Health Authority in the Midlands and East between 2006 and 2012.

Stephen is Deputy Chairman, Chair of the Finance and Performance Committee, Chaired the Risk Committee until June 2017. He is also a member of the Nominations and Remuneration Committee, Audit Committee, Quality Committee, and Charitable Funds Committee. Stephen has been appointed as a Non-Executive Director of UHDB.

Steve Hollingsworth – Non-Executive Director

Steve retired from Rolls-Royce plc in 2012 after a 29 year career with the company. He undertook a variety of commercial and financial roles in the company both in the UK and abroad, culminating as Finance Director – Civil Aerospace from 2002-2012. Steve qualified as a Chartered Accountant with Clark Whitehill in 1982.

Steve is a member of the Nominations and Remuneration Committee and the Finance and Performance Committee. Steve is not joining the Board on UHDB.

John Bale - Non-Executive Director

John is Managing Director of Bale Crocker, a well-established management consulting practice with a blue chip client base. He advises large organisations, such as law firms, accountancy firms and banks on effective leadership, business development and performance improvement. He spent 12 years with IBM, latterly as Sales Development Director for IBM Global Services Northern Europe. He was then Business Development Director and later Global Lead for Relationship Management with Accenture, the worldwide consulting firm.

John has been a Founding Fellow of the Institute of Professional Sales, an Associate Member of the Chartered Institute of Marketing, a Senior Associate of Judge Business School, University of Cambridge, an adjudicator each period at the UK National Sales Awards and National Business Awards and Chair of the Board of Trustees of Faith in Families, a nationally influential charity.

John is Chair of the People Committee and Chair of the Charitable Funds Committee. He is also a member of the Nominations and Remuneration Committee and the Quality Committee. John is not joining the Board on UHDB.

Joy Street – Non-Executive Director

Joy has had a varied career spanning the public and private sector including being CEO of a Training and Enterprise Council, Chamber of Commerce and Business Link; Chairing a Mental Health Trust for eight years; running her own regeneration consultancy company, owning a restaurant, working at Board level in the NHS at a specialist hospital and serving as a non-executive director on a range of companies including a major housing association. UHDB is now her major role and this year she has assumed additional responsibilities on behalf of the Board and has served on the People Committee, The Finance, investment and Performance Committee, chairs the Charitable Funds Committee and serves on the Nominations and Remuneration Committee.

Joy remains actively engaged in community-based activities e.g. charities and has held several trustee and Chair positions in the voluntary sector and on University boards. Joy provides support to young people transitioning from the care system and advises several local charities. Joy has been appointed as a Non –Executive Director of UHDB.

Dr John Davies - Non-Executive Director and Senior Independent Director

After graduating from St John's College, Cambridge in 1973, John trained in general medicine at the London Hospital before embarking on a career which saw him specialise in Oncology and Haematology. He has also worked as a lecturer and a researcher. From 1980 to 1986, he served on many regional and national scientific societies and committees including the Australian Bone Marrow Transplant Study Group and the Australian / New Zealand Leukaemia & Lymphoma Study Group, and he was National Clinical Lead on the SEHD National Cancer Task Force. From 2000 to 2011 he worked in Edinburgh and has experience as a Regional Medical Director in South East Scotland. He also worked for the Scottish Executive Health Department, specialising in cancer medicines.

John is Chair of the Quality Committee and a member of the Nominations and Remuneration Committee, Audit Committee and People Committee. John has been appointed as a Non – Executive Director of UHDB.

Paul Doona - Non-Executive Director

Paul, a chartered accountant, was Finance Director and Company Secretary of St Modwen Properties Plc from 1985 to 1999, managing the flotation and restructure of the company. Following several years as Finance Director, and subsequently Chief Executive of Claims Direct Plc, Paul undertook a number of executive roles in the Internet gaming sector.

Paul's non-executive roles have encompassed various sectors including leisure, property, financial services, recruitment, asset management and natural resources businesses. In addition to the Trust, Paul is currently Vice Chairman and Chair of the Risk Committee at the Dudley Building Society, an independent member of the Audit Committee at Midland Heart Housing Association, and a Director of a number of commercial property businesses.

Paul is Chair of the Audit Committee which includes Risk Management He is also a member of the Nominations and Remuneration Committee. Paul has been appointed as a Non –Executive Director of UHDB

Board of Directors as at 30 June 2018 – profiles

2.1.3.2 Executive Directors

Helen Scott-South - Chief Executive

Helen was appointed Chief Executive at Burton Hospitals NHS Foundation Trust in March 2016. Helen joined the Trust with 40 years of NHS experience, having spent almost five years working at Derby Teaching Hospitals NHS Foundation Trust as Chief Operating Officer and then latterly as Interim Chief Executive. Prior to that, Helen had held the role of Director of Operations at Hull and East Yorkshire Hospitals NHS Trust and also served as a Board Director within three other large hospitals. She has extensive experience in change management within teaching, non- teaching and community hospital settings. Mrs Scott-South retired following the merger.

Dr Magnus Harrison - Medical Director and Deputy Chief Executive

Magnus is the Executive Medical Director at Burton Hospitals NHSFT. Magnus has a background in Medical Leadership and was the Clinical Director for Emergency and Acute Medicine at UHNM NHS Trust. During his tenure at UHNM Magnus was one of the first cohort to take part in the NHS Leadership Academy's Executive Fast Track Programme, undertaking specialist training and study at Harvard University's Kennedy School. As part of this programme Magnus reviewed healthcare systems in India and spent some time working for EE gaining corporate, private sector experience.

More latterly Magnus jointly led the team that described and defined the patients benefits that would be delivered as a result of the creation of UHDB. Magnus presented the patient benefits case to regulatory bodies, such as the Competition Markets Authority and NHSI, successfully gaining their approvals. Magnus is UHDB's Responsible Officer, overseeing all medical revalidation, and the Trust's Caldicott Guardian. Dr Harrison has been appointed as Executive Medical Director at UHDB.

Duncan Bedford - Chief Operating Officer

Duncan was appointed as Chief Operating Officer at Burton Hospitals NHS Foundation Trust in May 2016. Duncan joined the Trust with over 25 years' NHS experience at Derby Teaching Hospitals. Prior to that Duncan had worked for local authorities working in both county and district councils.

Duncan has worked in a number of senior management positions, including general management roles in a range of specialties as well as Divisional Director for Medicine and Surgery. Mr Bedford has been appointed as Executive Managing Director - Burton for UHDB based at the Burton site.

Tosca Fairchild-Moyo - Director of Governance, Communications & Engagement (non voting)

Tosca joined the Board in September 2014 from Derby Hospitals NHS Foundation Trust where she was the Director of Corporate Affairs, with responsibility for governance, public engagement and risk management as well as being Company Secretary. She has extensive experience in healthcare governance. She commenced her working life in banking and joined the NHS in 2004 at a Primary Care Trust before moving onto Worcestershire Acute Hospitals NHS Trust where she was Company Secretary.

Tosca's role ensures that the Trust meets all its governance, corporate, legal and statutory obligations (NHS Improvement and CQC) and enhances the safety and quality of the services that it provides. Tosca is extremely passionate about governance, public accountability and transparency. Her portfolio includes external and internal communications, stakeholder management, staff engagement, brand management and reputation management, as well

as advising on the Trust's broader community relations and partnerships. Mrs Fairchild-Moyo has been appointed as Director of Governance and Communications at UHDB.

Jonathan Tringham - Director of Finance, Information, Performance & Estates

Jonathan was appointed as Director of Finance, Information, Performance and Estates in December 2016. He has worked in the NHS for 24 years starting as a Regional Finance Trainee in Sussex in 1992. Since then he has had roles in a variety of commissioning and provider organisations with 15 years' experience as a Director of Finance across Birmingham and Staffordshire.

Most recently he was Director of Finance at Staffordshire and Stoke on Trent Partnership NHS Trust helping to establish the Trust and integrate Adult Social Care Services with Community Services across the County. Mr Tringham will not be moving to the new organisation.

Roger Smith - Director of Human Resources (non voting)

Roger was appointed as Director of Human Resources at Burton Hospitals NHS Foundation Trust in September 2009 having been the Deputy Director of Human Resources for the previous seven years.

Roger joined the Trust with 28 years of experience from the private sector where he undertook a range of Senior Human Resource positions, primarily within the financial services and manufacturing sectors. He has extensive experience of change management and implementation of systems and processes. Mr Smith has been appointed as Director of Workforce (Operations) for UHDB.

Alison Wynne - Director of Strategy and Partnerships

Alison was appointed as Director of Strategy and Partnerships in June 2015. She has been in management in the health service for some 14 years following 2 years as a national management trainee and has a Masters degree. Much of her career has been spent in senior management roles in commissioning, including Head of Planning and Strategy, Director of Commissioning and also Director responsible for setting up a Clinical Commissioning Group.

Alison's focus in the last 18 months has been lead director, on behalf of both Burton and Derby Hospitals, for the proposed merger between the Trusts which is planned for July 2018. Ms Wynne will not be moving to the new organisation.

Mr Jim Murray Acting Director of Patient - Experience and Chief Nurse

Jim became Acting Director of Patient Experience and Chief Nurse between April and June 2018. He joined Derby Teaching Hospitals as Deputy Director of Patient Experience and Chief Nurse in September 2013, prior to this he was a Clinical Directorate Lead at Nottingham University Hospitals. Jim has worked in the NHS for over 30 years and is passionate about patient experience, patient safety, quality and governance. Jim is also the professional lead for nurses, midwives and allied health professionals and is committed to ensuring that all staff are supported to deliver the best possible care for patients.

Attendance at Board meetings April 1 to June 30 2018 inclusive

Name and Title	No of Meetings**	Total No of Attendances
John Rivers Chairman	7	6
John Davies Non Executive Director	7	5
Stephen Goode Non Executive Director	7	6
Paul Doona Non Executive Director	7	6
Joy Street Non Executive Director	7	7
Steve Hollingsworth Non Executive Director	7	5
John Bale Non Executive Director	7	5
Helen Scott-South Chief Executive	7	7
Jim Murray Interim Chief Nurse	7	7
Magnus Harrison Medical Director	7	6
Jonathan Tringham Director of Finance, Information, Performance & Estates	7	7
Duncan Bedford Chief Operating Officer	7	6
Alison Wynne Director of Strategy & Partnerships	7	7
Tosca Fairchild* Director of Governance	7	7
Roger Smith* Director of HR	7	6

*Non voting members of the Board
**Includes three Extra-ordinary meeting

Meetings of the Non-Executive Directors

In accordance with guidance set out in the Independent Regulator's Foundation Trust Code of Governance, arrangements have continued during the period for the Chairman and Non-Executive Directors to meet outside of Board meetings.

2.1.4 Appointment and removal of Non-Executive Directors

The appointment of the Chairman and Non-Executive Directors of the new Board for UHDB was undertaken by a combined Appointments and Remuneration Committee (ARC) which contained members of both Derby and Burton sovereign ARC's.

These appointments combined with the Executive Director appointment formed the Prospective Board which became the new Board of UHDB when it formed on 1 July 2018.

2.1.5 Risk management

The Trust has in place a robust approach to risk management with the structures and processes in place to successfully deliver the Trust's objectives. The Director of Governance, Communications & Engagement is the Trust's Chief Risk Officer and provides Board leadership on risk management. Leadership arrangements for clinical, non-clinical, operational, financial and quality risk management are clearly defined and embedded throughout the Trust, supported by a number of appropriate policies and procedures. Further details on the Trust's risk management process can be found in the Annual Governance Statement in Part 2.7 of this report.

2.1.6 Board of Directors committee structure

The Board of Directors is supported by a number of Committees. All of the Trust's Committees feed directly into the Board, and provide summary reports on the activities of the Committee together with any issues requiring escalation to the Board.

2.1.7 Audit Committee

The Audit Committee monitors the effectiveness of the risk management arrangements (clinical, non-clinical, operational, quality and financial), integrated governance and internal control on the Board's behalf. This Committee is a Non-Executive Committee of the Board and has no executive powers. Further information on the Trust's approach to risk management can be found in the Annual Governance Statement later in Part 2.7 of this report.

Attendance at Audit Committee Meetings

Name and Title	No of Meetings**	Total No of Attendances
John Davies Non Executive Director	3	3
Stephen Goode Non Executive Director	3	2
Paul Doona Non Executive Director	3	3

During April 1 to June 30 2018 inclusive, the following issues were considered by the Committee as significant in relation to the financial statements, operations and compliance.

Going Concern
As at 1st July 2018 Burton Hospitals NHS Foundation Trust was acquired by Derby Teaching Hospitals NHS Foundation Trust who directly changed their name to the University Hospitals of Derby and Burton Foundation Trust. Although the Trust was dissolved on 30 June 2018 the assets and liabilities of the Burton Hospitals NHS Foundation Trust were subsequently and immediately transferred to the University Hospitals of Derby and Burton NHS Foundation Trust.

IAS 1 Presentation of Financial Statements requires management to assess, as part of the annual accounts preparation, as to the Trust's ability to carry on as a going concern. Informing this assessment was the public sector interpretation of IAS 1. There is a public sector interpretation of IAS 1, which emphasises that the continuation of the provision of the service is the important determinant of the basis of preparation of the financial statements for public sector entities. Functions and services previously provided by Burton Hospitals NHS Foundation Trust will be transferring to another entity within the Whole of Government Accounts boundary which represents a “machinery of government change” and as such is considered to be sufficient evidence of a going concern and is the appropriate basis upon which to prepare these accounts.

Value for money
The Internal Audit function provides an independent and objective opinion to the Trust on risk management and control by evaluating the effectiveness of the control framework in place. It also plays a key role in the provision of assurance to the organisation and has counter fraud responsibilities. The Trust’s Internal Auditors are KPMG.

Appointment process for the External Auditor
In December 2015 the External Auditors Appointments and Liaison Committee reported to the Council of Governors on the agreed contract specification and procurement process for the tender of External Auditors. The tender process concluded with the recommendation that Grant Thornton should be appointed as the Trust’s External Auditors for a three year period commencing on 1 October 2016 with the option to extend for a further two years, depending on performance. This recommendation was approved by the Council of Governors on 20 April 2016.

Following the merger Grant Thornton remained involved and presented, for approval, the Annual Accounts for BHFT to the UHDB Audit Committee on 23 May 2019. Provision of non-audit services by the External Auditor. Grant Thornton did not provide any non-audit services to the Trust in the period April 1 to June 30 2018 inclusive.

2.1.8 Nominations and Remuneration Committee

The Nominations and Remuneration Committee met as a Committee in Common with the Nominations and Remuneration Committee of Derby Teaching Hospitals to appoint the Chief Executive for the prospective Board of the new organisation with the intent that this appointment was the CEO of the new organisation. The Committee were also heavily involved with the Chief Executive in the appointment of the other Executive Director members of the Board.

Terms of Reference – Board Committees
The Trust Board regularly reviewed and approved the Terms of Reference for all of its Committees.

2.1.9 Declarations of interests/related party transactions

A Register of Interests was maintained by the Director of Governance, Communications & Engagement. A full Register of the Board of Directors’ Interests is available within the FOI Publication Scheme on the Trust’s public website.

In addition, the terms and conditions of Non-Executive Director appointments are available

from the Trust on request for inspection.

Arrangements are also in place within the Trust to deal with any offers of gifts and/or hospitality and a register is held corporately. Details of this register are available as part of the Trust's Publication Scheme on the public website.

2.1.10 Well Led

In the lead up to the merger, a full report had been provided to the governance structure together with its compliance with the NHSI Well Led requirement, no additional specific Well Led audit had been completed. Following the completion of the merger the Board will undertake a full Well Led compliance audit picking up any outstanding issues for the sovereign organisations compliance with the Well Led standards

2.1.11 Disclosures relating to quality governance

The Board was responsible for all aspects of performance and governance of the Trust. The Board should conduct the Trust's affairs effectively and, in so doing, build patient, public and stakeholder confidence that the Trust is providing high quality, sustainable care.

