Airedale
NHS Foundation Trust

AIREDALE NHS FOUNDATION TRUST
ANNUAL REPORT AND ACCOUNTS
2019/20

Airedale NHS Foundation Trust

Annual Report and Accounts 2019/20

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

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Welcome from the Chair

It has been my privilege to chair Airedale NHS Foundation Trust during 2019 – 2020.

Overall our Trust has gone from strength to strength this year, continuing to build on its achievements and providing valued healthcare to our local population. As a member of the population Airedale serves, I am inordinately proud of the services that Airedale provide and its position in the community. As Chair of the Trust it is my responsibility to ensure that the Board uphold that position and always act accordingly, in adapting to the changing environment that we face always focussing on our desire to meet our population's healthcare requirements.

Over the last 12 months we have been joined by new executive and non-executive colleagues on the Trust Board and, alongside this, have put into place new governance structures. It has been a year of embracing and embedding that change and I am grateful to my Board colleagues as we have adapted to our new ways of working. In addition our Council of Governors continues to evolve and be a valuable sounding-board and I thank them for their commitment to the Trust.

For me, one of the highlights of any Board meeting is the patient story that we hear at the beginning of each meeting. Over the last 12 months we have heard some deeply personal experiences of our services that have varied from distressing and upsetting to uplifting and inspiring. I would like to thank all of our patients and staff who have come along to Board meetings to share their experiences. Whilst to some that could be a somewhat daunting prospect, it is extremely important for the Board to have this touchpoint to remind us why we're here and how our decisions impact lives.

This year the Board has developed the Trust's Five Year Strategy, mindful of the wider NHS long term plan. Airedale has achieved much in recent years, through implementing sustainable practices, partnerships and working with our communities. I am pleased that our Strategy builds on that in setting out our ambitions to continue to respond to the ever changing environment in which Airedale operates.

As Airedale reaches its 50th anniversary, we are dealing with the biggest healthcare issue that we have ever seen. The immediate and professional response by all colleagues to the pandemic has been outstanding and I am humbled by them, for which they all have the Board's thanks. As we look ahead, I know that everyone here will give their utmost to ensure Airedale remains a relevant and integral part of healthcare provision in the Bradford & Craven District.

Andrew Gold
Chair

24 June 2020

CHAPTER 1
PERFORMANCE REPORT

SECTION 1: Overview of Performance

The purpose of this overview of performance is to provide information about the Trust, its purpose, the key risks to the achievement of our objectives and how we have performed during the year.

Chief Executive's Statement

Welcome to our Annual Report for 2019-20. Since our last report, it has been an unprecedented 12 months for us as a Trust, as it has for the country, set against a national backdrop of change and political uncertainty. As I write this we remain in the midst of a global pandemic which is causing challenges never before faced by the health and social care sector.

Despite these challenges, it has been a year of achievement for Airedale, in tandem with the consolidation of our position in our local and regional health and care systems. We have maintained our focus on the digitisation of patient records, both in the hospital and out in the community; our collaboration work with local and regional partners continues at pace; we've continued to innovate and transform our services, making them more accessible and family-friendly; and we have continued to invest in our workforce, creating new roles, career paths and development opportunities for our people. You can read about these and more of our achievements in the *Highlights of 2019/20* section on p12.

Our overall performance was good and in line with our expectations. The table on p18 shows our key performance metrics for the year. The Board remains committed to continuous improvement as we reset our services during the next phase of the pandemic and throughout the rest of 2020/21.

Part of our work last year was to develop a strategy to set out our ambition as a Trust for the next five years. This was co-developed with our colleagues, partners and communities, and was published in January this year. The Strategy focuses on five key aims centred on patient care, our people, services that are progressive, working in partnership and considering our populations' requirements. All of this is designed to work towards our overall ambition of thriving people, healthy communities and it will guide our planning, prioritisation, decision-making and delivery for our activities as well as being something we use to assess our on-going progress. It is an important piece of work and gives us a clear roadmap for the next five years. It is clear, however that we will need to review that Strategy to consider how it has been shaped by the changes made in response to the Covid-19 pandemic.

The impact of Covid-19 was felt by the Trust at the very end of the 2019/20 financial year, with significant impact continuing into 2020/21. The Trust followed national guidance in relation to pausing services. As a result, during this final month of the year we saw a significant reduction in our emergency department attendances and, with the help of partner organisations in adult social care and the community, we supportively discharged patients who were medically fit in anticipation of the rise in admissions the pandemic predicted. We also stopped all routine elective activity, continuing only with urgent, emergency and cancer surgery and the vast majority of these being relocated to the independent provider, giving us the necessary capacity in our bed base. Conversely we had over double the number of patients we usually see on our

Critical Care Unit, had to put in place a brand new respiratory care unit, convert our hospital into hot and cold ward areas, and provide safe, socially distanced space in our receptions and waiting areas.

As restrictions on visiting were implemented nationally we found new ways of connecting patients and their families through digital technology - video 'Virtual Visiting' service using iPads; putting in place new services such as 'sending a hug' – passing on photos, letters, emails and cards to patients; and our 'care parcels' – providing basic items such as toothpaste, shower gel and shampoo. We also put in place the ability for those at the end of life to receive visits from a family member or a member of the chaplaincy team.

The pandemic also impacted our workforce, and we experienced absence levels that were higher than normal of around 15% from those colleagues shielding, self-isolating or indeed unwell; alongside providing robust IT solutions to enable significant numbers of colleagues to be able to work from home. We also were providing training and re-training to colleagues deployed from one clinical area to another and to those who volunteered or returned to practice as a result of the national calls for support.

I have always believed that, as a rural district general hospital and community trust, we punch above our weight. The response from colleagues across the Trust over this past year has reaffirmed my thinking. We are agile, we are able to change swiftly and adjust to new demands on our services. It is an interesting exercise to reflect back to where we were a year ago and consider how much has changed since then. The Trust today bears little resemblance to the Trust of a year ago; we have transformed working practices, service offerings and our physical configuration to respond to the unprecedented situation we find ourselves in, and we have done it at pace. It has been humbling to see how our people have responded and adapted to these extraordinary circumstances and indeed how they have led many of our changes. There is much that we will take forward as we move into our new normal.

It is fitting that 2020 is the 50th anniversary of Airedale. 1970 was a significant time of change in the provision of healthcare for the people of this district and it is proving to be so again. Everything we do is about serving our population and I hope we are continuing to take forward the ethos of a modern, innovative healthcare provider with our community at our heart, as we did in 1970. We are hugely appreciative of the support and trust placed in us by local people and we strive to honour that trust in the compassionate care we provide.

I would like to thank my executive colleagues, our non-executive directors and our governors for their continuing support. Their expertise and insightful challenge has, as always, been invaluable over the last year. Above all, I am enormously proud of colleagues and volunteers who continue to go above and beyond, never more so than now as we face the coronavirus pandemic together.

Brendan Brown
Chief Executive, Airedale NHS Foundation Trust
24 June 2020

Our history, purpose and activities

The principle purpose of the Trust is the provision of goods and services for the purpose of health care in England. Airedale NHS Foundation Trust is a statutory body, which became a public benefit corporate on 1 June 2010, following its approval as a NHS Foundation Trust by the Independent Regulator of the NHS Foundation Trusts (Independent Regulator) authorised under the Health and Social Care (Community Health and Standards) Act 2006 (the 2006 Act).

The principal location of business of the Foundation Trust is: Airedale General Hospital, Skipton Road, Steeton, Keighley BD20 6TD.

In addition to the above, the Foundation Trust has registered the following locations with the Care Quality Commission:

- Castleberg Hospital, Giggleswick, Settle BD24 0BN.
- Skipton General Hospital, Skipton BD23 2RJ

The Foundation Trust is registered with the Care Quality Commission without conditions and provides the following regulated activities across the stated locations:

- Assessment or medical treatment for persons detained under the Mental Health Act 1983
- Diagnostic and screening services
- Management of supply of blood and blood derived products
- Maternity and midwifery services
- Nursing care
- Surgical procedures
- Termination of pregnancy
- Transport services, triage and medical advice provided remotely
- Treatment of disease, disorder or injury

Airedale NHS Foundation Trust is an award winning integrated NHS hospital and community services Trust. We provide high quality, personalised, acute, elective, specialist and community care for a population of over 200,000 people from a widespread area covering West and North Yorkshire and East Lancashire.

We employ over **3000** permanent staff between the Trust and its subsidiaries and have over **350** volunteers. During 2019/20 over **26,000** patients spent at least one night in our hospital; over **2,000** babies were born at the hospital last year; more than **70,000** people attended our A&E department; and we saw over **150,000** outpatients. Our community nursing teams made over **90,000** visits and our Hub made more than **26,000** telemedicine contacts. We have an annual budget operating income of over **£200 million**.

We provide services from our main hospital site, Airedale Hospital, and from community hospitals, as well as health centres and general practices (GPs). In 2019/20 our health services were commissioned by the following Clinical Commissioning Groups (CCGs) - Airedale, Wharfedale and Craven; Bradford Districts; and East Lancashire – as well as regional specialist commissioners and NHS England.

Highlights of our year 2019/20

April 2019

Community teams go agile

Our community teams can now update patient records on their laptops on the go, after successfully moving to agile working. It means colleagues can now see and update records in real time, improving communication between professionals and saving time so more patients can be seen in a single day.

The community team, which includes nurse specialists, health care support workers and therapists, cover an area of 700 square miles and provide care in clinics and in the patient's own home, helping them to manage long term conditions or provide palliative care. The challenges of providing care in this geographical area include travel distances and time spent away from their base during visits. Colleagues can now work remotely, taking their laptops to every home visit. They can update a patient's notes, order prescriptions or equipment or refer a patient to other professionals or services, all at the home visit or immediately afterwards.

May 2019

e-Observations arrive on our wards

Our teams began using iPads to record patient observations as part of a digital revolution improving patient care. More than 800 clinical colleagues are now using 160 mobile devices across the trust to record patient observations rather than writing them on paper charts. The system automatically calculates the national early warning scores from the data entered, proactively warning staff of patients whose condition is deteriorating, so they can respond or escalate to senior or specialist colleagues and so improving patient safety. Teams are using the system to monitor and record a patient's vital signs such as blood pressure, heart rate, respiration and temperature. Future options include assessments for dementia, sepsis, alcohol intake, the risk of blood clots, and acute kidney injuries.

June 2019

Celebrating our 100s of amazing volunteers

In June we celebrated the amazing difference our volunteers make to patients every day. Since Airedale opened 50 years ago, it has been helped and supported by hundreds of volunteers and there are now over 350 registered hospital volunteers working in over 30 different areas and roles across the hospital site. The Friends of Airedale Hospital charity raises funds through its shops, mobile ward trolley service and car boot sales which are all run by volunteers. The funds raised are donated back to the hospital through the purchase of vital pieces of hospital equipment, and have included recliner chairs for the neonatal unit and a neoblue unit for the maternity ward. Other services offered to the hospital by volunteers include running the patient transport service, guides to direct people around the hospital and having mealtime assistants to support vulnerable patients on the wards.

There are also volunteers in other areas of the hospital including the neonatal unit and the haematology and oncology day unit, all of whom share their precious time to provide those extras that make a difference for patients and their relatives at the hospital. The Trust also includes a 'volunteer of the year' award as part of the annual staff awards to ensure this important group are recognized for their work.

Diabetes

Our diabetes team who provide special sessions for people with Type Two diabetes from the South Asian community have produced a short video which shows what the courses involve. https://www.youtube.com/watch?v=h2dydN2cBFA

These courses are held in community locations for people of the South Asian community who would like to know more about their condition. Language support is available and the diabetes team recruited two language support workers to help design, deliver and run the courses. There are separate sessions for men and for women.
All resources have been adapted for the South Asian community with appropriate food models and concepts made understandable for the community.

Airedale named as one of the CHKS Top Hospitals for 2019

In June we were named as one of the CHKS Top Hospitals for 2019, the eighth time Airedale has been given the award, which recognises outstanding performance in healthcare quality and improvement.
The winners are decided by an analysis of over 20 performance indicators including safety, clinical effectiveness, health outcomes, efficiency, patient experience and quality of care. The indicators are revised annually to take into account any newly available performance information.

July 2019

Our first butterfly release in the Sunbeam garden

To support parents and families who had experienced the loss of a baby through miscarriage, stillbirth, or neo-natal death, the Trust's bereavement midwives held our first annual butterfly release in the Sunbeam Garden in July, at the site of the Airedale Tree of Tranquillity which was provided by the charity SiMBA and supported and funded by Aidan's Elephants. This poignantly beautiful event brought families together in mutual support and understanding; with the idea being that the symbolic release of a butterfly carries with it the loving thoughts of the family member who released it.

August 2019

New apprenticeship scheme for theatre practitioners

Two health care support workers started on a new trainee programme as our first Operating Department Practitioner (ODP) trainees. The new role gives staff the opportunity to complete a degree course at Bolton University whilst working in the job with protected study time. As ODPs they will provide high standards of skilled care and support during each phase of a patient's perioperative care – anaesthetic, surgical and recovery. They also manage the preparation of the environment, equipment and act as the link between the surgical team and other parts of the operating theatre and hospital. They must be able to anticipate the requirements of the surgical team and respond effectively.

September 2019

New massage service for patients with cancer

In partnership with the Coniston Hotel Country Estate and Spa we launched a new service for our patients undergoing treatment for cancer, which sees specialist trained spa therapists offer

complimentary massage treatments on our mobile cancer care unit, provided by charity Hope for Tomorrow, and in our day unit at the hospital.

October 2019

The NHS rainbow badge is launched

NHS organisations across Bradford district and Craven united to promote inclusivity and reduce health inequalities for lesbian, gay, bisexual and transgender (LGBT+) people who access healthcare, by launching the NHS Rainbow Badge initiative.
The aim is to raise awareness amongst NHS staff of the health inequalities facing LGBT+ people and ensure people feel safe and included when accessing healthcare. Badges are handed to NHS staff who have pledged to reduce inequalities and provide support and signposting to LGBT+ people.

November 2019

Castleberg has its official opening

Following its comprehensive refurbishment, Castleberg Hospital had its official opening ceremony and staff, patients and their families gathered to celebrate. The hospital has 10 intermediate care beds, providing bed-based intermediate care, otherwise known as 'step-up and step-down' care. These beds allow for short periods of assessment and rehabilitation to enable people to return home. It also provides short-term nursing care, pain relief and support for some people as they near the end of their life.

December 2019

Look out for your neighbours campaign helps prevent loneliness

The Trust actively supported West Yorkshire and Harrogate Health and Care Partnership's community campaign 'Looking out for our neighbours' to help prevent loneliness and social isolation. This is particularly vital during the winter months as people, especially those who are older or vulnerable, can easily become isolated or lonely as a result of bad weather or the added social pressure that comes with the festive season.

The launch aimed to inspire people to reach out to those who live alone and encourage them to do simple things that will make a real difference to their neighbours' wellbeing. This could be anything from offering to pick up something from the shops when the weather is bad, to gritting their paths and drives, to inviting people who live alone to celebrate the festive season together.

January 2020

Trust wins Pacer Train carriage

In January we were delighted to be announced on the One Show as one of three groups in the north of England to have won a Pacer carriage for community use as part of the government's Transform a Pacer competition. The competition means that after three decades of service to northern communities retired Pacer trains will now serve them in new and exciting ways focused on bringing the community together. Our plans for using this brilliant multi-purpose space include our children's unit, our dementia patients, our youth volunteers and our community. We plan to involve our patients, colleagues and our community in the renovation of the carriage to enable us to utilise the space.

February 2020

Praise for our maternity team

We were highlighted as providing good maternity care and treatment in the annual survey published by the Care Quality Commission (CQC).

The maternity survey asks women about their experiences of care at three different stages of their maternity journey, during: antenatal care, labour and birth, and postnatal care. The most positive results this year relate to women's experience interacting and communicating with staff in maternity services, particularly during labour and birth.
In two areas Airedale performed better compared to most other trusts that took part in the survey:

- Raising concerns – concerns being taken seriously once raised
- Involvement in decisions – being involved enough in decisions about their care during labour and birth

March 2020

Paddle pagers for relatives of anxious patients undergoing surgery

Coming round after surgery can be an anxious time for some patients so our theatre team are now offering paddle pagers for parents or loved ones or carers of anxious patients or those with additional needs, to help reduce worry and make sure the patient's family can be there as soon as they wake up, to give support if needed.

After surgery all patients are taken to the recovery room where they can spend anywhere from 20 minutes to an hour being monitored closely by theatre staff. The team watch all of the patient's vital signs and make them as comfortable as possible when they wake up, which can be very disorienting.

When the pager bleeps the family know the surgery has finished and they can come to theatre recovery to be with them. As soon as they arrive in theatres they are met by the receptionist who will show them straight into recovery to be reunited with their loved one.

Key issues, opportunities and risks

Key issues, opportunities and risks for the Trust during 2019/20 were:

- **Availability of workforce**
  The Trust has continued to experience significant challenges in being able to recruit nurses and doctors. This has resulted in high levels of bank and agency use. This has had a significant impact on patient flow and the provision of safe staffing levels across wards, particularly over the winter period. While the Trust has had significant success in international recruitment, the global pandemic means that there is a significant delay in bringing these recruits into the country and the position in relation to nurse staffing will continue to be a challenge in 2020/21. Medical staffing has been challenging in particular services, including paediatrics, critical care and some specialties which have relied on locum cover.

- **Demand for services**
  During 2019/20 saw continued increases in the numbers of people attending Accident and Emergency. This also resulted in increased admissions, acuity, and patients who had delays in their discharge arrangements. As a result there had been at times significant escalation beds opened, over and above the planned additional winter beds. This also placed additional pressure on the staffing levels across the Trust. The Trust is working in partnership with other providers, voluntary and community sector partners across Bradford District and Craven to consider the best way of providing services going forward. This is formalised through partnership board arrangements. Transformation of the way in which services are delivered has been accelerated as part of the response to the Covid-19 pandemic. This is resulting in different ways of working including telephone triage with primary care; increased use of the Trust's Mycare24 and Digital Care Hub services; virtual outpatients; and the implementation of new technologies including SurgiCube.

- **Financial position**
  The Group achieved a surplus of £739k for 2019/20, including an impairment of £1 million, which arose out of the Trust's annual revaluation of its estate.

  Total income from continuing activities for 2019/20 was £201.1 million. The Trust had a cash balance of £16.5 million at the close of the financial year, which included £5.1 million of conditional funding. An analysis of this is shown in the Consolidated Statement of Cash flows.

  The accounts included in the annual report reflect both the financial position of the Foundation Trust and a group position which consolidates the Foundation Trust and Airedale NHS Foundation Trust Charitable Funds accounts. Airedale NHS Foundation Trust Charitable Funds accounts increased by £120k during the year.

  The Trust's external auditor is Grant Thornton. Disclosure of the cost of work performed by the auditor in respect of the reporting period is provided in note 4.1 of the accounts.

The Trust's capital programme invested £6.4 million in 2019/20 to improve its buildings and equipment. Examples of the higher value capital expenditure schemes included investment into medical equipment, the Integrated Health Record, cyber protection and enabling works for the additional theatres.

The Trust financial planning for 2020/21 has been paused due to COVID-19 and the need to respond to national command and control arrangements. During the pandemic, all Trusts are on a fixed contract arrangement, with a retrospective top up for additional costs. Financial planning for the reset of services will require a different financial response.

Accepting the necessary pause in the financial regime, the Trust is continuing to support investment in increased nursing staff, aligned to activity and acuity increases, investment in IT, and support to improve pathways. The Board remains determined to ensure there is robust financial governance for the long term sustainability of the Trust.

- **Performance**
  Over the last 12 months the ability to deliver the key performance indicators, as set out in the single oversight framework, has been very challenging. This has been for a number of reasons including increasing demand, the NHS Pensions annual and lifetime allowances issue, and system wide transformation not delivering to the intended scale.

- **Estate**
  Airedale hospital opened in 1970 and, at that time, had an expected 30 year lifespan. There have been ongoing issues relating to the age of the building, its construction and the 30,000 sq. feet of flat roof. During the year, the Trust received a safety alert in relation to the failure of reinforced autoclaved aerated concrete (RAAC) planks, which make up the roof of the hospital. This resulted in the need to undertake investigations as to the level of deterioration of these planks and a risk assessment of the Trust building. This is in addition to backlog maintenance issues which have to be addressed. This year, the Board will be asked to consider a Strategic Outline Case for a major new build. This would complement investment over recent years the Airedale site, including a new Emergency Department and an Acute Assessment Unit, with a new theatre build currently in progress.

Going concern disclosure

After making enquiries, the Directors have a reasonable expectation that the Airedale NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future for the following reasons:

- Strong Financial Position with some risk around high levels of nursing vacancies currently covered by bank and agency workers. In early 2020, the Trust recruited approximately 70 international nurses to mitigate this risk. The trajectory for temporary staffing is that bank and agency utilisation will reduce during the year ahead.
- The Trust will be required to explore a rebuild of its old Estate over the coming years, aligned to the re-enforced autoclaved aerated concrete risk. NHS Improvement is supportive of this being funded through the central Healthcare Infrastructure Plan process therefore there is no expectation that, at this stage, this will lead to future financial pressure.

- There are no other known material risks around the ability to continue operating, except Covid 19 where the Trust is following national guidance which states that all providers will be reimbursed to ensure a breakeven position.
- Although Brexit proposes an ongoing potential risk, it is not considered likely that this will impact on the ability to continue to operate due to the national contingencies that are in place.

For these reasons the Trust continues to adopt the going concern basis in preparing the accounts.

Summary of performance

The Trust's NHS Improvement Single Oversight Framework Governance rating was Segment 2 (on a scale where 1 is highest and 4 is lowest) during 2019/20 due to non-achievement of the 95% target for the A&E 4 hour standard and, at certain points during the year, pressures around the Cancer 62 Day and Diagnostics 6 Week Standards. All other standards were achieved or within agreed limits.

Key performance indicators

Indicator	Target	Q1	Q2	Q3	Q4
Total time in ED under 4hrs	**95%**	87.3%	89.1%	82.1%	84.4%
Referral to Treatment Time, 18 wks.	**92%**	92.6%	91.0%	89.5%	87.2%
Diagnostics 6 Week Wait	**99%**	94.3%	95.9%	95.9%	95.7%
Cancer 2 week wait	**93%**	89.0%	83.0%	91.0%	95.9%
Cancer 2 week wait (breast symptomatic)	**93%**	86.4%	92.2%	90.7%	96.8%
Cancer 31 days from diagnosis to first treatment	**96%**	100.0%	100.0%	99.5%	100.0%
Cancer 31 days for second or subsequent treatment – surgery	**94%**	100.0%	100.0%	100.0%	100.0%
Cancer 31 days for second or subsequent treatment – drug treatment	**98%**	100.0%	100.0%	100.0%	100.0%
Cancer 62 day wait for first treatment (urgent GP)	**85%**	87.3%	85.4%	78.5%	80.6%
Cancer 62 day wait for first treatment (NHS Cancer Screening Referral Service)	**90%**	100.0%	72.7%	100.0%	83.3%

- Our infection prevention has continued to strong throughout the year. There was one case of MRSA and no avoidable cases of clostridium difficile.
- Over 75% of staff were given the flu vaccination
- There have been no acquired Category 4 Pressure Ulcers in hospital for the year 2019/2020.
- 97% of the patients surveyed over the last year as part of the friends and family test said that they were likely or extremely likely to recommend Airedale's services, which include outpatient clinics, inpatient services, maternity and community services. 100% of patients reported being treated with respect and dignity whilst they were in hospital.

- Our clinical research and development team recruited around 700 patients over the year to take part

Performance Impact of Covid-19

March 2020 saw a significant reduction in attendances to A&E as the impact of social distancing began to come into effect towards the end of the month, resulting in almost a 25% reduction in attendances to A&E. In line with the Trust's Covid-19 escalation plan, the department reconfigured during late March and early April in order to manage the large increase in patients attending the department with Covid-19 symptoms. This resulted in the splitting of the department including:

- Establishing a minor injuries unit to treat non-urgent Covid-19 conditions, staffed by the Trust's therapy and orthopaedic teams.
- Movement of urgent, non-covid activity to our ambulatory care department, with care being support by our advanced care practioner workforce.

In line with guidance received from the NHS England/Improvement, from week commencing 23 March 2020, the Trust ceased the majority of clinical activity that didn't fall into the emergency, urgent or cancer categories until further notice. This resulted in routine diagnostic activity being paused from 31 March 2020, resulting in a decrease in the reported position for March and which will continue to decrease, due to the large proportion of activity typically undertaken as routine diagnostic activity.

Cancer care within the organisation has been maintained during the Covid-19 response. This includes outpatient and surgical activity. However, it should be noted a reduction in referrals was seen at the end of March and during early April, which although predictable due to social distancing steps the public are taking, is an area of focus as we work with primary care colleagues to ensure members of the public continue to present with symptoms and referrals continue to be made. At the time of writing this report, plans are being developed to restart elective, diagnostic and outpatient activity in a phased way from 29 June 2020.

Partnership working

Partnership working arrangements are strong at a place and regional level.

Airedale, Wharfedale and Craven Health and Care Partnership

The Trust's Chief Executive is also the system lead for the Airedale, Wharfedale and Craven Health and Care Partnership (AWC HCP). The AWC HCP board agreed to formally operate from 1 April 2019. The ambition of the HCP is to deliver the vision of 'Happy, Healthy at Home' and ensure:

- Every neighbourhood will be a healthy place – with better prevention and earlier intervention – live longer in good health, be happy, 'demand' less, contribute more
- Services will be planned and delivered based on the needs of communities underpinned by clear expectations of the responsibility of individuals
- Everyone with long term conditions will have support to self-care

- People will have fewer assessments and contacts, continuity of care supported by shared records and professional trust
- Everyone with multiple needs will have a team that works together with them and their family/carers
- Local hospitals will be networked with each other and with services in communities

This is being delivered through:

- System & Partnership Working - Starting new partnership arrangements for holding system commissioning and budget conversations, ensuring greater transparency on how local money is spent and mutual efficiencies are achieved.
- Approval of a Strategic Partnering Agreement (SPA) - a framework that sets out how we work together & our agreed system approach to shared decision making and accountability.
- Working with the Community Partnerships - creating new models of care that increasingly focus on prevention, reducing health inequalities, improving the experience of the workforce and that deliver financial and workforce sustainability.
- Planning together – System commissioning intentions through community partnerships and programmes.

Acute Provider Collaboration Programme

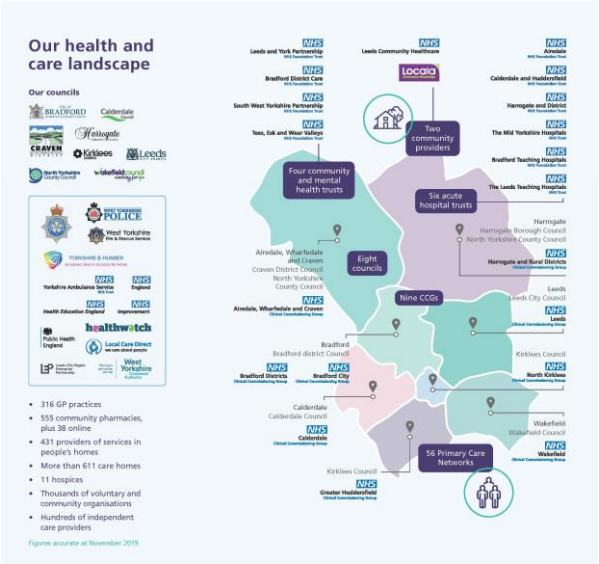
Working with Bradford Teaching Hospitals NHS Foundation Trust (BTHFT), Airedale has an Acute Provider Collaboration (APC) programme with the aim to develop single, unified models of secondary care based upon excellence in the provision of joint care; joint use of resources; and joint development of our people. The APC has focused on bringing together specialties within the two acute trusts to improve the quality and sustainability of care across Bradford and Airedale. This is particularly focused in gastroenterology & hepatology; paediatrics, maternity and gynaecology; stroke; urology; orthopaedics; respiratory; and anaesthetics and theatres.

During its first year the APC has engaged with over 500 clinical staff and progressed the development of a single clinical services strategy. The programme has also established a clinical reference group, gained agreement with the Sentinal Stroke National Audit Programme to make a single submission and led work to align waiting times across key specialties.

West Yorkshire and Harrogate Health and Care Partnership

Since the Partnership began in 2016, we have worked hard with our partners to build the relationships needed to deliver better health and care West Yorkshire and Harrogate so we can better support people to improve their lives with them.

As a proud and valued partner, we are pleased with the progress we have made. Together we are sharing and spreading good practice across the area, and ultimately saving more lives by improving people's health and wellbeing.



Key achievements include:

- Developing an award-winning programme to support 260,000 carers
- Hospitals working together for the first 72 hours of critical stroke care
- Launched Yorkshire and Humber Digital Care Record to improve people's care
- Set up a new community eating disorder service
- Established a health and care champions network for people with learning disabilities
- Worked with organisations like HealthWatch who talked to over 1,800 people about the NHS Long Term Plan
- Secured the largest share of national capital investment totalling £883m for 10 schemes, including building new adult, and children hospital in Leeds, which will benefit the whole area.
- Set up the first suicide bereavement service for West Yorkshire and Harrogate
- Increased the number of people, nearly 8,000, who now have their hypertension better controlled to safe limits. Importantly this could help prevent 65 deaths, 122 strokes and 82 heart attacks over the next five years

We know that more needs to be done to give everyone the very best start and every chance to live a long and healthy life. This includes working with partners in the wider economy to create good jobs and increase everyone's prosperity with investment in skills, housing, culture and infrastructure. Only by working together can we truly achieve this.

Our local and West Yorkshire and Harrogate relationships are very important to us because we have the biggest impact on people's lives when there is shared commitment by all.

We are active partners on the 'Partnership Board' and have signed a memorandum of agreement to set out our commitment to work together. This has included Airedale being an active part of the West Yorkshire Association of Acute Trusts (hospitals working together) and a number of key programmes across the partnership.

The Partnership's Draft Five Year Plan, belongs to us all. It sets out our ambitions for the 2.7million people living across the area and also highlights the priorities where we have agreed to work on together across West Yorkshire and Harrogate, for example mental health, cancer, urgent care, maternity services, and tackling health inequalities - we know sadly exist.

The Partnership's ambitions include:

- Increasing the years of life that people live in good health, and reducing the gap in life expectancy by 5% in our most deprived communities by 2024
- Reducing the gap in life expectancy for people with mental health, learning disabilities and autism by 10% by 2024
- Reducing health inequalities for children living in households with the lowest incomes, including halting the trend in childhood obesity
- Increasing early diagnosis of cancer, ensuring at least 1,000 more people have the chance of curative treatment
- Reducing suicide by 10% overall by 2020/21 and achieving a 75% reduction in targeted areas by 2022
- Reducing anti-microbial resistance infections by 10% by 2024 and reducing antibiotic use by 15%

- Reduce stillbirths, neonatal deaths, and brain injuries by 50%, and reducing maternal morbidity and mortality, by 2025
- Having a more diverse leadership that better reflects the broad range of talent in our area
- Becoming a global leader in responding to the climate emergency
- Strengthening local economic growth by reducing health inequalities and improving skills.

The Partnership's shared goal is to join things up locally and at a West Yorkshire and Harrogate level, to connect organisations and people in ways that make better care easier - whether this is support delivered by local groups, services delivered in people's homes or the treatment that is best provided in a hospital.

Visit www.wyhpartnership.co.uk or follow @wyhpartnership on twitter to find out more or get involved.

West Yorkshire Association of Acute Trusts

The West Yorkshire Association of Acute Trusts (WYAAT) is a collaboration of NHS acute hospitals from across the region to drive forward the best possible care for our patients. It also includes Harrogate as its services are covered by the clinical commissioning groups based in West Yorkshire.