The role of the Board is to set strategy, lead the organisation and oversee operations, and to be accountable to stakeholders in an open and effective manner. The Independent Regulator has developed the Well Led Framework for governance reviews to allow Boards and external organisations to assess Foundation Trust governance.

The factors underpinning effective governance can change, for example as people leave or organisations restructure, NHS Improvement requires that Trusts undertake regular reviews to ensure that governance remains fit for purpose. Further information regarding governance can be found in the Annual Governance Statement in Part 2.8 of this report

2.1.12 Patient care

The Trust's Quality Improvement priorities for April 1 to June 30 2018 inclusive, as agreed by the Quality Committee (a sub-committee of the Board of Directors), are:

- 2.1.12.1 To promote a system of timely identification and proactive management of frailty in the acute setting;
- 2.1.12.2 To review and implement a revised Ward Assurance tool;
- 2.1.12.3 To improve discharge.

2.1.13 Stakeholder relations and partner working

During April 1 to June 30 2018 inclusive the Trust has continued to develop its relationships with key partners and stakeholders. The most significant of these was the completion of the merger of the Trust with Derby Teaching Hospitals to form University Hospitals of Derby and Burton NHS Foundation Trust.

The Staffordshire and Stoke-on-Trent Sustainability and Transformation Partnership (STP)

Burton Hospitals was a member of Staffordshire and Stoke STP's Health and Care Transformation Board with representation on the executive forum, where senior leaders met to discuss staffing developments across the core domains of the STP.

Virgin Care

From an operational perspective, Virgin Care operates community services for East Staffordshire. The Trust works in collaboration with Virgin Care to ensure an effective and quality service is provided in and out of hospital.

STRIDE Joint Venture

The Trust is part of a joint venture company formed with private sector partner Health Innovations Partners Ltd. The purpose of the STRIDE partnership (Strategic Transformation Real Innovation and Delivering Excellence), is to enable the Trust to draw on private sector expertise to help it to grow and transform with STRIDE becoming an element of UHDB.

Community Groups and Charities

The Trust's community activities have continued to flourish with staff at the forefront of this support. The Burton site of Kerry Foods have donated more than 2,000 convenience meals to the Queen's Hospital Snowdrop suite. This ensures that families can eat at any time, day or night, and stay together throughout an incredibly difficult time. The families that have benefited from this support have said how much this kind gesture by the food giant has helped them. In addition to this, Kerry Foods have painted railings by 'The House' to brighten the area up and have taken on the challenge of charity fundraisers.

Burton Organ Donation Committee gave seven trees to be planted on a piece of grass at the rear of Queen's Hospital. This was a project to commemorate the NHS' 70th birthday, each tree was planted to signify each decade of the NHS' existence and it's hoped that they will improve the aesthetics of the area.

Jyoti Shah and Sarah Minns continue their life-saving community prostate screening. Over the past 12 months they have screened men who work at the Trust, members of Burton Caribbean Association and a series of screenings with the Derbyshire Freemasons. So far they have screened more than 1640 men and diagnosed 55 men with prostate cancer.

The children's ward saw a refurbishment of an unused treatment room which was turned into a specific area for teenagers. This room has been furnished with the latest games consoles and comfy seating. A Bluetooth speaker has been installed into the ceiling which patients can connect to, to play their own music.

We continue to support Burton Rotary clubs 'Know your blood pressure day' with nurses taking the blood pressure of the general public in the town centre. This highlights a number of people that require a visit to their GP with one patient requiring immediate medical attention.

Burton Albion Football Club visited Queen's Hospital at Christmas, this gave the opportunity for the players and Nigel Clough to chat to our patients and understand a little more about what we do at the hospital. Our staff and patients always enjoy this visit too.

2.1.14 Income / financial disclosures

The Directors confirm that the Trust complies with the public sector Better Payment Practice Code unless other agreements have been reached with Suppliers. A statement on the disclosure of any interest paid under the Late Payment of commercial Debts (Interest) Act 1998 can be found in Note 12 in the Accounts.

The Directors can confirm that the Trust has complied with the cost allocation and charging guidance issued by HM Treasury.

2.1.15 Disclosures to auditors

The Directors have confirmed that they have made available to its External Auditors all necessary and relevant information and disclosures as may be material to the Accounts.

The Directors have confirmed that there is no relevant audit information of which the Auditor is unaware and the Directors have taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

2.1.16 Political donations

The Trust has not made any political donations.

Dr Magnus Harrison
Deputy Chief Executive
6 June 2019

2.2 Remuneration Report

The following tables have been subject to external audit in combination with the annual accounts process.

2.2.1 Annual statement on remuneration

This section of the remuneration report includes some elements that are subject to audit. The elements that are subject to audit have been individually identified. From April 1 to June 30 2018 inclusive there were no new appointments made to the Executive Management Team of the Trust.

The Trust has two roles where Directors are paid in excess of £150,000, the Chief Executive and Medical Director. The Nominations and Remuneration Committee utilised national benchmarking information at the appointment stage of the process and agreed that in each case the individual circumstances warranted setting a level of remuneration that was in excess of the guidance. The Nominations and Remuneration Committee also reviewed the salaries of the Executive Management Team to ensure that these remained competitive and in line with market forces. No substantial changes were made during this process.

Senior manager remuneration policy

The Nominations and Remuneration Committee, in respect of the Chief Executive and other

	1 April 2018 to 30 June 2018							1 April 2017 to 31 March 2018						
	Salary	Other Remuneration	Taxable Benefits	Annual Performance Bonuses	Long Term Performance Bonuses	Pension Related Benefits	Total Remuneration	Salary	Other Remuneration	Taxable Benefits	Annual Performance Bonuses	Long Term Performance Bonuses	Pension Related Benefits	Total Remuneration
	(Bands of £5,000)	Bands of £5000)	(to nearest £100)	(Bands of £5,000)	(Bands of £5,000)	(Bands of £2,500)	(Bands of £5,000)	(Bands of £5,000)	Bands of £5000)	(to nearest £100)	(Bands of £5,000)	(Bands of £5,000)	(Bands of £2,500)	(Bands of £5,000)
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
John Rivers Chairman/Non-Executive	10-15	0	0	0	0	0	10-15	0	0	0	0	0	40-45	40-45
John Davies Non-Executive Director	0-5	0	0	0	0	0	0-5	0	0	0	0	0	10-15	10-15
Stephen Goode Non-Executive Director	0-5	0	0	0	0	0	0-5	0	0	0	0	0	10-15	10-15
Paul Doona Non-Executive Director	0-5	0	0	0	0	0	0-5	0	0	0	0	0	10-15	10-15
John Bale Non-Executive Director	0-5	0	0	0	0	0	0-5	0	0	0	0	0	10-15	10-15
Steve Hollingsworth Non-Executive Director	0-5	0	0	0	0	0	0	0	0	0	0	0	0	0
Joy Street Non-Executive Director	0-5	0	0	0	0	0	0	0	0	0	0	0	0	0
Helen Scott-South Chief Executive	45-50	0	0	0	0	0	45-50	0	0	0	0	0	185-190	170-175
Magnus Harrison Medical Director	25-30	45-50	0	0	0	n/a	50-55	150-155	0	0	0	47.5-50	250-255	40-45

Executive Directors, and the Appointments Committee, in respect of the Chairman and other Non-Executive Directors, are responsible for determining the remuneration policies and practices of the Trust, with the aim of attracting, motivating and retaining high calibre Directors who will deliver the Trust's strategic objectives.

In considering the Executive Directors' remuneration, the Committee takes into account the national inflationary uplifts recommended for other NHS staff, any variation in, or change to, the responsibility of Executive Directors and relevant benchmarking with other public sector posts and the external Capita report. The Committee did receive the NHS Providers benchmarking report on Directors' remuneration and this was used as the main benchmarking report to assess remuneration.

In relation to the policy on payments for loss of office for Executive Directors, any payments would be in accordance with their terms and conditions of employment. No other payments have been made outside the agreed contractual arrangements. The accounting policies for pensions and other retirement and details of senior managers' remuneration can be found in the following tables.

In considering the Non-Executive Directors' remuneration, the Appointments Committee complies with the 'Non-Executive Director Terms and Conditions of Service Policy'.

All Executive Directors are members of the NHS Pension Scheme, unless otherwise stated in the above Senior Managers Disclosure B. This entitles members to a pension based on their service and final pensionable salary (subject to Inland Revenue limits). The scheme also offers life assurance cover. None of the Non- Executive Directors are members of the NHS Pension Scheme and Non-Executive members of the Board do not receive pensionable remuneration.

	1 April 2018 to 30 June 2018							1 April 2017 to 31 March 2018						
	Salary	Other Remuneration	Taxable Benefits	Annual Performance Bonuses	Long Term Performance Bonuses	Pension Related Benefits	Total Remuneration	Salary	Other Remuneration	Taxable Benefits	Annual Performance Bonuses	Long Term Performance Bonuses	Pension Related Benefits	Total Remuneration
	(Bands of £5,000)	Bands of £5000)	(to nearest £100)	(Bands of £5,000)	(Bands of £5,000)	(Bands of £2,500)	(Bands of £5,000)	(Bands of £5,000)	Bands of £5000)	(to nearest £100)	(Bands of £5,000)	(Bands of £5,000)	(Bands of £2,500)	(Bands of £5,000)
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Tosca Fairchild Director of Governance, Communications &	20-25	0	0	0	0	n/a	20-25	90-95	0	0	0	0	n/a 40 to	90-95
Roger Smith Director of Human Resources	20-25	0	0	0	0	5-10	30-35	90-95	0	0	0	0	12.5-15	100-105
Alison Wynne Director of Strategy & Partnerships	25-30	0	0	0	0	5-10	30-35	110-115	0	0	0	0	0	110-115
Jonathan Tringham Director of Finance, Information, Performance & Estates (see note 6)								50-55	0	0	0	0	65-67.5	120-125
Duncan Bedford Chief Operating Officer	25-30	0	0	0	0	n/a	25-30	105-110	0	0	0	0	n/a	105-110
Jim Murray (see note 11)								80-85	10-15	0	0	0	35-37.5	135-137.5

The Chief Executive and Chief Operating Officer are employed by Derby Teaching Hospitals NHS Foundation Trust whilst the Director of Finance is employed by Staffordshire and Stroke on Trent Partnership Trust. However as they are seconded to Burton Hospitals NHS Foundation Trust their costs are shown in these accounts.

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

Pension data for members of the NHS Pension Scheme is issued annually. The last disclosures for BHFT staff were included in the 2017/18 Annual Report. Full pension details for directors who have moved to UHDB are detailed in that organisations Annual Report and Accounts.

	April 1 to June 30 2018 inclusive	2017/18
	£000	£000
Total pay costs	104,391	104,391
Average number employed* (per Note to	3,067	3,067
Median salary within the Trust	26,617	23,597
Highest Paid Director	Magnus Harrison**	Magnus Harrison**
Mid Point of Salary	227,500	202,500
Ratio to Median	8.61	8.58

* Including Bank and Agency
** The salary figure given combines the remuneration for both the Medical Director role and their clinical role.

2.2.3 Annual report on remuneration

Service contracts

All Executive Director appointments are permanent, unless agreed otherwise, and will only be terminated on resignation of the individual or in the event of a fundamental breach of their employment contract. With regard to notice periods, the Chief Executive has a six month notice period, with all other Executive Directors having a three month notice period. None of the contracts have any provision for compensation in the event of early termination of contract.

Non-Executive Directors

Non-Executive Directors, including the Trust Chairman, are appointed for a set term of office, generally three years. They have a notice period of three months.

Remuneration

The Trust has two Committees that deal with remuneration:

The Nominations and Remuneration Committee

The Nomination and Remuneration Committee met twice with the attendance shown in the table below:

	No of Meetings	Total No of Attendances
John Rivers Chairman/Non-Executive	2	2
John Davies Non-Executive Director	2	0
Stephen Goode Non-Executive Director	2	1
Paul Doona Non-Executive Director	2	2
John Bale Non-Executive Director	2	2
Steve Hollingsworth Non-Executive Director	2	2
Joy Street Non-Executive Director	2	2
Helen Scott-South Chief Executive	2	2

Attendance at Nominations and Remuneration Committee meetings

The Appointments Committee

The Appointments Committee is a Sub-Committee of the Council of Governors and it is to make recommendations to the Council of Governors on the appointment of, and salaries payable to the Trust Chairman and Non-Executive Directors.

During the period from 1 April – 30 June 2018 there were no meetings held because the prospective Board had been established with the Non Executive Director appointments being completed.. The membership was as follows:

- David Rogers - Committee Chair
- John Anderson
- Sheila Jackson
- Cathy Brown
- Bernard Peters

2.2.4 Expenses paid to Governors and Directors

The following elements are included in the expenses:

Directors	2017/18	1 April - 30 June 2018
Total Number of Directors in office during the year	17	14
Number to whom expenses were paid	12	7
Total value of expenses paid	£12,019	£3,048.93
Governors	**2017/18**	**1 April - 30 June 2018**
Total Number of Governors in office during	26	21
Number to whom expenses were paid	8	5
Total value of expenses paid	£2,376	£1,202.68

Business Miles, PSA Members Mileage, Miscellaneous Travel, Parking Costs, Course Expenses, Expenses, Passenger Allowance, Subsistence and Public Transport Rate.

Dr Magnus Harrison
Deputy Chief Executive
6 June 2019

2.3 Staffing

2.3.1 Managing sickness absence

Sickness absence is monitored by the Board of Directors on a monthly basis and is also submitted to the Trust's Commissioners as part of monthly monitoring. From 1 April to 30 June 2018 the average sickness absence has been 3.92% reported in 2017/18.

2.3.2 Staff policies

The Trust continues to implement the Equality Delivery System and this is monitored through the People Committee (a sub-committee of the Board). As part of this the Trust ensures compliance with the Disability Discrimination in Employment Policy by adopting procedures that do not allow discrimination against future or current employees in all aspects of the recruitment process or their employment. The Trust takes all reasonable steps to make adjustments and remove barriers that put disabled workers at a disadvantage including ensuring that training, career development, and promotion opportunities are equally available to the Trust's disabled employees. The Trust has an Equal Opportunities Policy that is formally agreed and implemented in conjunction with our staff side colleagues.

The Trust has a key responsibility to ensure that promoting equality and valuing diversity is central to all Trust policy making, service delivery, employment practices and community involvement. All levels of staff are required to undertake training in Equality and Diversity, and thus understand the principles of this.

During the period the Trust continued to have regular briefings with the staff working closely with them and their representatives to ensure that they are able to contribute to key decisions that are taken within the Trust. There is a monthly Joint Staff partnership which is supplemented with weekly informal meetings with the main staff side officials. Through this mechanism staff are able to influence the development of Trust policies and they are also able to contribute towards improving the overall performance of the Trust. The results of the Staff Survey can be seen in Section 2.3.9 later in this report.

2.3.3 Slavery Act

The Modern Slavery Act was passed in March 2015 with the aim of addressing slavery and human trafficking in the 21st century. Obligations of the Act take effect from October 2015 when commercial organisations with a turnover above £36m a year must publish a 'Slavery and Human Trafficking Statement'. The statement must disclose what an organisation is doing to tackle modern slavery in their organisation and their supply chain.

As Burton Hospitals is an organisation that spends in excess of £60m per annum on a wide range of goods and services, we need to ensure that we are appropriately managing the risk of potential modern slavery within our supply chains. Although the Act focuses on victim identification and prosecutions it also highlights the role of business in tackling the global problem of slavery, forced labour and human trafficking through the 'transparency in supply chains' provision.

Spend Categories

The Trust has many supply routes, from national contracts through to low value orders with local companies. It is important to categorise this spend based on the risk of impact to modern slavery, and to ensure there is no duplication with work that is going on nationally.

For example it is through national and collaborative agreements, with bodies such as NHS Supply Chain, where the majority of our medical and non-medical consumables are purchased. This would be the most likely area for the potential of modern slavery during the supply chain. Within this spend it is anticipated that work will be undertaken nationally with these suppliers. The Trust can therefore rely on this work rather than have to make a plan for any suppliers through these routes. Currently spend on these agreements amounts to around 50%.