WYAAT's vision is to create a region-wide efficient and sustainable healthcare system which embraces the latest thinking and best practice so we can consistently deliver the highest quality of care and outcomes for our patients in the WYAAT area.

The WYAAT six acute trusts are:
• Airedale NHS Foundation Trust FT
• Bradford Teaching Hospitals NHS FT
• Calderdale and Huddersfield NHS FT
• Harrogate and District NHS FT
• Leeds Teaching Hospitals NHS Trust
• Mid Yorkshire Hospitals NHS Trust.

The patients across the region are the focus of all WYAAT's work. Improving their experience and outcomes is at the heart of our work and brings us together.

WYAAT covers a population area of 2.3 million people and for them WYAAT is aiming to make the most of our resources and expertise and provide:
- The highest quality of services and care
- Improved access to healthcare services
- Better and more coordinated pathways of care
- Access to a wider range of clinical specialists
- The best NHS care with local healthcare working as efficiently as possible.

The priority areas are:
1. Corporate: procurement; information management and technology; and workforce
2. Support services: scan 4 safety implementation; pharmacy; pathology services; radiology transformation; and radiology technology.

3. Clinical services: service sustainability; elective surgery; and vascular services.

There are clear governance arrangements in place, with decisions going back to each individual trust board for approval.

Some of the successes of WYAAT during 2019/20 have been:

- Deployed a single imaging system for radiology into all trusts
- Gained approval to create a single vascular network across West Yorkshire with two acute hubs – one in Bradford and one in Leeds
- Continued the implementation of Scan 4 Safety, an electronic recording system to enable our hospitals to record and track the products used to treat our patients.

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CHAPTER 2
ACCOUNTABILITY REPORT

SECTION 1 - DIRECTORS' REPORT

The Director's Report has been prepared under direction issued by NHS Improvement, the independent regulator for Foundation Trusts, as required by Schedule 7 paragraph 26 of the NHS Act 2006 and in accordance with:

- Section 415, 416 and 418 of the Companies Act 2006 (section 415(4) and (5) and section 418 (5) and (5) and section 418 (5) and (6) do not apply to Foundation Trusts;
- Regulation 10 and schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulation 2008 ('the Regulations');
- Additional disclosures as required by the FReM; and
- Additional disclosures as required by NHS Improvement.

Composition of the Board

Airedale NHS Foundation Trust is headed by a Board of Directors with responsibility for the exercise of the powers and performance of the NHS Foundation Trust. The Board of Directors at the year-end is shown below.

Chair	Andrew Gold
Chief Executive	Brendan Brown

Executive Directors

Rob Aitchison	Chief Operating Officer
Jill Asbury	Director of Nursing
Andrew Copley	Director of Finance
Joanne Harrison	Director of People and Organisational Development (OD)
Karl Mainprize	Medical Director

Non-Executive Directors

Rhys Davies	
Andrew Dumbleton	Chair of the Charitable Funds Committee
Maggie Helliwell	Chair of the Quality and Safety Committee
Melanie Hudson	Chair of the People Committee
Nadira Mirza	Deputy Chair, Senior Independent Director, and Chair of the Board Appointments, Remuneration and Terms of Service Committee
David Wharfe	Chair of the Finance, Performance and Digital Committee and Chair of the Audit and Risk Committee

The gender balance of the Board as at 31 March 2020:

	Female	Male
Non-Executive Directors	3	4
Executive Directors	2	4

The age profile of the Board as at 31 March 2020:

Age range	Number of Directors
18 – 39	2
40 – 49	1
50 – 59	5
60 - 69	4
70 +	1

Register of Directors' interests

The Board of Directors undertakes an annual review of its Register of Declared Interests. At each meeting of the Board of Directors a standing agenda item also requires all executive and non-executive directors to make known any interest in relation to the agenda and any changes to their declared interests.

As at 31 March 2020 no member of the Board had declared an interest which may conflict with their management responsibilities as per the requirements of the NHS Improvement Code of Governance. The Chair who held office during the year ended 31 March 2020, declared he had no other significant commitments that affected their ability to carry out their duties to the full and were able to allow sufficient time to undertake those duties.

The Register of Declared Interests for the Board of Directors and the Council of Governors is held by the Associate Director of Corporate Affairs and Group Company Secretary and is available for public inspection on the Trust's website at www.anhst.nhs.uk .

Meetings of the Board of Directors

The Board of Directors is responsible for exercising all the powers of the Foundation Trust and is the body that sets the strategic direction, allocates the Foundation Trust's resources and monitors its performance.

Its role is to:

- Set the organisation's values;
- Set the strategic direction and leadership of the Foundation Trust;
- Ensure the terms of the Provider Licence are met;
- Set organisational and operational targets;
- Assess, manage and minimise risk;
- Assess achievement against the above objectives;
- Ensure that action is taken to eliminate or minimise, as appropriate, adverse deviations from objectives;
- Ensure that the highest standards of corporate governance are applied throughout the organisation; and

- Note advice from, and consider the views of, the Council of Governors.

The Board has an annual work plan which ensures it focuses on its responsibilities and the long-term strategic direction of the Trust. It meets six times a year in public to conduct its business and has five meetings which focus on strategic development. The Board also meets on other occasions to discuss matters requiring Board consideration. Board members also attend seminars and training and development events throughout the year.

Since becoming a Foundation Trust, the Board has undertaken a rigorous evaluation of its own performance, that of its committees and of individual directors. The Board commissioned an independent review of its performance against the well-led framework at the end of 2019/20. More information on this is included on p40.

At the year end, the Board consisted of the chief executive plus five executive directors, three associate directors and seven non-executive directors, including a non-executive chair. The associate directors do not have voting powers which ensures the balance of power on the board rests with the non-executive directors.

The non-executive directors possess a wide range of skills and experience essential for an effective Foundation Trust Board of Directors. These skills enable them to provide independent judgment and advice on issues of strategy, vision, performance, resources and standards of conduct and constructively challenge, influence and help the executive team develop proposals on such strategies.

The Board of Directors works as a unitary Board and directors have been selected to ensure the success of the organisation as a Foundation Trust, with an appropriate balance of clinical, financial, legal, business and management background and skills. Should it be necessary to remove either the chair or any non-executive director, this shall be undertaken by the Council of Governors in accordance with the Foundation Trust's Constitution.

The Board may delegate any of its powers to a committee of directors or to an executive director. These matters are set out in the Foundation Trust's Scheme of Decisions Reserved to the Board and the Scheme of Delegation. Decision making for the operational running of the Foundation Trust is delegated to the executive directors group, which comprises all of the executive directors and associate directors (one of which is also the company secretary).

The composition of the Board for the year of the report is set out on the following pages. It also includes details of each director's background, committee membership and attendance at meetings.

An annual appraisal process for non-executive directors is in place and is reviewed on an annual basis by the Appointments and Remuneration Committee (ARC). The chair appraises the performance of the non-executive directors and provides a detailed report to

the ARC; whilst the senior independent director leads the Chair's appraisal and provides a summary report also to the ARC. In preparing the appraisals, both the chair and senior independent director consult with executive directors and take into account the views of governors and other key stakeholders in their appraisal reports. Executive Directors also have detailed appraisals of their performance and an annual appraisal process is in place with regular reviews of objectives set by the chief executive, and in the case of the chief executive by the chair. A summary report of the executive director appraisals is presented to the Board Appointments, Remuneration and Terms of Service Committee (BART) by the chief executive, and by the chair in the case of the chief executive.

Non-executive directors are involved in regular development activities including Board workshops, and attendance at seminars and conferences. The Trust considers it has the appropriate balance and completeness in the Board's membership to meet the ongoing requirements of an NHS Foundation Trust and continues to monitor this balance through its BART and ARC.

Disclosures of the remuneration paid to the chair, non-executive directors and directors are given in the Remuneration Report on page 43.

Biographies of the Board of Directors

The Board of Directors who served during the year comprised the following executive and non-executive directors:

Non-Executive Directors

Andrew Gold, Chair
Appointment: June 2016
Andrew was appointed Chair on 19 January 2018. Andrew is a qualified accountant and has a wide range of Board experience from a career in regulated financial services, mainly with member owned organisations. Until spring 2016, Andrew was the Group Director Risk, Audit and Compliance of a locally based regulated financial service group. Since May 2014 Andrew has been NED of the Ecology Building Society which is based in Silsden and is a mutual who demonstrate strong ethical values. Living in Skipton, Andrew is also directly involved in a number of activities that support the local community. As well as being Chair of the Board, Andrew also chairs the Council of Governors and the Appointments and Remuneration Committee. Andrew is a member of Board Appointments, Remuneration and Terms of Service Committee.

Rhys Davies
Appointment: June 2019
Rhys has extensive executive experience in technology and change across the commercial, higher education, research, leisure and health sectors. Rhys' previous roles include Chief Information Officer (CIO) at Queen Mary University, Interim CIO at St Mary's University, Non-Executive Chairman at YHMAN Ltd, Director of Information Technology at University of Leeds, Group Director of Information Services at William Hill and IT Director at Wm Morrison Supermarkets. Prior to these leadership roles he gained extensive supermarket and supply chain experience at Asda and Tesco. Rhys is a member of the Finance, Performance and Digital Committee; the Quality and Safety Committee; and the People Committee.

Andrew Dumbleton
Appointment: June 2019
Andrew is a Chartered Accountant with expertise in project, corporate and property finance, and audit acquired in multiple sectors. He is currently a Director of ASD Associates Ltd. Andrew is skilled in providing advice on major change and project finance infrastructure projects. His previous roles include Partner at BDO LLP, Director at RSM Robson Rhodes, Associate Director at KPMG and Manager at NM Rothschild and Sons Ltd.
Andrew is a member of the Audit and Risk Committee; Finance, Performance and Digital Committee and chairs the Charitable Trust Committee.

Maggie Helliwell
Appointment: June 2016.
Maggie started her career at Airedale hospital as a junior doctor in the 1970's before becoming a GP at Ling House, in Keighley, a role she held for over 35 years. Maggie became chair of the Worth Valley Health Consortium in the 1990's, while working part-time as a GP. She was later appointed Medical Director of Airedale Primary Care Trust (PCT) and clinical governance lead when four PCT's across the district merged. Maggie returned to an executive role at Airedale Hospital in 2007 prior to retirement from the Trust in 2015. Maggie is a member of the Audit and Risk Committee and chairs the Quality and Safety Committee.

Melanie Hudson
Appointment: May 2019
Melanie has spent the majority of her career working within the Further Education sector mainly in a strategic role reporting into and regularly advising and supporting the Board and its associated committees. Most recently Melanie was the Deputy Principal for Kirklees College and Dewsbury Centre Principal. Melanie has over 20 years' experience leading and managing the Human Resources and Organisational Development divisions, as well as having responsibility for the Estates and Capital Strategy, marketing and communications, ICT, and Risk Management and Health and Safety. She has held numerous senior roles including Vice Principal Corporate Services, Kirklees College, Director of Corporate Services, Kirklees College, Assistant Principal for Human Resources and Equality, Huddersfield Technical College and Director of Corporate Services and Clerk to the Corporation, The Community College Hackney.

Melanie chairs the Trust's People Committee; and holds the position as non-executive chair of the Trust's wholly owned subsidiary, AGH Solutions Limited.

Nadira Mirza
Appointment: May 2019
Nadira has a successful track record of strategic leadership, transformational change and people management within large complex organisations. She has significant experience of working at Board level within the education and voluntary sectors and in the NHS – she was a NED on the unitary Board of the Bradford District Care Trust (BDCT) for six and a half years where she was also the Senior Independent Director (SID) for a term chairing a number of business critical committees such as Safety and Quality, Human Resources, Charities and Mental Health Legislation and as deputy chair of Audit, Finance Investment and Business and Remuneration. Nadira is the Trust's Senior Independent Director; chairs the Board Appointments, Remuneration and Terms of Service Committee; and is a member of the People Committee. Since 1 October 2019, Nadira has been the Trust's Deputy Chair.

David Wharfe
Appointment: March 2020

David is a Chartered Management Accountant. He worked in the NHS for 35 years. During that period he held a number of Director of Finance posts in various NHS organisations, including Sefton Health Authority and Ashton, Leigh and Primary Care Trust. His most recent role prior to retirement was as the Executive Director of Finance for NHS Lancashire.

David was previously a non-executive director at East Lancashire Hospitals NHS Trust, where he chaired the Finance and Performance Committee. David is chair of the Audit and Risk Committee and the Finance, Performance and Digital Committee.

Non-Executive Directors who also held positions during the year

Jeremy Cross

Appointment: October 2017 to January 2020

Jeremy is a Chartered Accountant and works as a self-employed consultant. He is also non-executive chairman of Mansfield Building Society, a Director at Leeds Grammar School and Treasurer of Care and Repair (Leeds) Limited, a Leeds based charity aimed at helping older people maintain their independence and quality of life at home. Jeremy's previous roles include Director of Personal Current Accounts with Halifax Plc and Bank of Scotland. Prior to this he held various commercial and strategic senior roles with Asda and Boots. Jeremy was chair of the Finance, Performance and Digital Committee and the Airedale NHS Charitable Funds Committee; and was a member of the Audit and Risk Committee. Between May 2019 until leaving the Trust, Jeremy was also the Senior Independent Director and chair of the Board Appointments, Remuneration and Terms of Service Committee, along with being a member of the Appointments and Remuneration Committee. Jeremy also held the position as non-executive chair of the Trust's wholly owned subsidiary, AGH Solutions Limited.

Professor Anne Gregory

Appointment: April 2012 to April 2019

Anne was re-appointed as a non-executive director on 1 June 2015. Anne has 30 years of experience in public relations and is currently employed at University of Huddersfield. Prior to that Anne was employed at Leeds Metropolitan University where she also served a term as pro-vice chancellor. For eight years Anne was a non-executive director of South West Yorkshire Partnership NHS Foundation Trust and previously served eight years on the Board of Bradford Community NHS Trust. Anne was Senior Independent Director and chair of the Board Appointments, Remuneration and Terms of Office Committee; a member of the Appointments and Remuneration Committee; and the Quality and Safety Committee.

Lynn McCracken,

Appointment: October 2016 to September 2019.

Lynn is an MBA-qualified solicitor with many years' legal and governance experience. She began her legal career in private practice in Manchester before moving in-house, working initially for a national rail freight operator, and later as Director of Governance & Legal Services at The Riverside Group. Prior to that Lynn had a short service commission in the Royal Navy specialising in telecommunications. Lynn is currently a trustee board member

at Manchester MIND, a mental health charity, and a non-executive director in Calico Group's health, care and support charity. She previously served as a trustee board member at Manchester MIND, a mental health charity; and on the board of Community Seven, a provider of social housing in Liverpool; and chaired the National Housing Federation's Governance Forum. Lynn was the Trust's Deputy Chair and a member of the Appointments and Remuneration Committee; Board Appointments, Remuneration and Terms of Service Committee; and Quality and Safety Committee. Lynn has also served as Chair of People Committee.

Mark Lam Appointment: July 2018 to May 2019.
Mark has extensive global experience in telecommunications and information technology.
He is the Chief Technology and Information Officer of Openreach, a BT Group business, and has previously held management positions at Siemens, Carphone Warehouse and Deutsche Telekom. His experience of global business spans Europe, the USA, and Asia, where he has led major contracts and operations. Mark chaired the Trust's Audit and Risk Committee and was a member of the Finance, Performance and Digital Committee.

The Board considers all the non-executive directors to be independent in character and judgement and there are no relationships or circumstances which could affect or appear to affect, the director's judgment.

Executive Directors
Brendan Brown, Chief Executive
Appointed: June 2018
Brendan was appointed in 2018 to the joint position of Chief Executive, Airedale NHSFT and Partnership Lead for the Airedale, Wharfedale & Craven Partnership.
He has previously held the position of Executive Director of Nursing/Deputy Chief Executive at Calderdale and Huddersfield and Burton Hospitals NHS Foundation Trusts. Brendan has a clinical and therapeutic background, and holds a Masters with Distinction from the University of Nottingham. He has a proven track record for health and care leadership, and consistent improvements in the delivery of healthcare across hospital and community settings. Brendan is the Senior Responsible Officer for workforce across the Bradford and Airedale place, and for the West Yorkshire and Harrogate Health and Care Partnership Board. Brendan was also selected to participate in first cohort of The National Leadership Centre programme, a cabinet supported programme developed to enhance the social and economic well-being of the country by supporting the leaders of public services to work together across the public sector system.

Rob Aitchison, Chief Operating Officer
Appointed: April 2019
Rob was appointed Chief Operating Officer on 1st April 2019. He previously worked at Calderdale and Huddersfield NHS Foundation Trust where he was most recently Director of Operations for four years. Prior to this he has held strategy and operational management roles working across primary and secondary care. Rob joined the NHS Management

Training Scheme in 2007 and maintains a keen interest in supporting the development of others.

Jill Asbury, Director of Nursing
Appointed: July 2017
Jill joined Airedale as Deputy Director of Nursing in January 2016 and was appointed Director of Nursing following a period as Interim Director of Nursing. She qualified as a nurse in 1986 and has spent most of her career working at Leeds Teaching Hospitals NHS Trust where she was Head of Nursing for Education and Workforce before joining Airedale. Prior to this she worked in various roles including Divisional Nurse Manager, Matron and Clinical Nurse Specialist at Leeds Teaching Hospital and as a Nurse Manager at Killingbeck Hospital in Leeds.

Andrew Copley, Director of Finance
Appointed: January 2013
Andrew is a Fellow of the Association of Chartered Certified Accountants with nearly 20 years financial management experience. He joined the Airedale in 2008 as deputy director of finance from Calderdale and Huddersfield NHS Foundation Trust. Andrew initially trained as a radiographer at Pinderfields and Pontefract hospitals and later joined St Luke's hospital, Bradford.

Joanne Harrison, Director of People and Organisational Development
Appointed: September 2019
Joanne has extensive experience of working in Human Resources and Organisational Development, in both the commercial and public sectors. Joanne's previous roles include: Deputy Director of Workforce and Organisational Development; Interim Executive Director of Workforce and Organisational Development; HR Business Partner; HR Manager; Interim General Manager at Harrogate & District NHS Foundation Trust (HDFT) and HR and Development Manager at Habitat UK. Joanne is a Chartered Fellow of the CIPD.

Karl Mainprize, Medical Director
Appointed June 2014
Prior to joining the Trust, Karl had been deputy medical director at York Hospitals NHS Foundation Trust. Prior to this he worked at Scarborough Hospital as consultant colorectal surgeon for almost 10 years where he was instrumental in developing the first ever community endoscopy service. Having qualified in 1989 he spent his early career based at Oxford, Reading and London.

Committees of the Board of Directors

The Board of Directors has six committees. Two are required as set out in the Trust's Standing Orders:
• Nominations and remuneration committees –see Remuneration Report p
• Audit and Risk Committee

In addition, the Board has established four committees to carry out detailed scrutiny and provide assurance on key areas of the Trust business:
- Quality and Safety Committee
- Finance, Performance and Digital Committee
- People Committee
- Charitable Funds Committee

Each committee is chaired by a non-executive director and is supported by executive directors and managers from across the Trust.

Audit and Risk Committee
The role of the Audit and Risk Committee is to critically review the governance and assurance processes on which the Board places reliance, to ensure the long term viability of the organisation. The Committee is charged with ensuring the adequacy and effective operation of the overall control systems of the organisation, with specific focus on the framework of risks, controls and related assurances that underpin the delivery of the organisation's objectives.

The Audit and Risk Committee has approved terms of reference which are reviewed annually and are available on request.

The non-executive director membership of the Audit and Risk Committee during 2019/20 was:
- Mark Lam –Chair of the committee until 31.5.19
- Andrew Dumbleton - Chair of the Committee from 01.07.19 to 28.2.20 and member of the Committee from 01.03.20
- David Wharfe – Chair of the Committee from 01.03.20
- Jeremy Cross – member of the Committee to 30.6.19
- Maggie Helliwell
- Melanie Hudson – member of the Committee from 01.07.19 to 31.3.20

The Director of Finance and other senior managers including the Associate Director of Corporate Affairs and the Assistant Director, Healthcare Governance, attend Audit Committee meetings. One member of the Council of Governors is also invited to attend and observe each meeting.

The Trust and the Committee are supported by the Internal Audit and Counter-fraud Service provided by Audit Yorkshire and its external auditors Grant Thornton. If necessary, the Committee may also seek independent legal or other professional advice.

The Committee met five times during 2019/20. The meeting in May specifically looks at the Annual Report and Accounts. The attendance at the Committee for the financial year 2019/20 is provided on p39.

The Committee has an annual work plan which shows how it plans to discharge its responsibilities under its terms of reference. Minutes of each meeting are reported to the Board along with a cover report from the chair of the Audit and Risk Committee setting out key items of discussion and anything for escalation. A self-assessment of the Committee's performance was completed at the end of 2019/20.

The principal activities of the Committee over the year were:

Financial reporting

The primary role of the Committee in relation to financial reporting is to review, with both management and the external auditor, the appropriateness of the annual financial statements concentrating on:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures, compliance with financial accounting standards and the relevant financial reporting requirements;
- material areas in which significant judgements have been applied or there has been discussion with the external auditor.

To aid the review, the Committee received reports from the Director of Finance and also reports from the external auditor on the outcomes of their interim and year-end audit process. The key significant risks highlighted by the external auditor in their 2019/20 plan were:

- Revenue recognition
- Management of override of controls
- Valuation or current value of land and buildings

The external auditor's audit report following the completion of the audit provided the Committee with assurance on the financial statements, going concern, value for money and the findings of the group audit. In discussing the financial statements as part of its review of the Annual Report and Accounts, the Committee considered the assurance against the significant risks including the valuation of the estate; and the impact of Covid-19 and in particular the impact on the ability to assess the stock, management override of controls and revenue recognition. The Committee received a paper from the Director of Finance detailing the evidence to support the Trust's going concern status. The Committee reviewed this paper and confirmed their support for recommending to the Trust Board that the financial statements should be prepared on a going concern basis.

Governance and Risk Management

During the course of the year the Committee has continued to ensure the Trust's governance arrangements are reviewed in line with the Code of Governance for Foundation Trusts published by NHS Improvement. Any changes are reflected within the relevant Trust policies and procedures and reported to the Committee for approval.

The Committee has continued to pay particular attention to the Trust's risk management arrangements and reviewed the Risk Management annual report. The Committee also received a report on a review of the risk management arrangements of the Trust which provided an overview of activity to be undertaken to strengthen risk management processes within the Trust from ward to Board during 2020. It was agreed that the Committee would consider this after six months. In addition the Committee approved a standard operating procedure for the Board Assurance Framework.

The Committee reviews, on a regular basis, the risks that are described within the Trust's Board Assurance Framework and Trust Risk Register. The Committee has oversight of, and relies on the work of the Risk and Compliance Group to scrutinise risk registers and performance against national risk and safety standards.

Of particular importance is the review of the disclosure statements that flow from the Trust's assurance processes with internal control weaknesses described within the Annual Governance Statement. The Committee discussed and agreed upon the disclosed areas of internal control gaps as described within the 2019/20 Annual Governance Statement.

The Committee undertook a self-assessment and identified a number of actions to improve its effectiveness. These included:

- Clarity on the links with clinical audit
- Further development of the BAF and risk management processes
- Development on assurance versus reassurance
- Increasing focus on data quality

Additional activities of the Committee during the year included:

- Review and approval of the internal audit plan, and more detailed programme of work, ensuring that this was consistent with the audit needs of the Trust
- Consideration of the major findings of internal audit work, the appropriateness of management responses, and the timeliness of completion of agreed actions
- Review of all external audit reports and the annual audit letter
- Statement and changes in, and compliance with, accounting policies and practices
- Review of all work related to security, fraud and corruption as set out in the Secretary of State Directions and as required by NHS Protect

The Audit and Risk Committee also received regular or specific reports on:

- Losses and compensation payments
- Waiver of tendering process and competitive quotations

- Write off of debts
- Any allegation of suspected fraud notified to the Trust.

The duty to appoint the External Auditors lies with the Council of Governors. A panel of Governors, supported by trust officers and the Chair of the Audit and Risk Committee is established to oversee the procurement of external audit services regarding the appointment and retention of the external auditor. The external audit function is provided by Grant Thornton who were appointed in 2019 for a three year period.

The company secretary was the formal secretary for the Committee and ensured that co-ordination of papers and minutes were produced in accordance with the Chair of the Committee. The Trust has a process agreed by governors for the agreement of non-audit services provided by external audit. No additional non-audit services were required during the period.

Quality and Safety Committee – Chair

Throughout 2019/20, the Quality and Safety Committee is chaired by Dr Maggie Helliwell, Non-Executive Director. Membership at 31 March 2020 also includes Rhys Davies, non-executive director, Melanie Hudson, non-executive director, the director of nursing, medical director and associate director of quality and safety.

The committee provides the Board of Directors with assurance that there is continuous and measurable improvement in the quality of the services provided. It achieves this by ensuring governance, performance and internal control systems support the delivery of safe, high quality patient care. The Committee also ensures that the risks associated with the quality of the delivery of patient care are identified and managed appropriately.

Charitable Funds Committee

The Charitable Funds Committee, chaired by Andrew Dumbleton, non-executive director, acts on behalf of the Board of Directors in its capacity as Corporate Trustee of the Airedale NHSFT Charitable Funds (charity number 1050730). Other committee members at 31 March 2020 include David Wharfe, non-executive director, an executive director, a head of nursing and a senior clinician.

The purpose of the committee is to give additional assurance to the Board of Directors as Corporate Trustee that its charitable activities are within the law and regulations set by the Charity Commission for England and Wales and to ensure compliance with the charity's own governing document. The committee meets at least four times a year and provides advice to the Corporate Trustee on matters such as investment strategy and fundraising strategy.

The annual report and accounts of the Airedale NHSFT Charitable Funds are available from either contacting the associate director of corporate affairs or via the Charity Commission website.

Finance, Performance and Digital Committee

The Finance, Performance and Digital Committee provides the Board with an independent and objective review of, and assurances, in relation to financial, performance and digital matters which may impact on the financial viability and sustainability of the Trust. At 31 March 2020 the committee chair was David Wharfe, non-executive director and also comprised non-executive directors Andrew Dumbleton and Rhys Davies. The membership also comprises the Finance Director, the Chief Operating Officer and the Associate Director of Strategy, Planning and Partnerships.

The Committee provides detailed scrutiny of financial and performance information, including performance against the cost improvement and capital investment programmes, the control total target and the cashflow position. Additionally, it reviews business cases for major initiatives. The Committee monitors progress against the Digital Strategy and receives assurance on the implementation of key digital projects and programmes.

People Committee

The People Committee provides assurance to the Board on the quality and impact of people, workforce and organisational development strategies and the effectiveness of people management in the Trust. This includes reviewing: recruitment and retention; training; employee health and wellbeing; employee engagement levels; workforce matters; and employee culture, diversity and inclusion. This Committee is chaired by Melanie Hudson and includes Rhys Davies and Nadira Mirza as its non-executive director members. The director of people and OD; director of nursing; and medical director are also members.

Director attendance at Board and Committee meetings 2019/20

Directors	Board of Directors	Audit & Risk Committee	BART*	Charitable Funds Committee	Quality and Safety Committee	Finance, Digital and Performance Committee	People Committee
Non-Executive Directors							
Andrew Gold	9/9	-	7/7	-	-	-	-
Andrew Dumbleton	7/8	3/3	--	3/4	-	8/8	-
Rhys Davies	6/8	-	-	-	5/9	4/8	3/5
Maggie Helliwell	9/9	5/5	-	-	11/11	-	-
Melanie Hudson	8/9	3/3	-	-	8/10	-	5/6
Nadira Mirza	8/9	-	2/2	-	-	3/3	6/6
David Wharfe	1/1	-	-	-	-	1/1	-
Jeremy Cross	7/8	2/2	6/6	2/3	-	8/8	-
Anne Gregory	-	-	1/1	-	-	-	-
Mark Lam	1/2	1/1	-	-	-	2/2	-
Lynn McCracken	4/4	-	5/5	-	4/5	-	2/3
Executive Directors							
Brendan Brown	9/9	-	6/7	-	-	-	-
Rob Aitchison	9/9	-	-	4/4	-	7/10	4/6
Jill Asbury	9/9	-	-	-	8/11	-	1/1
Andrew Copley	8/9	3/5	-	-	-	7/10	-
Joanne Harrison	5/5	-	2/2	-	-	-	4/4
Nick Parker	3/3	-	3/4	-	2/2	-	-
Karl Mainprize	9/9	-	-	-	10/11	-	2/2

*BART – Board Appointments, Remuneration and Terms of Service Committee

NHS Improvement's well–led framework

During 2019/20, the Board of Directors commissioned an independent review of its leadership and governance by the Good Governance Institute based on NHS Improvement's well-led framework and the Care Quality Commission's well-led key lines of enquiry, using a well-established review technique that has as its basis the triangulation of evidence. The review activities included interviews with key individuals within Airedale and external stakeholders; a documentation review; and meeting observations. At the time of writing this report, the results have not been finalised but early findings show some key themes, none of which are inconsistent with anything in the annual governance statement, corporate governance statement:

- The Trust has high-quality, approachable and visible leadership
- Exhibits high professional standards and patient focused qualities
- Business flow and processes are sound and most governance support systems are seen as generally effective and comprehensive
- Some evidence of good use of information by the Board and Committees, which require some adjustments to match best practice and a greater emphasis on intelligence and insight to make it a vital tool for decision making and taking.
- A need to develop more robust Board to ward assurance
- Strengthening of the Board Assurance Framework and risk management arrangements
- Ongoing development of performance management arrangements
- Develop an organizational and board development programme

The Board will consider the findings of the review at its meeting in June and an action plan will be developed to address the areas of improvement alongside those identified in the Care Quality Commission inspection report.

Directors' Statements

Better Payment Practice Code

The table below reports the Foundation Trust compliance with the better payment practice code in respect of invoices received for non-NHS and NHS trade creditors. The target is to pay all non-NHS trade creditors within 30 calendar days of receipt of the goods or a valid invoice (whichever is later) unless other payment terms have been agreed.

Non-NHS Trade Creditors Summary of Position 2019/20		
Year to 31 March 2020	**Numbers**	**Year to 31 March 2019**
52,547	Number of bills paid to date	42,377
14,105	Number of bills paid in 30 days	7,359
26.84%	Percentage of bills paid in 30 days	17.37%

Year to 31 March 2020	Values	Year to 31 March 2019
£152,182k	£k Value of bills paid to date	£134,385k
£98,316k	£k Value of bills paid in 30 days	£75,125k
64.60%	Percentage of bills paid in 30 days	55.90%

NHS Trade Creditors Summary of Position 2019/20		
Year to 31 March 2020	**Numbers**	**Year to 31 March 2019**
1,634	Number of bills paid to date	1,790
157	Number of bills paid in 30 days	58
9.61%	Percentage of bills paid in 30 days	3.24%

Year to 31 March 2020	Values	Year to 31 March 2019
£6,589k	£k Value of bills paid to date	£6,342k
£1,230k	£k Value of bills paid in 30 days	£1,850k
18.67%	Percentage of bills paid in 30 days	29.17%

The Trust continues to experience technical issues with its ledger which means there are challenges to being able to achieve the payment terms for a number of ledger payments. To improve performance in this area, a review of processes is currently underway which will lead to an improvement plan for 2020/21.

Private Patient Income

Section 164(3) of the Health and Social Care act removes condition 10 (which restricts income from private charges), from the Foundation Trust Terms of Authorisation. The Foundation Trust is now required by the Act and the Foundation Trust's Constitution (rather than by the terms of Authorisation) to ensure that income derived from activities related to the Foundation Trust's principle purpose of delivering goods and services for the purpose of

the NHS exceeds income derived from other activities. To increase this income in any financial year by 5% or more, the Foundation Trust is required to seek approval from the Council of Governors. In 2019/20 the Trust had not increased the percentage beyond the 5% threshold. The private patient income for 2019/20 was £148k (2018/98 £210k).

Statement of Disclosure to Auditors

For each individual who is a director at the time that the Annual Report is approved;

- So far as each director is aware, there is no relevant audit information of which the Trust's auditor is unaware; and
- The directors have taken all the steps they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

Details of political donations

The Board confirmed that no political donations have been made during the year.

Counter Fraud

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy the Foundation Trusts financial position at any time to enable them to ensure the accounts comply with requirements outlined in Secretary of State Directions. They are also responsible for safeguarding the Foundation Trust's assets and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Additional Disclosures Required by the NHS Foundation Trust Annual Reporting Manual

Accounting policies for pensions and other retirement benefits are set out in Note 1.3 to the accounts and details of senior employees' remuneration can be found in the Remuneration Report.

Preparation of the Annual Report and Accounts

All directors understand that it is their responsibility to prepare the annual report and accounts, and that they consider the annual reports and accounts, taken as a whole, to be fair, balanced, understandable, and to provide the information necessary for patients, regulators and other stakeholders to assess the performance of Airedale NHS Foundation Trust, including our business model and strategy. They are also responsible for safeguarding the assets of the Trust and hence taking reasonable steps for the prevention of fraud and other irregularities.

Our accounts, which begin on in Chapter 4 of this document, have been prepared under a direction issued by NHS Improvement under the NHS Act 2006 (as amended by the Health and Social Care Act 2012).

Quality of Care

To provide a better understanding of comparative performance, the Trust's Quality Accounts includes a core set of statutory national quality indicators aligned with the Department of Health's *NHS Outcomes Framework* for 2015/16 and reflects data that the Trust reports nationally. Information of performance against the core indicators and performance thresholds is given in the Quality Report 2019/20. Due to the arrangements under Coronavirus, the publication of the Quality Report for 2019/20 is delayed until December 2020 and therefore is not included in this Annual Report. Certain information is provided in the Overview of Performance on page 12 and the Director's Report on page 44.

Overview

The Foundation Trust is registered with the CQC without conditions. The CQC has not taken any enforcement action against the Foundation Trust during 2018/19.

In November 2018, the Care Quality Commission undertook its Core Services Inspection and returned during December 2018 to conduct their annual Well-led Inspection. The final report was published in March 2019; and the rating for the safety and well-led domain is "Requires improvement" as is the overall Quality summary rating for the Trust. The Trust has not had an inspection since this time and the Care Quality Commission's current inspection timetable has been halted as a result of coronavirus arrangements. Emergency inspection arrangements are due to be published at the time of writing this report.

Ratings for Airedale General Hospital

	Safe	Effective	Caring	Responsive	Well-led	Overall
Urgent and emergency services	Requires improvement Mar 2019	Good Mar 2019	Good Mar 2019	Good Mar 2019	Requires improvement Mar 2019	Requires improvement Mar 2019
Medical care (including older people's care)	Requires improvement Mar 2019	Good Mar 2019	Good Mar 2019	Good Mar 2019	Good Mar 2019	Good Mar 2019
Surgery	Requires improvement Mar 2019	Good Mar 2019	Good Mar 2019	Good Mar 2019	Requires improvement Mar 2019	Requires improvement Mar 2019
Critical care	Requires improvement Mar 2019	Good Mar 2019	Good Mar 2019	Good Mar 2019	Good Mar 2019	Good Mar 2019
Maternity	Good Sept 2017	Good Aug 2016	Good Aug 2016	Good Aug 2016	Good Sept 2017	Good Sept 2017
Services for children and young people	Good Sept 2017	Good Aug 2016	Good Aug 2016	Good Aug 2016	Good Sept 2017	Good Sept 2017
End of life care	Good Aug 2016	Good Aug 2016	Good Aug 2016	Good Aug 2016	Good Aug 2016	Good Aug 2016
Diagnostic imaging	Requires improvement Mar 2019	N/A	Good Mar 2019	Good Mar 2019	Good Mar 2019	Good Mar 2019
Outpatients & diagnostic imaging	Good Aug 2016	N/A	Good Aug 2016	Good Aug 2016	Good Aug 2016	Good Aug 2016

*Overall ratings for this hospital are from combining ratings for services. Our decisions on overall ratings take into account the relative size of services. We use our professional judgement to reach fair and balanced ratings.

Use of resources	Good
Combined rating	Good

The full report can be accessed from the CQC's website at www.cqc.org.uk

A Quality Improvement Plan was developed in response to the CQC Quality Report of March 2019 and a significant number of the actions have been implemented during 2019/20. This has been monitored through the Quality and Safety Committee and Board.
The Trust has maintained active communication with the CQC during the year and it is intended to resume a programme of engagement visits once the coronavirus arrangements allow.

Quality Governance
The Trust has implemented new Quality Governance arrangements and the Quality Assurance Framework reflects the refreshed and strengthened arrangements. During the year the Trust Board also approved a Quality Strategy which will be implemented during 2020/21.

Further details about the Foundation Trust's quality governance arrangements are included within the Annual Governance Statement in Section 7 of the Annual Report. Further information about patient care activities and stakeholder relations will be found in the Quality Report when it is published in December 2020.

Brendan Brown
Chief Executive
24 June 2020

SECTION 2 - REMUNERATION REPORT

Annual Statement on Remuneration

The Trust has established two committees responsible for the remuneration, appointments and nomination of Board Directors: the Appointment and Remuneration Committee and the Board Appointments, Remuneration and Terms of Service Committee. Through these two committees, the Board ensures that a robust and thorough process of performance evaluation of executive and non-executive directors is undertaken and remuneration levels are set accordingly.

Appointments and Remuneration Committee

The Appointments and Remuneration Committee (the 'Committee') is a committee of the Council of Governors and is established for the purpose of overseeing the recruitment and selection processes to secure the appointments of non- executive directors (including the chair) being cognisant of the Board of Directors knowledge, skills and experience. The Committee also oversees the review of remuneration levels of the chair and non-executive directors. The Committee makes recommendations to the Council of Governors on the appointment of non-executive directors (including the chair) of the Foundation Trust and the chair and non- executive directors remuneration levels. During 2019/20 the Committee met on eight occasions. Attendance at the Committee is as follows:

Attendees	Number of meetings
Non-Executive Directors	
Andrew Gold	8/8
Jeremy Cross	4/6
Anne Gregory	1/1
Lynn McCracken	2/3
Nadira Mirza	5/5
Governors	
Nick Cole	3/5
Karen Ellison	4/5
Annette Ferrier	6/8
Robert Heseltine	2/3
Gillian Quinn	3/5
John Roberts	2/3
Jerry Stanford	8/8
Bryan Thompson	2/3

The process through which the non-executive directors are evaluated is led by the Committee and involves seeking feedback from governors and Board Directors, as well as directly from governor members of the Appointments and Remuneration Committee. The chair conducts the non-executive director appraisals, whilst the senior independent director

conducts the appraisal of the chair. The Council of Governors receives an assurance report each year outlining the process undertaken.

During the year, the Committee undertook a review of guidance published by NHS Improvement in November 2019 on a remuneration structure for NHS provider chairs and non-executive directors. The guidance aimed to address disparities between the remuneration of chairs and non-executive directors of NHS trusts and NHS foundation trusts and provides a benchmark for levels of remuneration in the foundation trust sector.

For non-executive directors, a single uniform annual rate of £13,000 was applied with local discretion to award limited supplementary payments depending on the organization's size in recognition of designated extra responsibilities. The Council of Governors, on recommendation from the Committee, agreed that these payments would be made to the chair of Audit and Risk Committee and to the Senior Independent Director. Any non-executive director currently receiving an additional responsibility payment (for chairing a committee) would continue to receive that payment until they ceased in that role or until the end of their term of office, whichever is the sooner.

For chairs, a remuneration range was applied according to the size of a Trust based on its annual turnover and complexity. For Airedale, this means the Trust falls into group 1 with a remuneration range of between £40,000 and £45,100. For both non-executive and Chair remuneration the Committee made recommendations which were approved by the Council of Governors.

The Committee's other work during the year included reviewing its terms of reference and reviewing the role descriptions for the chair and non-executive directors to ensure they remained relevant and appropriate. The Committee also commissioned a skills review which would inform future recruitment to non-executive director vacancies. It also conducted a candidate search and interviews for four non-executive posts: a replacement for Professor Anne Gregory and Lynn McCracken at the completion of their terms of office in April and September 2019 respectively; the appointment of an additional non-executive director to chair the People Committee; a replacement for Jeremy Cross as he had decided to stand down six months ahead of the completion of his term of office due to securing a non-executive director post in another local trust; and a replacement for Maggie Helliwell when she completes her term at the end of May 2020. The Committee used the in-house services of the Trust's HR department. The search method included on-line advertising through NHS Jobs and NHSI as well as seeking candidates via networking. The candidate searches concluded successfully with the appointment of Melanie Hudson and Nadira Mirza who joined the Trust in May 2019; Rhys Davies and Andrew Dumbleton who joined in June 2019; David Wharfe who joined in March 2020; and Andy Withers who joined in April 2020. All appointees met the fit and proper person criteria.

Board Appointments and Remuneration and Terms of Service Committee

The Committee is established for the purpose of overseeing the recruitment and selection process for executive directors and the appointment of formal Board positions, for example the senior independent director and Board Committee chairs. The Committee's second purpose is to determine the remuneration and terms of service of Executive Directors and Associate Directors. During 2019/20 the Committee met seven times. Attendance at the Committee is recorded on p39.

The Committee also reviews current and future requirements applicable to the performance and setting of salaries for the posts covered by the committees remit and, in addition, the Foundation Trust's senior management succession planning arrangements and talent management process. The outcome of the executive directors' appraisals, conducted by the chief executive, and in the case of the chief executive, conducted by the chair, is reported to the Committee. The evaluation process involves input from other executive directors as well as non-executive directors. The Committee's report to the Board of Directors includes the reporting of the chief executive's annual objectives.

As part of the review of remuneration, the Committee considered a report from the chief executive which summarised the performance of individual directors. In the case of the chief executive, the chair presented the performance report. The Committee also made a decision on director pay. In determining any decisions relating to executive pay, the Committee has regard to the NHS Improvement Code of Governance in relation to the remuneration of executive directors and is particularly sensitive to the pay and conditions of other staff within the Foundation Trust. Accordingly, the level of increase applied to directors' salaries did not exceed the maximum increase that staff employed under Agenda for Change would have received for 2019/20.

The Committee led the appointment of two executive posts: Associate Director of Quality and Safety; and Director of People and OD.

The BART considered recommendations from the appointment panel and agreed the preferred candidates for each role. As a result Amanda Stanford joined the Trust as Associate Director of Quality and Safety in June 2019; and Joanne Harrison was appointed as Director of People and OD from September 2019.

The Committee also met during the year to consider the skills matrix for executive directors and to review the Committee terms of reference.

Key components of remuneration

Executive Directors

Remuneration Component	***How this component relates to the Trust strategy***	***How this component operates in practice***	***Performance measures and maximum potential value***
Base salary	Base salary helps to attract, reward and retain the right calibre of executive to deliver the leadership/management needed to execute the Foundation Trust's vision and plan	Base salary reflects the role, the executive's skills and experience and market level. To determine market level, the BART committee reviews remuneration data on executive positions against NHS benchmarks using the '*IDS publication 'NHS Boardroom Pay Report.* On appointment an Executive Director's base salary is set at the market level or below if the executive is not fully experienced at this level. Where base salary on appointment is below market level to reflect experience, it will over time be increased to align with the market level subject to performance. In exceptional cases the BART committee has the discretion to appoint above the maximum pay point in order to recognise outstanding experience, skills and knowledge. Base salaries of all Executive Directors are reviewed once each year. Reviews cover individual performance, experience, development in role and market comparisons.	The base salaries of Executive Directors in post at the start of the policy period and who remain in the same role throughout the policy period will not usually be increased by a higher percentage than the maximum incremental uplift applicable to the highest paid staff on Agenda for Change. The only exceptions are where an Executive Director has been appointed at below market level to reflect experience. The BART committee has the discretion to award increases above the maximum point or non-consolidated performance payments to reward exceptional performance.
Annual performance related bonus	No performance related pay scheme is in operation within the Foundation Trust.		

	All other staff are subject to Agenda for Change pay rates, terms and conditions of service, which are determined nationally.		
Long term performance related bonus	No long term performance related scheme is in operation within the Foundation Trust. All other staff are subject to Agenda for Change pay rates, terms and conditions of service, which are determined nationally.		
Pension related benefits	Pension provision is one of the components to attract, reward and retain the right calibre of Executive Director's in order to ensure delivery of the leadership and management needed to execute the Foundation Trust's vision and plan	Executive Directors are entitled to join the NHS Pension Scheme. The employer's contributions are 14% of base salary. Alternatively, at their option and with agreement, Executive Directors may receive cash in lieu of pension at the stated rate and subject to normal statutory deductions.	Maximum is 14% of base salary

For Executive Directors, appointments are not time limited and the period for serving notice, whilst historically has been six months, is now three months for new appointees. Executive director contracts have reflected this change as new directors are appointed. Contractual provision for early termination is not appropriate as the contracts are not fixed term. Liability for early termination is therefore not calculated. No significant termination payments have been made since the organisation became a Foundation Trust.

Non-Executive Directors

Remuneration Component	How this component operates in practice
Annual fee	The remuneration of the Chair and Non-Executive Directors is determined by the Appointments and Remuneration Committee in line with the guidance from NHS Improvement. https://improvement.nhs.uk/documents/6110/Chair_and_NED_Remuneration_Structure_1nov.pdf Members of the Committee conflicted by the Committees' recommendations are excluded from the decision making process. The Chair and Non-Executive Directors receive annual remuneration and additional payments are currently paid to: ➢ Senior Independent Director; ➢ Chair of the Audit and Risk Committee; ➢ Chair of the Quality and Safety Committee; ➢ Chair of the Charitable Funds Committee, and ➢ Chair of the Trust's wholly owned subsidiary. Going forward the level of remuneration of non-executive directors will be in line with the guidance on Chair and Non-executive remuneration published by NHS Improvement and additional payments will only be paid to the Senior Independent Director and Chair of the Audit and Risk Committee.
Travel expenses	Non-Executive Directors are entitled to reimbursement of travel and accommodation expenses at the same rates as applicable to Executive Directors and other staff.
Other benefits	Non-Executive Directors are not entitled to receive any other fees or benefits in kind other than their annual remuneration.

The Trust's remuneration reports are subject to a full external audit.

Details of remuneration and pension information are detailed on pages 53 and 57 respectively.

Annual Report on Remuneration

Service Agreements

The following table shows for each person who was a Director of the Foundation Trust at 31 March 2020 or who served as a Director of the Trust at any time during the year ended 31 March 2020, the commencement date and term of the service agreement or contract for services, and details of the notice periods.

Director	Contract start date	Contract term (years)	Unexpired term at the date of publication (months)	Notice period by the Trust (months)	Notice period by the director (months)
Non-Executive Directors					
Andrew Gold**	1 June 2019	6 years	26 months	3 months	3 months
Rhys Davies	1 June 2019	3 years	27 months	3 months	3 months
Andrew Dumbleton	1 June 2019	3 years	27 months	3 months	3 months
Maggie Helliwell*	1 June 2019	4 years	2 months	3 months	3 months
Melanie Hudson	7 May 2019	3 years	25 month		
Nadira Mirza	7 May 2019	3 years	25 month		
David Wharfe	1 March 2020	3 years	35 months		
Jeremy Cross	1 October 2017	3 years	-	3 months	3 months
Anne Gregory	1 June 2015	3 years	-	3 months	3 months
Mark Lam	1 July 2018	3 Years	-	3 months	3 months
Lynn McCracken	1 October 2016	3 years	-	3 months	3 months
Executive Directors					
Rob Aitchison	1 April 2019	Indefinite term	Not applicable	3 months	3 months
Jill Asbury	11 January 2016	Indefinite term	Not applicable	3 months	3 months
Brendan Brown	4 June 2018	Indefinite term	Not applicable	3 months	3 months
Andrew Copley	1 January 2013	Indefinite term	Not applicable	3 months	3 months
Joanne Harrison	4 September 2019	Indefinite term	Not applicable	3 months	3 months
Karl Mainprize	3 June 2014	Indefinite term	Not applicable	3 months	3 months

*Maggie Helliwell's term of office was extended for one year from 1 June 2019
** Serving a second three year term of office

A non-executive director's term of office may be terminated immediately if they commit a material breach of their obligations under their terms of appointment or under the following circumstances:

- commit any serious or repeated breach or non-observance of their obligations to the Foundation Trust (which include an obligation not to breach their duties to the Foundation Trust, whether statutory, fiduciary or common-law); or

- are guilty of any fraud or dishonesty or acted in a manner which in the opinion of the Foundation Trust acting reasonably brings or is likely to bring them or the Foundation Trust into disrepute or is materially adverse to the interests of the Foundation Trust; or
- have been convicted within the preceding 5 years of any offence if a sentence of imprisonment for a period of not less than 3 months has been imposed; or
- have been adjudged bankrupt or their estate sequestrated and (in either case) has not discharged; or
- are disqualified from acting as a director in accordance with the Airedale NHS Foundation Trust Constitution.

In such circumstances the process for termination by the Council of Governors would be in accordance with the Fit and Proper Persons Regulations and accompanying operating procedure.

Expenses paid to Governors 2019/20

During the financial year, a number of governors were paid expenses to reimburse their travel costs incurred whilst attending meetings at the Foundation Trust and at external training and development events.

	2019/20	2018/19
Number of Governors in office	20	22
Number of Governors receiving expenses	3	2
Total expenses paid to Governors	£137.76	£402

Senior Managers' Remuneration Policy

In 2013/14 the Trust adopted an Executive Director Pay and Rewards Framework ('Framework') developed in line with the recommendations contained in the Hutton Report (March 2011) and Fair Pay Code. The Framework was reviewed again in 2019/20 to determine executive director pay. For the Trust, this Framework applies to Executive Directors and Associate Directors, collectively referred to as Very Senior Managers (VSM).

The Trust remains committed to the principle of fair pay and is mindful of that in determining remuneration levels which attract, retain and motivate executives whilst providing value for money.

In response to the directive issued by the Secretary of State in June 2015 (and subsequent guidance issued in February 2017), regarding Very Senior Manager remuneration, the Trust confirms that, via the Board Appointments, Remuneration and Terms of Service Committee ('BART),' the policy on executive remuneration (the Framework) is, and will continue to be, reviewed on an annual basis. BART reviewed executive director remuneration levels in

2019 in accordance with the Framework, and considered these to be necessary and publicly justifiable.

Underpinning this, the Trust ensures that in regard to senior managers:

- Pay and reward are linked to the weight of the role based on accountability, job responsibilities and the knowledge and skills required;
- Pay is proportional to an individual's performance based on achievement of individual and Foundation Trust objectives and enables progression as directors develop in role;
- Base pay and reward follow a robust performance appraisal process with objectives and final assessment of pay awards delegated to the Board Appointment, Remuneration and Terms of Service Committee;
- Pay and reward reflects pay developments and awards in the wider public sector and takes in to account the level of general pay increases for other staff within the Foundation Trust, ensuring value for money; and
- Executive pay ranges are published to staff and the public in the Trust's Annual Report.

These principles are specifically scrutinised in the case of all senior managers earning more than £150,000.

Salary and pension contributions of all executive and non-executive directors

Information on the salary and pensions contributions of all executive and non-executive directors is provided in the tables on the following pages. The information in these tables has been subject to audit by our external auditors Grant Thornton. Additional information is available in notes from p10 of the accounts.

Salaries and Allowances (for the period 1 April 2019 to 31 March 2020) – subject to audit

Information relating to senior manager's salaries, compensations, non-cash benefits, pension compensation and retention of earnings for Non-Executive Directors payments is set out below.

	2019-20 (12 months					
Name and Title	**Salary**	**Taxable benefits**	**Annual performance-related bonuses**	**long-term performance-related bonuses**	**All pension related benefits**	**Total**
	(bands of £5000) £000	**(total to the nearest £100)**	**(bands of £5000) £000**	**(bands of £5000) £000**	**(bands of £2500) £000**	**(bands of £5000) £000**
Mr Rob Aitchison-Director of Operations	115-120	0	0	0	75-77.5	195-200
Ms Jill Asbury- Director of Nursing	110-115	100	0	0	0	110-115
Mr Brendan Brown- Chief Executive	170-175	100	0	0	40-42.5	215-220
Mr Andrew Copley - Director of Finance	140-145	100	0	0	0	140-145
Mrs Joanne Harrison- Director of People and OD	50-55	0	0	0	37.5-40	90-95
Dr Karl Mainprize - Medical Director	170-175	100	0	0	0	170-175
Mr Nicolas Parker - Director of People and OD	25-30	0	0	0	0	25-30
Mr Jeremy Cross - Non-Executive Director	10-15	0	0	0	0	10-15
Mr Simon Rhys Davies - Non Executive Director	10-15	0	0	0	0	10-15
Mr Andrew Dumbleton Non-Executive Director	10-15	0	0	0	0	10-15
Mr Andrew Gold - Chair	40-45	0	0	0	0	40-45
Prof Anne Gregory-Non -Executive Director	0-5	0	0	0	0	0-5
Dr Maggie Helliwell - Non-Executive Director	10-15	0	0	0	0	10-15
Mrs Melanie Hudson- Non Executive Director	10-15	100	0	0	0	10-15
Mr Mark Lam- Non-Executive Director	0-5	0	0	0	0	0-5
Mrs Lynn McCracken-Non-Executive Director	5-10	0	0	0	0	5-10
Dr Nadira Mirza- Non Executive Director	10-15	0	0	0	0	10-15
Mr David Wharfe - Non Executive Director	0-5	0	0	0	0	0-5

Mr Rob Aitchison-Director of Operations started April 2019
Brendan Brown started June 2018
Bridget Fletcher left June 2018
Mrs Joanne Harrison - Started September 2019
Ms Stacey Hunter - Director of Operations left March 2019
Mr Nicolas Parker - Started April 2019 left June 2019, previously associate director
Mr Jeremy Cross - Non-Executive Director left December 2019
Mr S R Davies - Non Executive Director started June 2019
Mr A M Dumbleton Non-Executive Director started June 2019
Prof Anne Gregory-Non -Executive Director Left May 2019
Mrs M T Hudson- Non Executive Director started May 2019
Mr Mark Lam- Non-Executive Director left May 2019
Mrs Lynn McCracken-Non-Executive Director left November 2019
DR N S Mirza- Non Executive Director started May 2019
Mr D Wharfe - Non Executive Director started March 2020

No former senior manager received compensation in the period 1/4/2019 - 31/3/2020

The pension related benefits are calculated by taking the inflated increase in pension entitlement (1% for 2019/2020) less the employee contribution. Assuming pension is paid for a period of 20 years
The increase in entitlement is calculated as ((20 x PE) + LSE) -((20 X PB +LSB)

Where:

- PE is the annual rate of pension that would be payable to the director, if they became entitled to it at the end of the financial year
- PB is the annual rate of pension, adjusted for inflation, that would be payable to the director if they became entitled to it at the beginning of the financial year
- LSE is the amount of lump sum that would be payable to the director if they became entitled to it at the end of the financial year
- LSB is the amount of lump sum ,adjusted for inflation, that would be payable to the director if they became entitled to it at the beginning of the financial year

Salaries and Allowances (for the period 1 April 2018 to 31 March 2019) - subject to audit

Information relating to senior manager's salaries, compensations, non-cash benefits, pension compensation and retention of earnings for non-executive directors payments is set out below.

Name and Title	2018-19 (12 months)					
	Salary (bands of £5000) £000	Taxable benefits (total to the nearest £100)	Annual performance-related bonuses (bands of £5000) £000	long-term performance-related bonuses (bands of £5000) £000	All pension related benefits (bands of £2500) £000	Total (bands of £5000) £000
Miss Bridget Fletcher - Chief Executive	40-45	0	0	0	0	40-45
Mr Brendan Brown- Chief Executive	120-125	100	0	0	0	120-125
Mr Andrew Copley - Director of Finance	140-145	0	0	0	17.5-20	160-165
Ms Jill Asbury- Director of Nursing	105-110	0	0	0	82.5-85	190-195
Dr Karl Mainprize - Medical Director	165-170	100	0	0	67.5-70	230-235
Ms Stacey Hunter - Director of Operations	135-140	200	0	0	25-27.5	160-165
Mr Andrew Gold - Chair	40-45	800	0	0	0	40-45
Mr Jeremy Cross - Non-Executive Director	10-15	1200	0	0	0	10-15
Prof Anne Gregory-Non -Executive Director	10-15	300	0	0	0	10-15
Dr Maggie Helliwell - Non-Executive Director	10-15	0	0	0	0	10-15
Mr Mark Lam- Non-Executive Director	5-10	0	0	0	0	5-10
Mrs Lynn MCCraken-Non-executive	10-15	0	0	0	0	10-15

Pension Benefits as at 31 March 2020 - subject to audit

Name and title	Real Increase in Pension at retirement age	Real Increase in Pension Lump Sum at Pension age	Total accrued pension at Pension age at 31 March 2020	Lump Sum at pension Age Related to Accrued Pension at 31 March 2020	Cash Equivalent Transfer Value at 31 March 2020	Cash Equivalent Transfer Value at 31 March 2019	Real Increase in Cash Equivalent Transfer Value	Employers Contribution to Stakeholder Pension
	(bands of £2500) £000	(bands of £2500) £000	(bands of £5000) £000	(bands of £5000) £000	£000	£000	£000	To nearest £100
Mr Rob Aitchison - Chief Operating Officer	2.5-5	5-7.5	20-25	30-35	246	189	57	0
Ms Jill Asbury - Director of Nursing	0-2.5	0-2.5	40-45	130-135	974	944	30	0
Mr Brendan Brown- Chief Executive	2.5-5	0	10-15	0	155	112	43	0
Mr Andrew Copley - Director of Finance	0	0	55-60	120-125	1122	1140	0	0
Mrs Joanne Harrison - Director of People and Organisational Development	2.5-5	2.5-5	10-15	15-20	156	122	34	0
Dr Karl Mainprize - Medical Director	0	0	65-70	100-105	1077	1103	0	0
Mr Nicholas Parker - Director of People and Organisational Development	0-2.5	0	15-20	0	250	237	13	0

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2004-05 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

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

Due to a change in indexation methodology for public sector pension schemes, from August 2019 the method used by NHS Pensions to calculate CETV values was updated. The CETV values at 31 March 2019 and 31 March 2020 may have been calculated using different methodologies, and this change may have impacted the real increase in CETV figure. The benefits and related CETVs do not allow for any potential adjustment arising from the McCloud judgement

The NHS Pension Scheme

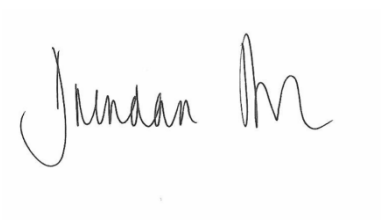
Pension benefits are provided through the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. Employer contributions are 14% of salary.

The Scheme is a 'final salary' scheme. Annual pension are normally based on 1/80th for the 1995 section and of the best of the last three years of pensionable pay for each year of service, 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service. Members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules.

Annual increases are applied to pension payments at rates defined by the Pensions (increase) Act 1971, and are based on changes in consumer prices in the twelve months ending 30 September in the previous calendar year.

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable. Members can purchase additional service in the NHS Scheme and contribute to money purchase AVCs run by the Scheme's approved providers or by other Free Standing AVC providers.

For early retirements other than those due to ill health, the additional pension liabilities are not funded by the Scheme. The full amount of the liability for the additional costs is charged to the statement of comprehensive income at the time the Foundation Trust commits itself to the retirement, regardless of the method of payment. Full details of the pension scheme can be found on the NHS Pensions website at www.pensions.nhsbsa.nhs.uk



Brendan Brown
Chief Executive
24 June 2020

SECTION 3 - STAFF REPORT

Analysis of Staff Costs

An analysis of staff costs is shown below. The information is split between permanently employed, defined as staff with a permanent (UK) employment contract directly with the Foundation Trust and other staff, defined as staff engaged on the objectives of the entity that do not have a permanent (UK) employment contract with the Trust. This information includes employees on short term contracts of employment, agency/temporary staff, locally engaged staff overseas, and inward secondments from other entities.

	2019/20 12 months			2018/19 12 months		
Employee expenses	**Total**	**Permanently employed**	**Other**	**Total**	**Permanently employed**	**Other**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Salaries and wages	106,389	105,936	453	97,508	97,163	345
Social security costs	10,425	10,425	0	8,651	8,651	0
Employers contributions to NHS Pensions Agency	17,546	17,546	0	11,640	11,640	0
Apprenticeship levy	490	490	0	447	447	0
Agency/contract staff	8,868	0	8,868	6,571	0	6,571
NHS Charitable Funds staff	0	0	0	0	0	0
TOTAL	143,718	134,397	9,321	124,817	117,901	6,916

Analysis of Staff Numbers

An analysis of staff numbers is shown below. The average number of employees is calculated as the whole time equivalent number of employees under contract of service in each week in the financial year, divided by the weeks in the financial year

	2019/20			2018/19		
Average number of employees*	**Total Number**	**Permanently employed Number**	**Other Number**	**Total Number**	**Permanently employed Number**	**Other Number**
Medical and Dental	332	284	48	295	263	32
Administration and Estates	**647**	630	17	609	584	25
Healthcare assistants and other support staff	**798**	702	96	682	608	74
Nursing, midwifery and health visiting staff	**733**	685	48	705	675	30
Scientific, therapeutic and technical staff	**454**	454	0	442	442	0
Other	**0**			0	0	0
TOTAL	**2,964**	**2,755**	**209**	2733	2572	161

*WTE = whole time equivalent

Trust and AGHS Combined:
The Foundation Trust employed 3388 (primary assignment only, permanent and fixed term contracts) staff comprising 2702 female staff and 686 male staff.

Trust only:
The Foundation Trust employed 2964 (primary assignment only, permanent and fixed term contracts) staff comprising 2457 female staff and 507 male staff.

Sickness Absence data
The Trust continues to support employees' health and wellbeing and attendance. Data on sickness absence is published by NHS Digital: https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates

Employee Policies and Actions
Supporting employee health and wellbeing remains a key priority for the Trust to enable the delivery of high standards, high quality, and safe patient outcomes in an environment which provides a positive experience for all our patients and visitors. The Trust has an established Employee Health and Wellbeing service that provides direct support to employees and their services can be accessed through either a management or self-referral

route. There is a range of services available for employees, including employee health advice, occupational therapy and mental health support and immunization programmes. The Flu Vaccine Programme had over 75% uptake from front line colleagues.

The Trust actively promotes an employee assistance programme (EAP), that offers a multichannel service including 24 hour 7 days a week telephone helpline which is supported by a dedicated website and direct email access to their specialist advisors. Within this service employees can seek mental health support; be signposted to other local services and receive if appropriate up to six sessions of telephone counselling and/or face to face counselling.

The well-being of our staff remains a priority for us particularly when considering the impacts of the Covid-19 pandemic on the Trust's workforce. During the pandemic the Trust introduced a number of supporting services to sit alongside the services already provided by the Employee Health and Wellbeing team. These included:

- Psychological well-being materials and resources;
- Psychological First Aid training;
- Well-being/wobble rooms to pause, recharge and reflect which have been kitted out through the generous public support and donations we have been receiving;
- Telephone and video support;
- Providing opportunities for reflection through tools such as virtual Schwartz rounds;
- Free support webinars by the Association of Clinical Psychologists

The Trust Board has recently approved a People Strategy based on a single aim of supporting our people to thrive and flourish in all that we do. This is underpinned by four key objectives:

- value our people by promoting a positive culture and working environment that allows everyone to thrive and flourish
- work towards having enough people to provide great services and care and endeavour to address any material gaps through recruitment
- have people who want to work for us because of our positive reputation and who are reflective of our population
- make sure our people have the right skills and resources to develop and be able to succeed

The Trust has invested in leadership development and provided training through the CILA Leadership Enrichment Scheme provided by HealthSkills to over 80 senior leaders across the Trust. This has been supported by the Chief Executive's Leadership Community sessions.