An explanation of the main areas is provided below, along with an explanation of actions taken. For all collaborative / national arrangements (circa 50% of all our spend):

- NHS Supply Chain – provide the Trust with the majority of our frequently used medical consumable items. NHSSC have confirmed that they have written to all suppliers on their frameworks asking them to disclose their statements, as well as communicating with the Medical Supplier Board and relevant Trade Associations on future actions.
- HealthTrust Europe (from whom the Trust procures the majority of agency staffing

contracts) – have issued a Human Trafficking Policy making explicit the standards expected of all suppliers on their frameworks.
- Commercial Procurement Collaborative – have been asked to comment but are yet to respond.

For all the above areas, except Commercial Procurement Collaborative, the Trust will not take further action, except to ask for regular updates, as this would unnecessarily duplicate work already being undertaken at a national level.
For all locally tendered projects (over £25k and advertised nationally or in the EU) there is a pass/ fail question within the pre-qualification documentation that asks potential suppliers to confirm that they comply with the Modern Slavery Act. Should a supplier not comply, this would be reviewed and it is likely they would be removed from the procurement process.
- For all local spend that is not related to collaborative arrangements or local tender exercises the Trust places a purchase order that refers suppliers to our Supplier Code of Conduct on our website. This document has a statement outlining our expectation that suppliers (and their supply chains) comply with Modern Slavery legislation.
- Agency staffing arrangements, seen to be a high risk area, are purchased through national framework agreements, with these bodies undertaking full compliance checks on suppliers.

Future Actions
Key actions over the next twelve months in the merged Trust will be to improve transparency in supply chains. The aim will be to:
- Develop a list of potentially high risk suppliers
- Develop a due diligence approach where modern slavery is identified

Considerations
- Due to the merger it would not be sensible to conduct a large exercise in this area prior to the conclusion of this process.
- It should be considered that we do not have the resources or skills to fully investigate supply chains of suppliers – i.e. reviews / visits to sites / other countries for assurance etc. – as may be possible in large private sector firms.
- We do not have the resource to contact all 1,500 suppliers and request they sign a code of conduct, monitoring and addressing responses. The code of conduct is available on the website and referred to in our purchase orders.
- It would make sense for the larger suppliers who supply to the whole NHS to be managed at a national level – and we will continue to review whether this work is taking place.

2.3.4 Health and Safety
The Trust is supported by the Head of Health and Safety and a Fire Officer who provide professional advice, guidance and training to managers with the aim of ensuring that safe working practices are adopted and legal obligations met. Under the Health and Safety at Work Act 1974 the Trust aims to protect, so far as is reasonably practicable, the health, safety and welfare of our staff, patients, visitors and others that are affected by our work activities.

The main focus is to manage health and safety risks effectively through the Health and Safety Strategy, together with supporting policies, working procedures and practical risk assessments to ensure high standards. Key performance indicators identified in the Trust's Health and Safety Policy measure the effectiveness of the measures taken via annual departmental Health and Safety Inspections which are audited for verification. The Departmental Manager also conducts quarterly safety checks. To ensure that staff are safe in the workplace a 24/7 security provision has been developed at Queen's Hospital in Burton-on-Trent. In addition, a police base has been introduced at Sir Robert Peel in Tamworth.

Health and Safety performance is monitored by the Trust's Health and Safety Group, which reports to the Quality Committee (a sub committee of the Board). This Group analyses the incidents reported to identify trends and emerging risks and considers appropriate actions to mitigate risks.

2.3.5 Occupational Health
The Trust provides Occupational Health Services for all staff with an on-site Occupational Health Department. From 1 January 2018, the Occupational Health Department was TUPE transferred to Derby Teaching Hospitals, but remains on-site and available to all staff. The Occupational Health Department is concerned with all aspects of health related to work and the working environment and, therefore, undertakes assessments of how the work employees undertake affects their health and how their health may impact on their ability to work.
The Trust recognises its legal responsibilities to

safeguard employees' health and safety at work; the Occupational Health Department helps the Trust achieve this. The Trust's Occupational Health service is key to the success of the health and wellbeing programme for staff. The Trust is currently considering ways to develop links with a number of organisations that can help the Trust to achieve its goals. As part of the collaboration with Derby Teaching Hospitals, the Trust now has access to CiC. This is an independent, free and confidential advice service to help support staff. This service is available 24 hours a day and can be accessed by any staff in a variety of methods.

2.3.6 Counter Fraud and Corruption

The Trust has in place effective arrangements to ensure a strong counter fraud and corruption culture exists across the organisation and to enable any concerns to be raised and appropriately investigated. These arrangements are underpinned by a dedicated Local Counter Fraud Specialist and a programme of counter fraud education and promotion. The fit for purpose of these arrangements is overseen by the Audit Committee which has confirmed them as being effective and proportionate to the assessed risk of fraud.

During the period April 1 to June 30 the Trust received no counter fraud referrals. None of these referrals resulted in confirmed instances of fraud or corruption. However, one case is on-going. The key principles of The Bribery Act 2010 are now embedded in the Trust and the Director of Finance is the Executive Lead on behalf of the Board. Training on this important subject is provided to all appropriate staff as part of the Trust Induction programme. For the avoidance of doubt this means that the expectation of each employee, contractor and agent of the Trust at all times and in all business dealings is as follows:

- To uphold the public sector values of honesty, openness and accountability;
- To uphold the highest standards of probity and stewardship in the use of public money;
- To uphold compliance with Trust policies and standards of business conduct.

On behalf of the Trust, the Chief Executive is able to confirm the Trust's commitment to ensuring that all staff are aware of their responsibilities in relation to the prevention of bribery and corruption.

2.3.7 Staff attitude and survey

The details from the 2017/18 Staff Survey were included in the 2017/18 Annual report with the headlines being:

Top 3 Ranking scores	2016 (previous year)	2017 (current year)		Trust Improvement / Deterioration
	Trust	Trust	Acute Benchmarking Group Average	£000
Key Finding 11 - Percentage of staff appraised in last 12 months	96%	93%	86%	-3%
Key Finding 28 - Percentage of staff witnessing potentially harmful errors, near misses or incidents in the last month	26%	24%	28%	-2%
Key Finding 25 - Percentage of staff experiencing harassment, bullying or abuse from patients, relatives or the public in the last 12 months	24%	23%	28%	-1%
Bottom 3 Ranking Scores				
Key Finding 18 - Percentage of staff attending work in the last 3 months despite feeling unwell because the felt pressure from their manager, colleagues or themselves	54%	55%	52%	+1%
Key Finding 27 - Percentage of staff / colleagues reporting most recent experience of harassment, bullying or abuse	41%	43%	45%	+2%
Key Finding 3 - Percentage of staff agreeing that their role makes a difference to patients / service users	89%	88%	90%	-1%

The Human Resources and Communications teams have worked together to develop programmes of engagement that seek honest feedback from staff about how they are feeling, and encourage two-way conversations about ideas for improvement. In the lead up to the merger extensive surveys and briefings were conducted with staff at all sites to ensure that they were well informed of the progress on the merger and were able to ask questions on any subject particularly those which directly affected the different staff groups.

Staff consultation is an integral part of several elements of the Post merger implementation plans that are being drawn up to deliver the benefits of the merger and to ensure that workforce transition and the elements arising from it are dealt with effectively.

2.3.8 Expenditure on consultancy

Expenditure on Consultancy is disclosed in Note 7 in the accounts.

2.3.9 Off-pay-roll arrangements

Table 1: For all off-payroll engagements as of 30 June 2018, for more than £245 per day and that last for longer than six months.

No. of existing engagements as of 30 June 2018	0
Of which...	
No. that have existed for less than one period at time of reporting.	0
No. that have existed for between one and two years at time of reporting.	0
No. that have existed for between two and three years at time of reporting.	0
No. that have existed for between three and four years at time of reporting.	0
No. that have existed for four or more years at time of reporting.	0

Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2018 and 30 June 2018, for more than £245 per day and that last for longer than six months.

No. of new engagements, or those that reached six months in duration, between 1 April 2017 and 30 June 2018	0
No. of the above which include contractual clauses giving the trust the right to request assurance in relation to income tax and National Insurance obligations	0
No. for whom assurance has been requested	0
Of which...	
No. for whom assurance has been received	0
No. for whom assurance has not been received	0
No. that have been terminated as a result of assurance not being received.	0

Table 3: For any off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, between 1 April 2018 and 30 June 2018.

Number of off-payroll engagements of Board members and / or senior officials with significant financial responsibility, during the financial year	0
Number of individuals that have been deemed Board members, and / or senior officials with significant financial responsibility during the financial year. This figure **must** include both off- payroll and on-payroll engagements	10

2.3.10 Staff exit packages

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0	0	0
£10,000 - £25,000	0	0	0
£25,001 - £50,000	0	0	0
£50,001 - £100,000	0	0	0
£100,000 - £150,000	0	0	0
£150,001 - £200,000	0	0	0
Total number of exit packages by type	0	0	0
Total resource cost	0	0	0

2.3.11 Exit packages; non-compulsory departure payments

	Agreement number	Total Value of Agreements £000
Voluntary redundancies including early retirement contractual costs	0	0
Mutually agreed resignations (MARS) contractual costs	0	0
Early retirements in the efficiency of the service contractual costs	0	0
Contractual payments in lieu of notice	0	0
Exit payments following Employment Tribunals or court orders	0	0
Non-contractual payments requiring HMT approval	0	0
Total	0	0
Of which: Non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months of their annual salary	0	0

2.4 Disclosures - NHS Foundation Trust Code of Governance

The Trust has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Code of Governance issued in 2012.

The Board of Directors confirms that the Annual Report and Accounts, on the whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the Trust's performance, business model and strategy as required in the NHS Foundation Trust Code of Governance.

Performance evaluation of the Board, Chairman, and the Trust's governance structure was undertaken as an integral part of the merger process including by NHSI and the Reporting Accountant. This process also linked closely with the establishment of the Prospective Board.

Areas of Non-Compliance

There were no areas of Non-Compliance.

2.4.1 NHS England EPRR Core Standards Performance

Emergency Preparedness, Resilience & Response (EPRR) - Burton Hospital - April to June 2018. Each year NHS Trusts are required to demonstrate compliance with Emergency Preparedness, Resilience & Response (EPRR) under the following legislation and guidance.

- Civil Contingencies Act 2004 and associated Cabinet Office Guidance
- The NHS Act 2006
- The NHS Constitution
- The requirements for EPRR as set out in the NHS Standard Contract
- NHS England EPRR guidance and supporting information
- NHS England Core Standards for Emergency Preparedness, Resilience and Response
- NHS England Business Continuity Management Framework
- National Occupational Standards for Civil Contingencies

A summation of EPRR activities within Queens Hospital, Burton, during April to June 2018 is as follows:

April 2018

- The Critical Care Department revised their Business Continuity Plan (BCP) to ensure that the most vulnerable patients within the hospital could still receive care should the department suffer a sudden loss of staff, utilities, technology, premises or suppliers.
- Trust Staff attended a West Midlands Police Counter Terrorism Unit (WMCTU) table-top exercise held at Staffordshire Fire & Rescue Headquarters as part of a strategy of developing closer engagement with Local Resilience Forums (LRFs) that Counter Terrorism Units were delivering nationally.
- The Renal Dialysis Unit – Samuel Johnson Hospital Lichfield conducted a specific Power Failure Business Contingency Plan (BCP) to ensure that patients attending the unit for dialysis would continue to do so during an electrical power cut.
- Trust staff attended Exercise Emergo, which was held at Newark Showground; this exercise was a regional Critical Care Network Exercise and looked at how the Mid Trent Critical Care Network would respond to a large influx of seriously injured patients.

2.5 Council of Governors

The Council of Governors was made up of 12 publicly elected Governors, five staff elected Governors, and four appointed Governors. The Governors meet on a regular basis and are actively involved in various Trust activities. Details of all Governors, as at 30 June 2018, can be seen in the following tables.

2.5.1 Elected Governors as at 30 June 2018

Type and Area	Name
Public Governor, East Staffordshire	John Anderson
Public Governor, East Staffordshire	Adriana Bailey
Public Governor, East Staffordshire	Graham Lamb
Public Governor, East Staffordshire	Philippa Saddington
Public Governor, East Staffordshire	David Rogers
Public Governor, South Derbyshire	Sheila Jackson
Public Governor, South Derbyshire	Gemma Price
Public Governor, Lichfield & Tamworth	Navinder Dhillon
Public Governor, Lichfield & Tamworth	Pam Dhanda
Public Governor, Lichfield & Tamworth	Denise Baker
Public Governor, Lichfield & Tamworth	David Dundas
Public Governor, North West Leicestershire and the Rest of England	Merryl Patrick
Staff Governor, Other - Non-clinical	Amanda Scott
Staff Governor, Nursing & Midwifery	Cathy Brown
Staff Governor, Volunteers	Elaine Day
Staff Governor, Other Clinical	Allison Dean
Staff Governor, Medical & Dental	Susan Williams-Jones

Appointed Governors during April 1 to June 30 2018 inclusive

Type and Area	Name	Term of office
Bernard Peters	Local Authority – Staffordshire County Council	Term of Office ends February 2021
Kim Coe	Local Authority – South Derbyshire District Council	Term of Office ends May 2020
Garry Jones	Voluntary Sector	Term of Office ends June 2019
David Hanson	Higher Education Representative	Term of Office ends June 2019

During the period April 1 to June 30 2018 the Council of Governors met three times and the details of attendance at those meetings is shown below:

Name and Title	Number of Meetings *	Total Number of Attendances
John Rivers Chairman	3	3
John Anderson Public Governor – East Staffordshire	3	3
David Rogers Public Governor – East Staffordshire	3	3
Graham Lamb Public Governor – East Staffordshire	3	1
Adriana Bailey Public Governor – East Staffordshire	3	2
Philippa Saddington Public Governor – East Staffordshire	3	1
Navinder Dhillon Public Governor – Lichfield & Tamworth	3	3
Pam Dhanda Public Governor – Lichfield & Tamworth	3	0
Denise Baker Public Governor – Lichfield & Tamworth	3	3
David Dundas Public Governor – Lichfield & Tamworth	3	1
Sheila Jackson Public Governor – South Derbyshire	3	3
Gemma Price Public Governor – South Derbyshire	3	1
Meryl Patrick Public Governor – NW Leicestershire	3	3
Bernard Peters Partner Governor - Local Authority – East Staffordshire	3	2
Kim Coe Partner Governor – Local Authority – South Derbyshire	3	1
Garry Jones Partner Governor – Support Staffordshire	3	1
David Hanson Partner Governor – Higher Education	3	3
Susan Williams-Jones Staff Governor – Medical & Dental Staff	3	3
Cathy Brown Staff Governor – Nursing & Midwifery	3	3
Elaine Day Staff Governor – Volunteers	3	3
Allison Dean Staff Governor – Other Clinical Staff	3	2
Amanda Scott Staff Governor – Other Staff	3	3

Following the merger the Burton Council of Governors was dissolved and those wishing to stand as part of the larger Council of Governors for UHDB took part in formal election during July and August 2018, which was managed by the Electoral Reform Services.

2.5.2 Governor developments

During April 1 to June 30 2018, the majority of new Governors have been heavily involved in the discussions on the merger attending the briefings that provided additional information.

The Council of Governors had a final vote on approving the merger as it was defined as a significant transaction which requires, under the Constitution, approval by a simple majority of the Council of Governors.

The Non-Executive Directors, the Chief Executive and the Executive Directors regularly attend Council of Governors meetings to provide updates on the progress of the merger and other areas.

2.5.3 Trust membership

The Trust encourages as many local residents as possible to register as Members to show support for the Trust. During the run up to the merger there was regular communication with members to provide information on the merger itself and the timeline, as well as offering meetings with members of the Council of Governors.

Upon the merger the complete membership (BHFT unless it had been specifically requested) transferred to become members of UHDB. The Foundation Trust Members are grouped into two Constituencies; Public and Staff.

Public Constituencies

Anyone aged 16 or over can register for Membership. This is provided they are not eligible to become a Member of the Staff Constituency or otherwise disqualified for Membership as described in the Constitution.

Staff Constituencies

Members of staff are individuals who are employed with a contract of employment which does not have a fixed term, or with a fixed term of at least 12 months. The Staff Constituency also includes individuals who have been employed continuously by the Trust for 12 months. All staff employed by the Trust who are eligible, automatically become Members on appointment, although they can decide to opt out if desired.

There are five representatives from the Staff Constituency representing:

- Medical and Dental staff
- Nursing and Midwifery staff
- Other clinical staff
- Other staff - non-clinical
- Volunteers

The total numbers of Members for both Public Constituencies and Staff Constituencies are shown in the following tables:

Membership numbers for the Trust

Public Constituency Members

Constituency	Figures as at 31 March 2018	Figures as at 30 June 2018
East Staffordshire	2,983	2,963
South Derbyshire	1,335	1,311
Lichfield & Tamworth	1,484	1,457
North West Leicestershire & the Rest of England	627	616
Total Membership	**6,429**	**6,355**

Staff Constituency Members

Constituency	Figures as at 31 March 2018	Figures as at 30 June 2018
Medical & Dental	206	205
Nursing & Midwifery	910	900
Other Clinical	731	761
Other	925	898
Volunteers	171	226
Total Membership	**2,943**	**2,990**

The total number of Members for the Trust, detailed in the above tables, as at 30 June 2018 equals 9,345.

2.5.4 Membership development and engagement

It is a constant challenge to develop and engage with a truly representative Membership and the Trust continues to work with its partners in the community to reach all diverse groups in an effort to strengthen its representation.

2.5.5 Derby Teaching Hospitals NHS Foundation Trust Collaboration Work

Both the Trust and Derby Teaching Hospitals NHS Foundation Trust have provided regular communications to Members regarding the collaboration process, which has included a specific and regular newsletter providing updates.

It has been important to ensure that staff, patients, their families and carers are involved in the development of the potential partnership. In order to support the work to be undertaken a Patient Reference Group has been established, with Governor involvement from both trusts. In order to ensure that staff from both organisations are engaged, a Staff Reference Group has been developed to support the process with the involvement of Staff Governors from both trusts.

Board of Directors and Council of Governors meetings are held in public, with the date, time and venue publicised on the Trust website and in the local media allowing stakeholders to meet Board members and Governors.

2.6 Regulatory Ratings

2.6.1 Single Oversight Framework

NHS Improvement's Single Oversight Framework came into force on 1 October 2016 and replaced the Risk Assessment Framework. It provides the framework for overseeing providers and identifying potential support needs. The framework looks at five themes:

- Quality of care
- Finance and use of resources
- Operational performance
- Strategic change
- Leadership and improvement capability (well-led)

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

2.6.2 Segmentation

BHFT is in Segment 3. This segmentation

information is the Trust's position as at 30 June 2018. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website. The following table describes the four segments:

Segment	Description
1	**Providers with maximum autonomy** – no potential support needs identified across our five themes – lowest level of oversight and expectation that provider will support providers in other segments
2	**Providers offered targeted support** – potential support needed in one or more of the five themes, but not in breach of licence (or equivalent for NHS trusts) and/or formal action is not needed
3	**Providers receiving mandated support for significant concerns** – the provider is in actual/suspected breach of the licence (or equivalent for NHS trusts)
4	**Special measures** – the provider is in actual/suspected breach of its licence (or equivalent for NHS trusts) with very serious/complex issues that mean that they are in special measures

Area	Metric	April 1 to June 30 2019 inclusive Q3 Score	April 1 to June 30 2019 inclusive Q4 Score
Financial Sustainability	Capital Service Capacity	4	4
	Liquidity	4	3
Financial Efficiency	I&E Margin	4	4
Financial Controls	Distance from Financial Plan	2	1
	Agency Spend	3	3
Overall scoring		**3**	**3**

2.6.3 Care Quality Commission Inspection

Burton Hospitals NHS Foundation Trust is required to register with the Care Quality Commission and its current registration status is fully compliant. Burton Hospitals NHS Foundation Trust has no conditions. The Care Quality Commission has not taken enforcement action against Burton Hospitals NHS Foundation Trust during April 1 to June 30 2018 inclusive. The last planned visit took place on the 7, 8 and 9 July 2015 and the subsequent report was received in October 2015.

Burton Hospitals NHS Foundation Trust has not participated in any special reviews or investigations by the CQC during the reporting period. CQC inspectors use professional judgement, supported by objective measures and evidence, to assess services against five key questions:

- Are they safe?
- Are they effective?
- Are they caring?
- Are they responsive to people's needs
- Are they well-led?

The previous CQC inspection conducted in 2015, gave the Trust an overall rating for the Trust as 'Requires Improvement', which was split by the three locations as follows:

- Queen's Hospital - Requires Improvement
- Sir Robert Peel Community Hospital - Good
- Samuel Johnson Community Hospital – Good.

The overall rating in respect of the CQC's five key questions was assessed as follows:

- Safe - Requires Improvement
- Effective - Good
- Caring - Good
- Responsive - Requires Improvement
- Well-led - Requires Improvement
- Overall - Requires Improvement

The inspection highlighted improvements in safety and leadership, caring and compassionate staff and a strong, responsive, open culture. Across the Trust, more than 80% of the Trust's core services were rated "Good" by the Inspection team, with notable improvements including Urgent and Emergency Services at Queen's Hospital, Medical Care across the Trust, End of Life and Services for Children and Young People. Both Sir Robert Peel Community Hospital and Samuel Johnson Community Hospital were given a "Good" rating overall which is a great reflection on the quality of care that is offered to the Trust's wider community.

The report identified many diverse examples of "Outstanding Practice", in particular innovative approaches to improving patient outcomes and increasing patient and carer engagement.

At the time, the inspection identified that there was still further work to do, particularly regarding delays in the Outpatient department, the lack of a clear pathway for patients needing emergency gynaecological treatment and concerns regarding patient flow throughout services. The actions identified were incorporated into the detailed action plan to monitor progress in delivering and embedding the actions and this work continues.

Significant work was undertaken to redesign the emergency Gynaecology pathway to provide more timely and effective care. Also considerable work was undertaken to improve the flow for emergency patients including ESM investment in the Emergency Department, improved Ambulatory Care facilities and capacity redesign to create more medical beds.

Statement of Accounting Officers Responsibilities

Statement of the Chief Executive's responsibilities as the Accounting Officer of Burton Hospitals NHS Foundation Trust

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

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Burton Hospitals NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Burton Hospitals NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Department of Health and Social Care Group Accounting Manual and in particular to:

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

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

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

Dr Magnus Harrison
Deputy Chief Executive
6 June 2019

2.7 Governance Statement for the Period 1 April 2018 to 30 June 2018

2.7.1 Scope of responsibility

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

2.7.2 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 on-going process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Burton Hospitals NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Burton Hospitals NHS Foundation Trust for the period ended 30 June 2018 and up to the date of approval of the annual report and accounts.

2.7.3 Capacity to handle risk

The Trust has adopted a comprehensive approach to Risk Management with structures and processes in place to successfully deliver its risk management objectives.

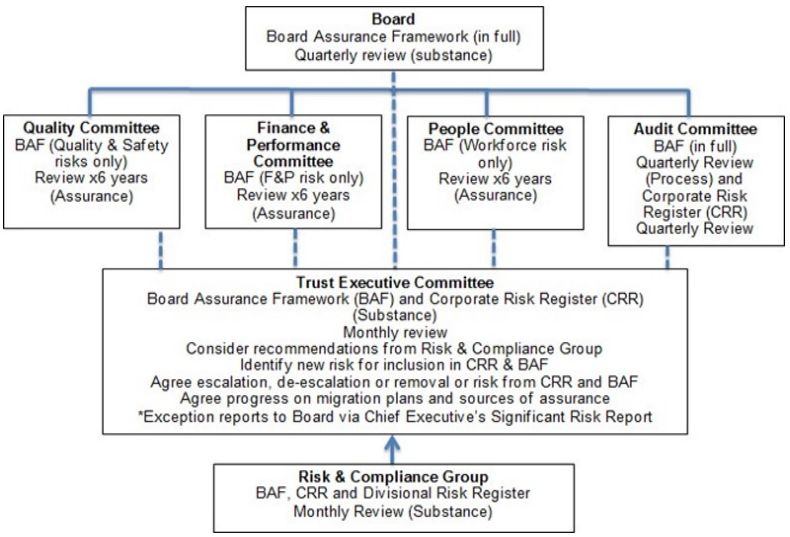
Following the appointment of the Director of Governance in 2014, leadership arrangements for risk have continued to be strengthened. The Director of Governance post incorporates the Chief Risk Officer duties and is responsible for providing an overview of governance, including risk management, to ensure that processes are fit for purpose using expert knowledge and skills in governance. Other roles and responsibilities are clearly defined in the Risk Management Strategy and Policy, supported by job descriptions and individual objectives.

The Trust's Divisional structure has been in place since September 2016. It has two Divisions, with supporting Business Units to assist the delivery of the Trust's objectives. In addition, the senior leadership of the Divisions was reviewed with the Divisional Director being accountable for the Division, supported by a Divisional Medical Director and Divisional Nurse Director. This has allowed leadership to be further embedded at Divisional level where managers have responsibility for risk identification, assessment and recording within the appropriate risk register.

All new members of staff are required to attend a mandatory induction training that includes an introduction to incident reporting and risk management. Existing members of staff are required to refresh their training every three years. Staff training covers key elements of risk management including adverse incident reporting using the Trust's integrated risk management system, the definition of a serious incident, and the importance of learning from adverse incident reporting at both national and local level.

2.7.4 The risk and control framework

The Trust has adopted an integrated framework for risk management that is described in its Risk Management Strategy, supported by a set of policies and procedures. The Board Assurance Framework (BAF) provides a comprehensive framework for the management of principal risks that may threaten achievement of the Trust's strategic objectives, taking account of the existing and required control measures and assurances. The Risk Management Strategy is delivered through an integrated risk management process which puts line management at the centre of the risk management process as follows;



The Board of Directors receives a regular summary report from each of its Committees providing both assurance and, by exception, escalation of those items the Board should be made aware of.

The Trust is committed to providing high quality patient services and securing a safe environment for patients, staff and the public, taking every opportunity to learn from adverse incidents. It is the policy of the Trust to ensure that all incidents (clinical and non-clinical) are managed so that the impact is minimised and harm to patients, staff and visitors limited.

The Trust has developed and implemented an integrated policy for the management of all internally and externally reportable incidents, including Serious Incidents (SIs) and Internal Safety Alerts (ISAs) requiring investigation. The Trust is dedicated to promoting and nurturing a just or 'no blame' culture to promote open and honest processes for reporting incidents and raising concerns. The Trust has a 'Policy for Being Open and Duty of Candour' which was reviewed and approved in January 2018. This policy describes how the Trust demonstrates its openness with service users and relatives when mistakes are made. Being Open is a set of principles that healthcare staff should use when communicating with service users, their families and carers following an incident in which the service user was harmed.

The specific delivery of 'Being Open' communications will vary according to the severity grading, clinical outcome and family arrangements of each specific event. The Duty of Candour applies to all patient safety incidents regardless of the level of harm where moderate, severe harm or death has occurred as a result of an incident.

The Trust aims to promote a culture of openness, which it sees as a prerequisite to improving patient safety and the quality of service user experience.

In addition, the Trust has a Freedom to Speak Up Guardian which follows the publication of the Freedom to Speak Up Review which was commissioned by the Secretary of State in February 2015, chaired by Sir Robert Francis QC. This role supports the profile of raising concerns in the organisation and provides challenge to staff and the Board if the culture does not provide the appropriate atmosphere to allow concerns to be raised. The Freedom To Speak Up Guardian also provides confidential advice and support to all staff in relation to concerns regarding patient safety and/or the way their concern has been handled.

The Trust has always had in place short, medium and long-term workforce strategies and staffing systems which assure the Board that staffing processes are safe, sustainable and effective. As part of the merger a detailed review of all strategies and policies took place to establish areas of crossover so that integrated strategies and policies could be developed.

The Foundation Trust has published an up-to-date register of interests for decision-making staff within the past twelve months, as required by the 'Managing Conflicts of Interest in the NHS'.

The Board Assurance Framework

During the first quarter, the Board of Directors continued to monitor and review the risks within its Board Assurance Framework (BAF). The risks within the BAF were collectively agreed as the areas that would have a direct impact on the Trust's ability to deliver its priorities and objectives. Strategic risks were reviewed and reassessed with Board Committees considering the strategic risks relevant to them as well as the high scoring operational risks that may pose a threat to strategic objectives, challenging and monitoring the risk mitigation actions in place. The highest scoring BAF risks were all rated as Extreme (16) risks and at 30 June 2018 these were:

4 Hour Emergency Standard - Failure to achieve and maintain national performance targets.
Staff recruitment and retention - Inability to recruit and retain staff in sufficient numbers across all clinical areas to deliver high quality services to patients leading to increased clinical risks.
Leadership and Management Capacity - Insufficient talent to ensure critical senior leadership posts are filled with the risk increased by the additional demands placed on these key post holders arising out of partnership work with Burton and Sustainability and Transformation Partnership (STP) at a time of increased uncertainty and possible increased attrition.

Corporate Governance Statement

NHS Foundation Trusts are required to self-certify whether or not they have complied with the conditions of the NHS provider licence.

The Board has worked with NHS Improvement and key stakeholders to understand its future pressures for clinical, operational and financial sustainability. STPs have been drawn up in every part of England to enable the delivery of a transformed NHS; delivering the "Five Year Forward View" vision of better health, better patient care and improved NHS efficiency. The Trust is a full member of the Staffordshire and Stoke-on- Trent STP. Once the merger with Derby Teaching Hospitals NHS Foundation Trust completed, the new Trust also became a member of the Derbyshire and Staffordshire and Stoke-on-Trent STP.

Information Risks

The Information Governance Steering Group has responsibility for overseeing day-to-day information governance issues; developing and maintaining policies, standards and procedures and guidance and raising awareness of Information Governance (IG) requirements. The Medical Director as Caldicott Guardian, supported by the Information Governance Lead, is responsible for the establishment of policies for the control and appropriate sharing of patient information with other agencies. The Director of Finance, Performance, Information and Estates is the Senior Information Risk Owner.

A systematic review of risks relating to information systems and data flows has also been carried out and corrective actions identified when required. An incident reporting system is in place to capture, record and analyse reported issues relating to information systems and confidential data.

The Trust has not undertaken a self-assessment against the Information Governance Toolkit as this will be conducted by the merged University Hospitals of Derby and Burton NHS Foundation Trust (UHDB). These details together with those relating to serious IG incidents will be available in the annual report of UHDB.

Policies

All policies throughout the organisation are required to be Equality and Diversity Impact Assessed (EIA) and must include both a statement on the front index sheet, and an EIA number confirming that an Equality and Diversity Impact Assessment has been completed. The Equality and Diversity Impact Assessment documentation is embedded within the Policy Framework that provides authors with a corporate guide to the way in which Trust policies need to be written and how they can be approved. Where there is a direct impact of the policy on the public, consultation will be undertaken through the Governors.

Staff and stakeholder engagement

In the lead up to the merger there was significant public and staff engagement including specific events at all the Trust locations as well as Executive Staff meeting with local MP's and Health and Wellbeing Boards to ensure the complete Health economy was aware of the situation. This was especially important for staff so they were aware of what was occurring and the potential impact on their roles.

Care Quality Commission (CQC)

The Foundation Trust is fully compliant with the registration requirements of the Care Quality Commission.

Other

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

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

The Trust has published an up to date register of interests for decision making staff within the last 12 months as required by the Managing Conflicts of Interest in the NHS guidance. Further details on this work is available in the Annual report of the combined organisation UHDB.

The Foundation Trust has undertaken risk assessments and has a sustainable development management plan in place which 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.