The Trust has continued its programme of supported interns in partnership with Keighley College. The programme aims to enhance employment opportunities for local young people with learning and physical disabilities through direct experience of the work place through placement rotation between different departments. This is part of the Trust's commitment to employing a more diverse workforce.

The Trust has continued to develop its staff networks for BAME, Gender, Disability and LGBT+ colleagues with non-executive director and executive director input. In addition, during 2019 a reciprocal mentoring programme for board members and BAME colleagues was run involving 14 BAME colleagues to each mentor a member of the board on their experience of being an employee at Airedale.

The Trust has well developed reward and recognition arrangements in place. Each year the Trust holds its Pride of Airedale Awards recognizing outstanding examples of service or achievement; there is a monthly nominated recognition award and long service awards for those staff who have worked at the Trust for over 25 or 40 years.

Equality and Diversity

Policy in Relation to Disabled Employees

The main Trust policies which support the employment of disabled employees relate to recruitment and selection, managing attendance and equality and diversity. All HR policies have been equality impact assessed. The Director of People and OD facilitated the establishment of a disability focus group to identify and take action to improve the experience of disabled staff. This group organised the first Trust Disability Awareness Week to raise awareness of disability and workplace support and has developed and published a reasonable adjustments toolkit for managers. The work of the group is now well established and is beginning to pay dividends in terms of improved experience being reported in the NHS Staff Survey. The head of employee health and wellbeing has also taken on a wider role to support managers and employees make timely reasonable adjustments to the workplace environment.

Equality Delivery System

The Foundation Trust is committed to being an inclusive provider and employer.

The Foundation Trust is fully committed to meet its core requirements under the Equality Act 2010 and has published an Inclusion Strategy to enable it to become more inclusive in terms of patient experience and as an employer. The commitment to the NHS Equality Delivery System and delivering actions as part of the Workforce Race Equality Standard and Workforce Disability Equality Standard are key elements of this strategy.

Staff engagement

The Trust recognises that a high level of employee engagement is crucial to improving patient care and experience. The Foundation Trust has a formal partnership agreement in place with the unions and staff organisations representing employees. There are also consultation mechanisms through the Joint Local Negotiating Committee for medical staff and the Airedale Partnership Group for all employees.

The Trust currently has four staff governor seats, which represent the views of staff on the Council of Governors and Trust working groups.

Local employee surveys – called 'pulse surveys' are distributed quarterly throughout the year to measure employee satisfaction and monitor specific issues. The results inform action plans drawn up following the annual staff survey, which are monitored at group level and by the executive management team.

The executive directors conduct 'listening sessions' to meet with employee groups on a regular basis. The programme of visits is intentionally flexible to enable a rapid response to any areas of concern highlighted by the results of the pulse survey or staff survey. Feedback is reported to and monitored by the executive directors group.

The executive directors also do regular walkrounds to front-line ward and support service areas. Feedback is presented to executive colleagues enabling any concerns to be addressed as soon as practicable.

The Trust has plans in place to implement a new staff communication and engagement tool during 2020 which will enable clearer and more targeted communication with different groups of colleagues. It will also provide a mechanism for engaging and gaining feedback from colleagues on a range of different topics and priorities.

NHS Staff Survey

The NHS staff survey is conducted annually. From 2018 onwards, the results from questions are groups to give scores in ten indicators. The indicator scores are based on a score out of 10 for certain questions with the indicator score being the average of those.

The 2019 annual survey of NHS staff was conducted in October to December 2019 and the results published in March 2020. The response rate to the 2019 survey was 52% (This is a significantly improved response to the previous year which was 46% and above average when compared to other acute trusts which is 48% nationally). Scores for each indicator together with that of the survey benchmarking group of acute trusts are presented below:

Theme	2019 score	Benchmarking Group	2018 score	Benchmarking Group	2017 score	Benchmarking Group
Equality, diversity & inclusion	**9.4**	9.0	**9.4**	9.1	**9.3**	9.1
Health & wellbeing	**6.3**	5.9	**6.3**	5.9	**6.3**	6.0
Immediate managers	**7.1**	6.8	**7.0**	6.7	**6.8**	6.7
Morale	**6.4**	6.1	**6.3**	6.1	**-**	-
Quality of appraisals	**5.6**	5.6	**5.4**	5.4	**5.5**	5.3
Quality of care	**7.3**	7.5	**7.3**	7.4	**7.3**	7.4
Safe environment – Bullying & harassment	**8.3**	7.9	**8.4**	7.9	**8.3**	8.0
Safe environment – Violence	**9.6**	9.4	**9.6**	9.4	**9.6**	9.4
Safety culture	**7.0**	6.7	**7.0**	6.6	**6.8**	6.6
Staff engagement	**7.2**	7.0	**7.2**	7.0	**7.1**	7.0

Airedale NHS FT scored above average for acute trusts in 8 out of the 10 key themes with the exception of:

- Quality of appraisals which was the same as the average of 5.6 but an improvement on the Trust's score in 2018
- Quality of care which is below the average of 7.5.

In response to the findings of the staff survey, areas of focus have been agreed with the Board of Directors, though many of the key actions needed are included in the Foundation Trust's People Strategy.

The directorate reports indicate areas of exemplar practice and areas that require improvement that are below Trust average. Each directorate is required to develop and action plan which is monitored through the monthly performance review meetings. The six teams with the highest number of negative responses attend the Trust's People Committee to report on action plans being developed.

Trade Union Facility Time

There is a requirement to report trade union facility time in accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017 in the annual report and on the website by the 31 July each year. The up to date information will be available on the Trust's website at http://www.airedale-trust.nhs.uk/about-us/equality-diversity-inclusion/wres-information/

Fair Pay Information

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

The banded remuneration of the highest paid director in Airedale NHS Foundation Trust in the financial year 2019/20 was £172,500 (2018/19, £151,075). This was 7 times (2018/19 7.1) the median remuneration of the workforce, which was £24,214 (2018/19 £21,089).

In 2019-20, 8 (2018-19, 7) employees received remuneration in excess of the highest paid director. Remuneration ranged from £0 to £320,000 (2018-19, £0 to £285,000). Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind, but not severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Expenditure on consultancy

During 2019/20 the Trust spent £218,000 on consultancy.

Off-payroll engagements

Table 1: For all off-payroll engagements as of 31 March 2020, for more than £245 per day and that last for longer than six months

Number of existing engagements as of 31 March 2020	0
Of which….	
Number that have existed for less than one year at time of reporting	0
Number that have existed for less between one and two years at time of reporting	0
Number that have existed for between two and three years at time of reporting	0
Number that have existed for between three and four years at time of reporting	0
Number 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 2019 and 31 March 2020, for more than £245 per day and that last for longer than six months

Number of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	0
Of which….	
Number assessed as within scope of IR35	0
Number assessed as not within scope of IR35	0
Number engaged directly (via PSC contracted to trust) and are on trust's payroll	0
Number of engagements reassessed for consistency / assurance purposes during the year	0
Number of engagements that saw a change to IR35 status following the consistency review	0

Table 3: For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020

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	0

Exit packages

This was an agreed package following an employment tribunal. All our payroll engagements are subject to a risk-based assessment and where considered necessary, we seek assurance as to whether the individual is paying the right amount of tax. The Trust is continuing to work with agencies to ensure contractual clauses are in place.

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band

<£10,000	-	-	-
£10,000 – £25,000	-	-	-
£25,001 – £50,000	-	1	1
£50,001 – £100,000	-	-	-
£100,000 – £150,000	-	-	-
£150,001 – £200,000	-	-	-
Total number of exit packages by type	-	1	1
Total resource cost	-	£30,000	£30,000

	Agreements number	Total Value of Agreements £000
Voluntary redundancies including early retirement contractual costs	-	-
Mutually agreed resignations (MARS) contractual costs	-	-
Early retirements in the efficiency of the service contractual costs	-	-
Contractual payments in lieu of notice	-	-
Exit payments following Employment Tribunals or court orders	1	30
Non-contractual payments requiring HMT approval *	-	-
Total	1	30
Of which: non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months of their annual salary	-	-

Gender pay gap

The Trust publishes its information on the gender pay gap position for the Trust on the Cabinet Office website: https://gender-pay-gap.service.gov.uk/employer/VmGn22sN and on the Trust website: http://www.airedale-trust.nhs.uk/about-us/equality-diversity-inclusion/wres-information/

SECTION 4 - ASSESSMENT AGAINST THE NHS IMPROVEMENT NHS FOUNDATION TRUST CODE OF GOVERNANCE

The Code of Governance

Airedale NHS Foundation 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 Governance Code issued in 2012.

The Board of Directors has established governance policies that reflect the principles of the NHS Foundation Trust Code of Governance, these include:

- Standing Orders of the Board of Directors, Standing Orders of the Council of Governors, Scheme of Reservation and Delegation of Powers and Standing Financial Instructions;
- Established role of Senior Independent Director;
- Regular private meetings between the Chair and Non-Executive Directors;
- Performance appraisal process for all Non-Executive Directors, including the Chair, developed and approved by the Council of Governors;
- Formal induction programme for Non-Executive Directors and Executive Directors;
- Attendance records for Directors and Governors at key meetings;
- Comprehensive induction programme for Governors;
- Register of Interests for Directors, Governors and senior staff;
- Annual declaration of compliance with the 'fit and proper' persons test described in the provider licence, for the Board of Directors;
- Established roles of Lead Governor and Deputy Lead Governor;
- Monthly private meeting between the Chair and Governors to review matters discussed at the Board of Directors' meetings;
- Council of Governors' agenda setting process;
- Collective performance evaluation mechanism for the Council of Governors;
- Board Appointments, Remuneration and Terms of Service Committee for Executive Directors;
- Appointments, Remuneration and Terms of Service Committee for Non-Executive Directors;
- Provision of high quality reports to the Board of Directors and Council of Governors;
- Well-led Board evaluation and development plan;
- Council of Governors' presentation of performance and achievement at the Annual Members Meeting;
- Code of Conduct for Governors;
- Going Concern Report;
- Robust Audit and Risk Committee arrangements;
- Governor-led process for the appointment of External Auditor; and
- Whistleblowing Policy and Counter Fraud Policy.

In considering the provisions of the Code of Governance for Foundation Trusts, the Board is satisfied that all the requirements have been complied with and consequently there are no departures from the Code of Governance requiring disclosure.

Each NHS Foundation Trust has its own governance structure. The basic governance structure of all NHS Foundation Trusts includes:

- Foundation Trust Members;
- Council of Governors; *and,*
- Board of Directors

This structure is established and well developed at Airedale NHS Foundation Trust, as set out in the Foundation Trust's constitution that is published at www.airedale-Trust.nhs.uk and in the NHS Foundation Trust Directory on NHS Improvement's website at www.improvement.nhs.uk

In addition to this basic structure, the Foundation Trust also has Board committees and sub-groups, comprising directors and/or governors, which are a practical way of dealing with specific issues.

Our Membership

The Trust has two membership constituencies:

- A public member constituency; and
- A staff member constituency

The number of members in each constituency at 31 March 2020 is shown below.

Member Constituency	**Number of Members**
Bingley	740
Bingley Rural	413
Craven	862
Ilkley / Wharfedale	859
Keighley East / Central	1737
Keighley West / Worth Valley	1303
Skipton	995
Settle and Mid-Craven	560
South Craven	639
West Craven	640
Pendle East and Colne	432
Rest of England	1775
Staff	3243
Total number of Foundation Trust members	**14,198**

Public Member Constituency
The Foundation Trust has 12 public member constituencies, split into the neighbourhood wards of Bradford Council, Craven Council and Pendle Council. A constituency covering out of area members (Rest of England) was established at authorisation to reflect the work undertaken by the Trust outside the immediate catchment area of the hospital.

All members of the public who are aged 14 or over and living in one of the public constituencies shown above can become a member by making an application for membership to the Foundation Trust.

As of 31 March 2020 the Foundation Trust had 10,955 public constituency members.

Staff Member Constituency
An individual who is employed by the Foundation Trust under a contract of employment (which includes full and part time contracts of employment) may become or continue as a member of the Trust provided:

- He or she is employed by the Foundation Trust under a contract of employment which has no fixed term or has a fixed term of at least 12 months; or
- He or she has been continuously employed by the Foundation Trust under a contract of employment for at least 12 months.

Individuals who exercise functions for the purposes of the Foundation Trust, otherwise than under a contract of employment with the Foundation Trust, may become members of the staff constituency provided such individuals have exercised these functions continuously for a period of at least 12 months.

The staff constituency is currently divided into the following constituencies:

- Doctors and dentists who are registered with their regulatory body to practice;
- Nurses and midwives who are registered with their regulatory body to practice;
- Allied health professionals and scientists who are registered with their regulatory body to practice; and
- All other staff.

All eligible staff are automatically made members of the staff constituency unless they inform the Foundation Trust they do not wish to become a member.

As at 31 March 2020, the Foundation Trust had 3243 staff members.

Constitution Changes
There were no material changes to the Constitution during 2019/20.

Membership Engagement Strategy

Both the Board of Directors and Council of Governors agree that an active and engaged membership and public will continue to enhance the development of the Trust's strategic objectives in delivering high quality care, working with partners to deliver integrated care and to ensure clinical and financial sustainability.

The strategy aims to:

- Ensure public membership is representative of the community it serves (in terms of nationality, gender, disability, ethnic origin, age, social background, geographical spread and social deprivation);
- Ensure that all staff groups are given equal opportunity to become involved;
- Identify levels of involvement and participation within the membership according to the wishes and needs of individuals; and
- Ensure a continuous approach to the development of the membership in terms of both numbers and level of engagement.

In 2019/20, the Council of Governors developed and engagement plan to describe how they would continue the work of engaging with members and the public and collecting feedback from the public, and members, including staff and to present that feedback to the Board of Directors. This will form part of a wider Public and Patient Engagement Strategy due to be finalised during 2020.

Governor Involvement Group

This Group is responsible for developing the membership by recruitment, retention, communication and engagement. The Group meets monthly (formerly bi-monthly) and was involved in the following membership activities, amongst others, in 2019/20:

- contributing to the involvement of members and the public in the annual plan;
- collating feedback from members and the public and sharing this with the Board and providing a response back to the members and public;
- raising the profile of Governors and membership at events and community activities; and
- engaging with members and the public in the community via community events.

A Membership report is presented at the Annual Members Meeting. This incorporates information regarding membership age, ethnicity and gender by constituency and details the level and effectiveness of member engagement.

Membership Recruitment

Recruitment of new members is an ongoing activity to ensure that membership is representative of the local community. In 2019/20 the strategy's aim was to ensure overall membership numbers were maintained, whilst focussing on those areas where membership was under represented.

Membership Engagement

During 2019/20, members were engaged in the work of the Trust through the following activities:

- The annual members' meeting held on 19 July 2019.
- A number of events and open days organised by the hospital. These included a talk on Stammering and open days focussing on the work of our Theatres Department and Staff Open Day. These activities provide members with opportunities to gain more of an insight into how our services operate. At each of these events members were able to meet their governors and find out more about their role, and had the opportunity to ask questions or give feedback about our services.

In September 2018 a number of our staff represented the Trust at a Health Awareness Day held within the community in Ilkley. This event was arranged by the local GP practice and supported by local organisations. Those people attending this event were given the opportunity to provide feedback about the Trust's services to a Governor.

This year we continued our aim to have an increasingly representative membership by targeting our recruitment in specific areas and with specific groups in the community.

Membership Involvement

The membership application form includes an area where members record how they would like to get involved. This allows us to create a database of interests where members would be interested in contributing, for example by completing a survey or participating in a focus group. Members have also been invited to events specific to their interests.

In 2018/19, governors continued their focus on collecting member and public feedback and ensuring those views were included in the preparation of the Foundation Trust annual plan. Feedback and views were collected through governor involvement in events and via direct contact with governors. These views were collated and presented to the Board by the governors in December 2018 to ensure their consideration as part of the annual planning process.

All feedback is collated and then presented by a governor to the bi-monthly Patient and Public Engagement and Experience Group so the Foundation Trust can action the feedback and respond.

Members are also invited, via the website and electronic mailings, to meet governors before every member talk, held throughout the year. Governors also take part in various open days taking place throughout the year at the hospital, for example showcasing the work of the Theatres and Maternity departments. The annual staff event also gives staff an opportunity to meet with the staff governors and discuss any issues or questions.

Our Council of Governors

The Council of Governors currently comprises 20 governor seats – the majority, elected – who play a vital role in the governance of the Trust, working closely with the Board of Directors. They represent the interests of the Trust's public and staff constituencies as well as its members and partner organisations in the local community, including voluntary organisations and local authorities, under the terms of the Foundation Trust's Constitution. The Council has a number of statutory duties as defined in the Constitution which include:

- The appointment (and removal) of the Chair and Non-Executive Directors of the Foundation Trust and approval of the appointment of the Chief Executive;
- Deciding on the pay and allowances, and other terms and conditions of office, of the Chairman and Non-Executive Directors;
- Appointing the Trust's auditors;
- Holding the Non-Executive Directors to account, individually and collectively, for the performance of the Board of Directors;
- Approving changes to the Constitution of the Foundation Trust;
- Being consulted on future plans of the Foundation Trust and having the opportunity to contribute to the planning cycle;
- Scrutinising the Annual Plan and receiving the Annual Report and Accounts; and
- Developing the membership of the Foundation Trust.

During 2019/20, two governors were elected by our members (including staff members) who represent the following constituencies:

- Bingley
- Staff Allied Health, Professionals and Scientists

Elections are held each year for those seats either vacated due to resignations or because governors have reached the end of their term of office. Governors can serve no more than three consecutive terms of office (resulting in a maximum of nine years' tenure). The overall make-up of the Council of Governors, together with their attendance at Council of Governors meetings in 2019/20 is shown on p76.

The annual ballot of governors for the appointment of a lead governor and deputy lead governor was held in September 2019. Jerry Stanford, governor for Pendle East and Colne, was duly elected as lead governor, and Paul Maskell, governor for West Craven was elected as deputy lead governor.

A joint meeting with the Board of Directors is normally held twice yearly to review progress on the Foundation Trust's Annual Plan and to consider priorities for the forthcoming year. The Council of Governors presented their feedback to the Board at a Board to Council meeting in December 2019. The Board's plan to respond to the Council of Governors on that feedback in March 2020 was impacted upon by the Covid-19 pandemic lockdown. As plans are developed for reset of services following the pandemic, the Board will engage with the Governors and gain their feedback on these plans.

In preparation for the Annual Planning process, the Council of Governors canvassed the opinion of its members and the public by attending local events and member events, holding drop-in sessions at the hospital, meeting the public and members at GP surgeries, having a dedicated exhibition stand at the hospital staff open days as well as informal networking.

During the year, governors were fully engaged in different activities and working groups and continued to familiarise themselves with the complexities of such a large organisation. To help support newly elected governors, the Trust has developed a bespoke induction programme which existing governors are also invited to attend. Refresher training will be offered in autumn 2020.

The Trust has provided opportunities for its governors to attend the national Governwell training programme organised by NHS Providers. Governors have also participated in seminars and workshop sessions organised by the West Yorkshire and Harrogate Health Care Partnership.

Governors are invited observe all of the Board committees. We value the contribution our governors make and the different perspectives they bring to the development of services.

The Board of Directors and Council of Governors

Detailed below is a summary of the key roles and responsibilities of the Council of Governors and a description of how the Board of Directors and Council of Governors work together in the best interests of the Foundation Trust.

The Council of Governors is constituted in accordance with the Foundation Trust's Constitution and Standing Orders. The Council of Governors complies with the NHS Foundation Trust Code of Governance in which the Governor statutory duties are set out. The Council of Governors does not undertake the operational management of the Foundation Trust; rather they act as a link between members, patients, the public and the Board of Directors, providing an ambassadorial role in representing and promoting the Foundation Trust

The Foundation Trust's governance structure is established to ensure the Council of Governors meets its statutory duties. The Council of Governors primary statutory duties are to hold the non-executive directors individually and collectively to account for the performance of the Board; and to represent the interests of the members of the Foundation Trust as a whole and the interests of the public. Examples of governors fulfilling their statutory duties during the year include approving the appointment of three non-executive directors, deciding the remuneration of the non-executive directors, receiving the annual accounts, external auditor's reports and annual reports and providing their views to the Board of Directors on the Foundation Trust's forward plans.

The Council of Governors has agreed a Code of Conduct setting out their role and responsibilities as well as their individual personal conduct. A separate dispute resolution procedure exists for the purpose of resolving any disputes that may arise between the Board of Directors and Council of Governors, which could ultimately be referred to NHS Improvement for adjudication.

The Council of Governors represents the interests of the Foundation Trust members and the general public. They have an important role to play in acting as the eyes and ears of these groups of people, and providing feedback about the Trust's services and plans.

The Council of Governors meets four times a year for the purpose of receiving briefings from the executive directors on matters of strategic importance, finance and performance and quality and safety. Additional meetings are also called if there are matters requiring approval by the Council of Governors e.g. non-executive director appointments, for which a delay may be detrimental to the process. The non-executive directors attend Council of Governors meetings to report on the work of each of the committees they chair; the purpose of which is to support Governors in their role of holding non-executive directors to account for the performance of the Board.

The full Board of Directors meet formally with the Council of Governors during the year, to seek and consider the views of the governors in considering the Foundation Trust's Annual Plan for the coming year. The emphasis was again placed on ensuring Governors were engaged by providing feedback for consideration in the development of the Annual Plan 2019/20. This was achieved by the governors feeding back the views and comments received throughout the year from Foundation Trust members and members of the public.

The chair, who chairs both the Board of Directors and the Council of Governors, ensures synergy between the two governing bodies through regular meetings and briefings.

The directors (both executive and non-executive) meet regularly with governors during their day to day working through committee meetings, working group meetings, network sessions, chair's briefings, consultations and information sessions. Examples include participation in the Appointments and Remuneration Committee and consultations about the Annual Plan and Quality Account. .

The Governors have a monthly Governor Involvement Group meeting whereby executive and non-executive directors meet informally with a number of governors to provide briefings and up to date information about the Foundation Trust.

Although meetings of the Board of Directors are held in public and governors can and do attend, the chair provides a Board of Directors feedback session for governors at their monthly Governor Involvement Group meetings. The chair describes the matters discussed and decisions made within the public and private session of the Board meetings, and responds to any questions or concerns governors may have.

Governors have received training in the past regarding their holding to account duties and this training will be delivered to newly elected Governors later in 2020.

The Board of Directors is collectively responsible for exercising all of the powers of the Foundation Trust; however, it has the option to delegate these powers to senior management and other committees as set out in the Scheme of Delegation. . The Board's role is to provide active leadership within a framework of prudent and effective controls which enable risk to be assessed and managed. The Board is responsible for the allocation of resources to support the achievement of organisational objectives, ensure clinical services are safe, of a high quality, patient focused and effective.

The Board of Directors ensure high standards of clinical and corporate governance and, along with the Council of Governors, engages members and stakeholders to ensure effective dialogue with the communities it serves.

The Board is accountable to stakeholders for the achievement of sustainable performance and the creation of stakeholder value through development and delivery of the Foundation Trust's long term *'Right Care'* vision and strategy. The Board ensures that adequate systems and processes are maintained to deliver the Foundation Trust's annual plan, deliver safe, high quality healthcare, measure and monitor the Foundation Trust's effectiveness and efficiency as well as seeking continuous improvement and innovation.

The following table summarises governor and director attendance at Council of Governor's meetings:

Attendance of Governors and Directors at Council of Governors meetings 2019/20

Member	Tenure	Constituency	Meetings attended
Public Elected Governors			
Ros Seton	Elected 1 June 2019	Bingley Rural	2/4
Nick Cole	Elected 1 June 2019	Craven	3/4
Margaret Berry	Elected 1 June 2016	South Craven	5/6
John Bootland	Re-elected 1 June 2017	Keighley Central	6/6
Olukauyode Dada	Elected 1 June 2019	Skipton	3/4
Karen Ellison	Elected 1 June 2019	Ilkley & Wharfedale	4/4
Paul Maskell	Re-elected 1 June 2018	West Craven	3/6
Christine Highley	Elected 1 June 2018	Keighley West	5/6
Jerry Stanford	Re-elected 1 June 2018	Pendle East and Colne	6/6
Appointed Governors			
Shamim Akhtar	Appointed 6 December 2018 / Resigned Feb 2020	Voluntary Sector	2/5
Cllr Caroline Firth	Appointed 1 June 2018	Bradford Metropolitan District Council	2/6
Cllr Gillian Quinn	Appointed 3 June 2019	North Yorkshire County Council	4/4
Cllr Tom Whipp	Appointed 6 June 2019	Pendle Borough Council	4/4
Staff Governors			
Annette Ferrier	Elected 1 November 2017	Allied health professionals and scientists	4/6
Richard Jackson	Elected 1 November 2017	Doctors and Dentists	3/6
David Haston	Elected 1 June 2019	Nursing and Midwives	3/4
Michael Smith	Elected 1 June 2018	All other Staff	4/6
In addition the Chair's attendance is recorded as follows:			
Andrew Gold	Chair		6/6

Contacting the Foundation Trust Office

The Trust office continues to be a central point of contact for all members to make contact with the Trust and the Council of Governors. It can be contacted during office hours, Monday to Friday on 01535 294540 (24 hour answerphone also available) or by email to members@anhst.nhs.uk

All governors can be contacted by emailing Governors@anhst.nhs.uk.

SECTION 5 – NHS IMPROVEMENT'S SINGLE OVERSIGHT FRAMEWORK

Single Oversight Framework

NHS Improvement's Single Oversight Framework 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 found to be in breach or suspected breach of its licence.

NHS Improvement has placed the Foundation Trust in segment 2 as part of its Single Oversight Framework. This segmentation information is the Trust's position as at 25 May 2020. Current segmentation information for NHS Trusts and Foundation Trusts is published on the NHS Improvement website. The Trust has not been subject to any enforcement action by NHS Improvement (Monitor).

Finance and use of resources

The finance and use of resources theme is based on the scoring of five measures from '1' to '4', where '1' reflects the strongest performance. These scores are then weighted to give an overall score. Given that finance and use of resources is only one of the five themes feeding into the Single Oversight Framework, the segmentation of the Trust disclosed above might not be the same as the overall finance score here.

Area	Metric	2019/20 scores				2018/19 scores			
		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial sustainability	Capital service capacity	2	2	2	1	1	2	3	4
	liquidity	1	1	1	1	1	1	1	1
Financial efficiency	I & E margin	2	1	2	3	1	3	4	4
Financial controls	Distance from financial plan	4	1	1	1	1	2	1	1
	Agency spend	4	4	4	4	3	3	2	1
Overall scoring		**1**	**3**	**3**	**3**	**3**	**1**	**2**	**3**

SECTION 6 – STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

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

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which requires Airedale 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 Airedale NHS Foundation Trust and of its income and expenditure, other items of comprehensive income total and cash flows for the financial year.

In preparing the accounts and overseeing the use of public funds, the accounting officer is required to comply with the requirements of the *Department of Health and Social Care Group Accounting Manual* and in particular to:

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

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

As far as I am aware, there is no relevant audit information of which the foundation trust's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

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

Brendan Brown
Chief Executive
24 June 2020

SECTION 7 - ANNUAL GOVERNANCE STATEMENT

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the 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.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Airedale 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 Airedale NHS Foundation Trust for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

As Accounting Officer, I have overall responsibility for ensuring that there are effective risk management and integrated governance systems in place within the Trust and for meeting all statutory requirements and adhering to guidance issued by NHS Improvement in respect of governance and risk management.

The Board of Directors provides leadership on the overall governance agenda including risk management. It is supported by a number of subcommittees that scrutinise and review assurances on internal control. These include:

- Audit and Risk Committee
- Quality and Safety Committee
- Finance, Digital and Performance Committee
- People Committee

Independent assurance on the effectiveness of the system of internal control and overall governance arrangements is provided by the Audit and Risk Committee. Additional assurance on the effectiveness of the systems for ensuring clinical quality is given by the Quality and Safety Committee. The Board of Directors routinely receives the minutes of these Committees alongside a report from the Chair of the Committee which highlights the

key areas of discussion and any items escalated for the attention of the Board. The Board receive these alongside the Board Assurance Framework and the high level risk register.

The Trust has a Risk and Compliance Group which oversees all risk management activity to ensure:

- that the correct strategy is adopted for managing risk;
- controls are present and effective;
- action plans are robust for those risks that are being actively managed; and
- that high risks are scored appropriately.

The Risk and Compliance Group is chaired by the Director of Quality and Safety and is attended by other executive colleagues. Divisional senior managers and specialist leads routinely attend each meeting. While the Risk and Compliance Group reports directly to the Audit and Risk Committee, it also provides a regular report on the high level risks and mitigating actions to the Board and works with other committees of the Board in order to ensure a coordinated approach to effective risk management.

The Chief Executive has overall responsibility for the management of risk. Other members of the director team exercise lead responsibility for the specific types of risk as follows:

- The Medical Director and Director of Nursing are jointly responsible for clinical governance. Whilst each has been allocated specific duties and responsibilities there are clear lines of accountability.

- The Director of Quality and Safety is the executive lead for ensuring a fully integrated and joined up system of risk and control management is in place on behalf of the Board.

- The Director of Nursing is also responsible for infection prevention and control, and safeguarding children and adults;

- The Chief Operating Officer is responsible for health and safety and for overall risks to operational performance;

- The Director of Finance provides the strategic lead for financial and performance risk and the effective coordination of financial controls throughout the Trust. The director of finance is also the SIRO and has responsibility for information governance;

- The Director of People and OD is responsible for workforce planning, staffing issues, education and training. Responsibility for organisational development is incorporated into executive directors' combined objectives both on an individual basis and collectively as the executive team.

- The Associate Director of Corporate Affairs is responsible for the management of the board assurance framework and ensuring that strategic risks are identified and reported to the board of directors.

In addition, there are clear responsibilities for risk identified across trust. All heads of service, clinical directors and managers have delegated responsibility for the management of risk and patient safety in their areas. Risk is integral to their day-to-day management responsibilities. It is also a requirement that each division has a risk register, which is consistent and mirrors the Trust's risk register requirements, in line with the risk management strategy.

All members of staff have responsibility for participation in the risk/patient safety management system through:

- Awareness of risk assessments which have been carried out in their place of work and to compliance with any control measures introduced by these risk assessments;
- Compliance with all legislation relevant to their role, including information governance requirements set locally by the Trust;
- Following all Trust policies and procedures;
- Reporting all adverse incidents and near misses via the Trust incident reporting system;
- Attending regular training as required ensuring safe working practices;
- Awareness of the Trust patient safety and risk management strategy and their own patient safety and risk management process; and
- Knowing their limitations and seeking advice and assistance in a timely manner when relevant.

The Trust recognises the importance of supporting staff through appropriate training, development and access to systems. The quality and safety team support staff who are undertaking risk assessments and managing risk as part of their role. Risk assessment training is available to all members of staff and includes:

- Corporate induction training when staff join the Trust;
- Mandatory update training for all staff at specified intervals;
- Targeted training with specific areas including risk assessment, incident reporting and incident investigation; and.
- Training and mentoring support for the electronic adverse event reporting system that is targeted at managers of wards, departments and non-clinical areas.

The Board has set out the minimum requirements for staff training required to control key risks through a clear mandatory training programme including infection control, fire safety, safeguarding adults and children, information governance and manual handling. During 19/20 we achieved 90% compliance against this programme. We also have a health and safety training programme from Board to ward. The mandatory training framework describes the requirements for each staff group and the frequency of training in each case. In addition there is training in incident investigation, including documentation, root cause analysis, serious incidents and steps to prevent or minimise recurrence and reporting requirements.

Incidents, complaints, claims and patient feedback are routinely analysed to identify lessons learned and to help improve internal control and are reported to the Board through the Quality and Safety Committee.

The Trust has in place counter fraud arrangements through Audit Yorkshire from the NHS Counter Fraud Authority and has a named Local Counter Fraud Specialist. In order to ensure that counter fraud resources are effectively there is a Counter Fraud Plan and Annual Counter Fraud Report which outlines the proactive, reactive and strategic counter fraud work undertaken for the Trust in 2019/20.

I have ensured that all risks of which I have become aware are reported to the Board of Directors. All new significant risks are escalated to me as Chief Executive and the executive team. They are reviewed and assessed by the Risk and Compliance Group. The risk score determines the escalation of risks. There is a regular programme of review of risks on the Board Assurance Framework which enables the Board of Directors to scan the horizon for emergent threats and opportunities and consider the nature and timing of the response required in order to ensure risk is kept under appropriate control at all times.

The Risk and Control Framework

The Trust has a Risk Management Strategy (titled Risk Management Policy), which is reviewed and endorsed by the Board of Directors. The Strategy provides a framework for managing risks across the organisation. The Strategy provides a clear, systematic approach to the management of risks to ensure that risk assessment is an integral part of clinical, managerial and financial processes across the organisation.

As part of a programme of regular reviews, in 2020 the Strategy will be assessed against good practice and revised following feedback and learning from the Trust's well-led governance review.

The Strategy sets out the role of the Board and its committees together with individual responsibilities of the chief executive, executive directors, other senior managers and all staff in managing risk. It assigns responsibility for the ownership and management of risks to all levels and individuals to ensure that risks which cannot be managed locally are escalated through the organisation. All risks are evaluated against a common grading matrix to ensure that all risks are considered alike. The control measures, designed to mitigate and minimise identified risks, are recorded within the risk register and Board Assurance Framework.

The Board Assurance Framework sets out:

- What the organisation aims to deliver (strategic objectives);
- Factors which could prevent those objectives being achieved (strategic risks);
- Processes in place to manage those risks (controls);
- The extent to which the controls will reduce the likelihood of a risk occurring;
- The evidence that appropriate controls are in place and operating effectively (assurance); and,
- Risk rating pre and post mitigation and target rating.

The Board Assurance Framework provides assurance to the Board, that these risks are being adequately controlled and informs the preparation of the Annual Governance Statement. Although the Board Assurance Framework was not reviewed as frequently as good practice would determine during 2019/20, it was reviewed three times during the year by the Board and its committees and did not identify any significant gaps in control/assurance.

There is a gap in that the Board did not review its risk appetite in 2019/20. This will be revisited in summer 2020 to align with the newly approved Trust strategy.

Each committee receives a quarterly report on the strategic risks relating to their particular area, for example the Finance, Performance and Digital Committee will review the risks associated with the achievement of the financial plan or with digital transformation. The Board committees provide assurance to the Board that the areas within their terms of reference and any risks are being managed appropriately. This enables the Board to focus on matters of strategic importance or those risks requiring escalation.

During 2019/20, the Board of Directors commissioned an independent review of its leadership and governance by the Good Governance Institute based on NHS Improvement's well-led framework and the Care Quality Commission's well-led key lines of enquiry.

The results of the report will be received by the Board in June. Early findings show some key themes. Of particular note for the Annual Governance Statement are:

- The Trust has high-quality, approachable and visible leadership
- Business flow and processes are sound and most governance support systems are seen as generally effective and comprehensive
- Some evidence of good use of information by the Board and Committees, which require some adjustments to match best practice and a greater emphasis on intelligence and insight to make it a vital tool for decision making and taking.
- A need to develop more robust Board to ward assurance
- Strengthening of the Board Assurance Framework and risk management arrangements including the risk appetite
- Ongoing development of performance management arrangements

An action plan will be developed to address the areas of improvement alongside those identified in the Care Quality Commission inspection report. This will build on the risk management action plan approved by the Audit and Risk Committee in January 2020 which included reviewing the Risk Management Policy; implementing a revised training programme for leadership teams; exploring the feasibility of replacing the risk management system; and carrying out a detailed review of divisional risk registers.

CQC Registration requirements

The Trust is registered with the Care Quality Commission and systems exist to ensure compliance with the registration requirements. A process of self-assessment is in place

and is undertaken annually. Areas of concern are risk assessed and applied where necessary to the local and corporate risk registers. The Trust's last inspection in December 2018 included a Well Led review and Use of Resources review as well as the inspection of core services, with the report published in March 2019. The Trust was given a combined rating of Good, with Requires Improvement for Quality of Care and Well Led.

To ensure robust implementation of the must and should do actions identified by the CQC the Trust has put in place specific governance arrangements based on NHS Improvement methodology for challenged trusts whereby all actions are monitored through a Blue, Red, Amber, Green (BRAG) rating. In order for an action to become green, robust evidence will be required as assurance that:

- The action has been completed
- The action will achieve the intended impact
- Any identified risks are captured on the risk register
- There is a plan in place to monitor the effectiveness of the actions, including the impact for patients / staff

In order for an action to become blue, a period of monitoring / measuring must be completed which demonstrates a sustained delivery of the expected outcome. The CQC Response Group, which has executive membership, oversees the delivery of the plan, monitors progress, and agrees the recommendation of an action being completed and / or sustained to the Quality and Safety Committee. The Board approves the movement of a rating of Green to Blue in line with the recommendations from the Quality and Safety Committee. This is a proven system of assurance of sustained improvement in the quality of care provided to patients and ensures that the Board of directors has a clear line of sight of the improvement changes in the organisation. During 2019/20 this process has seen 8 out of 18 must do actions, and 23 out of 28 should do actions completed.

Performance information

The Board reviews performance data each month against NHS Improvement and CQC standards and outcomes via its Integrated Performance Report focusing on key performance indicators; quality, safety, patient experience and clinical outcomes; people and organisational development; and finance.

The Trust adopts a bottom-up approach to performance management which were strengthened during 2019/20 with the introduction of monthly integrated performance review meetings. During the review meetings members of the divisional leadership present their performance and risk positions for scrutiny by the executive team, chaired by the Chief Operating Officer. This will be further reinforced in 2020/21 by an Accountability Framework which will describe the levels of responsibility and accountability from Board to ward.

The Board requires exception reports to be presented should the nationally mandated performance standards not be met. Examples of exception reports presented to the Board in 2019/20 include the 4 hour emergency care standard, 6 week diagnostic standard, and the referral to treatment times.

Data security

The Trust takes a robust approach to ensuring data security is managed and any risks are assessed in a timely manner. Risks to data security are continuously assessed and added to the IM&T risk register. During 2019/20 the Finance, Performance and Digital Committee reviewed the assurance that the Trust met the requirements of General Data Protection Regulation through compliance with the Data Security and Protection Toolkit (DSPT) Assessment. There are 42 Assertions for 2019/20, 32 of which are mandatory and consist of a total of 56 mandatory evidence items. All of these were complete at the year end. A sample of the evidence to support some of the mandatory Assertion items has been subject to internal audit review by Audit Yorkshire. This has returned an opinion of 'Significant' assurance. In view of COVID-19 all organisations have been given until September 2020 to submit their final assessment.

Incident Reporting

Incident reporting and investigation is recognised as a vital component of risk and safety management and is key to being a learning organisation. The Trust has an electronic incident reporting system, accessible to all colleagues. Incident reporting is promoted through induction and training programmes, regular communications, patient safety walk rounds, peer review and inspections. There is an escalation process for incidents and the executive team are alerted when a new incident is reported.

- Adverse incident reporting - The Trust promotes a culture of openness and transparency and staff are advised on the Trust's approach to this through the Being Open / Duty of Candour Policy.
- Serious incident reporting – An assurance panel reviews the reports from serious incidents to ensure that actions taken are embedded and effective. Learning from these is reported to the Board quarterly.
- Never events - The Trust experienced two never events during 2019/20 (three in 2018/19 and two in 2017/18). Any never event is investigated in detail to identify areas of learning. The results of these investigations are reported to the Quality and Safety Committee and the Board of Directors.
- Claims – The Trust has robust processes in place for dealing with both Clinical Negligence and Employers Liability Claims. A summary of any settled claim is disseminated where appropriate to:
    - involved clinician(s)
    - Relevant Clinical Director
    - Directors
    - Quality and Safety Team

The annual claims report goes to the Quality and Safety Committee.

As at 31 March 2020 Airedale NHS Foundation Trust had identified a number of risks, which are being managed and mitigated, scoring 15 or above on the corporate risk register

which could impact on the achievement of corporate objectives, compliance with its licence or Care Quality Commission in the following areas:

- Shortfall in the number of acute Consultant Paediatricians
- Nurse staffing levels
- Estates issues
- Controlling Costs and financial stability
- A number of areas relating to IT infrastructure and stability
- Single points of failure in MRI equipment
- The ability to achieve the referral to treatment times.

The Trust's financial position is subject to a number of inherent risks. Its position is dependent on delivering productivity and efficiency improvements against a challenging national economic background, a year of political uncertainty and changing NHS landscape. The Trust's year-end financial position showed an underlying deficit of £1.7M, £4.9M worse than plan. This position was approved nationally and still enabled the full Provider Sustainability Fund funding. The Trust did deliver its cost improvement plan target of £6.3M; however there is a future risk as £1.8M of this was delivered non-recurrently.

The Trust financial planning for 2020/21 has been paused due to COVID-19 and the need to respond to national command and control arrangements. During the pandemic, all Trusts are on a block contract arrangement, with a retrospective top up for additional costs. Financial planning for the reset of services will require a different financial response. Accepting the pause in the financial regime, the Trust is continuing to support investment in increased nursing staff, aligned to activity and acuity increases, investment in IT and support to improve pathways. The Board remains determined to ensure robust financial governance to ensure the long term sustainability of the Trust.

Over the last 12 months the ability to deliver the key performance indicators, as set out in the single oversight framework, has been very challenging. This has been for a number of reasons including increasing demand, the NHS Pensions annual and lifetime allowances issue, and system wide transformation not delivering to the intended scale.

Nurse and medical staffing levels have continued to be a risk throughout 2019/20, with recruitment, retention and the ability to meet fill rates being challenging throughout the year. The Trust Board has approved a People Strategy which sets the ambition for how we will recruit, retain and develop the workforce. The implementation of this Strategy is monitored through the People Committee. The People Committee receives the workforce plan and will be considering this against the 'NHS Improvement Developing Workforce Safeguards' standards. These have also been incorporated in the Trust's Annual Plan for 2020/21. The People Committee has also received updates throughout the year on each specific staff group.

Each month the Board receives the Nursing and Midwifery Staffing Report which includes fill rates, ratios, vacancies, safety and the impact on the nursing workforce. There is a clear process of review of nurse staffing levels and escalation throughout the Trust. The Trust has continued to undertake significant nursing recruitment both nationally and

internationally. This has been successful with the recruitment of around 70 international nurses; however, the need to open to additional capacity over the winter period placed pressure on nurse staffing.

During the year, the Trust received a safety alert in relation to the failure of reinforced autoclaved aerated concrete (RAAC) planks, which make up the roof of the hospital. This resulted in the need to undertake investigations as to the level of deterioration of these planks and a risk assessment of the Trust building. This is in addition to backlog maintenance issues which need to be addressed. The Board ensured the regulators were aware and has received an update report on this at each of its meetings. A Strategic Outline Case for a new build is being developed and will be considered at the Board later this year.

The Board receives a number of quality and safety reports (for example, patient safety scorecard and CQC Insight Report, mortality scorecard and learning from deaths report), which enable the board to monitor the impact of gaps in workforce.

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

The Trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by the Trust with referent to the guidance) within the past 12 months, as required by the '*Managing Conflicts of Interest in the NHS'* guidance.

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments in to 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 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.

Covid-19

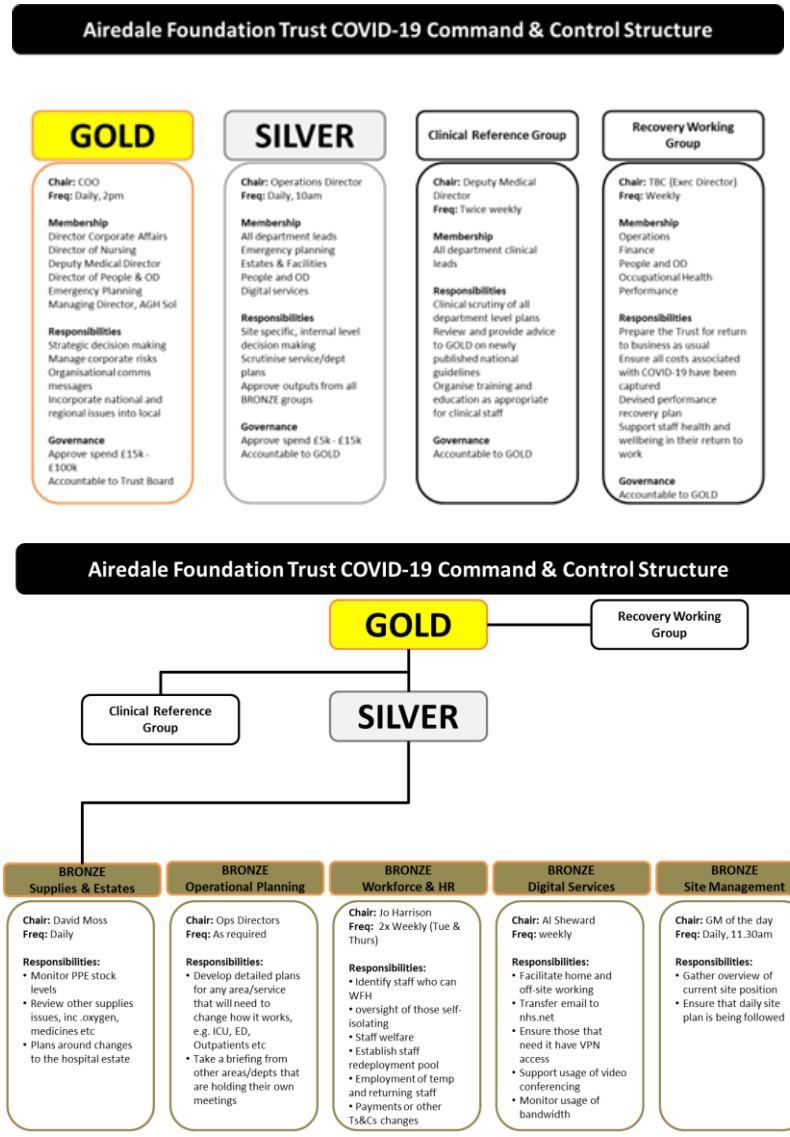
In March 2020, the Trust faced unprecedented times due to the Covid 19 pandemic and in line with its emergency planning arrangements the Trust moved into command and control to manage the operational planning, response and mitigation of the impact.

During command and control, decisions are required to be made in a fast moving environment. It is important that the governance of the Trust supports this, mindful of the need to free up the capacity of the executive team in order to get the best possible outcomes for the population.

The executive team was separated in response to the situation:

- Gold Command: Chief Operating Officer; Director of Nursing; Medical Director; Director of Corporate Affairs
- Business as usual and recovery: Director of People and OD; Director of Quality and Safety; Director of Finance; Director of Strategy and Planning

The Command and Control arrangements are:



Financial and operational decisions taken at Gold are reported through the weekly executive team to ensure that there is broader oversight and executive challenge where required. These are reported in summary to the relevant board committees.

There is a live risk log reviewed and managed by Gold at their meetings with risks on the Trust's risk register being updated to include the impact of Covid-19. The overarching risks are reported to Audit and Risk Committee.

As the Trust moves to reset, these governance arrangements will be reviewed.

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

The Trust has set its strategic and annual objectives through the approval of its Five Year Strategy. The Board of directors sets these objectives with regard to the economic, efficient and effective use of resources. The Trust's financial plan is approved by the Board and submitted to NHS Improvement. The plan, including forward projections, is monitored on a monthly basis and scrutinised by the Board and the Finance, Performance and Digital Committee.

The objectives set reflect national and local performance targets for standards of patient care and financial targets to deliver this care within available resources. Within these targets, the Trust includes specific productivity and efficiency improvements. These are identified from a range of sources including internal review such as internal audit, external audit and external organisations including benchmarking agencies. The Trust pays regard to its reference costs, a nationally mandated collection of cost data for delivering services in the NHS. The Finance, Digital and Performance Committee terms of reference also include scrutiny of the Trust's cost improvement plans ('CIP') and the Committee receives presentation of the CIP tracker from the director of finance.

The Trust operates within a governance framework of Standing Orders, Standing Financial Instructions and other processes. This framework includes explicit arrangements for:

- Setting and monitoring financial budgets;
- Delegation of authority;
- Performance management; and
- Achieving value for money in procurement.

The governance framework is subject to scrutiny by the Trust's Audit and Risk Committee and internal and external audit. Financial governance arrangements are supported by internal and external audit to ensure economic, efficient and effective use of resources.

Information Governance

Maintaining the security of the information that the Foundation Trust holds provides confidence to patients and employees of the Foundation Trust. To ensure that its security is maintained an executive director – the Trust's director of finance – undertakes the role of Senior Information Risk Owner (SIRO). The SIRO supports the chief executive and the Board in ensuring compliance with appropriate standards and managing information risks. The SIRO has overseen the implementation of a wide range of measures to protect the data held and a review of information flows to underpin the Trust's Information Governance assurance statements and its assessment against the Data Security and Protection Toolkit

(DSPT). The Trust has a Chief Clinical Information Officer, who is also the Trust's Caldicott Guardian. Freedom of Information compliance is managed by the Head of Information Governance and Data Protection Officer, (a shared appointment with Bradford Teaching Hospitals Foundation Trust) with responsibility for ensuring that procedures and processes are in place. The Information Governance Manager provides support for the day to day management of Information Governance. There is an established Information Governance Group (IGG) which oversees compliance, issues and incidents, receives assurance and reports on action plans and projects. The Head of Information Governance chairs the IGG. Membership includes the SIRO, Chief Clinical Information Officer, Information Governance Manager, Head of IT and other senior representatives from across the Trust. The IGG is accountable to the Finance, Performance and Digital Committee. The IGG regularly reports and informs on progress and compliance with the Toolkit and the SIRO signs off the annual submission. During 2019/20, the Trust had no serious information governance reportable incidents that required noting as breaches in the Data Security and Protection Toolkit.

Data Quality and Governance

The Trust has arrangements in place to ensure it processes data that is accurate, reliable, timely, complete and sufficient, facilitating translation into meaningful information whenever and wherever required. The Chief Executive has Board level responsibility for ensuring an effective policy for data quality is in place within the Foundation Trust. The Head of Information takes responsibility for data governance across the organisation. There is a Data Quality Assurance Group, jointly chaired by the Assistant Director of Healthcare Governance with attendance from the Chief Clinical Information Officer, Head of Performance Information, IT lead, Information Governance lead, and representatives from across all divisions. The group receives reports relating to standards of data quality; reviews new legislation and best practice relevant to data quality; reviews adverse event forms relating to data quality; and assess data quality risks and issues. The Trust has achieved all Assertions in the Data Security and Protection Toolkit related to data quality.

There are robust validation processes in place for all of the key performance indicators, including the referral to treatment time standards. The tracking team validate and track all patients on a pathway. The Trust has a reporting system which flags up any anomalies, which are followed up and addressed at the weekly Patient Access meeting which is chaired by the Operations Director for Surgical Services.

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, 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 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 and Risk Committee, Quality and Safety Committee and the Risk

and Compliance Group. A plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. My review is also informed by the major sources of assurance on which reliance has been placed during the year. These sources included reviews carried out by our external auditors, Grant Thornton; Audit Yorkshire; Care Quality Commission; the Good Governance Institute, who carried out our well-led governance review; and NHS Resolution.

The following groups and committees are involved in maintaining and reviewing the effectiveness of the system of internal control:

Board of Directors
The Board has set out the governance arrangements including the committee structure within the Standing Orders and its Constitution. The Chairs of the Board's committees report to the Board at the first available Board meeting after each Committee meeting with urgent matters being escalated by the Committee Chair to the Board as appropriate. The Board has agreed, in conjunction with the Council of Governors, the strategic objectives for the Trust. The Executive Directors have assessed the risks to their achievement, along with risk controls and assurance mechanisms. As part of this risk assessment process, gaps in controls and assurances have been highlighted. This information is incorporated in the Trust's Board Assurance Framework document reviewed regularly by the Board of directors.

Audit and Risk Committee
The Audit and Risk Committee is responsible for establishing an effective system of internal control and risk management and provide an independent assurance to the Board. The Committee is made up of three non-executive directors, one of whom is chair. The Committee takes an overview of the organisation's governance activity supported by the internal auditors who provide opinions on compliance with standards and the systems of internal control. The Committee ensures that any recommendations from these audits are implemented. The Committee also reviews, on a regular basis, the risks that are described within the Trust's Board Assurance Framework. The Committee has oversight of, and relies on the work of the Risk and Compliance Group to monitor the risk management process and risk registers. The Committee has oversight of expressions of concern and whistleblowing arrangements and also receives assurance on the arrangements for counter fraud activity within the Trust, including the outcome of any referrals and investigations.

Quality and Safety Committee
The Quality and Safety Committee monitors selected quality metrics, and ensures that the Trust has robust systems in place to learn from experience. It receives reports on areas of risk e.g. Safeguarding; Information Governance; Patient Safety, Serious Incidents and the quality metrics. The Quality and Safety Committee is chaired by a Non- Executive Director and reports to the Board of Directors.

People Committee
The People Committee has been newly established and scrutinises work to manage and mitigate the risks relating to the recruitment, retention, support and development of our people. The Committee is chaired by a non-executive director and reports to the Board of Directors.

Finance, Performance and Digital Committee
The Finance, Performance, Digital Committee scrutinises the financial risks and targets and any significant risks to activity and performance. The Committee is responsible for ensuring that there are robust financial control procedures in place. The Committee also monitors progress against implementation of the digital strategy and risks to the achievement of this, The Finance and Performance Committee is chaired by a Non-Executive Director and reports to the Board of Directors.

Joint Health and Safety Committee
The Committee includes management and staff side. The Committee ensures that the Trust meets its legal requirements to consult with staff on matters that affect their health and safety, and has the responsibility of promoting and developing health and safety arrangements across the organisation, by ensuring compliance with the Health and Safety at Work Act 1974 (and related regulations). The Committee is chaired by the chief operating officer, whose role includes being the designated lead director for health and safety. The chief operating officer is supported in this role by the resilience and governance manager.

Internal Audit
The Internal Audit reports issued in the year have given significant assurance that there is a generally sound system of internal control. However, some weakness in the design and/or inconsistent application of controls put the achievement of certain objectives at risk.

There were 17 completed internal audit reports in 2019/20. There were 13 reports with significant or high assurance and two where an opinion was not required. Two internal audits received limited assurance – organisational governance deep dive; and absence management. Action plans and progress is reported in detail to each subsequent Audit and Risk Committee meeting as part of Internal Audit's follow-up process. For the finalised reports there has been significant progress has been made in implementing the action plans in many of the individual audit report areas. Any areas where there has not been sufficient progress are called in for review by the Audit and Risk Committee. There have been no 'Low Assurance' reports during the year.

External Audit
External audit provides independent assurance on the accounts, annual report, and Annual Governance Statement. These documents and internal and external audits of specific areas of internal control provide the Board of directors with the information it requires to gain assurance that the Trust is meeting its objectives to protect patients, staff the public and

other stakeholders against risks of any kind: which allows the Board to support me in signing this Annual Governance Statement. The Auditor provided a clean unqualified audit opinion on 25 June 2020.

Review and assurance mechanisms are in place and the Trust continues to develop arrangements to ensure that:

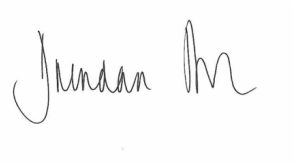
- Management, including the Board, regularly reviews the risks and controls for which it is responsible;
- Reviews are monitored and reported to the next level of management;
- Changes to priorities or controls are recorded and appropriately referred or actioned;
- Lessons which can be learned, from both successes and failures, are identified and circulated to those who can gain from them; and
- Appropriate level of independent assurance is provided on the whole process of risk.

Conclusion
The system of internal control has been in place in Airedale NHS Foundation Trust for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts.

In summary I am assured that the NHS foundation trust has an overall sound system of internal controls in place, which is designed to manage the key organisational objectives and minimise the NHS foundation trust's exposure to risk. There are however weaknesses in the system which are being addressed. The Board of directors is committed to continuous improvement and enhancement of the system of internal control.

I am assured that:
- The Board, executive director and senior management have identified and are managing the risks facing the trust, with the escalation of risk events, an effective process for keeping risks scores up to date and flagging any risk and control concerns;
- There is an appropriate risk management framework embedded in the trust;
- The internal auditors and other independent assurance providers to the trust, including external audit, have identified no major concerns from their risk focused programme of independent assurance.

My review therefore confirms no significant internal control issues have been identified for the year ending 31 March 2020.



Brendan Brown
Chief Executive
24 June 2020

CHAPTER 4
ANNUAL ACCOUNTS 2019/20

Independent auditor's report to the Council of Governors of Airedale NHS Foundation Trust

Report on the Audit of the Financial Statements

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Airedale NHS Foundation Trust (the 'Trust') and its subsidiaries and joint ventures (the 'group') for the year ended 31 March 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Taxpayers Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Accounts Directions issued under the National Service Act 2006, the NHS foundation trust annual reporting manual 2019-20 and the Department of Health and Social Care Group Accounting Manual 2019 to 2020.

In our opinion the financial statements:

give a true and fair view of the financial position of the group and of the Trust as at 31 March 2020 and of the group's expenditure and income and the Trust's expenditure and income for the year 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 2019 to 2020; 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 group and the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Accounting Officer and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Trust's future operational arrangements.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Trust's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an entity associated with these particular events.

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 group's or 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.

In our evaluation of the Accounting Officer conclusions, and in accordance with the expectation set out within the Department of Health and Social Care Group Accounting Manual 2019 to 2020 that the Trust's financial statements shall be prepared on a going concern basis, we considered the risks associated with the group and Trust's operating activities, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit. We analysed how those risks might affect the Trust's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Trust will continue in operation.

Overview of our audit approach

Financial statements audit

- Overall materiality: £3,610,000, which represents 1.8% of the group's gross operating costs (consisting of operating expenses and finance expenses);
- Key audit matters were identified as:
  - Valuation or current value of land and buildings
  - Occurrence and accuracy of contract variations income and other operating income (excluding Education and Training income), and existence of associated receivable balances
  - COVID-19.
- The group consists of six components – the Trust which is the only individually significant component, its two wholly-owned subsidiaries, AGH Solutions Limited and Airedale Hospital Charity, and its three joint ventures Integrated Pathology Solutions LLP, Integrated Laboratory Solutions LLP and Immedicare LLP. The subsidiaries and joint venture components are not individually significant components to the group. Our group audit scope is detailed at 'overview of the scope of the audit' section

Conclusion on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

- We identified one significant risk in respect of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources (see Report on other legal and regulatory requirements section).

Key audit matters

The graph below depicts the financial statement 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 year 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 – Trust	How the matter was addressed in the audit – Trust
Risk 1: Valuation and current value of land and buildings The Trust regularly re-values its land and buildings to ensure that the carrying value is not materially different from current value. This represents a significant estimate by management in the accounts. The valuation of land and buildings is based on key accounting estimates which are sensitive to changes in assumptions and market conditions. Management engage the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS), to estimate the current value of its land and buildings. The last such full valuation was carried out on 31 March 2018, although the Trust carried out a valuation of the Acute Admissions Unit when it was brought into use in 2018-19 and of external areas in 2019-20. For assets not valued since 31 March 2018, the Trust has liaised with their valuer to assess the estimated change in movement of the value since that date. The effects of the COVID-19 virus will affect the work carried out by the Trust's valuer in a variety of ways. Inspecting properties could prove difficult and access to evidential data, such as values of comparable assets may be less freely available. RICS Regulated Members have therefore been considering whether a material	Our audit work included, but was not restricted to: challenging management to demonstrate with reasonable accuracy and supporting evidence that the carrying value of land and buildings in the group financial statements is not materially different from the current value as at 31 March 2020 evaluating management assumptions and judgements on how the overall conclusion of land and building valuations as at 31 March 2020 was made, particularly as this was done without a valuation by a qualified valuation expert critically assessing management valuations or carrying values reported in the financial statements against established valuation methods and applicable industry information available to us determining there is no material difference between the carrying value and the current value of land and buildings writing to Trust's valuer (with management's permission), to understand and challenge the

Key Audit Matter – Trust	How the matter was addressed in the audit – Trust
uncertainty declaration is now appropriate in their reports. Its purpose is to ensure that any client relying upon the valuation report understands that it has been prepared under extraordinary circumstances. In their 2019-20 valuation report the Trust's valuer Cushman and Wakefield included a material uncertainty and this was disclosed in note 1.21 to the financial statements. When making its own judgements, the Trust was aware that the RICS has issued a valuation practice notice which gives guidance to valuers where a valuer declares a material uncertainty attached to a valuation in light of the impact of COVID-19 on markets. Therefore, the Trust was aware of the greater uncertainty in land and buildings valuation as at 31 March 2020. We therefore identified valuation of land and buildings as a significant risk for our group audit purposes. This is considered as one of the most significant assessed risks of material misstatement, and a key audit matter.	consultation they provided during the Trust's assessment testing a sample of additions and disposals where material checking the reasonableness of the obsolescence factor and gross internal area used in the Trust's 31 March 2020 valuation evaluated management processes in place to identify any impairments in buildings and checking, the reasonableness and completeness of that process. The group's accounting policy on valuation of land and buildings is shown in note 1.8.2 to the financial statements and related disclosures are included in note 6. The outbreak of COVID-19 has caused uncertainties in valuation markets. As a result, the Trust has made a disclosure note under note 1.21 recognising the material valuation uncertainty **Key observations** We obtained sufficient audit assurance to conclude that: • the basis of the valuation of land and buildings was appropriate • the assumptions and processes used by management in determining the estimate of valuation of property were reasonable • The valuation of land and buildings disclosed in the financial statements is reasonable.
Risk 2: Occurrence and accuracy of contract variations income and other operating income and existence of associated receivable balances The group and Trust's significant income streams are operating income from patient care activities and other operating income. The block contracts include the rates for and level of patient care activity to be undertaken by the Trust. The group recognises patient care activity income during the year based on the completion of these activities. Patient care activities provided that are additional to those incorporated in these contracts (e.g. contract variations) are subject to verification and agreement by the commissioners and may include estimates. 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. The group's other operating revenue (excluding Education and Training) amounts to around c£16m. This income is subject to estimates and may include contracts with external sources e.g. recharges to other NHS bodies, car parking income and clinical test charges. Other operating revenue also includes PSF funding which is granted by NHSI upon achieving the control total. Due to various estimates, judgements and in some cases dealing with non NHS bodies, we consider this as a significant risk in terms of revenue recognition. We have therefore identified the occurrence and accuracy of these income streams of the Trust and the existence of associated receivable balances as a significant risk, which was one of the most significant assessed risks of material misstatement and a key audit matter.	Our audit work included, but was not restricted to: evaluating the group/Trust's accounting policy for recognition income from patient care activities and other operating revenue for appropriateness and compliance with the DHSC Group Accounting Manual 2019-20 updating our understanding of the group/Trust's system for accounting for income from patient care activities and other operating revenue, and evaluated the design of the associated controls using the DHSC mismatch report, we will investigate unmatched revenue and receivable balances over the NAO £300k threshold, corroborating the unmatched balances used by the group to supporting evidence agreeing, on a sample basis, income from contract variations and yearend receivables to agreed contract variations, invoices or other supporting evidence such as correspondence from the group's commissioners evaluating the group estimates and the judgements made by management with regard to corroborating evidence in order to arrive at the total income from contract variations recorded in the financial statements. <u>Other Operating Revenue:</u> agreeing, on a sample basis, income and associated year end receivables from other operating revenue

Key Audit Matter – Trust	How the matter was addressed in the audit – Trust
	to invoices and cash payment or other supporting evidence PSF only –agree income recognised in Q1 –Q3 to NHS Improvement notifications PSF only –obtain supporting evidence that confirms the Trust has met NHSI requirements for recognising Q4 PSF income. The group's accounting policy on revenue from contracts with customers and other income is shown in notes 1.4 and 1.5 to the financial statements and related disclosures are included in note 3. **Key observations** We obtained sufficient audit evidence to conclude that: • the Group's accounting policies for recognition of contract income and other operating income comply with the DHSC Group Accounting Manual 2019-20 and have been applied appropriately; and • Contract variations income and other operating income and the associated receivable balances are not materially misstated.
Risk 3: COVID-19 The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expected the current circumstances to have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to: • remote working arrangements and redeployment of staff to critical front-line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation • volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates • impact on achieving the agreed control total and subsequent Provider Sustainability Funding under increased demand pressures for healthcare in March 2020 • financial uncertainty created by COVID -19 response will require management to further reconsider financial forecasts supporting their going concern assessment for a period of at least 12 months from the anticipated date of approval of the audited financial statements • increased challenges around recoverability of debt from non-public sector organisations may impact cash flow challenges to the organisation We therefore identified the global outbreak of the COVID-19 virus as a significant risk, which was one of the most significant assessed risks of material	Our audit work included, but was not restricted to: • working with management to understand the implications the response to COVID-19 pandemic has on the Trust's ability to prepare the financial statements and update financial forecasts and assess the implications on our audit approach • liaising with other audit suppliers, regulators and government departments to co-ordinate practical cross sector responses to issues as and when they arise. We have evaluated: • the adequacy of the disclosures in the financial statements in light of the Covid-19 pandemic • whether sufficient audit evidence using alternative approaches can be obtained for the purposes of our audit whilst working remotely • whether sufficient audit evidence can be obtained to corroborate significant management estimates such as asset valuations and recovery of receivable balances • management's assumptions that underpin the revised financial forecasts and the impact on management's continuing going concern assessment • the corporate risk register for risks identified from COVID-19. **Key observations** We obtained sufficient audit evidence to conclude: • The Trust's disclosures are in line with the DHSC guidance relating to the impact of the COVID-19 pandemic • Financial forecasts and the cashflow analysis of the Trust supports the ability for the Trust

Key Audit Matter – Trust	How the matter was addressed in the audit – Trust
misstatement and a key audit matter.	to prepare the accounts on a going concern basis • The inclusion of a material uncertainty disclosure regarding the valuation of the Trust's property, plant and equipment has been emphasised in a Key Audit Matter as detailed in risk 1 above.