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

2.8.1 Capacity

The Trust has reviewed the arrangements for the monitoring of performance against financial and operational targets and the Trust objectives. The Integrated Performance Report that is received monthly by the Board of Directors and the Finance and Performance Committee ensures that financial reports are considered alongside performance reports to provide the wider picture in relation to cost, performance, quality and risk. The Quality Committee and People Committee also consider Quality and Workforce dashboards which are part of the Performance Report. Both internal audit and external expertise has been used over the past period to review organisational process and policy to ensure the Trust manages the challenges faced with capacity.

2.8.2 Finance

The Finance and Performance Committee continue to provide challenge and focus on the delivery of the Trust's financial targets. The Committee meets monthly through this period to fulfil its remit. The Board of Directors also considered financial reports and any areas of concern that the Finance and Performance Committee wished to bring to the Board's attention.

2.8.3 Cost Improvement Schemes

The Trust's Cost Improvement Programme (CIP) continues to include a number of workstreams which are monitored on a weekly basis. This regular monitoring informs the Finance and Performance Committee, a formal Committee of the Board.

2.8.4 Performance

The Board provides a formal arena for the consideration of key performance information and the management of action plans. Procedures are in place to ensure that all strategic decisions are considered at Executive and Board level. The Board approved the Performance Assurance Framework in September 2014 following recommendations from a task and finish group that carried out a review of performance.

The Finance and Performance Committee also continued to provide challenge and focus on the delivery of the Trusts operational targets. The Committee met monthly throughout this period to fulfil its remit.

2.8.5 Internal Controls

Internal Audit provides independent assurance on internal controls, risk management and governance systems to the Audit Committee and to the Board. Where there is scope for improvement, appropriate recommendations are agreed with management for implementation, with regular updates on progress reported via the Audit Committee.

The Trust has always had in place short, medium and long-term workforce strategies and staffing systems which assure the Board that staffing processes are safe, sustainable and effective. Leading up to the merger detailed work took place to ensure the harmonisation of workforce policies, processes and systems commenced with this work being part of the workforce Post Transaction Implementation Plan. This work will be monitored through the People Committee governance structure. A key element is the commitment of ensuring that our staffing processes are safe, sustainable and effective and these comply with national guidance.

2.9 Regulators

The Trust had Enforcement Undertakings applied in February 2018 relating to financial and clinical sustainability.

The report concluded that there were no material concerns in relation to the capability and effectiveness of the Board of Directors and the Trust was noted to have strong governance arrangements in place for risk management. The independent regulator undertook a sustainability review in 2015 which covered clinical sustainability and drivers of the deficit. The Trust continues to address issues within its control and work with Derby Teaching Hospitals NHS Foundation Trust and the Staffordshire and Stoke-on-Trent STP to support this work.

2.9.1 Information Governance

The Information Governance Steering Group reports to the Finance and Performance Committee which reports to the Board of Directors. The Information Governance Steering Group is chaired by the Chief Information Officer, who reports to the Director of Finance as Senior Information Risk Owner, and monitors the overall arrangements for data quality including the implementation and review of the Data Quality Policy. The Information department undertakes routine validation checks and report on completeness of key data items. There were no

serious incidents relating to confidentiality breaches, cyber-security or data loss during the reporting period.

2.92 Annual Quality Report

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. NHSI (in exercise of the power conferred on Monitor) has issued guidance to NHS Foundation Trust Boards on the form and content of annual Quality Reports which incorporate the above legal requirements in the NHS Foundation Trust Annual Reporting Manual.

There is no separate Annual Quality Report due to the merger with Derby Teaching Hospitals NHS Foundation Trust. A full Quality Report covering this period and the whole 2018/19 financial year is included in the UHDB Annual Report and Accounts.

2.9.2.1 Governance and Leadership

Executive Directors are responsible for day to day quality within the Trust, both as individuals in specific areas, and collectively for ensuring that the Quality Account presents a balanced view, supported by appropriate controls and accurate data.

The Quality Committee is the principal delegated sub Committee of the Board with responsibility for quality. The Committee has a cyclical plan of work that allows it to receive assurance from its sub groups that focus on specialist risk issues including: the Infection Prevention Board, Health and Safety Group and the Safeguarding Steering Groups (Adults and Children). In addition, a Quality Review Group has been established, chaired by the Medical Director, which reports to the Quality Committee, with a core focus to monitor service quality. The Quality Review Group obtains assurance from its sub-committees, Divisional clinical quality dashboards and Trust-wide quality indicators and provides assurance to the Quality Committee.

2.9.3 Policies

The Trust has a number of clinical and non-clinical policies which incorporate the quality requirements at an operational and strategic level. Robust development and approval processes ensure that quality assurance is considered throughout the drafting and approval stages. Key policies support the Information Governance arrangements for data collection, security, reporting and quality. The Data Quality Policy provides clarity on staff responsibilities, procedures and training requirements and references to the Information Governance and Health Record keeping data requirements. Policies are subject to regular review (defined on each document) and are available to all staff via the Trust intranet.

2.9.4 Systems and Processes

The Information Department and Clinical Coding Team have a key role in maintaining data quality. They extract data from the Electronic Patient Record (EPR) system to produce a wide range of reports for internal and external purposes. Data checking and validation is integral to this process and is detailed in departmental procedures.

2.9.5 People and Skills

Comprehensive training programmes are available for clinical and non-clinical staff and competency is monitored as part of the Trusts appraisal system.

External reviewers provide independent opinions on the appropriateness and adequacy of training. Staff receive training on data quality and refresher courses and update training is available at regular intervals. Locum and agency staff receive the same training.

The Board of Directors ensures that quality improvement is central to all activities. This is achieved by routine monitoring, participation in national improvement campaigns, celebrating success with our staff awards and proactively seeking patient views on our services. A recent development is the establishment of regular Quality Summits where learning is shared across the organisation.

2.9.6 Data use and Reporting

The Trust collects and uses information on a daily basis to support decision making by clinicians and managers. The collection of high quality information is essential for transparency, accountability and to support quality improvement within the organisation.

The Trust has reviewed the Performance Assurance Framework and has developed a range of scorecards for use throughout the organisation. The scorecards record performance against a number of quality indicators across all the services that the Trust provides. The indicators include national performance measures, local

performance indicators and internal areas that the Trust has chosen to focus on.

The Performance Assurance Framework and scorecards allows the Board of Directors to regularly review the performance and data requirements of the Trust. The data within the scorecards is signed off by the Executive Director for the associated area of responsibility creating the strong foundations for data quality ownership. The scorecards are actively used at different levels within the organisation on a monthly basis and are available to all members of staff on the Trust intranet. Every quality indicator includes a forecast in order to identify step change in performance and when remedial action is required. The scorecards are routinely reviewed to ensure that they remain fit for purpose.

2.9.7 Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the quality report attached to 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 quality committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Trust operates a highly developed internal control environment, including a stringent form of monitoring in terms of budgetary control and expenditure. This control continued in place during the period with reports to the Board of Directors and the Board Committees describing the operational and the financial position of the Trust. This has included full updates on the progress of the merger and the associated actions in meeting the requirements of NHSI, CQC and the Competition and Merger Authority (CMA).

The role of the Board of Directors, Audit Committee and Finance and Investment Committee, internal audit function and any other review of assurance are detailed in the Annual Report. Details of outstanding items from the work of the Board and its Committees was carried forward into the combined organisation where it was included in the July agenda's to ensure that there was continuity of action. This was part of the Integration plan for Corporate Governance.

Internal and External Audit report to every Audit Committee meeting with Counter Fraud reporting to alternate meetings. This process has continued with Grant Thornton and KPMG both still attending the combined Trust Audit Committee meetings.

A full Review of Effectiveness covering this period and the whole 2018/19 financial year is included in the UHDB Annual Report and Accounts.

2.9.8 Conclusion

As Accountable Officer I am confident that no significant internal control issues have been identified.

Dr Magnus Harrison
Deputy Chief Executive
6 June 2019

3. Financial Accounts

ACCOUNTS FOR THE PERIOD ENDING 30 JUNE 2018

Financial statements for Burton Hospitals NHS Foundation Trust for the period ending 30th June 2018. These accounts for the period ended 30th June 2018 have been prepared by Burton Hospitals NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006.

ACCOUNTING POLICIES

3.1 Basis of Preparation of Accounts

NHS Improvement, in exercising the statutory functions conferred on Monitor, 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. 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 accounts.

3.2 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of Plant, Property and Equipment, Intangible assets, inventories and certain financial assets and financial liabilities at their value to the business by reference to their current costs.

3.3 Acquisitions and discontinued operations

Activities are considered to be 'acquired' only if they are acquired from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one public sector body to another.

3.4 Income Recognition

Income is accounted for by applying the accruals convention. The main source of income for the Trust is from commissioners (Clinical Commissioning Groups and NHS England) in respect of healthcare services provided under local agreements. Income is recognised in the period in which services are provided. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

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

Interest revenue is accrued on a timely basis, by reference to the principal outstanding and interest rate applicable. Revenue relating to patient spells that are part completed at the year end are apportioned across financial years.

3.5 Expenditure

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.

3.6 Critical judgements in applying accounting policies

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

Property, Plant and Equipment:

The Trust carried out a revaluation exercise as at 1st April 2017 using the "Single Site Modern Equivalent Asset Alternative Site " basis. this assumes the assets would be replaced with a modern equivalent, ie not a building of identical design but with the same service potential as existing assets. This was done in conjunction with the Trust's professional Valuers GVA. The impact of this was to reduce the value of Land and Buildings as at 1st April 2017 by £18.56 million. A further valuation was carried out at 31st March 2018 using the same basis to ensure a true and fair view was reflected. This increased the value of net assets by £2.3 million. No valuation was undertaken at 30th June 2018 and therefore assets existing at 31st March 2018 are valued at the 31st March 2018 value less depreciation.

Going Concern

As at 1st July 2018 Burton Hospitals NHS Foundation Trust was acquired by Derby Teaching Hospitals NHS Foundation Trust who directly changed their name to the University Hospitals of Derby and Burton Foundation Trust. The assets and liabilities of the Burton Hospitals NHS Foundation Trust were were subsequently and immediately transferred to the University Hospitals of Derby and Burton NHS Foundation Trust. Please refer to note 1.29 for more details

Merger with Derby Teaching Hospitals Foundation Trust

The Trust was acquired by Derby Teaching Hospitals Foundation Trust on 1st July 2018 with the organisation becoming known as The University Hospitals of Derby and Burton NHS Trust. As per the DHSC GAM these accounts are prepared on a going concern basis an service are not treated as discontinued under NHS accounting convention, this is also referred to in note 1.29.

Burton Hospitals NHS FT Charitable Fund

The Trust has established that as the Corporate Trustee it has the power to exercise control to as to obtain economic benefits. Total income received was £39,000 and total resources expended was £135,000 which is not considered material to the Trust. Net assets of the Charity at 30th June 2018 are £996,000. Therefore Directors have determined not to consolidate the Charitable Funds into the Foundation Trust's accounts on the grounds of materiality.

STRIDE Partnership

The Trust is a 50% Shareholder in a partnership called STRIDE. The Accounts are not consolidated with the accounts of the Trust on the grounds of materially. The total expenditure for STRIDE for the period ended 30 June 2018 was £4k.

1.7 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the Statement of Financial Position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Property, Plant and Equipment:

i. The Trust carried out a revaluation exercise as at 1st April 2017 using the "MEA alternative site" basis. This was done in conjunction with the Trust's professional Valuers GVA. A further valuation was carried out at 31st March 2018 using the same basis.
ii. Anticipated building and plant "lives" were based on the Trust's current strategic plans for its estate.
iii. Equipment was valued based on depreciated replacement cost using estimated lives appropriate to the nature of the equipment

In addition the Trust has recognised a number of assets used by external service management contracts as being assets embedded under a Finance Lease. The value of these assets has been estimated and appropriate disclosures are contained in notes 17.2 and 26.

The Trust recognises there is an element of estimation uncertainty using the 31st March 2018 valuations less 3 months of depreciation. However it is the belief of the Trust that this is not material given the full valuation was undertaken only 91 days before.

Provisions

Provisions disclosed in note 27 are based on reasonable accounting estimates of future costs. The Trust has provided for expected credit losses where it feels recovery of debt owing is doubtful and is reasonably able to quantify the value of debt at risk.

Finance Leases

Where the trust has recognised embedded Finance Leases in respect of assets supplied under a managed service contract these are valued based on estimates or actual costs as supplied by the service provider.

3.8 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.

Pension Costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health 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 March 2019 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation
The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.
The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019. The Department of Health and Social Care have recently laid Scheme Regulations confirming that the employer contribution rate will increase to 20.6% of pensionable pay from this date
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.

NEST Pension Scheme
As of 1 April 2013 it became a statutory requirement to enrol all eligible staff into a workplace pension scheme. Where employees are not eligible to enrol in the NHS Pension Scheme they are enrolled in the NEST Pension Scheme as an alternative. The employee can choose to "opt out" of the scheme after they have been auto-enrolled, this opt out lasts for three years. after which the Trust is required to re-enrol the employee. The Trust is required to make employer contributions of 1% of the employees qualifying salary to the NEST Pension Scheme. For the period 1 April 2018 to 30 June 2018 the Trust has contributed £2.594 million.

3.9 Intangible non-current assets
Recognition
Intangible non-current assets are capitalised when they are capable of being used in a Trust's activities for more than one year; they can be valued; and they have a cost of at least £5,000.

Valuation and Depreciation
Intangible non current assets held for operational use are valued at historical cost and are amortised over the estimated life of the asset on a straight line basis. The only intangible assets currently recognised in the Trust's accounts are computer software systems.

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred. They are amortised over the shorter of the term of the licence and their useful economic lives.

3.10 Property, Plant and Equipment
Recognition
Tangible assets are capitalised if they are capable of being used for a period which exceeds one year and they:
- individually have a cost of at least £5,000; or
- collectively have a cost of at least £5,000

and individually have a cost of more than £250, where the assets are functionally interdependent, they have broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- form part of the initial equipping and setting-up cost of a new building, ward or unit irrespective of their individual or collective cost.

Subsequent additional expenditure on PPE is recognised if the value of that expenditure also exceeds the recognition threshold.

Valuation

Land and buildings used for the trust's services or for administrative purposes are stated in the Statement of Financial Position at their revalued amounts, being the fair value as at 30th June 2018. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the Statement of Financial Position date. Fair values are determined as follows:

Land and buildings – these are valued based on the anticipated lives within the Trust's current Estates Strategy. Additionally the alternative site valuation method was used where appropriate.

Until 31 March 2008, the depreciated replacement cost of specialised buildings had been estimated for an exact replacement of the asset in its present location. HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

Increases arising on revaluation are taken to the revaluation reserve except when it reverses a revaluation decrease for the same asset previously recognised in the Statement of Comprehensive Income, in which case it is credited to the Statement of Comprehensive Income to the extent of the decrease previously charged there. A revaluation decrease is charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to the Statement of Comprehensive Income

Equipment was valued using depreciated historic cost based on the anticipated remaining useful life of the assets.

Depreciation, amortisation and impairments

Land and assets under construction are not depreciated.

Otherwise, depreciation and amortisation are charged on a straight line basis to write off the costs or valuation of tangible and intangible non-current assets, less any residual value, over their estimated useful lives. The estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over their estimated useful lives or, where shorter, the lease term.
Tangible current assets are depreciated based on the expected remaining useful life. When arriving at the appropriate lifespan for individual buildings the plans contained within the Trust's Estates Strategy is considered. The Trust's accounting policy on assigning asset lives is:
- Buildings including dwellings -in accordance with advice of professional valuer or 35 years where this is not yet known.
- Plant & machinery - between 5 and 15 years
- Transport equipment 7 years
- Information technology 5 years*
- Furniture & fittings 10 years
- Intangible assets (including Meditech V6 IT system) - up to 15 years

At each Statement of Financial Position date, the Trust checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

If there has been an impairment loss, the asset is written down to its recoverable amount, with the

loss charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to the Statement of Comprehensive Income. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to the Statement of Comprehensive Income to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

Derecognition

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 dropped 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 economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

3.11 Donated assets

Under Department of Health instructions the receipt of donated assets is now shown as a credit to the Statement of Comprehensive Income rather than to a Donated Asset Reserve.
Donated property plant and equipment assets are recognised at their fair value on receipt and are subsequently accounted for in the same manner as other items of property, plant and equipment.

3.12 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 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 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.

3.13 Leases

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

The Trust as lessee

Amounts held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the Statement of Comprehensive Income.

As at the Statement of Financial Position date the Trust has buildings and equipment supplied under the terms of endoscopy, pathology and catheter laboratory classified as a finance leased assets. These have a net valuation as at 30 June 2018 of £1.497 million

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.

The Trust as lessor

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 so as to reflect a constant periodic rate of return on the trust's net investment outstanding in respect of the 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 on a straight-line basis over the lease term.

3.14 Inventories

Inventories are valued at the lower of cost and net realisable value using the first-in first-out cost formula. This is considered to be a reasonable estimate. This includes Fuel Oil . The Trust recognises some inventory items as "Work in Progress" and this relates to part manufactured pharmacy products which are valued based on the cost of the constituent ingredients.

3.15 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.

3.16 Provisions

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its estimated carrying amount is the present value of those cash flows discounted using the discount rates supplied by HM Treasury.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts would be recognised and measured as a provision . An onerous contract is considered to exist where the Trust has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The Trust does not currently recognise any onerous contracts.

3.17 Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the NHS Trust pays an annual contribution which in return settles all clinical negligence claims. The contribution is charged to the Statement of Comprehensive Income. 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 behalf of the Trust is disclosed at Note 28 but is not recognised in the NHS Foundation Trusts Accounts.

3.18 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 as and when they become due.

3.19 Financial assets

Financial assets are recognised on the Statement of Financial Position when the Trust becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are initially recognised at fair value plus initial direct costs.

Financial assets are classified into the following categories: financial assets 'at fair value through profit and loss'; 'held to maturity investments'; 'available for sale financial assets', and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Trust's financial assets as at 30th June 2018 are disclosed in note 30.1. As at 30 June 2018 the Trust does not have any financial assets held at fair value or held to maturity.

Financial assets at fair value through profit and loss and are assets held for trading
Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the Statement of Comprehensive Income. The net gain or loss incorporates any interest earned on the financial asset.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, and there is a positive intention and ability to hold to maturity. After initial recognition, they are held at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that do not fall within any of the other three financial asset classifications. They are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses. Accumulated gains or losses are recycled to the Statement of Comprehensive Income on de-recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method. The only loan currently recognised by the Trust has arisen as a result of a capitalisation of a finance lease.

Fair value is determined by reference to quoted market prices where possible.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the net carrying amount of the financial asset.

At the Statement of Financial Position date, the Trust assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced directly, or through a provision for impairment of receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Comprehensive Income to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3.20 Financial liabilities

Financial liabilities are recognised on the Statement of Financial Position when the Trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

Financial liabilities are initially recognised at fair value. Financial liabilities are classified as either financial liabilities 'at fair value through profit and loss' or "other financial liabilities". The Trust's financial liabilities as at 30th June 2018 are disclosed in note 29.2. As at 30th June 2018 the Trust does not have any financial liabilities held at fair value

Financial liabilities at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts, and

contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the Statement of Comprehensive Income. The net gain or loss incorporates any interest earned on the financial asset.

Other financial liabilities

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

3.21 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.

3.22 Foreign currencies

Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange gains and losses are taken to the Statement of Comprehensive Income. At the Statement of Financial Position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the Statement of Financial Position date.

3.23 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. Details of third party assets are given in Note 31 to the accounts.

3.24 Public Dividend Capital (PDC) and PDC dividend

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 trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

A charge, reflecting the cost of capital utilised by the NHS foundation 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 NHS foundation 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.

1.25 Losses and Special Payments

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

3.26 Corporation Tax

NHS Foundation Trusts are potentially liable to corporation tax in certain circumstances. The Trust has not identified any transactions that are subject to corporation tax in the period covered by these accounts.

3.27 Accounting for Annual Leave

The Trust has taken the decision in the year period ending 30 June 2018 not to include an accrual for Annual Leave not taken. This is because the value is no longer material.

3.28 Consolidation of Charitable Funds

The Trust has established that as the Corporate Trustee it has the power to exercise control to as to obtain economic benefits. Total income received was £39,000 and total resources expended was £135,000 which is not considered material to the Trust. Net assets of the Charity at 30th June 2018 are £996,000. Therefore Directors have determined not to consolidate the Charitable Funds into the Foundation Trust's accounts on the grounds of materiality.

3.29 Going Concern

As at 1st July 2018 Burton Hospitals NHS Foundation Trust was acquired by Derby Teaching Hospitals NHS Foundation Trust who directly changed their name to the University Hospitals of Derby and Burton Foundation Trust. The assets and liabilities of the Burton Hospitals NHS Foundation Trust were subsequently and immediately transferred to the University Hospitals of Derby and Burton NHS Foundation Trust.

Although the Trust was dissolved on 30 June 2018, the functions, assets and liabilities were transferred to the newly formed combined NHS organisation, University Hospitals of Derby and Burton Foundation Trust. IAS1 Presentation of Financial Statements requires management to assess, as part of the annual accounts preparation, as to the Trust's ability to carry on as a going concern. Informing this assessment was the public sector interpretation of IAS 1. There is a public sector interpretation of IAS 1, which emphasises that the continuation of the provision of the service is the important determinant of the basis of preparation of the financial statements for public sector entities.

Functions and services previously provided by Burton Hospitals NHS Foundation Trust will be transferring to another entity within the Whole of Government Accounts boundary this represents a “machinery of government change” and as such this is considered to be sufficient evidence of a going concern and is the appropriate basis upon which to prepare these accounts.

3.30 Contingent Liabilities

Contingent liabilities are not recognised, but are disclosed in note 29, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

1. 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

2. 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.

3.31 Accounting standards that have been issued but have not yet been adopted

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

IFRS 16 Leases – Application required for accounting periods beginning on or after 1 January 2020 but not yet adopted by the GAM: early adoption is not therefore permitted. The Trust will need to review all leases currently classified as operating leases to asses if the contract contains a right of use asset which must then be accounted for as an on balance sheet asset with a corresponding liability also recognised. The Trust will need to consider if vehicles held on short term operating leases will be classed as Finance Leases. As at 30th June 2018 the Trust held operating leases on 98 vehicles as part of the Staff Salary Sacrifice Car Scheme with an estimated depreciated value of £1.4 million. However as the risks appertaining to the vehicles lie with the drivers it is possible that the leases will continue to be classed as Operating Leases. The Trust is not yet able to quantify the impact of the implementation of the new standard. Work will continue in UHDB during 19-20 to assess the impact of the new standard. Implementation in the NHS is expected for accounting periods beginning on or after 1st January 2020.

IFRS 17 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.

IFRIC 23 Uncertainty over Income Tax Treatments - Application required for accounting periods beginning on or after 1 January 2019.

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2018

	Note	3 months to 30.6.18 £000	Year to 31.3.2018 £000
Revenue from patient care activities	3	43,339	172,919
Other operating revenue	4	5,662	29,393
Operating expenses	6	(57,831)	(211,451)
Operating surplus (deficit)		**(8,830)**	**(9,139)**
Investment revenue	13	8	19
Finance costs-Interest charges on finance leases	15	(189)	(665)
Surplus/(deficit) for the financial year		**(9,011)**	**(9,785)**
Dividends payable on Public Dividend Capital		(363)	(1,720)
Gains on Disposal of assets		0	(22)
Retained surplus/(deficit) for the year		**(9,374)**	**(11,527)**
Other Comprehensive Income			
Impairments	17	0	(11,230)
Revaluations	17	0	0
Total Comprehensive Income/(Expenditure) for the Period		**(9,374)**	**(22,757)**

Notes:

The total comprehensive expense as detailed above is the sum of both the retained deficit and movements on reserves.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	30 June 2018 £000	31 March 2018 £000
Non-current assets			
Intangible assets	16	4,960	4,840
Property, plant and equipment	17	101,728	102,047
Total non-current assets		**106,688**	**106,887**
Current assets			
Inventories	20	4,370	4,289
Receivables	21	15,942	16,093
Cash and cash equivalents	22	3,870	3,145
		24,182	**23,527**
Non-current assets held for sale		**0**	**0**
Total current assets		**24,182**	**23,527**
Total assets			
Current liabilities			
Trade and other payables	23	(27,168)	(18,394)
Borrowings	24	(23,609)	(24,360)
Provisions	27	(1,033)	(1,179)
Other liabilities	25	(136)	(152)
Net current assets		**(27,764)**	**(20,558)**
Total assets less current liabilities		**78,924**	**86,330**
Non-current liabilities			
Borrowings	24	(27,019)	(25,170)
Provisions	27	(597)	(477)
Total assets employed		**51,308**	**60,682**
Financed by:			
Taxpayers' equity			
Public dividend capital	SOCiTE	51,308	55,376
Retained earnings	SOCiTE	(33,761)	(28,705)
Revaluation reserve	SOCiTE	33,761	34,011
Total taxpayers' equity		**51,308**	**60,682**

Signed _____

Chief Executive

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

	Public Dividend Capital (PDC)	Retained Earnings	Revaluation Reserve	Total
	£000	£000	£000	£000
Balance 1st April 2018	55,376	(28,705)	34,011	60,682
Changes in taxpayers' equity for period				
Deficit for the financial year	0	(9,374)	0	(9,374)
Transfers in respect of revaluation reserve	0	250	(250)	0
Net gain/(loss) on revaluation of property, plant and equipment	0	0	0	0
Impairments	0	0	0	0
PDC Received	0	0	0	0
Asset disposals	0	0	0	0
Other gains or loses	(4,068)	4,068	0	0
Reserves eliminated on Dissolution*	0	0	0	0
Balance at 30 June 2018	**51,308**	**(33,761)**	**33,761**	**51,308**

	Public Dividend Capital (PDC)	Retained Earnings	Revaluation Reserve	Total
	£000	£000	£000	£000
Balance 1st April 2017	54,591	(17,202)	45,267	82,656
Changes in taxpayers' equity for period				
PDC received				
Deficit for the financial year	0	(11,527)	0	(11,527)
Transfers in respect of revaluation reserve	0	26	(26)	0
Net gain/(loss) on revaluation of property, plant and equipment	0	0	0	0
Impairments	0	0	(11,230)	(11,230)
PDC received	785	0	0	785
Asset disposals	0	0	0	0
Other gains and losses	0	(1)	0	(1)
Other Reserve movements	0	0	0	0
Balance at 31 March 2018	**55,376**	**(28,705)**	**34,011**	**60,682**

STATEMENT OF CASHFLOWS FOR THE PERIOD ENDING 30 JUNE 2018

	3 months to 30.6.18 £000	Year to 31.3.18 £000
Cash flows from operating activities		
Operating surplus/(deficit) from continuing operations	(8,830)	(9,139)
Depreciation and amortisation	1,506	5,841
Impairments	0	5,039
Non Cash donations credited to income	(7)	(271)
(Increase)/Decrease in Trade and Other Receivables	3,716	2,167
(Increase)/Decrease in Inventories	(81)	128
Increase/(Decrease) in Trade and Other Payables	5,628	(4,981)
Increase/(Decrease) in Other Liabilities	(16)	(1,065)
Increase/(Decrease) in Provisions	(26)	339
Net cash generated (used) from operating activities	1,890	(1,943)
Cash flows from investing activities		
Interest received	8	19
Purchase of Property, Plant and Equipment	(2,050)	(7,205)
Sales of Property, Plant and Equipment	0	48
Net cash generated from/(used in) investing activities	(2,042)	(7,138)
Cash flows from financing activities		
PDC received	0	785
Movement in Loans from Department of Health	1,186	9,751
Movement in other loans	0	0
Capital element of finance lease rental payments	(132)	(528)
Interest paid	(226)	(610)
Interest element of finance lease	(8)	(18)
PDC Dividend paid	0	(1,838)
Cash flows from other financing activities	57	168
Net cash generated from/(used in) financing activities	877	7,710
Increase/(decrease) in cash and cash equivalents	725	(1,371)
Cash and Cash equivalents at 1 April	3,145	4,516
Cash and Cash equivalents at 30 June	3,870	3,145

NOTES TO THE ACCOUNTS

2 Segmental Analysis

The Trust operates as only one key segment: the provision of healthcare. The principal financial report received by the Trust Board reports the position for the Trust as a single entity.

3 Revenue from Patient Care Activities

	3 months to 30.6.18 £000	Year to 31.3.18 £000
CCGs/NHS England/Public Health England	36,172	141,686
Non NHS:		
Local Authorities	0	0
Private Patients	190	848
Overseas patients (non reciprocal)	6	18
Injury cost recovery	235	968
Other*	6,736	29,399
	43,339	172,919

Road Traffic Act income under the Injury Cost Recovery Scheme is subject to an impairment provision of 22.84% to reflect the expected rates of collection. Additional impairments of RTA income were also recognised where the age of the debt was significant.

3.1 Mandatory and non-mandatory split of income

Of the total income from activities £43.15 million is mandatory and £0.19 million is non-mandatory income.

4 Other operating revenue

	3 months to 30.6.18 £000	Year to 31.3.18 £000
Education and Training	1,611	6,638
Research and Development	4	76
Charitable and other contributions to expenditure	7	271
Non-patient care services to other bodies	1,541	7,456
Sustainability and Transformation Fund	1,135	7,855
Other income	1,364	7,097
	5,662	29,393
Other income includes		
Car parking	350	1,353
Estates recharges	45	177
Pharmacy sales	391	2,449
Staff accommodation rentals	15	117
Staff Benefit Schemes	142	553
Clinical tests	27	109
Clinical excellence awards	0	0
Catering	111	473
Other	283	1,866
	1,364	7,097

5 Revenue

Revenue from Patient Care Activities	43,339	172,919
Other operating revenue	5,662	29,393
	49,001	202,312

6 Operating expenses	3 months to 30.6.18 £000	Year to 31.3.18 £000
Healthcare Services from NHS and DHSC bodies	2,983	11,315
Purchase of Healthcare Non NHS bodies	7	205
Staff and Executive directors costs	34,125	135,375
Non-executive directors costs	31	126
Drugs	4,663	17,988
Supplies and services – clinical	2,990	10,889
Supplies and services – general	597	2,499
Establishment	250	1,059
Transport	70	296
Premises- Business Rates	244	947
Premises Other	2,061	7,664
Provision for impairment of receivables	5,128	101
Increase in other provisions	230	329
Changes in the Discount Rate	0	80
Operating Leases	143	557
Depreciation and amortisation	1,506	5,841
Impairments and reversals of property, plant and equipment	0	5,039
Audit fees-Statutory	45	55
Clinical negligence insurance	1,426	5,379
Legal Fees	12	6
Patient's Travel	29	152
Consultancy Costs	354	1,648
Training and Conferences	71	434
Car Parking & Security	0	107
Redundancy	0	18
Hospitality	2	10
Insurance	51	0
Losses and Ex Gratia Payments	5	18
Loss on Disposal of assets	0	18
Other*	808	3,297
	57,831	211,451

***Other Includes**

Internal Audit Fees	33	140
Subscriptions	109	456
FP10 Dispensing Fees	61	274
Other Contracted Services	286	1217
Tests/Screening	51	203
Clinical Waste	37	220
Refuse Collection Non Clinical	40	142
Oxford Fertility Services	32	124
Insurance	0	19
Other	159	502
	808	3,297

7 Operating leases

7.1 As lessee

The Trust holds short term leases for a number of smaller assets including equipment and vehicles on 2 or 3 year leases.
It also leases equipment and vehicles supplied to staff under Salary Sacrifice arrangements.