Our application of materiality

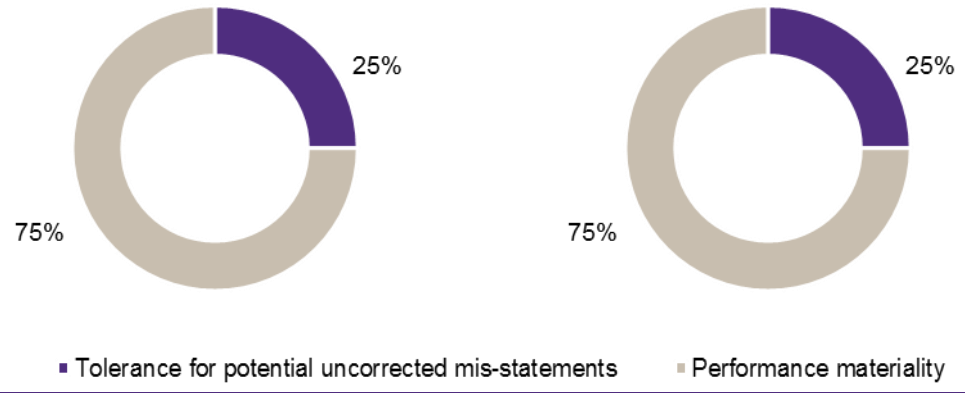
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating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

Materiality was determined as follows:

Materiality Measure	Group	Trust
Financial statements as a whole	£3,610,000 which is 1.8% of the group'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 group has expended its revenue and other funding. Materiality for the current year is at the same percentage level of gross operating costs as we determined for the year ended 31 March 2019 as we did not identify any significant changes in the group or the environment in which it operates.	£3,581,000 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 year is at the same percentage level of gross operating costs as we determined for the year ended 31 March 2019 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	75% of financial statement materiality
Specific materiality		The senior manager remuneration disclosures in the Remuneration Report have been identified as an area requiring specific materiality of £5,000, due to the sensitive nature of these disclosures
Communication of misstatements to the Audit Committee	£200,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£200,000 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 – Group	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 group's business, its environment and risk profile and in particular included:

- Updating our understanding of and evaluating the group's internal control environment including its IT systems and controls over key financial systems and processes.
- Evaluation of identified components to assess the significance of each component and to determine the planned audit response based on a measure of materiality and the significance of the component as a percentage of the group's total income, assets and liabilities.
- Performing full scope audit procedures at Airedale Hospital NHS Foundation Trust (significant component), which represents over 98% of the total income and expenditure of the group, and over 93% of its total assets employed;
- Performing substantive audit procedures of the material transactions and balances of AGH Solutions Limited (non-significant component) with bodies other than the Trust, which in aggregate represent less than 2% of the group's income and expenditure, and less than 7% of its total assets employed;
- Performing analytical audit procedures at Airedale Hospital Charity (non-significant component), which in aggregate represent less than 1% of the group's income and expenditure, and less than 1% of its total assets less current liabilities.
- Performing analytical audit procedures at Integrated Pathology Solutions LLP, Integrated Laboratory Solutions LLP and Immedicare LLP (non-significant components), which in aggregate represent less than 1% of the group's income and expenditure, and less than 1% of its total assets less current liabilities

Other information

The Accounting Officer is responsible for the other information. The other information comprises the information included in the Annual Report**,** 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 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 group and Trust's performance, business model and strategy, is materially inconsistent with our knowledge of the Trust obtained in the audit; or

- Audit Committee reporting in accordance with provision C.3.9 of the NHS Foundation Trust Code of Governance – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to 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 does not meet the disclosure requirements set out in the NHS foundation trust annual reporting manual 2019/20 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 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 2019/20 and the requirements of the National Health Service Act 2006; and

based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Trust gained through our work in relation to the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- we issue a report in the public interest under Schedule 10 (3) of the National Health Service Act 2006 in the course of, or at the conclusion of the audit; or
- we refer a matter to the regulator under Schedule 10 (6) of the National Health Service Act 2006 because we have reason to believe that the Trust, or 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, the Chief Executive, as Accounting Officer, is responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions included in the NHS foundation trust annual reporting manual 2019/20, for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the group's and the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer has been informed by the relevant national body of the intention to dissolve the Trust and the group without the transfer of the 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 – Conclusion on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

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

Under the Code of Audit Practice, we are required to report to you if, in our opinion we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020**.**

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

Significant risks

Under the Code of Audit Practice, we are required to report on how our work addressed the significant risks we identified in forming our conclusion on the adequacy of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources. Significant risks are those risks that in our view had the potential to cause us to reach an inappropriate conclusion on the audited body's arrangements. The table below sets out the significant risks we have identified. These significant risks were addressed in the context of our conclusion on the Trust's arrangements as a whole, and in forming our conclusion thereon, and we do not provide a separate opinion on these risks.

Significant risk	How the matter was addressed in the audit
Risk 1 Underlying financial position In 2018-19 the Trust achieved its control total and received an additional £3.4m of Provider Sustainability Funding by delivering an underlying surplus of £0.5m which exceeded its control total target by £0.2m. Whilst the trust successfully achieved its financial performance targets for 2018-19 it continued to deal with expenditure pressures and demand for services. The Trust's 2019-20 Annual Plan was submitted on the basis of delivering a deficit of £1.8m prior to Marginal Rate Emergency Tariff (MRET). The Trust expected to receive the MRET funding, resulting in a breakeven position. However, the Plan was not in line with the expected underlying surplus of £1.4m required by NHSI (prior to MRET). The Trust anticipated the partnership arrangements across the West Yorkshire and Harrogate Integrated Care System (ICS) to provide the financial cover for this variance of £3.2m. During 2019-20 the Trust indicated that it would be issuing a reforecast position for 2019-20, expected show a £1.5m deficit for the year. This position was	Our audit work included, but was not restricted to: continuing to monitor the Trust's financial position and considering the year-end outturn position needed to secure full PSF and FRF funding considering the adequacy of cash resources in the context of the 2020-21 budget position and associated levels of CIP savings required to be achieved in 2020-21 evaluating progress and delivery made by the Trust in respect of its CIP savings for 2019-20 and the proportion achieved through recurrent and non-recurrent sources. **Key findings** The Trust delivered an underlying deficit of £1.7m (excluding PSF funding). When PSF funding is included this equated to a surplus of £1.4m against the agreed control total of £6.4m, an underperformance of £4.9m. The main reasons for the underperformance was the anticipated ICS support of £3.2m was not received, instead only £1m was received from the ICS and Place based support. In addition, agency spend was higher

Significant risk	How the matter was addressed in the audit
mainly been affected by the increase in medical and nursing staff costs during the year. The Trust still anticipated receiving £3.2m of PSF revenue for 2019-20, however this was dependent on the West Yorkshire and Harrogate ICS delivering an overall balanced position for the region. We noted would continue to monitor the Trust's financial position and consider the year end outturn position to secure the planned PSF funding of £3.2m in the context of the wider region's performance. We would also consider the 2020-21 budget position and associated levels of savings required to be achieved in the coming year.	than anticipated as a result of the required increased bed capacity and unfilled vacancies. During 2019-20 the Trust noted that its original control total of £6.4m would not be achieved. The Trust identified the variance and action required at an early stage and discussed this with relevant stakeholders including NHSI/E and the wider ICS. The underlying deficit of £1.9m was reported to NHSI/E in January as part of the Q3 reforecast. Although the Trust would under achieve against its control total, NHSI/E agreed that if the West Yorkshire and Harrogate ICS as a whole hit its aggregate target, the Trust would still receive its PSF/FRF allocation of £5.2m, which it did – as confirmed in the NHSI/E letter in April 2020. The Trust's 2019-20 CIP target was £6.3m which the Trust duly achieved.

Responsibilities of the Accounting Officer

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether in all significant respects, the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020, and to report by exception where we are not satisfied.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements of Airedale 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 Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Trust's Council of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept

or assume responsibility to anyone other than the Trust and the Trust's Council of Governors, as a body, for our audit work, for this report, or for the opinions we have formed.

Gareth D Mills

Gareth Mills, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Leeds

25 June 2020

FOREWORD TO THE ACCOUNTS

AIREDALE NHS FOUNDATION TRUST

The accounts for the year ended 31 March 2020 are set out on the following pages and comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Taxpayers' Equity, the Consolidated Statement of Cash Flows and the Notes to the Accounts.

These accounts for the year ended 31 March 2020 have been prepared by Airedale NHS Foundation Trust in accordance with paragraph 24 and 25 of schedule 7 to the National Health Service Act 2006.

Signed: ……Brendan Brown - Chief Executive

Date:

STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTING OFFICER OF THE AIREDALE NHS FOUNDATION TRUST

The NHS Act 2006 states that the Chief Executive is the Accounting Officer of the NHS Foundation Trust. The relevant responsibilities of the Accounting Officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the NHS Foundation Trust Accounting Officers' Memorandum issued by NHSI.

Under the NHS Act 2006, NHSI has directed Airedale NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Airedale 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 NHS Foundation Trust Annual Reporting Manual and in particular to:

- observe the Accounts Direction issued by NHSI, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance,
- 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 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 NHSI's NHS Foundation Trust Accounting Officer Memorandum.

Signed: ……Brendan Brown - Chief Executive

Date: 24.06.20

NATIONAL HEALTH SERVICES ACT 2006

DIRECTIONS BY NHSI IN RESPECT OF NATIONAL HEALTH SERVICES FOUNDATION TRUSTS' ANNUAL ACCOUNTS

NHSI, the Independent Regulator of NHS Foundation Trusts, with the approval of HM Treasury, in exercise of powers conferred on it by paragraph 25(1) of Schedule 7 of the National Health Services Act 2006, hereby gives the following Directions:

1. Application and interpretation

(1) These Directions apply to NHS Foundation Trusts in England.

(2) In these Directions "The Accounts" means

for an NHS Foundation Trust in its first operating year since authorisation, the accounts of an NHS Foundation Trust for the year from authorisation until 31 March

for an NHS Foundation Trust in its second or subsequent operating year following authorisation, the accounts of an NHS Foundation Trust for the year from 1 April

"the NHS Foundation Trust" means the NHS Foundation Trust in question

2. Form of Accounts

(1) The accounts submitted under paragraph 25 of Schedule 7 of the 2006 Act shall show, and give a true and fair view of, the NHS Foundation Trust's gains and losses, cash flows and financial state at the end of the financial year.

(2) The accounts shall meet the accounting requirements of the 'NHS Foundation Trust Annual Reporting Manual' (FT ARM) as agreed with HM Treasury, in force for the relevant year.

(3) The statement of Financial Position shall be signed and dated by the Chief Executive of the NHS Foundation Trust.

(4) The Annual Governance Statement shall be signed and dated by the Chief Executive of the NHS Foundation Trust.

3. Statement of accounting officer's responsibilities

(1) The statement of accounting officer's responsibilities in respect of the accounts shall be signed and dated by the Chief Executive of the NHS Foundation Trust.

4. Approval on behalf of HM Treasury

(1) These directions have been approved on behalf of HM Treasury.

Signed by the authority of NHSI, the independent Regulator of NHS Foundation Trusts

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR TO 31 March 2020

		2019/20		2018/19	
		Group	Foundation Trust	Group	Foundation Trust
	Note	£000	£000	£000	£000
Operating income from continuing operations	3	**201,097**	**198,287**	**185,716**	**183,543**
Operating expenses of continuing operations:	4				
- Operating expenses		**(200,548)**	**(198,955)**	**(181,116)**	**(179,310)**
Operating Surplus/(Deficit) before Finance costs		**549**	**(668)**	**4,600**	**4,233**
FINANCE COSTS					
Finance income		**144**	**808**	**103**	**786**
Finance expense - financial liabilities		**(14)**	**(940)**	**(49)**	**(1,001)**
Finance expense - unwinding of discount on provisions	16.2	**(3)**	**(3)**	**(2)**	**(2)**
Public Dividend Capital - dividends payable		**(1,386)**	**(1,386)**	**(1,448)**	**(1,448)**
NET FINANCE COSTS		**(1,259)**	**(1,521)**	**(1,396)**	**(1,665)**
Gains/(losses) of disposal of assets		**-**	**-**	**(4)**	**1**
Share of profit/ (loss) of associates/ joint ventures		**180**	**180**	**380**	**380**
Movement in fair value of investment property and other investments		**(69)**	**-**	**-**	**-**
Corporation Tax Expense	1.17	**1,338**	**-**	**(218)**	
SURPLUS/(DEFICIT) FOR THE YEAR		**739**	**(2,009)**	**3,362**	**2,949**

Movement in Reserves

		Group	Foundation Trust	Group	Foundation Trust
	Note	2019/20 £000	2019/20 £000	2018/19 £000	2018/19 £000
Other reserve movements		**-**	**-**		**(1)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**739**	**(2,009)**	**3,362**	**2,948**
Allocation for the year					
(a)Surplus/(Deficit) for the year attributable to					
- Owners of parent		**739**	**(2,009)**	**3,362**	**2,949**
Total		**739**	**(2,009)**	**3,362**	**2,949**
(b) Total comprehensive expense for the year attributable to					
- Owners of parent		**739**	**(2,009)**	**3,362**	**2,948**
Total		**739**	**(2,009)**	**3,362**	**2,948**

All operations are continuing.

The notes on pages 8 to 44 form part of these accounts.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2020

		31 March 2020		31 March 2019	
		Group	Foundation Trust	Group	Foundation Trust
	Note	£000	£000	£000	£000
Non-current assets					
Property, plant and equipment	6	**57,436**	**57,436**	**55,206**	**55,206**
Investments in subsidiary / joint ventures	19.3/19.4	**180**	**9,071**	**-**	**8,891**
Other Investments	19.5	**505**	**-**	**578**	**-**
Loans to subsidiary	19.4	**-**	**19,043**	**-**	**19,615**
Receivables	9.1	**2,804**	**1,109**	**945**	**945**
Total non-current assets		**60,925**	**86,659**	**56,729**	**84,657**
Current assets					
Inventories	8	**2,001**	**719**	**2,097**	**763**
Receivables	9.1	**21,673**	**20,464**	**17,341**	**16,420**
Loans to subsidiary	19.4	**-**	**572**	**-**	**553**
Cash and cash equivalents	10	**16,515**	**12,350**	**15,311**	**11,152**
Total current assets		**40,189**	**34,105**	**34,749**	**28,888**
Current liabilities					
Trade and other payables	11	**(30,474)**	**(27,663)**	**(21,919)**	**(17,295)**
Borrowings	13	**(508)**	**(508)**	**(531)**	**(531)**
Provisions	16	**(741)**	**(741)**	**(775)**	**(775)**
Lease liability	13.2	**-**	**(1,465)**	**-**	**(1,416)**
Other liabilities	12	**(455)**	**(455)**	**(468)**	**(468)**
Total current liabilities		**(32,178)**	**(30,832)**	**(23,693)**	**(20,485)**
Total assets less current liabilities		**68,936**	**89,932**	**67,785**	**93,060**
Non-current liabilities					
Borrowings	13	**-**	**-**	**(508)**	**(508)**
Provisions	16	**(958)**	**(891)**	**(924)**	**(924)**
Lease liability	13.2	**-**	**(25,276)**	**-**	**(26,740)**
Other liabilities	12	**(3,487)**	**(3,487)**	**(3,627)**	**(3,627)**
Total non-current liabilities		**(4,445)**	**(29,654)**	**(5,059)**	**(31,799)**
Total assets employed		**64,491**	**60,278**	**62,726**	**61,261**
Financed by (taxpayers' equity)					
Public Dividend Capital		**51,205**	**51,205**	**49,941**	**49,941**
Revaluation reserve		**7,883**	**7,883**	**8,131**	**8,131**
Income and expenditure reserve		**4,325**	**1,190**	**3,696**	**3,189**
Charitable fund reserves	19.5	**1,078**	**-**	**958**	**-**
Total taxpayers' equity		**64,491**	**60,278**	**62,726**	**61,261**

The notes on pages 8 to 44 form part of these accounts.

The financial accounts on pages 1 to 44 were approved by the Board of Directors on

Signed on its behalf by: A. Whitaker .....Amy Whitaker - Interim Director of Finance

Date: 24.6.20

CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED

31 March 2020

GROUP	Public Dividend Capital	Income and Expenditure Reserve	Revaluation Reserve	Charitable Funds Reserve	Total Tax Payers Equity
	£000	£000	£000	£000	£000
Balance as at 1 April 2019	49,941	3,696	8,131	958	62,726
Public Dividend Capital received	1,264	-	-	-	1,264
Surplus for the financial year	-	619	-	120	739
Other reserve movements	-	10	(10)	-	-
Impairments	-	-	(238)	-	(238)
Revaluations	-	-	-	-	-
Balance at 31 March 2020	51,205	4,325	7,883	1,078	64,491

	£000	£000	£000	£000	£000
Balance as at 1 April 2018	49,548	(120)	8,422	1,121	58,971
Public Dividend Capital received	393	-	-	-	393
Surplus for the financial year	-	3,525	-	(163)	3,362
Transfer to I\E reserve for impairments arising from consumption of Economic benefit	-	291	(291)	-	-
Impairments	-	-	-	-	-
Revaluations	-	-	-	-	-
Balance at 31 March 2019	49,941	3,696	8,131	958	62,726

The statement of changes in taxpayers' equity is for the Group, the consolidated Charitable fund balances are identified separately in the table.

Foundation Trust Statement of changes in Taxpayers Equity	Public Dividend Capital	Income and Expenditure Reserve	Revaluation Reserve	Charitable Funds Reserve	Total Tax Payers Equity
	£000	£000	£000	£000	£000
Balance as at 1 April 2019	49,941	3,189	8,131	-	61,261
Public Dividend Capital received	1,264	-	-	-	1,264
Surplus for the financial year		(2,009)	-	-	(2,009)
Other reserve movements	-	10	(10)	-	-
Impairments	-	-	(238)	-	(238)
Revaluations	-	-	-	-	-
Balance at 31 March 2020	51,205	1,190	7,883	-	60,278

	£000	£000	£000	£000	£000
Balance as at 1 April 2018	49,548	(50)	8,422	-	57,920
Public Dividend Capital received	393	-	-	-	393
Surplus for the financial year	-	2,948	-	-	2,948
Other reserve movements	-	291	(291)	-	-
Impairments	-	-	-	-	-
Revaluations	-	-	-	-	-
Balance at 31 March 2019	49,941	3,189	8,131	-	61,261

The Statement of Changes in Taxpayers' Equity analyses the movements in reserves and public dividend capital since the previous year.

Information on reserves

Public dividend capital

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

Income and Expenditure Reserve

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

Revaluation Reserve

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

Charitable funds reserve

This reserve comprises the ring-fenced funds held by the NHS charitable funds consolidated within these financial statements. These reserves are classified as restricted or unrestricted; a breakdown is provided in note 19.5

The notes on pages 8 to 44 form part of these accounts.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
31 March 2020

	Note	2019/20 Group	2019/20 Foundation Trust	2018/19 Group	2018/19 Foundation Trust
		£000	£000	£000	£000
Cash flows from operating activities					
Operating (deficit)/surplus from continuing operations		**549**	**(668)**	**4,600**	**4,233**
		549	**(668)**	**4,600**	**4,233**
Non-cash income and expense					
Depreciation and amortisation	4/6	**2,963**	**2,963**	**2,786**	**2,786**
Impairments and reversals	4/6.1	**1,047**	**1,047**	**3,818**	**3,818**
Non-cash donations/grants credited to income		**(43)**	**(43)**	**(135)**	**(135)**
(Increase)/Decrease in receivables		**(6,068)**	**(4,120)**	**3,807**	**6,386**
(Increase)/Decrease in other Assets		**1,338**	**-**	**-**	**-**
(Increase)/Decrease in inventories		**96**	**44**	**87**	**(52)**
Increase/(Decrease) in trade and other payables		**8,033**	**9,516**	**(4,702)**	**(7,273)**
Increase/(Decrease) in other liabilities		**(153)**	**(153)**	**(137)**	**(139)**
Increase/(Decrease) in provisions		**3**	**(64)**	**(48)**	**(21)**
Charitable Funds - net adjustments for working capital movements, non-cash transactions and non-operating cash flows		**(333)**	**-**	**397**	**-**
NET CASH GENERATED FROM OPERATIONS		**7,432**	**8,522**	**10,473**	**9,603**
Cash flows from investing activities					
Interest received		**121**	**808**	**82**	**786**
Proceeds from sales / settlements of financial assets / investments (incl repayments issued on loans to subsidiaries)		**-**	**553**	**-**	**534**
Purchase of Property, Plant and Equipment		**(5,594)**	**(5,594)**	**(3,068)**	**(3,068)**
Sales of Property, Plant and Equipment		**-**	**-**	**-**	**-**
Receipt of cash donations to purchase capital assets		**10**	**10**	**135**	**135**
Net cash used in investing activities		**(5,463)**	**(4,223)**	**(2,851)**	**(1,613)**
Cash flows from financing activities					
Public dividend capital received		**1,264**	**1,264**	**393**	**393**
Loans repaid		**(506)**	**(506)**	**(506)**	**(506)**
Capital element of finance lease rental payments		**(25)**	**(1,441)**	**(177)**	**(1,546)**
Interest Paid		**(20)**	**(20)**	**(47)**	**(37)**
Interest element on Finance lease		**-**	**(920)**	**-**	**(966)**
PDC dividend paid		**(1,478)**	**(1,478)**	**(1,331)**	**(1,331)**
Net cash generated from financing activities		**(765)**	**(3,101)**	**(1,668)**	**(3,993)**
Net increase in cash and cash equivalents	10	1,204	1,198	5,954	3,997
Cash and cash equivalents at 1 April	10	**15,311**	**11,153**	**9,357**	**7,156**
Cash and cash equivalents at 31 March	10	**16,515**	**12,351**	**15,311**	**11,153**

The notes on pages 8 to 44 form part of these accounts.

Note 1 Accounting Policies and Other Information

Note 1.1 Basis of Preparation

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 2019/20 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts

Note 1.1.1 Accounting Convention

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

Note 1.2 Going Concern Basis

These accounts have been prepared on a going concern basis.

IAS1 requires management to assess as part of the accounts preparation process the Foundation Trust's ability to continue as a going concern.

Current issues

Covid 19 -is the only known operating risk that would impact on the Trust in the foreseeable future. The Trust is currently reimbursed for all expenditure, nationally, through a block payment agreement and top up against additional expenditure incurred to ensure we achieve a balanced position. A recovery plan for activity is currently being prepared to ensure the Trust is in a position to implement actions when it can return to BAU. The Trust knows of no change in market conditions that would impact on its ability to continue to operate successfully

BREXIT - Although Britain's exit from the EU poses a potential risk, it is not considered likely that this will impact on the ability to operate due to the national contingencies that are in place.

Taking the above issues into consideration the Directors have a reasonable expectation that the services provided by the Trust will continue for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Note 1.3 Consolidation

The Consolidated Accounts of Airedale NHS Foundation Trust show both the NHS Foundation Trust and the Group balances. The Group balances comprise Airedale NHS Foundation Trust, Airedale NHS Foundation Trust Charitable Funds and the subsidiary AGH Solutions Limited.
Subsidiary entities are those over which the trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines.

The Trust has three Joint Ventures in the group accounts these are Immedicare LLP, Integrated Pathology Solutions LLP and Integrated Laboratory Solutions LLP. These are accounted for using the equity method.

Where subsidiaries' accounting policies are not aligned with those of the Trust (including where they report under UK Financial Reporting Standard (FRS) 102 or 101) then amounts are adjusted during consolidation where the differences are material. Inter- entity balances, transactions and gains/losses are eliminated in full on consolidation.

NHS Charitable Funds

The Trust is the Corporate Trustee to Airedale NHS Foundation Trust Charitable Funds. The Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the Trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable fund and has the ability to affect those returns and other benefits through its power over the fund.

The charitable fund's statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102. On consolidation, necessary adjustments are made to the charity's assets, liabilities and transactions to:
• recognise and measure them in accordance with the Trust's accounting policies and
• eliminate intra-group transactions, balances, gains and losses.

Note 1.3 Consolidation (continued)

Other Subsidiary
Subsidiary entities are those over which the Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines. Inter-entity balances, transactions and gains/losses are eliminated in full on consolidation.

On 1 September 2017 the Trust established a wholly owned subsidiary company AGH Solutions Limited which became operational on 1 March 2018. The investment in AGH Solutions Limited is recognised at cost as this is a wholly owned subsidiary of the Trust. The subsidiary's accounts are prepared in accordance with Financial Reporting Standard (FRS) 101 ("FRS101").

Joint Ventures

Joint ventures are separate entities over which the Trust has joint control with one or more other parties. The meaning of control is to exercise control or power to influence so as to gain economic or other benefits. Joint ventures are accounted for under IAS 28 using the equity method. The Trust has equity investment in the following joint ventures:

- **50%** - **Immedicare LLP**, in partnership with Involve,
- **33%** - **Integrated Pathology Solutions LLP** with Bradford Teaching Hospitals NHS Foundation Trust, and Harrogate and District NHS Foundation Trust (since 1st October 2019)
- **33%** - **Integrated Laboratory Solutions LLP** with Bradford Teaching Hospitals NHS Foundation Trust, and Harrogate and District NHS Foundation Trust (since 1st October 2019)

Note 1.4 Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS).
Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

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

Revenue from research contracts
Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. For some contracts, it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract. In these cases it is assessed that the Trust's interim performance does not create an asset with alternative use for the Trust, and the Trust has an enforceable right to payment for the performance completed to date. It is therefore considered that the performance obligation is satisfied over time, and the Trust recognises revenue each year over the course of the contract. Some research income alternatively falls within the provisions of IAS 20 for government grants.

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

Provider sustainability fund (PSF) and Financial recovery fund (FRF)
The PSF and FRF enable providers to earn income linked to the achievement of financial controls and performance targets. Income earned from the funds is accounted for as variable consideration.

Education

The Trust receives income training from Health Education England (HEE). A performance obligation relating to delivery of training which is satisfied over the financial year.The obligation is met in line with the payments made in year.Training is received and consumed simultaneously by the customer as the Trust performs it.The customer in such a contract is HEE, but the benefits received are indirect as services are provided to the trainee.

Note 1.5 Other forms of income

Grants and donations
Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grants is used to fund capital expenditure, it is credited to the Consolidated Statement of Comprehensive Income once conditions attached to the grant have been met. Donations are treated in the same way as government grants.

Apprenticeship service income
The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider from the Trust's Digital Apprenticeship Service (DAS) account held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Note 1.6 Expenditure on Employee Benefits

Short Term Employee Benefits
Salaries, wages and employment related payments are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the year is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

Pension costs

1.6.1 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.

Employer's pension cost contributions are charged to operating expenses as and when they become due.

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:

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the Trust commits itself to the retirement, regardless of the method of payment.

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 2020, is based on valuation data as 31 March 2019, updated to 31 March 2020 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. 6.3% is currently funded directly by the Department of Health

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.

Note 1.6 Expenditure on Employee Benefits (continued)

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

c) Scheme provisions
The NHS Pension Scheme provides defined benefits, which are illustrated below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the scheme or the specific conditions that must be met before these benefits can be obtained.

Annual Pensions
The 1995 and 2008 schemes are 'final salary' schemes. Annual pensions are normally based on 1/80th for the 1995 section and on the best of the last three years pensionable service and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as 'pension commutation'.

With effect from 1 April 2015 the 2015 Pension scheme was introduced for all employees currently in the NHS pension Scheme. Except for employees who at the 1st April 2012 were already over their normal pension age or 10 years or less from their normal pension age and in active membership on both 1 April 2012 and 31 March 2015, who received full protection in their previous scheme. For employees who were more than 10 years but less than 13 years and 5 months from their normal pension age at the 1st April 2012 and in active membership on both 1 April 2012 and 31 March 2015, tapering relief was applied. The Scheme is based on a 1/54th of the annual salary indexed linked to the employees State retirement age.

Pensions Indexation
Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971.

Lump Sum Allowance
A lump sum is payable will depend on the scheme or schemes the employees is a member of a the date of retirement.

Ill Health Retirement
Early payment of a pension, with enhancement in certain circumstances, is available to members of the scheme who are permanently incapable of fulfilling their duties or regular employment effectively through illness or infirmity.

Death Benefits
A death gratuity for death in service, will be paid dependent on the scheme or schemes of the employee at date of death.

Transfer between Funds
Scheme members have the option to transfer their pension between the NHS Pension Scheme and another scheme when they move into or out of NHS employment.

Preserved Benefits
Where a scheme member ceases NHS employment with more than two years service they can preserve their accrued NHS pension for payment when they reach retirement age.

Compensation for Early Retirement
Where a member of the scheme is made redundant they may be entitled to early receipt of their pension based on the terms of their scheme or schemes.

Note 1.6 Expenditure on Employee Benefits (continued)

1.6.2 Alternative Pension Scheme - National Employment Savings Trust (NEST) Pension Scheme

Following the Pensions Act 2008 the NHS Foundation Trust had a duty in the financial year ended 31 March 2017 to provide a pension scheme for employees who are ineligible to join the NHS Pension Scheme at the Trust. This includes employees who are members of the NHS Pension Scheme through another role outside of the Trust and those that are not eligible to join the NHS Pension Scheme.

The NHS Foundation Trust has selected NEST as its partner to meet the duty. The scheme operated by NEST on the NHS Foundation Trust's behalf is a defined contribution scheme, employers contributions are charged to operating expenses as and when they become due. From 6 April 2019, employee and employer contribution rates are a combined minimum of 8% (with a minimum 3% being contributed by the Trust).

Note 1.7 Expenditure on Other Goods and Services

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

Note 1.8 Property, Plant and equipment

Note 1.8.1 Recognition

Property, plant and equipment is capitalised where:-
- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential be provided to, the Trust
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably
- the item has cost of at least £5,000, or
- collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.
- forms part of the initial setting up of a new building or refurbishment of a ward or unit, irrespective of their individual or collective cost.

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

Note 1.8.2 Measurement

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

All assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (ie operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use. Assets that were most recently held for their service potential but are surplus with no plan to bring them back into use are measured at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Note 1.8.2 Property, Plant and equipment Measurement (Continued)

The carrying values of property, plant and equipment are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Land and buildings are valued at current value in accordance with the revaluation model set out in IAS 16. Land and buildings are revalued at least every five years. More frequent valuations are carried out if the Foundation Trust believes that there has been a significant change in value.

Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors Valuation standards. The last full asset valuations were undertaken by Cushman and Wakefield with a prospective valuation date of 31 March 2018.

The valuations are carried out primarily on the basis of depreciated replacement cost on a modern equivalent asset basis for specialised operational property and current value for non-specialised operational property, using the alternative site method.

Valuation using the modern equivalent asset basis, with an alternative site means that the valuer has taken into consideration the modern needs of the Trust, in relation to the size and layout of a possible replacement hospital. The valuation also uses the alternative site methodology which means the Hospital could be built in an area where land costs are less than in the current location.

For non-operational properties including surplus land, the valuations are carried out at open market value.

Assets in the course of construction are valued at cost and are revalued by professional valuer when they are brought into use.

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

Subsequent Expenditure

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

Depreciation

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

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as assessed by professional valuers appointed by the Trust.

Property, plant and equipment is depreciated on a straight line basis over the estimated lives which are:-

a) Engineering plant and equipment:- 5 - 16 years - Plant and Machinery
b) Vehicles:- 7 years - Transport Equipment
c) Office equipment, furniture and soft furnishings:- 5 - 12 years - Furniture and Fittings
d) Medical and other equipment:- 5 - 16 years - Plant and Machinery
e) IT equipment:- 5 - 10 years - Information Technology
f) Buildings, installations and fittings:- 29 - 90 years - Buildings

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

Note 1.8.2 Property, Plant and equipment - Measurement (Continued)

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Property, plant and equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the classification. Assets under the course of construction are not depreciated until the asset is brought into use.

Disposals

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

Revaluation gains and losses

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

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

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

Impairments

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

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

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

Note 1.8.3	**De-recognition**
	Assets intended for disposal are classified as 'Held for Sale' once all 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 i.e:
	o management are committed to a plan to sell the asset
	o an active programme has begun to find a buyer and complete the sale
	o the asset is being actively marketed at a reasonable price
	o the sale is expected to be completed within 12 months of the date of classification as 'held for sale' and
	o the actions needed to complete the plan indicate it is unlikely that the plan will be abandoned or significant changes made to it.
	Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'current value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued, except where the 'current value less costs to sell' falls below the carrying amount. Assets are derecognised 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 assets economic life is adjusted. The asset is derecognised when scrapping or demolition occurs.
Note 1.8.4	**Donated and grant funded assets**
	Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.
	The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.
Note 1.8.5	**Private Finance Initiative (PFI) Transaction**
	PFI transactions which meet the IFRIC 12 definition of a service concession, as per FReM - are recognised as property, plant and equipment, together with an equivalent finance lease liability. Subsequently, the assets are accounted for as property, plant and equipment.
Note 1.8.6	**Intangible Assets**
	Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Trust and where the cost of the asset can be measured reliably.
	Software
	Software which is integral to the operation of hardware, e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware, eg application software, is capitalised as an intangible asset.
	The Trust currently has no intangible assets as all software is integral to the hardware.
Note 1.9	**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.
	Cash, bank and overdraft balances are recorded at current values.
	There are no significant cash and cash equivalent balances held by the entity that are not available for use by the group.

Note 1.10	**Inventories**
	Pharmacy inventories are valued at weighted average historical cost. Other inventories are valued at the lower of cost and net realisable value using the first in, first out method.
	Pharmacy inventories are valued at weighted average historical cost, as they are held on a computerised inventory system, which calculates the values in this way. The valuation method is deemed a reasonable approximation to current value.
Note 1.11	**Financial Assets and Financial Liabilities**
Note 1.11.1	**Recognition**
	Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS.
	This includes the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements and are recognised when, and to the extent which, performance occurs, i.e. when receipt or delivery of the goods or services is made.
Note 1.11.2	**Classification and Measurement**
	Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.
	Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described below.
	Financial assets are classified as subsequently measured at amortised cost, or fair value through income and expenditure.
	Financial liabilities classified as subsequently measured at amortised cost.
	Financial assets and financial liabilities at amortised cost
	Financial assets and financial liabilities at amortised cost are those held with the objective of collecting contractual cash flows and where cash flows are solely payments of principal and interest. This includes cash equivalents, contract and other receivables, trade and other payables, rights and obligations under lease arrangements and loans receivable and payable.
	Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets.
	The Trusts loans and receivables comprise; cash and cash equivalents, NHS contract receivables, and other contract receivables.
	After initial recognition, these financial assets and financial liabilities are measured at amortised cost using the effective interest method less any impairment (for financial assets). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.
	Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

Note 1.11	**Financial Instruments and Financial Liabilities (Continued)**
Note 1.11.2	**Classification and Measurement (continued)**
	Financial assets and financial liabilities at fair value through income and expenditure
	Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or at fair value through other comprehensive income. This category also includes financial assets and liabilities acquired principally for the purpose of selling in the short term (held for trading) and derivatives. Derivatives which are embedded in other contracts, but which are separable from the host contract are measured within this category. Movements in the fair value of financial assets and liabilities in this category are recognised as gains or losses in the Statement of Comprehensive income.
	Impairment of Financial Assets
	For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, the Trust recognises an allowance for expected credit losses.
	The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).
	There is no expected credit losses for inter-NHS debtors. The Trust and AGH Solutions split other debtors into categories i.e. overseas visitors, private patients, medical records, staff and general. These classes are assessed for expected credit losses based on the last 12 months' data, and the percentages are then applied to the current debts.
	For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.
	Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.
Note 1.11.3	**Derecognition**
	Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.
	Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.
Note 1.12	**Leases**
Note 1.12.1	**The Trust as lessee**
	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.
	Finance Leases
	Where substantially all risks and rewards of ownership of a leased asset are borne by the Trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.
	The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for an item of property, plant and equipment. The annual rental charge is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability, is de-recognised when the liability is discharged, cancelled or expires.

Note 1.12 Leases (continued)

Note 1.12.1 The Trust as lessee (continued)

Operating Leases

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

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

Leases of land and buildings

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

Note 1.12.2 The Trust as lessor

Finance leases

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

Operating leases

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

Note 1.13 Provisions

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

Clinical Negligence Costs

The NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which in return settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at Note 16.

Non-clinical Risk Pooling

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

Note 1.14 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in Note 14 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 14, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:-

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

Note 1.15 Public Dividend Capital

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

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

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

(i) donated assets,

(ii) average daily cash balances held with the Government Banking Service (GBS) and National Loans Fund Deposits (NLFS), 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.

The calculation also excluded the bonus element of the Provider Sustainability Funding. Average relevant net assets are calculated as a simple mean of opening and closing relevant net assets.

In accordance with the requirements laid down by the DOH, the dividend for the year is calculated on the 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 adjustments to net assets occur as a result of the audit of the annual accounts.

Note 1.16 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.

AGH Solutions Limited is a wholly owned subsidiary and is registered for VAT.

Note 1.17 Corporation Tax

Airedale NHS Foundation Trust

The Trust is a Health Service body within the meaning of s519 ICTA 1988 and accordingly is exempt from taxation in respect of income and capital gains within categories covered by this. There is power for the Treasury to dis-apply the exemption in relation to the specified activities of a Foundation Trust (s519 (3) to (8) ICTA 1988), but as at 31 March 2017 this power has not been exercised. Accordingly the Trust is not within scope of Corporation Tax.

AGH Solutions Limited

AGH Solutions Limited is a wholly owned subsidiary and is subject to Corporation Tax.

The tax charge for the year for AGH Solutions is not materially different from the profit multiplied by the prevailing tax rate in the UK of 19%. See Note 22.

Deferred Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities, for reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted on the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred taxation - 2019/20 £1.613m (2018/19 - restated at £1.694m). See Note 23.

Note 1.18	**Foreign Exchange**
	The functional and presentational currency of the Trust is sterling.
	Transactions that are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange rate gains and losses are taken to the Statement of Comprehensive Income.
Note 1.19	**Third Party Assets**
	Assets belonging to third parties (such as money held on behalf of patients) are banked and shown within cash and creditors in the Trust's accounts.
Note 1.20	**Dispensation from the Application of Accounting Standards**
	IFRS 16 Lease - Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM: early adoption is not therefore permitted. However, application for the NHS is now deferred until 2021/22 Accounting year. The deferral does not apply to the Trust's wholly owned subsidiary (AGH Solutions Ltd), who will report under IFRS 16 in both its 2019/20 and 2020/21 accounts. When consolidating the subsidiary into the Trust's group accounts, the Trust group accounting policies will continue to be on an IAS 17 basis in 2019/20 and 2020/21, so consolidation adjustments will be required.
Note 1.21	**Critical Accounting Judgements and Key Sources of Estimation Uncertainty**
	In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.
Note 1.21.1	**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 Trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:-
	HM Treasury requires Trusts to value their land and buildings on a Modern Equivalent Asset (MEA) basis i.e. the "replacement cost" is based on the cost of a modern replacement asset that has the same productive capacity as the property being valued. IAS 16 requires Trusts to ensure that fixed assets are shown in their accounts at a fair value. To ensure compliance a full review of land and buildings values was undertaken. The Trust commissioned Cushman and Wakefield to conduct this piece of work with the remit that the MEA valuation should be based on an alternative site basis, but in the current location. The site is valued based on the size of the modern equivalent, and not the actual site area occupied at current (i.e. MEA site area 6.8 hectares, compared to existing site 20.93 hectares, a reduction of 2/3).
	The Trust has revalued the assets as at 31 March 2018, net of VAT, in line with the valuation supplied by Cushman and Wakefield. Cushman and Wakefield have carried out the valuation in accordance with RICS valuation standards .
	The valuation is net of VAT, due to the limited options to re-provide a new hospital build, the most probable option would be to build using a PFI or special purpose vehicle, in which circumstances VAT would be recoverable. The Trust set up a wholly owned subsidiary which is a limited company registered for VAT, which will be responsible for providing a fully managed hospital, This supports the option to value net of VAT. The substance of the transaction between the Trust and AGH Solutions

Note 1.21.2	**Key Sources of Estimation Uncertainty**
	The following are assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:
	a) The Trust's accounting policy for property, plant and equipment is detailed in Note 1.8 .The carrying value of property, plant and equipment is detailed in Note 6. As stated above Cushman and Wakefield (C&W) has provided an MEA valuation of land and buildings, whilst on an annual basis management estimates the useful economic lives of equipment based on management's judgement and experience. When management identifies that actual useful lives differ materially from the estimates used to calculate depreciation, that charge is adjusted prospectively.
	A desktop valuation exercise was carried out in February 2020 with a valuation date of 31 March 2020, covering only the external areas of the hospital site i.e. roads, path, car parks etc. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19. Per the valuation report "For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. It is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case". The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.
	A 1% change in the valuation would have £574k impact on the Trust statement of financial position with a £10k impact on the PDC dividend due to be paid next year and accrued in these financial statements
	It is possible that the COVID-19 pandemic will affect the Trust's future assessment of what would be required in a modern equivalent asset, but this would be reflected in the 20/21 accounts.
	b) In measuring income for the year management has taken account of all available information. Income estimates that have been based on actual information related to the financial year.
	A large percentage (circa 80%) of healthcare income from commissioners is on a fixed income basis and so is certain, with the remainder as PbR (payment by results).
	Included in the income figure is an estimate for incomplete spells, patients undergoing treatment that is only partially complete at year end. The number of incomplete spells for each specialty is taken and multiplied by the average specialty price and adjusted for the proportion of the spell which relates to the current year. For 2019/20 this figure is circa £1m.
	c) In estimating expenses that have not yet been charged for, management has made a realistic assessment based on costs actually incurred in the year to date, with a view to ensuring that no material items have been omitted.
Note 1.22	**Losses and Special Payments**
	Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.
	Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had 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.
Note 1.23	**Early adoption of standards, amendments and interpretations**
	No new accounting standards or revisions to existing standards have been early adopted in 2019/20.
Note 1.24	**Accounting Standards and amendments issued but not yet adopted**
	IFRS 14 Regulatory Deferral Accounts -
	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 2019. Due to COVID-19 pressures, the Financial Reporting Advisory Board and HM Treasury have given special dispensation to the NHS to defer application of the standard until the start of the 2021/22 financial year.
	IFRS 17 Insurance Contracts -
	Application required for accounting periods beginning on or after 1 January 2023, but not yet adopted by the FReM: early adoption is not therefore permitted.

2 Operating segments

The Trust's core activities fall under the remit of the Chief Operating Decision Maker ("CODM") as defined by IFRS 8 'Operating Segments', which has been determined to be the Board of Directors.

These activities are primarily the provision of NHS healthcare, the income for which is received through contracts with commissioners. The contracts follow either requirements of Aligned incentive , where the income is based on fixed income level with variable incentives or Payment by Results where applicable and services are paid for on the basis of tariffs for each type of clinical activity. The planned level of activity is agreed with our main commissioners for the year, and are listed in the related party disclosure (see Note 19.2).

The Trust manages the delivery of healthcare services across a total of 5 Clinical Groups. Performance is reported at Clinical Group level to the Trust Board, as one group.

The Trust has applied the criteria from IFRS 8 Operating Segments because the Clinical Groups provide similar services, have homogenous customers, common production processes and a common regulatory environment. The overlapping activities and interrelation between the groups also suggests that this is appropriate. The Clinical Groups report to the CODM, and it is the CODM that ultimately makes decisions about the allocation of budgets, capital funding and other financial decisions.

On this basis the Trust believes that there is one segment. The overall surplus reported to the Trust Board under the Clinical Group reporting structure was (2,009k) excluding the NHS Foundation Charitable Funds and AGH Solutions Limited, which is the same as the position reported in the Statement of Comprehensive Income.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

The composition of the entity's reportable segments has not changed since the previous reporting period.

AGH Solutions Limited is a wholly owned subsidiary of the Trust reporting to the Trust's Board but is managed as an independent limited company.

AGH Solutions Limited's activities are **primarily those of the Operator of a Fully Managed Healthcare Facility**.

2.1 Operating Segments-Statement of Cash Flow

AGH Solutions Limited and Airedale NHS Foundation Trust Charitable fund's activities are included in this account for consolidation.

3 Operating Income from continuing operations

3.1 Analysis operating income

	Note	2019/2020 Group	2019/2020 Foundation Trust	2018/2019 Group	2018/2019 Foundation Trust
		£000	£000	£000	£000
Income from patient care activities (by nature):					
Elective income		23,104	23,104	24,819	24,820
Non elective income		49,690	49,690	44,068	44,068
Outpatient income		17,535	17,535	17,540	17,539
Accident and Emergency income		9,582	9,582	8,080	8,080
Community Services		5,049	5,049	4,447	4,447
Other NHS clinical income		53,024	53,024	46,441	46,441
Private patient income		148	148	201	201
** Central funding		5,340	5,340	1,851	1,851
Other non-protected Clinical income		15,747	15,213	15,973	15,802
Total income from activities		**179,219**	**178,685**	**163,420**	**163,249**
Income from patient care activities (by source):					
NHS Foundation Trust		2,200	2,000	2,405	2,233
NHS Trusts		155	155	544	544
CCGs and NHS England		166,425	166,094	149,577	149,578
Department of Health & Social Care - other		-	-	1,851	1,851
NHS Other		42	42	-	-
Non NHS: Private Patients		148	148	201	201
Non NHS: Overseas visitors		41	41	33	33
* NHS injury scheme (see below)		853	853	584	584
Non NHS: Other		9,355	9,352	8,225	8,225
Total income from activities		**179,219**	**178,685**	**163,420**	**163,249**
Other operating income from contracts with customers (in accordance with IFRS 15):					
Research and development (contract)		1,065	1,065	1,161	1,161
Education and training (excluding notional apprenticeship levy income)		6,041	6,041	5,229	5,229
Non-patient care services to other bodies		2,955	1,098	3,134	1,147
Provider sustainability / sustainability and transformation fund income (PSF / STF)		5,177	5,177	6,789	6,789
Income in respect of employee benefits accounted on a gross basis		570	570	588	580
Other contract income (see note 3.2)		5,296	5,263	4,902	5,253
Other non-contract operating income (non-IFRS 15):					
Rental revenue from operating leases		-	-	10	-
Notional income from Apprenticeship Fund		344	344		
Charitable and other contributions to expenditure		43	43	135	135
Charitable Funds: Incoming Resources excluding investment income	19.6	387	-	348	-
Total other operating income		**21,878**	**19,601**	**22,296**	**20,294**
Total operating income		**201,097**	**198,287**	**185,716**	**183,543**

***** NHS injury scheme income is subject to a provision for doubtful debts of 21.79% (2018/19 - 21.89%) to reflect expected rates of collection.
** 6.3% Pension contribution from Department of Health

3.2 Analysis of Other Contract Income: Other

	2019/2020 Group	2019/2020 Foundation Trust	2018/2019 Group	2018/2019 Foundation Trust
	£000	£000	£000	£000
Car Parking	1,452	1,412	1,426	1,397
Catering	354	-	16	2
Estates maintenance	21	-	177	(2)
Pharmacy Sales	60	60	30	30
Staff Accommodation rental	33	16	27	44
Crèche services	775	775	890	890
Clinical Tests	992	992	1,320	1,320
Clinical Excellence	-	-	-	-
Other income	1,609	2,008	1,016	1,572
	5,296	**5,263**	**4,902**	**5,253**

The "Other" other income is made up of a wide variety of items, including items such as course fees income and sales of non patient services to other organisations. Clinical Tests include the provision of Telemedicine services .

3.3 Analysis of income from activities

(mandatory and non-mandatory services replaced with commissioner requested services)

	2019/2020 Group	2019/2020 Foundation Trust	2018/2019 Group	2018/2019 Foundation Trust
	£000	£000	£000	£000
Commissioner requested services	141,259	141,259	140,345	140,345
Non-commissioner requested services	37,960	37,426	23,075	22,904
Total	**179,219**	**178,685**	**163,420**	**163,249**

3.4 Private patient income

Section 164(3) of the Health and Social Care Act removes condition 10, (which restricted income from private charges), from the Trust's Terms of Authorisation. The Foundation Trust are now required by the Act and constitution (rather than by the terms of Authorisation), to ensure that income derived from activities related to the Trust's principal purpose of delivering goods and services for the purposes of the NHS exceeds income derived from other activities. To increase this income in any financial year by 5% or more, the Trust is required to seek approval from the Council of Governors. In 2019/2020 the Trust has not increased the percentage beyond the 5% threshold.

3.5 Overseas visitors (relating to patients charged directly by the Trust)

	2019/2020 Group	2019/2020 Foundation Trust	2018/2019 Group	2018/2019 Foundation Trust
	£000	£000	£000	£000
Income recognised this year	**41**	**41**	**33**	**33**
Cash payments received in year	**32**	**32**	**40**	**40**
Amounts added to provision for impairment of receivables (relating to invoices raised in current and prior years)	**0**	**0**	**18**	**18**
Amounts written off in-year (relating to invoices raised in current and previous years)	**0**	**0**	**0**	**0**

4. Operating Expenses from continuing operations

4.1 Operating expenses comprise:

	Note	2019/2020 Group	2019/2020 Foundation Trust	2018/2019 Group	2018/2019 Foundation Trust	
		£000	£000	£000	£000	
Services from NHS Foundation Trusts		1,243	1,243	1,152	1,152	
Services from NHS Trusts		623	623	21	21	
Services from other NHS bodies		10	10	-	-	
Purchase of healthcare from non NHS bodies		991	913	442	413	
Remuneration of non-executive directors		142	142	122	122	
Employee expenses - staff		143,058	132,759	124,539	116,377	
NHS charitable funds - employee expenses		-	-	-	-	
Supplies and services - clinical (excluding drug costs)		16,532	10,445	15,714	8,605	+
Supplies and services - general		2,322	25	3,071	135	
Establishment		716	473	850	346	
Transport (business travel only)		439	320	510	500	
Transport (other)		503	484	146	43	+
Premises - business rates payable to local authorities		594	594	640	640	
Premises - other		8,086	26,185	7,294	25,497	
Movement in credit loss allowance: contract receivables / contract assets		60	60	10	10	
Movement in credit loss allowance: all other receivables and investments		(73)	(80)	131	117	
Change in provisions discount rate(s)		7	7	-	-	
Inventories written down (net, including inventory drugs)		98	98	42	42	++
Drugs Inventories consumed		12,182	12,182	11,592	11,592	++
Rentals under operating leases - minimum lease payments		1,917	1,805	1,416	1,276	+
Depreciation on property, plant and equipment	6.1	2,963	2,963	2,786	2,786	
Impairments of property, plant and equipment	6.1	1,047	1,047	3,818	3,818	
Audit services- statutory audit*		54	54	51	51	
Audit services- non-statutory audit - quality		-	-	6	6	
Other auditor remuneration (external auditor only)**		20	-	20	-	
Audit fees payable to external auditor of charitable fund accounts		2	-	4	-	
Clinical negligence - amounts payable to NHS Resolution (premiums)		4,106	4,106	4,136	4,136	
Loss on disposal of other property, plant and equipment		-	-	-	-	
Legal fees		34	23	82	81	
Consultancy costs		218	194	228	157	
Internal audit costs - (not included in employee expenses)		77	68	52	33	
Training, courses and conferences		888	888	459	432	
Notional apprenticeship expenditure		344	344			
Patient travel		-	-	-	-	
Redundancy - (included in employee expenses)		-	-	-	-	
Hospitality		-	-	-	-	
Insurance		100	12	116	13	
Losses, ex gratia & special payments- (not included in employee expenses)		29	29	24	23	
Research and development - non-staff		-	-	29	29	
Other		997	939	1,088	857	
NHS charitable funds: Other resources expended	19.5	219	-	525	-	
Operating expenses		**200,548**	**198,955**	**181,116**	**179,310**	

* Statutory Audit fees include VAT

** The auditing of accounts of any associate of the Trust - AGH Solutions Ltd

\+ PY - Operating lease figure has been corrected, with adjustments made to the following categories - Supplies and Services (clinical) and Transport

++ PY - Inventories written down figure has been corrected, and adjusted from Drug Inventoires consumed

The external audit liability is limited to a maximum of £2 million.

Employee expenses includes £5.34m which equates to 6.3% of the employer pension contribution which the department of health is funding and has a corresponding revenue entry in note 3.1

4.2 Operating leases as lessee

The Trust has an operating lease in place with Siemens for the provisions of Radiology equipment. The value of lease payments for the year 2019/20 was £1,247k . This lease arrangement commenced on 22 October 2001 and was scheduled to run for 15 years, this was subsequently extended for 4 years with a possible additional extension of a further 4 years. An extension until October 2021 has been agreed. A review of the lease arrangements has determined that this should be treated as an operating lease under IFRS. Siemens invested £1.73 million at the start of the contract and it is envisaged that a total of £6.35 million will be spent on new equipment during the period of the contract. At the end of the contract, the Trust has the option to purchase the equipment at its market value or may require the operator to remove it. The annual charge for the service is fixed and includes an amount for maintenance.

The balance of lease payments relates to small operating leases in respect photocopiers, cars, leased property and other equipment . In all these cases the Trust has the option to purchase the equipment at its market value at the end of the lease or can require the operator to remove them.

4.2.1 Operating expenses include:

	2019/20 Group	2019/20 Foundation Trust	2018/19 Group	2018/19 Foundation Trust
	£000	£000	£000	£000
Other minimum operating lease rentals	1,917	1,805	1,416	1,276
	1,917	1,805	1,416	1,276

4.2.2 Total future minimum operating lease payments due:

	2019/20 Group	2019/20 Foundation Trust	2018/19 Group	2018/19 Foundation Trust
	£000	£000	£000	£000
Within 1 year	1,911	1,791	1,392	1,271
Between 1 and 5 years	2,040	2,008	808	647
After 5 years	-	-	-	-
	3,951	3,799	2,200	1,918

5. Employee expenses and numbers

5.1 Employee expenses

	Group					
	2019/20			2018/19		
	Total	Permanently Employed	Other	Total	Permanently Employed	Other
	£000	£000	£000	£000	£000	£000
Salaries and wages	106,389	105,936	453	97,508	97,163	345
Social Security Costs	10,425	10,425	-	8,651	8,651	-
Apprenticeship levy	490	490	-	447	447	-
Employer contributions to NHS Pensions Agency	17,472	17,472	-	11,603	11,603	-
Other Pensions	74	74	-	37	37	-
Termination benefits	-	-	-	-	-	-
Agency/Bank staff	8,868	-	8,868	6,571	-	6,571
NHS Charitable funds staff	-	-	-	-	-	-
	143,718	134,397	9,321	124,817	117,901	6,916

	Foundation Trust					
	2019/20			2018/19		
	Total	Permanently Employed	Other	Total	Permanently Employed	Other
	£000	£000	£000	£000	£000	£000
Salaries and wages	98,196	97,743	453	90,916	90,571	345
Social Security Costs	9,712	9,712	-	8,140	8,140	-
Apprenticeship levy	464	464	-	430	430	-
Employer contributions to NHS Pensions Agency	16,511	16,511	-	10,812	10,812	-
Other Pensions	45	45	-	27	27	-
Termination benefits	-	-	-	-	-	-
Agency/Bank staff	8,491	-	8,491	6,052	-	6,052
NHS Charitable funds staff	-	-	-	-	-	-
	133,419	124,475	8,944	116,377	109,980	6,397

	Group					
	Total 2019/20 Number	Permanently Employed Number	Other Number	Total 2018/19 Number	Permanently Employed Number	Other Number
Medical and dental	332	284	48	295	263	32
Administration and estates	647	630	17	609	584	25
Healthcare assistants and other support staff	798	702	96	682	608	74
Nursing, midwifery and health visiting staff	733	685	48	705	675	30
Scientific, therapeutic and technical staff	454	454	-	442	442	-
Other	-	-	-	-	-	-
Total	2,964	2,755	209	2,733	2,572	161

	Foundation Trust					
	Total 2019/20 Number	Permanently Employed Number	Other Number	Total 2018/19 Number	Permanently Employed Number	Other Number
Medical and dental	332	284	48	295	263	32
Administration and estates	303	296	7	490	478	12
Healthcare assistants and other support staff	558	462	96	506	432	74
Nursing, midwifery and health visiting staff	733	685	48	706	676	30
Scientific, therapeutic and technical staff	455	455	-	437	437	-
Other	-	-	-	-	-	-
Total	2,381	2,182	199	2,434	2,286	148

WTE = Whole time equivalents

5.3 Retirement due to ill health

During 2019/20 from the 1 April 2019 to the 31 March 2020 there were 4 early retirements from the NHS agreed on the grounds of ill health (2018/19 - 4). The estimated additional pension liabilities of these ill-health retirements will be £231k (2018/19 : £330k) .The cost of these ill-health retirements will be borne by the NHS Business Authority - Pensions Division.

5.4 Exit packages

The following is the breakdown of the 2019/20 Exit packages

	Group	Foundation Trust	Group	Foundation Trust
Exit Packages Cost Band	Number of agreed departures	Number of agreed departures	Cost of departures £000	Cost of departures £000
<£10,000	-	-	-	-
£10,001-£25,000	-	-	-	-
£25,001-£50,000	1	1	30	30
£50,001-£100,000	-	-	-	-
£100,001-£150,000	-	-	-	-
TOTAL	1	1	30	30
Addition Analysis				
MARS	-	-	-	-
Early retirements	-	-	-	-
In lieu of notice	-	-	-	-
TOTAL	**0**	**0**	**0**	**0**

There were no compulsory redundancies

The following is the breakdown of the 2018/19 Exit packages

	Group	Foundation Trust	Group	Foundation Trust
Exit Packages Cost Band	Number of agreed departures	Number of agreed departures	Cost of departures £000	Cost of departures £000
<£10,000	-	-	-	-
£10,001-£25,000	-	-	-	-
£25,001-£50,000	-	-	-	-
£50,001-£100,000	-	-	-	-
£100,001-£150,000	1	1	107	107
TOTAL	1	1	107	107
Addition Analysis				
MARS	-	-	-	-
Early retirements	1	1	107	107
In lieu of notice	-	-	-	-
TOTAL	**1**	**1**	**107**	**107**

5.5 Directors Remuneration

	Year ended 31 March 2020	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2019
	Group	Foundation Trust	Group	Foundation Trust
	£000	£000	£000	£000
Aggregate emoluments to Executive Directors	763	763	966	966
Remuneration to Non-Executive Directors	142	142	122	122
Pension Costs	115	115	95	95
	1,020	**1,020**	**1,183**	**1,183**

There has been no compensation or exit packages paid for directors resigning in the year

6. Property, plant and equipment (Group and Foundation Trust)

6.1 Current year property, plant and equipment comprises of the following elements:

	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 April 2019	2,956	40,194	5,453	314	11,743	110	13,599	302	74,671
Additions - purchased	-	2,526	-	733	1,277	-	1,899		6,435
Additions - leased	-	-	-	-	-	-	-	-	-
Additions - assets purchased from cash donations/grants	-	10	-	-	-	33	-	-	43
Impairments charged to the revaluation reserve	-	(235)	(3)	-	-	-	-	-	(238)
Reversal of impairments credited to the revaluation reserve	-	-	-	-	-	-	-	-	-
Revaluations	-	(1,280)	(3)	-	-	-	-	-	(1,283)
Reclassifications	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(1,246)	(31)	-	-	(1,277)
Cost or valuation At 31 March 2020	**2,956**	**41,215**	**5,447**	**1,047**	**11,774**	**112**	**15,498**	**302**	**78,351**
Depreciation at 1 April 2019	-	687	81	-	8,446	61	10,045	145	19,465
Provided during the year	-	796	81	-	788	34	1,236	28	2,963
Impairments charged to operating expenses	-	1,045	2	-	-	-	-	-	1,047
Reversal of impairments credited to operating Expenditure	-	-	-	-	-	-	-	-	-
Revaluations	-	(1,280)	(3)	-	-	-	-	-	(1,283)
Disposals	-	-	-	-	(1,246)	(31)	-	-	(1,277)
Depreciation at 31 March 2020	**-**	**1,248**	**161**	**-**	**7,988**	**64**	**11,281**	**173**	**20,915**
Net book value									
- Owned - Purchased at 31 March 2020	2,956	39,217	5,286	1,047	3,786	3	4,217	103	56,615
- Finance Lease as at 31 March 2020	-	-	-	-	-	-	-	-	-
- Donated at 31 March 2020	-	750	-	-	-	45	-	26	821
Total at 31 March 2020	**2,956**	**39,967**	**5,286**	**1,047**	**3,786**	**48**	**4,217**	**129**	**57,436**
Asset Financing									
Owned - Purchased	-	-	-	-	-	-	-	-	-
Finance lease	-	-	-	-	-	-	-	-	-
Donated	-	-	-	-	-	-	-	-	-
Total at 31 March 2020	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

6.2 Current year analysis of property, plant and equipment:

In 2019/20, equipment previously used in the provision of services were disposed of and replaced as necessary in order to continue to meet the Foundation Trust's obligations to provide Commissioner Related Services.