	3 months to 30.6.18 £000	Year to 31.3.18 £000
Payments recognised as an expense	143	557

Total future minimum lease payments	As at 31.3.18 £000	As at 31.3.17 £000
Within 1 year	446	457
Between one and five years	379	353
	825	810

8 Employee costs and numbers

8.1 Employee costs

	3 months to 30.6.18 £000	Year to 31.3.18 £000
Salaries and wages	26,829	104,641
Social security costs	2,376	9,576
Apprenticeship Levy	129	508
Agency staff	1,857	8,839
NHS Pension Costs	3,071	12,061
	34,262	135,625

8.2 Average number of persons employed

	3 months to 30.6.18 Total Number	Year to 31.3.18 Total Number
Medical and dental	297	288
Administration and estates	642	663
Healthcare assistants and other support staff	679	655
Nursing, midwifery and health visiting staff	932	912
Scientific, therapeutic and technical staff	275	273
Bank and agency	220	255
	3,045	3,047

9 Pension Costs Future Contributions

The Trusts estimated employers contribution to the NHS Pensions Scheme for the 9 months to 31.3.19 will be £9.24 million. This cost will be incurred but Burton Hospitals NHS FT successor organisation University Hospitals of Derby and Burton NHS FT.

10 Retirements due to ill-health

During the period to 30 June 2018 there were 2 (3 in 2017/18) retirements from the Trust on the grounds of ill health. The estimated additional pension costs in 2018/19 were £100,000

11 Prior Year Adjustments

There are no prior year adjustments.

12 The Late Payment of Commercial Debts (Interest) Act 1998

The Trust did not pay any interest under the terms of this Act.

13 Investment revenue

	3 months to 30.6.18 £000	Year to 31.3.18 £000
Interest Revenue (Bank Accounts)	8	19
Total	8	19

14 Other gains and losses

	3 months to 30.6.18 £000	Year to 31.3.18 £000
Loss on disposal of property, plant and equipment	0	22

15 Finance Costs

	3 months to 30.6.18 £000	Year to 31.3.18 £000
Interest on Loans from Department of Health	186	656
Interest on obligations under finance leases	3	9
Total	189	665

16.1 Intangible Fixed Assets	30.6.18 £000	31.3.18 £000
Gross cost at 1 April	6,823	5,400
	6,823	5,400
Additions - donated	0	8
Reclassifications	272	1,446
Disposals	0	(32)
Gross cost at 31 March	7,095	6,823
Amortisation at start of period	1,983	926
	1,983	926
Provided during the year	152	518
Disposals	0	(32)
Amortisation at 31 March	2,135	1,412
Net book value		
- Purchased at 31 March	4,947	5,142
- Donated at 31 March	13	19
Total at 31 March	4,960	5,161

Reclassifications include items moved from Assets Under Construction .

16.2 Revaluation reserve balance for intangible assets

As at 30th June 2018 the balance on the Revaluation Reserve held no value in respect of intangible assets.

17.1

Property, plant and equipment – for the period to 30.6.18

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1.4.18	6,938	88,490	1,862	3,167	21,374	313	11,396	1,884	135,424
Additions purchased	0	972	0	0	125	0	203	0	1,300
Additions leased	0	0	0	0	0	0	0	0	0
Additions donated	0	0	0	0	0	0	7	0	7
Impairments charged to operating expenses	0	0	0	0	0	0	0	0	0
Impairments charged to Revaluation Reserve	0	0	0	0	0	0	0	0	0
Reversal of impairments charged to operating expenses	0	0	0	0	0	0	0	0	0
Reversal of impairments charged to revaluation reserve	0	0	0	0	0	0	0	0	0
Reclassifications	0	483	0	(755)	0	0	0	0	(272)
Revaluation	0	0	0	0	0	0	0	0	0
Transfer to Assets Held for Sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Cost or Valuation at 30.6.18	6,938	89,945	1,862	2,412	21,499	313	11,606	1,884	136,459
Depreciation at 1.4.18	0	8,106	269	0	14,566	250	8,579	1,606	33,377
Charged during the year	0	655	17	0	415	5	243	19	1,354
Impairments charged to operating expenses	0	0	0	0	0	0	0	0	0
Impairments charged to Revaluation Reserve	0	0	0	0	0	0	0	0	0
Reversal of impairments charged to operating expenses	0	0	0	0	0	0	0	0	0
Reversal of impairments charged to revaluation reserve	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Depreciation at 30.6.18	0	8,761	286	0	14,981	255	8,822	1,625	34,731
Net Book Value									
- Purchased at 1.4.18	6,938	77,144	1,593	3,167	5,621	64	2,810	231	97,566
- Finance Leased at 1.4.18	0	1,077	0	0	505	0	0	0	1,582
- Donated at 1.4.18	0	2,163	0	0	682	0	7	47	2,899
- Total at 1.4.17	6,938	80,384	1,593	3,167	6,808	64	2,817	278	102,047
- Purchased at 30.6.18	6,938	77,977	1,576	2,412	5,435	59	2,771	216	97,382
- Finance Leased at 30.6.18	0	1,059	0	0	453	0	0	0	1,512
- Donated at 30.6.18	0	2,148	0	0	630	0	13	43	2,834
- Total at 30.6.18	6,938	81,184	1,576	2,412	6,518	59	2,784	259	101,728
Asset Financing									
Owned	6,938	80,125	1,576	2,412	6,065	59	2,784	259	100,216
Finance Leased	0	1,059	0	0	453	0	0	0	1,512
	6,938	81,184	1,576	2,412	6,518	59	2,784	259	101,728

Valuation Land, Buildings and Dwellings.

An independent "desktop" valuation of the Land, Buildings and Dwellings was carried out by GVA Grimley at 1st April 2017 and 31 March 2018. In accordance with International Financial Reporting Standards a Modern Equivalent Asset methodology was applied and, where appropriate the single alternative site used. The estimated useful lives of the relevant assets was calculated in accordance with the Trust's current strategic plans for its estate. The last full valuation was carried out as at 31st March 2015.

17.1 Cntd

Property, plant and equipment – for the year to 31.3.18

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1.4.17	13,864	94,979	1,952	2,550	20,195	313	10,082	1,877	145,812
Additions purchased	0	2,721	0	885	1,627	0	1,312	7	6,552
Additions leased	0	0	0	0	0	0	0	0	0
Additions donated	0	43	0	0	226	0	2	0	271
Impairments charged to operating expenses	(1,956)	(3,083)	0	0	0	0	0	0	(5,039)
Impairments charged to Revaluation Reserve	(4,970)	(6,170)	(90)	0	0	0	0	0	(11,230)
Reversal of impairments charged to operating expenses	0	0	0	0	0	0	0	0	0
Reversal of impairments charged to revaluation reserve	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	(250)	0	0	0	0	(250)
Revaluation	0	0	0	0	0	0	0	0	0
Transfer to Assets Held for Sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	(19)	(674)	0	0	0	(693)
Cost or Valuation at 31.3.18	6,938	88,490	1,862	3,167	21,374	313	11,396	1,884	135,424
Depreciation at 1.4.17	0	5,613	205	0	13,561	230	7,673	1,496	28,778
Transfers by Modified Absorbtion	0	2,493	64	0	1,685	20	906	102	5,270
Charged during the year	0	0	0	0	0	0	0	0	0
Impairments charged to operating expenses	0	0	0	0	0	0	0	0	0
Impairments charged to Revaluation Reserve	0	0	0	0	0	0	0	0	0
Reversal of impairments charged to operating expenses	0	0	0	0	0	0	0	0	0
Reversal of impairments charged to revaluation reserve	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	(8)	0	0	8	0
Revaluations	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(671)	0	0	0	(671)
Depreciation at 31.3.17	0	8,106	269	0	14,566	250	8,579	1,606	33,377
Net Book Value									
- Purchased at 1.4.17	13,864	85,817	1,747	2,550	5,237	84	2,409	285	111,992
- Finance Leased at 1.4.17	0	1,149	0	0	756	0	0	30	1,935
- Donated at 1.4.17	0	2,400	0	0	641	0	0	66	3,107
- Total at 1.4.17	13,864	89,366	1,747	2,550	6,634	84	2,409	381	117,034
- Purchased at 31.3.18	6,938	77,144	1,593	3,167	5,621	64	2,810	216	97,551
- Finance Leased at 31.3.18	0	1,077	0	0	505	0	0	15	1,597
- Donated at 31.3.18	0	2,163	0	0	682	0	7	47	2,899
- Total at 31.3.18	6,938	80,384	1,593	3,167	6,808	64	2,817	278	102,047
Asset Financing									
Owned	6,938	79,307	1,593	3,167	6,303	64	2,817	263	100,450
Finance Leased	0	1,077	0	0	505	0	0	15	1,597
	6,938	80,384	1,593	3,167	6,808	64	2,817	278	102,047

17.2 Net book value of assets held under finance leases 2018/19

	£000
Valuation Gross cost 1.4.18	5,315
Additions during the period	0
Valuation Gross cost 30.6.18	5,315
Depreciation at 1.4.18	3,718
Charged during the period	85
Depreciation at 30.6.18	3,803
Net Book Value as at 30.6.18	1,512

Assets include equipment provided under Endoscopy and Pathology managed service contract and buildings, equipment and fittings provided under a Catheter Laboratory service contract.

17.3 Assets held for sale as at 30.6.18

There are no assets held for sale at the Balance Sheet Date

18 The net book value of land, buildings and dwellings at 30 June 2018 comprises

	30.6.18 £000	31.3.18 £000
Freehold	88,639	87,838
Long Leasehold	0	0
Short Leasehold	1,059	1,077
	89,698	88,915
Protected assets	0	0
Non-Protected assets	89,698	88,915
	89,698	88,915

19 Capital Commitments

As at 31.6.18 the Trust had signed up to capital contracts and the future commitments under these at the balance sheet total £828k (31.3.18 £98K).

20 Inventories

20.1 Inventories

	30.6.18 £000	31.3.18 £000
Drugs	936	1,237
Work in Progress	79	79
Consumables	3,306	2,924
Energy	49	49
	4,370	4,289

Work in Progress relates to pharmacy products that are in the process of being manufactured for resale.

20.2 Inventories recognised in expenses

	Year to 30.6.18 £000	Year to 31.3.18 £000
Inventories recognised as an expense in the period	6,218	24,311

21 Trade and other receivables

21.1 Trade and other receivables

	30.6.18 £000	31.3.18 £000
Contract Receivables Invoiced	8,804	7,574
Contract Receivables Not Yet Invoiced	4,186	4,113
Capital Receivables	0	0
Provision for the impairment of receivables	(6,073)	(954)
Prepayments	2,397	1,590
PDC	153	153
Other receivables	6,475	3,617
Total	15,942	16,093

The great majority of trade is with Clinical Commissioning Groups, as commissioners for NHS patient care services. As Clinical Commissioning Groups are funded by government to buy NHS patient care services no credit scoring of them is considered necessary.

21.2 Outstanding receivables not impaired

	30.6.18 £000	31.3.18 £000
By up to three months	9,645	9,551
By three to six months	1,292	2,169
By more than six months	1,083	1,331
Total	12,020	13,051

21.3 Provision for impairment of receivables

	30.6.18 £000	31.3.18 £000
Balance at start of period	954	853
Increase in Provision	5,106	101
Amounts Utilised	22	0
Balance as at 31 March	6,082	954

22 Cash and cash equivalents

	30.6.18 £000	31.3.18 £000
Balance at start of period	3,145	4,516
Net change in year	725	(1,371)
Balance at 31 March	3,870	3,145
Made up of		
Cash with Government Banking Service	3,798	3,064
Commercial banks and cash in hand	72	81
Cash and cash equivalents as in Statement of Financial Position	3,870	3,145

As at 30.6.18 the Trust held £323 (£1,571 31.3.18) in respect of third party cash.

23 Trade and other payables

	30.6.18 £000	31.3.18 £000
Trade Payables	9,774	7,479
Trade payables - capital	1,274	2,024
Social Security Costs	1,382	1,421
Taxes payable	1,510	1,531
Other payables	9,134	2,889
Accruals	4,094	3,050
	27,168	18,394

Accruals includes £159K accrued interest on Department of Health Loans (2017/18 £191K)

24 Borrowings

	Current		Non Current	
	30.6.18 £000	31.3.18 £000	30.6.18 £000	31.3.18 £000
Finance Leases	352	350	1,075	1,165
Working Capital Loans from Department of Health	23,257	24,010	25,944	24,005
Other Loans	0	0	0	0
	23,609	24,360	27,019	25,170

Notes

1. Working Capital Loan:

The Trust is in receipt of "distressed" Trust funding from the Department of Health
The net loan is £49.201 million as at 30.6.18
Repayments are due
£23.26 million in November 2018
£7.9 million in January 2020
£4.97 million in March 2020
£0.37 million in April 2020
£1.37 million in June 2020
£0.36 million in July 2020
£3.3 million in September 2020
£0.28 million in October 2020
£2.00 million in November 2020
£1.03 million in December 2020
£1.48 million in January 2021
£0.95 million in March 2021
£1.94 million in June 2021

25 Other Liabilities

	Current	
	30.6.18	31.3.18
	£000	£000
Deferred Income	136	152
	136	152

26 Finance lease obligations

The Trust currently has equipment supplied as part of managed service contracts for endoscopy, pathology and catheter laboratory contracts.

	30.6.18	31.3.18
	£000	£000
Gross Building Lease Liabilities	996	1,019
of which Liabilities are due:		
-not later than one year	94	92
-later than one and not later than five years	376	370
-later than 5 years	526	557
Finance charges allocated to future periods	(9)	(9)
Net buildings lease liabilities	987	1,010
-not later than one year	93	91
-later than one and not later than five years	372	367
-later than 5 years	522	552
	987	1,010

	30.6.18	31.3.18
	£000	£000
Gross Plant and Machinery Lease Liabilities	449	515
of which Liabilities are due:		
-not later than one year	264	264
-later than one and not later than five years	185	251
-later than 5 years	0	0
Finance charges allocated to future periods	(9)	(10)
Net Plant and Machinery lease liabilities	440	505
-not later than one year	259	259
-later than one and not later than five years	181	246
-later than 5 years	0	0
	440	505

27 Provisions

	Current		Non Current	
	30.6.18 £000	31.3.18 £000	30.6.18 £000	31.3.18 £000
Legal claims	40	44	0	0
Other	993	1,135	597	477
	1,033	1,179	597	477

	Redundancy	Legal Claims	Other	Total
	£000	£000	£000	£000
As at 1.4.18	0	44	1,612	1,656
Arising during the period	0	0	230	230
Change in the Discount Rate	0	0	0	0
Utilised during the period	0	(4)	(252)	(256)
Reversed unused	0	0	0	0
As at 30.6.18	0	40	1,590	1,630
Expected timing of cash flows:				
Within one year	0	40	993	1,033
Between one and five years	0	0	212	212
After five years	0	0	385	385
	0	40	1,590	1,630

"Other" provisions include £0.66 million in respect of Injury Benefit Provisions.
Legal claims are handled by NHS Resolution and therefore the net provision is calculated based on the net cost to the trust arising from the policy excess.
£121.9 million was included in the provisions of the NHS Resolution at 31st March 2018 in respect of clinical negligence claims against the Trust. (£82 million 31 March 2016)

28 Contingencies

28.1 Contingent liabilities

	30.6.18 £000	31.3.18 £000
Legal claims	42	48

The legal claim contingent liabilities recognises the potential cost to the Trust should the actual cost to the Trust exceed the estimate charged to the Statement of Comprehensive income based on guidance issued by NHS Resolution as the likely outcome.

28.2 Contingent assets

The Trust has no contingent assets.

29 Financial instruments

29.1 Financial assets

	30.6.18 Financial assets at amortised cost	31.3.18 Financial assets at amortised cost
	£000	£000
Receivables NHS and DH bodies	4,377	7,826
Receivables with other bodies	11,671	4,601
Cash at bank and in hand	3,870	3,145
Total at 30.6.18	19,918	15,572

29.2 Financial liabilities

	30.6.18 Financial liabilities at amortised cost	31.3.18 Financial liabilities at amortised cost
	£000	£000
Finance Leases	1,427	1,515
Loans	49,201	48,015
Provisions	1,630	1,656
Payables NHS and DH bodies	5,733	5,012
Payables other bodies	16,435	13,382
Total at 30.6.18	74,426	69,580

29.3 Maturity of financial liabilities

	30.6.18 £000	31.3.18 £000
In one year or less	46,797	43,933
In more than one year but not more than t	327	13,267
In more than two years but not more than	26,538	11,563
In more than five years	764	817
	74,426	69,580

29.4 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the NHS Trust has with Clinical Commissioning Groups and the way those Clinical Commissioning Groups are financed, the Foundation 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 these standards mainly apply. The Foundation 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 Foundation 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. Trust treasury activity is subject to review by the Trust's internal auditors.