Under IFRS 9 Fair value hierarchy, the Trust's assessment is that all assets fall under Level 2.

At 31 March 2018 the Trust's land and Buildings were revalued on a modern equivalent asset basis. The valuation work was carried out by Cushman and Wakefield has confirmed that the valuation has been undertaken with regard to International Financial Reporting Standards (IFRS) as applied to the United Kingdom public sector and in accordance with HM Treasury guidance, International Valuation Standards and requirements of the Royal Institution of Chartered Surveyors (RICS) Valuation Standards 6th Edition. At the 31st March 2020 the New Beach Car Park was revalued as it was the only asset transferred from work in progress during the financial year.

6. Property, plant and equipment (Group and Foundation Trust)

6.3 Prior year property, plant and equipment comprises of the following elements:

	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 April 2018	2,956	35,579	5,453	6,145	11,201	112	12,608	249	74,303
Additions - purchased	-	2,269	-	314	615	-	1,250	23	4,471
Additions - leased	-	-	-	-	-	-	-	-	-
Additions - assets purchased from cash donations/grants	-	74	-	-	-	31	-	30	135
Impairments charged to the revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments credited to the revaluation reserve	-	-	-	-	-	-	-	-	-
Revaluations	-	(3,873)	-	-	-	-	-	-	(3,873)
Reclassifications	-	6,145	-	(6,145)	-	-	-	-	-
Disposals	-	-	-	-	(73)	(33)	(259)	-	(365)
Cost or valuation At 31 March 2019	**2,956**	**40,194**	**5,453**	**314**	**11,743**	**110**	**13,599**	**302**	**74,671**
Depreciation at 1 April 2018	-	-	-	-	7,639	70	9,270	120	17,099
Provided during the year	-	742	81	-	880	24	1,034	25	2,786
Impairments charged to operating expenses	-	3,818	-	-	-	-	-	-	3,818
Reversal of impairments credited to operating Expenditure	-	-	-	-	-	-	-	-	-
Revaluations	-	(3,873)	-	-	-	-	-	-	(3,873)
Disposals	-	-	-	-	(73)	(33)	(259)	-	(365)
Depreciation at 31 March 2019	**-**	**687**	**81**	**-**	**8,446**	**61**	**10,045**	**145**	**19,465**
Net book value									
- Owned - Purchased at 31 March 2019	1,543	18,135	821	314	1,080	-	3,426	32	25,351
- Finance Lease as at 31 March 2019	1,413	20,619	4,551	-	2,217	23	128	96	29,047
- Donated at 31 March 2019	-	754	-	-	-	26	-	29	809
Total at 31 March 2019	**2,956**	**39,508**	**5,372**	**314**	**3,297**	**49**	**3,554**	**157**	**55,207**
Asset Financing									
Owned - Purchased	1,543	18,135	821	314	1,080	-	3,426	32	25,351
Finance lease	1,413	20,619	4,551	-	2,217	23	128	96	29,047
Donated	-	754	-	-	-	26	-	29	809
Total at 31 March 2019	**2,956**	**39,508**	**5,372**	**314**	**3,297**	**49**	**3,554**	**157**	**55,207**

6.4 Prior year analysis of property, plant and equipment:

At 31 March 2018 the Trust's land and Buildings were revalued on a modern equivalent asset basis. The valuation work was carried out by Cushman and Wakefield has confirmed that the valuation has been undertaken with regard to International Financial Reporting Standards (IFRS) as applied to the United Kingdom public sector and in accordance with HM Treasury guidance, International Valuation Standards and requirements of the Royal Institution of Chartered Surveyors (RICS) Valuation Standards 6th Edition. At the 31st March 2019 the Acute Assessment Unit was revalued as it was the only asset transferred from work in progress during the financial year.

6.5 Revaluation of Property, Plant and Equipment (Group and Foundation Trust)

Note 1.5 of the accounting policies defines the accounting treatment required by the Trust following a revaluation. In 2019/2020 the net book value of the Property continues to be valued net of VAT.

6.6 Donors of property, plant and equipment:

	2019/20 £000	2018/19 £000
Friends of Airedale	**34**	**91**
Airedale NHS FT Charitable Fund	**10**	**44**
	44	**135**

No restriction or conditions were placed on the donated asset by the donor.
Donated assets are valued at the cost paid by the donor which reflects their fair value.

6.7 Public Dividend Received

Public Dividend Capital (PDC) of £1,264k has been received in 2019/20
Public Dividend Capital (PDC) of £394k was received in 2018/2019.

7. Current year intangible fixed assets (Group and Foundation Trust)

The Trust had no intangible fixed assets at the 31 March 2020 (31 March 2019 - none).

8. Inventories

8.1 Analysis of inventories

	31 March 2020 £000 Group	31 March 2020 £000 Foundation Trust	31 March 2019 £000 Group	31 March 2019 £000 Foundation Trust
Drugs	**662**	**662**	**679**	**678**
Other	**1,296**	**57**	**1,391**	**85**
Energy	**43**	**-**	**27**	**-**
Total	**2,001**	**719**	**2,097**	**763**

8.2 Inventories recognised in expenses

	2019/20	2019/20	2018/19	2018/19
	£000	£000	£000	£000
	Group	Foundation Trust	Group	Foundation Trust
Inventories recognised as an expense in the year	21,769	12,475	24,259	17,600
Write-down of inventories (including losses)	98	98	42	42
Total	21,867	12,573	24,301	17,642

9. Trade and other receivables

9.1 Trade and other receivables are made up of:

Current	Note	31 March 2020 £000 Group	31 March 2020 £000 Foundation Trust	31 March 2019 £000 Group	31 March 2019 £000 Foundation Trust
Contract receivables		18,801	17,720	15,784	14,847
Allowance for impaired contract receivables / assets		(341)	(341)	(281)	(281)
Allowance for impaired other receivables		(157)	(136)	(230)	(215)
Prepayments		768	675	-	-
VAT Receivables		933	933	1,928	1,928
PDC Dividend receivable		232	232	140	140
Other receivables		1,406	1,381	-	554
Charitable Funds Trade and other receivables	19.4	31	-	-	-
		-		-	
Total		21,673	20,464	17,341	16,973
Non-Current					
Contract receivables - with other related parties		2,804	1,109	945	945
Total		2,804	1,109	945	945

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

9. Trade and other receivables (continued)

9.2 Allowances for credit losses

Allowances for credit losses - 2019/20

	31 March 2020 £000 Group	31 March 2020 £000 Foundation Trust
Balance at 1 April 2019	**511**	**496**
New allowances arising	**67**	**60**
Changes in existing allowances	**-**	**-**
Reversals of allowances	**(80)**	**(80)**
Utilisation of allowances (write offs)	**-**	**-**
Changes arising following modification of contractual cash flows	**-**	**-**
Balance at 31 March 2020	**498**	**476**

The lifetime expected credit loss provision has been calculated under IFRS 9 principals. The total debt (excluding NHS debt) has been split into a number of debtor classes, and then each type risk assessed for potential write-off. The basis for the lifetime expected credit loss has been calculated using the historical probability of write-off for that class, as a percentage of the annual debt. Using this methodology the category of general debtors has decreased by £80k in 2019/20.

NHS Injury Benefit Scheme income is subject to a provision for impairment of 21.79% to reflect expected rates of collection. Other debts are split into classes and assessed for impairment under IFRS 9 by using the simplified method to calculate the expected credit loss over the lifetime of the debt. This assessment is based on the historic probability of collection adjusted for any forward-looking information available .

Allowances for credit losses - 2018/19

	31 March 2019 £000 Group	31 March 2019 £000 Foundation Trust
Balance at 1 April 2018	**370**	**370**
New allowances arising	**141**	**126**
Changes in existing allowances	**-**	**-**
Reversals of allowances	**-**	**-**
Utilisation of allowances (write offs)	**-**	
Changes arising following modification of contractual cash flows		
Balance at 31 March 2019	**511**	**496**

10. Cash and cash equivalents

	31 March 2020		31 March 2019	
	Group	Foundation Trust	Group	Foundation Trust
	£000	£000	£000	£000
Opening balance at 1 April	15,311	11,152	9,357	7,156
Net change in year	1,204	1,198	5,954	3,996
Closing balance at 31 March	16,515	12,350	15,311	11,152
Made up of:				
Cash with Government Banking Service	12,926	12,346	11,868	11,148
Cash at commercial banks and in hand	3,589	4	3,443	4
Other current investments	-	-	-	-
Cash and cash equivalents	16,515	12,350	15,311	11,152

11. Trade and other payables

		31 March 2020	31 March 2020	31 March 2019	31 March 2019
	Note	Group	Foundation Trust	Group	Foundation Trust
Current		£000	£000	£000	£000
Trade payables		6,329	9,459	4,708	5,128
Capital payables		3,133	3,133	2,282	2,282
Accruals		9,387	8,796	8,363	5,916
VAT payable		1,267	-	356	204
Social Security Costs		1,511	1,423	1,300	1,228
Other taxes payable		1,137	1,149	1,062	1,018
Other Payables		7,636	3,702	3,445	1,519
PDC dividend payable		-	-	-	-
Charitable Funds - Trade and other payables	19.4	74	-	403	-
TOTAL		30,474	27,663	21,919	17,295

12. Other liabilities

	31 March 2020	31 March 2020	31 March 2019	31 March 2019
	Group	Foundation Trust	Group	Foundation Trust
Current	£000	£000	£000	£000
Deferred income	455	455	468	468
Non-Current				
Deferred income	3,487	3,487	3,627	3,627
	3,942	3,942	4,095	4,095

The figures in this Non-current section and £139k of the Current section relate to the deferred income balance resulting from bringing the PFI arrangements with FRONTIS onto the Statement of Financial Position as required by Department of Health Guidance on PFI under IFRS. The residences came into use in May 2005 and the deferred income credit balance is set to reduce in equal instalments over a period of 40 years from that date, whereupon ownership will transfer to the Trust. (Note 21).
Additionally there is £49k of deferred income from Overseas visitors agreed with Airedale, Wharfedale and Craven CCG, the balance is deferred income from organisations outside the NHS, income will be released in line with service delivery.

12.1 Additional information on contract revenue (IFRS 15) recognised in the period

	Revenue recognised from NHS providers	Revenue recognised from other DHSC group bodies	Revenue recognised from non DHSC group bodies
	2019/20 £000	2019/20 £000	2019/20 £000
Revenue recognised in the reporting period that was previously included in the contract liability balance (i.e. release of deferred IFRS 15 income)	-	-	468
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods (e.g. changes in transaction price)	-	-	-
	-	-	468

The Trust have assessed Deferred income contract liabilities under IFRS 15 with regards to changes to contractual terms such as timing of right to consideration or performance obligations and changes in estimates and judgements and found them to be minimal

13. Borrowings (Group and Foundation Trust)

13. 1 Foundation Trust Financing Facility Loan

	31 March 2020 £000 Group	31 March 2020 £000 Foundation Trust	31 March 2019 £000 Group	31 March 2019 £000 Foundation Trust
Current				
Obligations under Loan	508	508	506	506
Non-Current				
Obligations under Loan	0	0	508	508
	508	508	1,014	1,014

The Trust obtained a loan from the Foundation Trust Financing Facility on the 12 July 2011 repayable over 10 years, in the sum of £4.8 million to support capital developments. The Trust repaid £506k of the loan in 2 instalments in 2019/2020

13. 2 Finance lease obligations by type

	31 March 2020 Group £000	31 March 2020 Foundation Trust £000	31 March 2019 Group £000	31 March 2019 Foundation Trust £000
Current				
Buildings	-	725	-	702
Equipment	-	739	25	739
Non-Current				
Buildings	-	23,786	-	24,510
Equipment	-	1,490	-	2,230
	-	26,741	25	28,181

The Trust has a 25 year finance lease with its wholly owned subsidiary, AGH Solutions Limited, which commenced on 1 March 2018. For the Group this is classed as an inter-company transaction and is eliminated on consolidation. Additionally the Trust had a lease with Sodexo for the provision of catering services, which ended in May 2019.

Amounts payable under finance leases:	Minimum lease payments				Present value of minimum lease payments			
	March 2020 £000 Group	March 2020 £000 Foundation Trust	March 2019 £000 Group	March 2019 £000 Foundation Trust	March 2020 £000 Group	March 2020 £000 Foundation Trust	March 2019 £000 Group	March 2019 £000 Foundation Trust
Within one year	0	1,465	25	1,441	0	1,465	25	1,441
Between one and five years	0	4,645	0	6,716	0	4,645	0	6,716
After five years	0	20,631	0	20,024	0	20,631	0	20,024
Less future finance charges	0	0	0	0	0	0	0	0
Present value of minimum lease payments	0	26,741	25	28,181	0	26,741	25	28,181

14. Contingencies (Group and Foundation Trust)

At 31 March 2020 the NHS Foundation Trust has £10.5k contingent liability for legal expenses, which is based upon information provided by NHS Resolution.

15. Third Party Assets (Group and Foundation Trust)

Airedale NHS Foundation Trust held £1k of monies on behalf of patients at the 31st March 2020 (£1k for 31st March 2019).

16. Provisions

16.1a Provisions current and non-current (Group)

	Current		Non-current	
	31 March 2020 Group	31 March 2019 Group	31 March 2020 Group	31 March 2019 Group
	£000	£000	£000	£000
Pensions relating to the early retirement of staff pre 1995	128	125	891	924
Legal claims	30	65	-	-
Clinical Pensions	398	-	-	-
Other	185	585	67	-
	741	775	958	924

16.1b Provisions current and non-current (Trust)

	Current		Non-current	
	31 March 2020 Foundation Trust	31 March 2019 Foundation Trust	31 March 2020 Foundation Trust	31 March 2019 Foundation Trust
	£000	£000	£000	£000
Pensions relating to the early retirement of staff pre 1995	128	125	891	924
Legal claims	30	65	-	-
Clinical Pensions	398	-	-	-
Other	185	585	-	-
	741	775	891	924

16.2 Provisions by category

	Pensions relating to the early retirement of staff pre 1995	Legal claims	Clinical Pensions	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2019	1,049	65	-	585	1,699
Arising during the year	95	-	398	125	618
Changes in discount rate	7	10	-	-	17
Utilised during the year	(129)	(19)	-	(88)	(236)
Reclassification	-	-	-	-	-
No longer required	-	(26)	-	(370)	(396)
Unwinding of discount	(3)	-	-	-	(3)
At 31 March 2020	1,019	30	398	252	1,699
Expected timing of cash flows:					
Within one year	128	30	398	185	741
Between one and five years	514	-	-	-	514
After five years	377	-	-	67	444
	1,019	30	398	252	1,699

The legal claims have a probability factor of 10%, 50%, 75% and 94% and are expected to settle within the next year. This Statement is based on information provided by the NHS Litigation Authority. Full reimbursement of these provisions is expected from the NHS Litigation Authority for amounts above the excess. No amounts have been 'back-to-backed' with other NHS organisations.

The other provisions column comprises provisions in respect of a number of issues which are expected to be settled within 12 months, they relate to a small number of employment cases which were outstanding at the end of the financial year. All the provisions relate to Airedale NHS Foundation Trust. A provision has been made for Clinical Pensions based on an estimate provided by the Department of Health , for which it will reimbursement from the department when the claims are made. This agreement covers 2019/2020 additional tax contributions.

16.3 Contingent liability

Clinical Negligence Liabilities
£108,125,992 is included in the provisions of the NHS Resolution at 31 March 2020 in respect of clinical negligence liabilities of the Trust (31 March 2019 - £106,251,915).

17. Losses and special payments (Group and Foundation Trust)

	31 March 2020				31 March 2019			
	Number of cases	Total number of cases	Value of Cases £	Total value of cases £	Number of cases	Total number of cases	Value of Cases £	Total value of cases £
Losses								
Loss of Cash	2	-	-	-	-	-		-
Bad Debts	89		1,000	-	13	-		1,000
Stores losses	24	-	98,000	-	22	-		40,000
Damages to Premise	3	-	6,000	-	6	-		4,000
		118		105,000		41		
Special payments								
Compensation under legal obligation	7	-	31,000	-	11	-		63,000
Loss of personal effects	14	-	7,000	-	10	-		3,000
Other	2		1,000		1			-
		23		39,000		22		
Total losses and special payments	141	141	144,000	144,000	63	63	-	111,000

The NHS Foundation Trust's losses and special payments include uncollectable private patient/other debts and ex gratia payments in respect of the loss of personal items. The payments are recorded on a cash basis rather than an accruals basis.

18. Contractual Commitments

Commitments under capital expenditure contracts at 31 March 2020 were £7,409k (£763k for 2018/2019).

19. Related Party Transactions

19.1 Transactions with Key Management Personnel

IAS 24 requires disclosure of transactions with key management personnel during the year. Key management personnel is defined in IAS as "those persons having authority and responsibility for planning, direction and controlling the activities of the entity. directly or indirectly, including any director(whether executive or otherwise) of that Entity". The Trust has deemed that its key management personnel are the board members (directors and non-executive directors) of the Trust.

	2019/20	2018/2019
	£000	£000
The transactions with board members are as follows	1,020	1183

The expenditure above, is key management personnel compensation which is analysed as follows

	2019/2020	2018/2019
	£000	£000
Short term employment benefits	905	1,088
Post-employment benefits	115	95
Termination benefits	0	0
	1,020	1,183

Short term benefits employer benefits include salaries, employer's social security contributions and benefit in kind.

Post-employment benefits include employer's contribution to the NHS Pension Scheme.

The remuneration of individual Board members is disclosed with in the Trust's annual report. There were no outstanding balances with directors as 31 March 2020.

Other than key management personnel compensation as shown above, none of the board members or parties to them has undertaken any material transactions with the NHS Foundation Trust.

19.2 Transactions with other related parties

Airedale NHS Foundation Trust is a body corporate established by order of the Secretary of State for Health.

The Department of Health and Social Care is the parent department and as such is regarded as a related party. During the year the NHS Foundation Trust had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are listed below:

The Department of Health and Social Care regards £2m to be the balance at which formal agreement between parties is required, the parties which meet this criteria are included below

NHS Airedale, Wharfedale & Craven CCG
NHS East Lancashire CCG
NHS Bradford Districts CCG
Health Education England
NHS England,CSU,LAT
NHS Litigation Authority

HMRC
NHS Pension Scheme
Bradford Metropolitan Council

In addition, the NHS Foundation Trust has had a number of transactions with other Government Departments and other central and local Government bodies.

19.3 Transactions with Joint Venture

The Foundation Trust has a 50% equity share in Immedicare LLP, with Involve Ltd. The profit is shown on page 4 of the accounts as share of profit/(loss) of associates / joint ventures.

19.4 Summary Financial Activities Wholly Owned Subsidiary - AGH Solutions Ltd (Unaudited)

The year-end for the AGH Solutions is 31st March 2020

Investment in Subsidiary Undertakings

The shares in the subsidiary company AGH Solutions Ltd comprises a 100% holding in the share capital consisting of 8,891,000 ordinary £1 shares.

Financial Performance

The unaudited financial statements ofAGH Solutions Ltd show a surplus of £950k for 2019/20 (£546k 2018/19)

19.5 Analysis of Airedale NHS Foundation Trust Charitable Funds reserve

Airedale NHS Foundation Charity Fund Statement of Financial Activities	**2019/20**	**2018/19**
	£000	**£000**
Funds of Charity		
Restricted Funds	4	4
Unrestricted Funds	1,074	954
	1,078	**958**

Movements on Reserves

	Total	**Restricted**	**Unrestricted**
Balance At 1 April 2019	958	4	954
Net incoming	120	0	120
Balance at 31 March 2020	**1078**	**4**	**1074**

The year-end for the Charitable Funds is 31st March each year.

NHS charitable funds are consolidated by NHS foundation trusts where the trust determines they have control as outlined in accounting policy .Other foundation trusts may also have charities meeting the definition of local control that are not locally consolidated on the grounds of materiality.

Restricted funds are funds that are to be used in accordance with specific restrictions imposed by the donor, for example where the donor has specified that their donation should be spent on a specified ward, patients, nurses or project fund. Endowment funds are funds which the trustees are required to invest or to keep and use for the charity's purposes.

Unrestricted income funds comprise those funds that the trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include general funds, where the donor has not specified or restricted the use the charity may make of their donation. General funds additionally generate income from Gift Aid, investment income, interest and donations given specifically to cover running costs.

20. Financial instruments.

Management consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial accounts approximate to their fair value.

Because of the continuing service provider relationship that the NHS Foundation Trust has with the Clinical Commissioning Groups and the way those Clinical Commissioning Groups are financed, the NHS 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 limited companies. The NHS 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 NHS Foundation Trust in undertaking its activities.

In accordance with IFRS 7 Financial Instruments: Disclosures, the NHS Foundation Trust should disclose information that enables users of the accounts to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the end of the reporting period. These risks typically include, but are not limited to the following four categories:

i) Credit Risk

The risk that one party will cause a financial loss for the other party by failing to discharge an obligation.

The Foundation Trust receives the majority of its income from Clinical Commissioning Groups and Statutory bodies and so the credit risk is negligible. The Foundation Trusts treasury management policy minimises the risk of loss of cash invested by limiting its investments to

- the government banking service and the National Loans Fund
- Banks registered directly regulated by the PRA (Prudential Regulation Authority)

The policy limits the amounts that can be invested with any one non-government owned institution and the duration of the investment to £3m and 3 months.

ii) Liquidity Risk

The risk that an entity will encounter difficulty in meeting obligations associated with it's financial liabilities

The Foundation Trust's net operating costs are incurred under 3 year rolling contracts with local Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. The Foundation Trust receives such contract income in one of two ways;

1) Aligned Incentive, where the income is based on fixed income basis with variable incentives, or

2) Payment by Result (PBR), which is intended to match the income received in year by reference to the National Tariff procedure cost. The Foundation Trust receives cash each month based on an annually agreed level of contract activity, and there are monthly corrections made to adjust for the actual income due, to minimise the effects on cash flow.

The Trust also finances its Capital expenditure from retained depreciation, and any accumulated surpluses. The Foundation Trust has a loan financed by the Foundation Trust Financing Facility for £4.8m which funded some capital developments.

iii) Market Risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

With the exception of cash balances, the Foundation Trust's financial assets and financial liabilities carry nil or fixed rates of interest. The Foundation Trust monitors the risk but does not consider it appropriate to purchase protection against it.

The Foundation Trust is not materially exposed to any price risks through contractual arrangements.

iv) Foreign Currency Risk

Foreign currency risk is the financial risk arising from fluctuations in the value of a base currency (£) against a foreign currency in which an organisation has assets or obligations.

The Foundation Trust has negligible foreign currency income, expenditure assets or liabilities.

20 Financial instruments (continued)

20.1 Carrying value of financial assets (Group)

Carrying value and fair value of financial assets as at 31 March 2020

	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	31 March 2020	**31 March 2020**	**31 March 2020**	**31 March 2020**
	£000	**£000**	**£000**	**£000**
Trade and other receivables excluding non financial assets	22,446	-	-	22,446
Other investments / financial assets	-	-	-	-
Cash and cash equivalents	15,899	-	-	15,899
Consolidated NHS Charitable fund financial assets	0	1,152		1,152
Total at 31 March 2020	**38,345**	**1,152**	**0**	**39,497**

Carrying value and fair value of financial assets 31 March 2019

	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	31 March 2019	**31 March 2019**	**31 March 2019**	**31 March 2019**
	£000	**£000**	**£000**	**£000**
Trade and other receivables excluding non financial assets	16,206	-	-	16,206
Other investments / financial assets	-	-	-	-
Cash and cash equivalents	14,528	-	-	14,528
Consolidated NHS Charitable fund financial assets	0	1,361	-	1,361
Total at 31 March 2019	**30,734**	**1,361**	**0**	**32,095**

20.2 Carrying value of financial assets (Trust)

Carrying value and fair value of financial assets as at 31 March 2020

	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	31 March 2020	**31 March 2020**	**31 March 2020**	**31 March 2020**
	£000	**£000**	**£000**	**£000**
Trade and other receivables excluding non financial assets	19,733	-	-	19,733
Other investments / financial assets *	19,615	-	-	-
Cash and cash equivalents	12,350	-	-	12,350
Consolidated NHS Charitable fund financial assets	-	-	-	-
Total at 31 March 2020	**51,698**	**0**	**0**	**32,083**

Carrying value and fair value of financial assets 31 March 2019

	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	31 March 2019	**31 March 2019**	**31 March 2019**	**31 March 2019**
	£000	**£000**	**£000**	**£000**
Trade and other receivables excluding non financial assets	15,288	-	-	15,288
Other investments / financial assets *	20,168	-	-	-
Cash and cash equivalents	11,152	-	-	11,152
Consolidated NHS Charitable fund financial assets	0	-	-	-
Total at 31 March 2019	**46,608**	**0**	**0**	**26,440**

* The loan between the Trust and its wholly owned subsidiary AGH Solutions Ltd is classified as Other investments / Financial assets. In the prior year accounts they were shown as Trade and Other Receivables. Last years figures have been restated for comparability.

20 Financial instruments (continued)

20.3 Carrying value of financial liabilities (Group)

Carrying value of financial liabilities 31 March 2020

	Held at amortised cost	Held at fair value through I&E	Total book value
	31 March 2020	**31 March 2020**	**31 March 2020**
	£000	**£000**	**£000**
Loans from the Department of Health and Social Care	508	-	508
Obligations under finance leases	-	-	-
Obligations under PFI, LIFT and other service concessions	-	-	-
Trade and other payables (excluding non financial liabilities)	26,485	-	26,485
Other financial liabilities	-	-	-
Provisions under contract	-	-	-
Consolidated NHS charitable fund financial liabilities	-	-	-
Total at 31 March 2020	**26,993**	**-**	**26,993**

Carrying value and fair value of financial liabilities 31 March 2019

	Held at amortised cost	Held at fair value through I&E	Total book value
	31 March 2019	**31 March 2019**	**31 March 2019**
	£000	**£000**	**£000**
Loans from the Department of Health and Social Care	1,014	-	1,014
Obligations under finance leases	25	-	25
Obligations under PFI, LIFT and other service concessions	-	-	-
Trade and other payables (excluding non financial liabilities)	18,798	-	18,798
Other financial liabilities	-	-	-
Provisions under contract	-	-	-
Consolidated NHS charitable fund financial liabilities	-	-	-
Total	**19,837**	**-**	**19,837**

20.3 Carrying value of financial liabilities (Trust)

Carrying value of financial liabilities 31 March 2020

	Held at amortised cost	Held at fair value through I&E	Total book value
	31 March 2020	**31 March 2020**	**31 March 2020**
	£000	**£000**	**£000**
Loans from the Department of Health and Social Care	508	-	508
Obligations under finance leases	26,741	-	26,741
Obligations under PFI, LIFT and other service concessions	-	-	-
Trade and other payables (excluding non financial liabilities)	25,091	-	25,091
Other financial liabilities	-	-	-
Provisions under contract	-	-	-
Consolidated NHS charitable fund financial liabilities	-	-	-
Total at 31 March 2020	**52,339**	**-**	**52,339**

Carrying value and fair value of financial liabilities 31 March 2019

	Held at amortised cost	Held at fair value through I&E	Total book value
	31 March 2019	**31 March 2019**	**31 March 2019**
	£000	**£000**	**£000**
Loans from the Department of Health and Social Care	1,014	-	1,014
Obligations under finance leases	28,181	-	28,181
Obligations under PFI, LIFT and other service concessions	-	-	-
Trade and other payables (excluding non financial liabilities)	14,845	-	14,845
Other financial liabilities	-	-	-
Provisions under contract	-	-	-
Consolidated NHS charitable fund financial liabilities	-	-	-
Total	**44,040**	**-**	**44,040**

Management consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial accounts approximate to their fair value, due to the nature of financial instruments held.

21. Private Finance Initiative contracts

21.1 PFI schemes off-Statement of Financial Position

The Trust has no off-statement of Financial Position PFI schemes.

21.2 PFI schemes on-Statement of Financial Position

Since May 2005 residential services have been provided to the Trust by FRONTIS, a registered social landlord. This involved FRONTIS constructing an accommodation block and mews houses. FRONTIS are responsible for the maintenance of the accommodation and management of residential accommodation services, including the collection of rents from tenants. The Trust guarantees an occupancy level of 90%, but FRONTIS remits a share of any rents received for occupancy over 90%.

The accounting treatment of this arrangement was covered in a DHSC publication called 'Accounting for PFI under IFRS'. In this publication it was recognised that such arrangements involved the operator receiving all or most of its income from individual users rather than the Trust. The arrangement falls within the scope of IFRIC 12 and such is recognised as an item of Property, Plant & Equipment on the Statement of Financial Position at its fair value. The opposite entry at the point at which the asset was recognised was as a deferred income balance.

The arrangement is set to run for a period of 40 years from May 2005, but does not involve any cash flows between the Trust and FRONTIS. As such there is no imputed finance lease and service charges. During this period FRONTIS are responsible for maintaining the property, but at the end of the 40 year period ownership will revert to the Trust.

22. Corporation Tax

	2019/20 £000
UK corporation tax expenses	**271**
adjustment from prior year	4
current tax expenses	**275**
Origination and reversal of temporary differences	(32)
change tax rate	0
Deferred tax charge / (credit)	(1,581)
Total income tax (income)/expense in statement of comprehensive Income	**(1,338)**
Reconciliation of Effective tax rate	
Surplus for the year	954
Tax using the UK corporation tax rate of 19%	181
Deferred tax not recognised	(1,613)
Expenses not deductible to tax	12
other	81
Total tax (income) expense	**(1,339)**

23. Deferred Tax

	2019/20 £000
Deferred Tax brought forward	1,694
Movement in year	(81)
Deferred Tax carried forward	**1,613**

22. Intra-Government Balances (Group and Foundation Trust)

	Receivables amounts falling due within one year	Receivables amounts falling due after more than one year	Payables amounts falling due within one year	Payables amounts falling due after more than one year
	£000	£000	£000	£000
English NHS Foundation Trusts	1,923	-	1,002	-
English NHS Trusts	330	-	402	-
Department of Health and Social Care	-	-	-	-
Public Health England	-	-	10	-
Health Education England	127	-	-	-
NHS England & CCGs	4,750	-	1,062	-
RAB Special Health Authorities	-	-	32	-
NHS Whole Government Accounting bodies	-	-	1,034	-
Other Whole Government Accounting bodies	948	-	5,687	-
As at 31 March 2020	8,078	-	9,229	-

23. Events after the Reporting year

There are no adjusting or non-adjusting events of a financial nature after the reporting year requiring disclosure.

Annual accounts of -

Airedale NHS Foundation Trust
Airedale General Hospital
Skipton Road
Keighley
Yorkshire
England
BD20 6TD

http://airedale-trust.nhs.uk

Airedale NHS Foundation Trust is an NHS provider of Healthcare.

If you need this annual report in other formats please call **01535 294540**

Airedale NHS Foundation Trust
Skipton Road
Steeton
Keighley
West Yorkshire
BD20 6TD

The main hospital telephone number (switchboard) is: 01535 652511

www.anhst.nhs.uk