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.

Interest rate risk

The Trust's main borrowings are Interim Working Capital Loans with interest fixed at 1.5%. Other loans are notional borrowings attributable to Finance Leased assets. Therefore the Trust is not subject to interest rate risk.

Credit risk

Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2018 are in receivables from customers, as disclosed in the Trade and Other Receivables note.

Liquidity risk

The Trust's operating costs are incurred under contracts with Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. Currently the running costs of the Trust are greater than the income and the Trust is reliant upon revenue support loans from the Department of Health and Social Security. Thus the Trust is exposed to a level of liquidity risk but can reasonably expect the DHSC to continue to fund operations.

Market Risk

The Trust Board routinely monitors the market risks facing the Trust. Financial plans are produced and amended in accordance with changing market conditions.

Risk Management Strategy

The Trust has a detailed risk management strategy to ensure that all risks, financial or otherwise are carefully considered and reported through the "Quality", "People", "Finance and Performance" and "Audit" Committees.

30. Related Party Transactions
Burton Hospitals NHS Foundation Trust is a public benefit corporation authorised by NHS Improvement.

During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with Burton Hospitals NHS Foundation Trust Foundation Trusts are not controlled by the Secretary of State therefore the Trust needs to consider whether government bodies and other NHS organisations are related parties under the terms of IAS 24 The Department of Health is regarded as a related party. During the year Burton Hospitals NHS Foundation Trust has had a significant number of material transactions with the Department and with other entities for which the Department is regarded as the parent organisation. These include:

	Income £000	Expenditure £000	Receivables £000	Payables £000
Department of Health	20	0	0	0
Burton Hospitals Charitable Funds	7	0	0	5
Other DH Group Bodies	40,148	7,106	10,611	11,967
Other Government	5	5,596	378	4,582

Included within "Income" are receipts for services provided to the following organisations:

East Staffordshire Clinical Commissioning Group
South East Staffs and Seisden Peninsular Clinical Commissioning Group
Southern Derbyshire Clinical Commissioning Group
West Leicestershire Clinical Commissioning Group
NHS England (for Specialised Services)
Health Education England (Training & Education)
Cannock Chase Clinical Commissioning Group

The Trust takes part in the National Audit Office's annual National Fraud Initiative. This identifies where staff membersmay hold employment contracts with other organisations. Each case identified is investigated. No material related parties requiring disclosure were identified.

The Trust has also received revenue and capital payments from Burton Hospitals Charitable Fund. The Trust Board also acts as the Corporate Trustee of the Charity.
The Trustees Report and Audited Annual Accounts of the Charitable Fund are contained within a separate document.
The £7K disclosed as Trust Income relates to the value of Plant Property and Equipment donated to the Trust that are classified as Donated Assets by the Trust.

No key management services were provided to the Trust as part of a Personal Services contract. All Senior Managers were employed directly by the Trust or were employed by other NHS Bodies and their costs recharged to the Trust.

The Trust's Director of Finance was employed by the former Staffordshire and Stoke on Trent Partnership Trust (now called the Midland Partnership Trust)

The Chief Executive and Chief Operating Officer were both employed by Derby Teaching Hospitals NHS Foundation Trust and all 3 were seconded to Burton Hospitals NHS Foundation Trust and their costs recharged.

The Trust is a 50% Shareholder in a partnership called STRIDE. The Accounts are not consolidated with the accounts of the Trust on the grounds of materiality. The total expenditure for STRIDE for the 3 months ended 30 June was £4,000

31. Third party assets
As at 30 June 2018 the Trust was holding £18 on behalf of patients (£901 as at 31 March 2018). Additionally various 3rd party deposits of £305 were held (£670 as at 31 March 2018).

32 Intra Government Balances

	30.6.18 Receivables	31.3.18 Receivables	30.6.18 Payables	31.3.18 Payables
Balances with :	**£000**	**£000**	**£000**	**£000**
Department of Health	0	0	0	0
Public Health England	0	0	0	0
NHS England & Clinical Commissioning Groups	7,314	6,605	7,203	3
Health Education England	55	23	0	7
English NHS Trusts	822	1,318	1,860	1,800
Foundation Trusts	2,086	1,748	2,965	2,979
Special Health Authorities	334	0	-60	0
Receivable from NHS NDBPs	0	0	0	0
Local Government Bodies	-1	25	1	0
Other NHS Bodies	0	0	0	0
Other "Whole Government Account" Bodies	379	482	4,582	2,983
Total Government	10,989	10,201	16,549	7,772

33 Losses and Special Payments

	2018/19 Number	2018/19 £000	2017/18 Number	2017/18 £000
Losses				
Cash Losses	0	0	0	0
Bad Debts	100	8	169	27
Damage to Property	0	0	0	0
Total Losses	100	8	169	27
Special Payments				
Compensation Payments	0	0	3	4
Ex Gratia Payments	13	10	38	55
Total Special Payments	13	10	41	59
Total Losses and Special Payments	113	18	210	86

34 Termination Costs

The Trust incurred no termination costs during the period

35 Off Payroll Costs

As at 30th June the Trust had no persons earning more than £220 per day that are classed as "off payroll" transactions.

Independent auditor's report to the Council of Governors of the University Hospitals of Derby and Burton NHS Foundation Trust in respect of the former Burton Hospitals NHS Foundation Trust

Report on the Audit of the Financial Statements of Burton Hospitals NHS Foundation Trust

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Burton Hospitals NHS Foundation Trust (the 'Trust') for the period ended 30 June 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cashflows 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 Accounts Directions issued under the National Service Act 2006, the NHS foundation trust annual reporting manual 2018/19 and the Department of Health and Social Care group accounting manual 2018/19.

In our opinion except the financial statements:

- give a true and fair view of the financial position of the Trust as at 30 June 2018 and of its expenditure and income for the period then ended;
- 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 Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Accounting Officer has 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 1.29 in the financial statements, which indicates that the Trust was acquired by Derby Teaching Hospitals NHS Foundation Trust on 1 July 2018 and the assets and liabilities of the Trust were immediately transferred to the newly formed combined NHS organisation, University Hospitals of Derby and Burton NHS Foundation Trust.

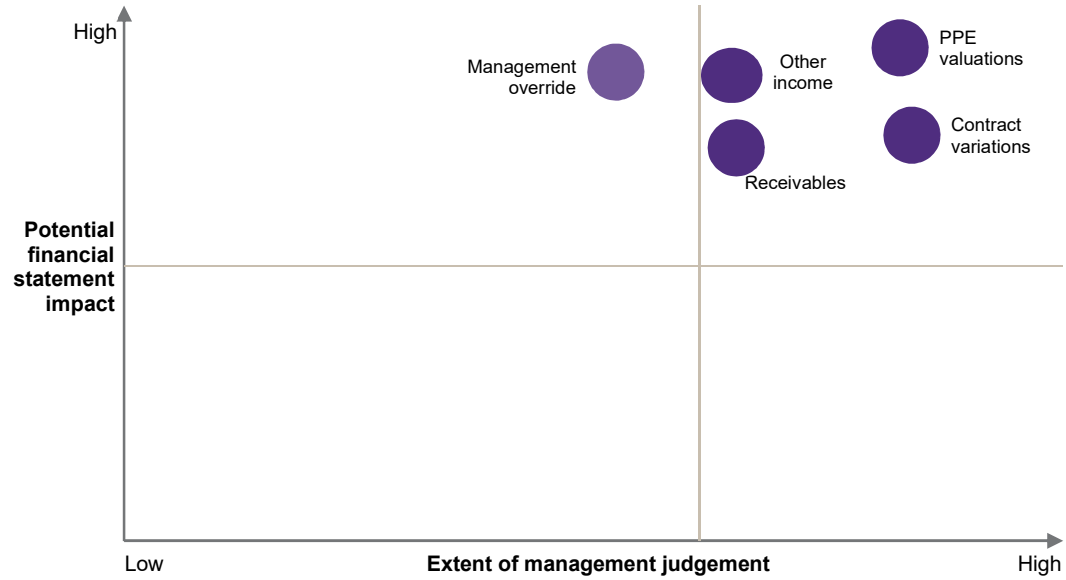
Overview of our audit approach

Financial statements audit

- Overall materiality: £949,0000, which represents 1.8% of the Trust's gross operating costs (consisting of operating expenses and finance expenses);
- Key audit matters were identified as:
  - Occurrence and existence of income from patient care activities, in particular income related to additional NHS contract activity
  - Valuation of property, plant and equipment

Key audit matters

The graph below depicts the audit risks identified and their relative significance based on the extent of the financial statement impact and the extent of management judgement.



Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
Occurrence and existence of income from patient care activities, in particular income related to additional NHS contract activity Approximately 85% of the Trust's income is from patient care activities and contracts with NHS commissioners. These contracts include the rates for and level of patient care activity to be undertaken by the Trust. The Trust recognises patient care activity income during the year based on the completion of these activities.	Our audit work included, but was not restricted to: • gaining an understanding of the Trust's system for accounting for income from contract variations and evaluating the design of the associated controls; • evaluating the appropriateness of the Trust's accounting policy for recognition of income from patient care activities and assessing its compliance

Key Audit Matter	How the matter was addressed in the audit
Patient care activities provided that are additional to those incorporated in these contracts (contract variations) are subject to verification and agreement by the commissioners. As such, there is the risk that income is recognised in the accounts for these additional services that is not subsequently agreed to by the commissioners. We therefore identified the occurrence and existence of income from patient care activities, in particular income related to additional NHS contract activity as a significant risk, which was one of the most significant assessed risks of material misstatement.	with the Department of Health and Social Care Group Accounting Manual 2018-19 as well as the requirements of *IFRS 15 Revenue from Contracts with Customers*, which is being applied for the first time. • on a sample basis agreeing amounts recognised as income in the financial statements to signed contracts and agreeing contract variations to supporting documentation. The Trust's accounting policy on recognition of income is shown in note 1.4 to the financial statements and related disclosures are included in notes 3 and 21. **Key observations** • The Trust's accounting policy for income from patient activities is in accordance with the Department of Health and Social Care Group Accounting Manual 2018-19 and has been properly applied; and • The Trust has uncertainty with regard to the collectability of income from a non-NHS commissioner. The financial statements have been adjusted to reflect this uncertainty by impairing the receivable in relation to this commissioner and reducing the income accordingly.
Valuation of property, plant and equipment Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. This represents a significant estimate by management in the accounts. We therefore identified the valuation of property, plant and equipment as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • Evaluating management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work for the valuation done as at 31 March 2018, which was applied to the period end 30 June 2018. • Considering the competence, expertise and objectivity of any management experts used. • Evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value. The Trust's accounting policy on the valuation of property, plant and equipment is shown in note 1.10 (with a critical judgement and key source of estimation uncertainty in relation to MEA (Modern Equivalent Asset) disclosed within notes 1.6 and 1.7 respectively) to the financial statements and related disclosures are included in note 18.1. **Key observations** • The Trust's normal procedure at year-end is to obtain a report from a qualified valuer which is used as the valuation of the Trust's Land and Buildings assets for the purposes of the financial statements. • As a valuation was not undertaken at period-end, the trust rolled forward the valuation from the balance sheet as at 31 March 2018 and used

Key Audit Matter	How the matter was addressed in the audit
	indices from the Office of National Statistics to support the assertion that the estate was not materially misstated as at 30 June 2018 We obtained sufficient audit assurance to conclude that: • the basis of the valuation was appropriate, and the assumptions and processes used by management in determining the estimate were reasonable; • the valuation of property disclosed in the financial statements is reasonable.

Our application of materiality

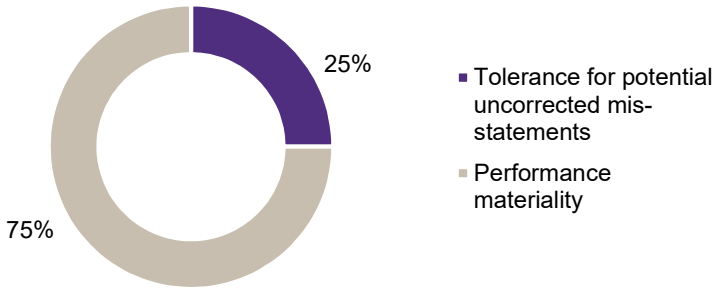
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality Measure	Trust
Financial statements as a whole	£979,000 which is 1.8% of the Trust's gross operating costs. This benchmark is considered the most appropriate because we consider users of the financial statements to be most interested in how the Trust has expended its revenue and other funding. Materiality for the current period is at the same percentage level of gross operating costs as we determined for the year ended 31 March 2018 as we did not identify any significant changes in the Trust or the environment in which it operates.
Performance materiality used to drive the extent of our testing	75% of financial statement materiality
Specific materiality	Remuneration of senior officers and remuneration report CETV values were set at values of £100,000 and £250,000 respectively, given the sensitivities of these disclosures and as we believe they are of specific interest to the reader of the accounts.
Communication of misstatements to the Audit Committee	£47,450 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – Trust



An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the Trust's business, its environment and risk profile and in particular included:

- undertaking an interim audit visit where we:
    - obtained an understanding of and evaluated the Trust's overall control environment relevant to the preparation of the financial statements, including its IT systems,
    - completed walk through tests of the Trust's controls operating in key financial systems where we consider that there is a risk of material misstatement to the financial statements;
- performing testing on the Trust's financial statements, which focussed on gaining assurance around the Trust's material income streams and operating costs, testing the Trust's employee remuneration costs and the notes to the financial statements to ensure that they were compliant with the Department of Health and Social Care's group accounting manual 2018-19.

Other information

The Accounting Officer is responsible for the other information. The other information comprises the information included in the Annual Report of Burton Hospitals NHS Foundation 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.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable set out on page 31 in accordance with provision C.1.1 of the NHS Foundation Trust Code of Governance – the statement given by the directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy, is materially inconsistent with our knowledge of the Trust obtained in the audit; or
- Audit Committee reporting set out on pages 18 and 19 in accordance with provision C.3.9 of the NHS Foundation Trust Code of Governance – the section describing the work of the Audit Committee.

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 Burton Hospitals NHS Foundation Trust does not meet the disclosure requirements set out in the NHS foundation trust annual reporting manual 2018/19 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.

Our opinion on other matters required by the Code of Audit Practice is unmodified

In our opinion:

- the parts of the Remuneration Report and the Staff Report of Burton Hospitals NHS Foundation Trust to be audited have been properly prepared in accordance with IFRSs as adopted by the

European Union, as interpreted and adapted by the NHS foundation trust annual reporting 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 the other information published together with the financial statements in the Annual Report of Burton Hospitals NHS Foundation 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 Schedule 10 (3) of the National Health Service Act 2006 in the course of, or at the conclusion of the audit; or
- we refer a matter to the regulator under Schedule 10 (6) of the National Health Service Act 2006 because we have reason to believe that the Trust, or a director or officer of the Trust, is about to make, or has made, a decision which involves or would involve the incurring of expenditure that was unlawful, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency**.**

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

Responsibilities of the Accounting Officer and Those Charged with Governance for the financial statements

As explained more fully in the Statement of the Chief Executive's responsibilities as the accounting officer set out on page 36, the Chief Executive of the University Hospitals of Derby and Burton NHS Foundation Trust, as Accounting Officer, is responsible for the preparation of the financial statements of the former Burton Hospitals NHS Foundation Trust in the form and on the basis set out in the Accounts Directions included in the NHS foundation trust annual reporting manual 2018/19, for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer has been informed by the relevant national body of the intention to dissolve the Trust without the transfer of the Trust's 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. 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 Burton Hospitals NHS Foundation Trust in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

Use of our report

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

M C Stocks

Mark Stocks, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

10 June 2019