NHS
Bedford Hospital
NHS Trust

Bedford Hospital NHS Trust

Annual Report 2019/20

Contents

1. Lead Director's statement

I am delighted to introduce the Bedford Hospital annual report for 2019/20 which becomes the last of its kind due to our merger with the Luton and Dunstable University Hospital that took place on 1 April 2020 to form one single large organisation, Bedfordshire Hospitals NHS Foundation Trust.

It has been another busy year for the NHS and our hospital has seen consistently higher attendances often with lower than expected discharges, which in some part reflects the growing, and changing care needs, especially of older people and those with long-term conditions. Like many organisations we have experienced some difficulties in recruiting and retaining certain staff groups; all while ensuring we make the best use of public money. Of course on top of this, there are more recent events in which each NHS organisation up and down the country is experiencing the challenges being currently faced with the COVID-19 pandemic and the greatest health emergency in NHS history.

As we continue to travel through unchartered territory, it has been remarkable to see how well all health and social care staff have responded to the Covid-19 pandemic. I'd like to take this opportunity to thank everyone across the organisation who continues to work under immense pressure in these challenging times, the care and commitment we see every day is really humbling.

Prior to the start of COVID-19 activity, we were already experiencing growing challenges as the population of Bedfordshire continues to grow at significant pace. We have been seeing a considerable increase in demand over recent times and our overall patient contacts have risen 13% over the past four years.

Whilst we maintained our strong performance against the national cancer care waiting time standards where we have consistently above the national average in many areas we were not able to meet the four-hour A&E access standard or the 18-week referral-to-treatment waiting time target. Although some of our operational performance targets have dropped our infection control measures remain strong, with only 1 MRSA case and 10 C Diff cases, below our ceiling of 11.

Balancing providing high quality care with ensuring we make the best use of public money is a priority for the Trust. At the beginning of the year we agreed a financial control total of a full year deficit of £10.8m. The Trust's actual outturn position, after the award of £10.9m central funding, including Provider Sustainability Funding (PSF), was £14k surplus. You can read more about our financial performance from page 10 onwards.

Our continued delivery of safe care for patients is only possible with the dedication and compassion of our outstanding staff working to treat patients with increasingly complex conditions. It's important we take the opportunity to reflect on a small selection of some of the great achievements and highlights of the Trust before the emergence of COVID-19. These have included:

- Becoming a smoke free site with smoking prohibited anywhere on the hospital grounds including the gardens. It was an important and necessary step to protect every person who works and attends the hospital site from the dangers of second-hand smoke and helps develop a supportive environment for anyone who is quitting.

- Our Support Services team were reaccredited with the Customer Service Excellence quality mark for 2019. The Customer Service Excellence (CSE) standard encourages organisations to focus on the individual needs and preferences of the service users. The CSE mark is held by a select group of organisations and we are one of only 4 NHS Trusts to have achieved this which is a testament to the hard work of our Support Services team

- We launched our *Three Year Operational Plan* outlining our vision to provide excellent hospital and integrated care services to the people of Bedfordshire, setting out a comprehensive summary of our strategy to meet this. Shorter stays in hospital, revolutionary digital transformation and significant investment into the South Wing site were among the focal points.

- We were delighted to be one of 78 Trusts to receive funding to upgrade screening equipment to improve cancer diagnosis and survival. The funding was part of the Government's £200m funding injection to upgrade cancer testing and detection technology. Two new MRI scanners and a new CT scanner were some of the equipment purchased with this funding

One of the most notable highlights of 2019 was the confirmation that the request for capital funding needed for the proposed merger with the Luton and Dunstable University Hospital had been approved and allocated. As soon as this confirmation was received from the Department of Health and Social Care our plans were reinvigorated, kick starting the incredible hard work and dedication from staff on both hospital sites to achieve one single Foundation Trust by April 2020.

The hard work of our ambitious plans paid off as we officially started our journey as Bedfordshire Hospitals NHS Foundation Trust on 1 April, as planned. The merger is incredibly important for our local health economy, but understandably COVID-19 activity has been our priority both locally across our two hospitals and for the entire NHS. Providing consistent leadership within an integrated Trust is essential as we operate through these unprecedented times. The merger will help in building a more resilient workforce, working together as one Trust to provide the best care for our patients in very difficult circumstances.

The new integrated Trust will bring together a combined workforce of approximately 8,000 staff and is the largest NHS employer in Bedfordshire - caring for a population of approximately 620,000 people. Each individual hospital will retain their name and proud heritage along with continuing to deliver a full range of services on both sites. This includes retaining key services such as A&E, Obstetrics-led Maternity and Paediatrics at Bedford.

The creation of one Trust Board has always been part of the merger plans and as such we've sadly said goodbye to some senior executives including our Chief Executive, Stephen Conroy who provided valuable, high quality leadership for nine years at Bedford Hospital. David Carter (previously CEO at the L&D) now takes up the CEO role at the new Bedfordshire Hospitals NHS Foundation Trust and will lead the way for next year's Annual Report. I am sure you will all join me in wishing colleagues both new and old as well as the organisation all the very best for the future.

Eileen Doyle

Lead Director

2. Performance Report

a. What we do

The Trust serves a population of approximately 270,000 across Bedfordshire and the surrounding areas (with a 900,000+ catchment for vascular services). Its core local authority populations are Bedford Borough (160,000) and Central Bedfordshire (260,000). It employs 2800 members of staff (making it the largest employer in Bedford) and a current turnover of over £200m. Our main commissioner is Bedfordshire Clinical Commissioning Group.

BHT is a district general hospital providing consultant led 24-hour accident and emergency services, acute medicine, maternity, paediatrics and a range of surgical specialties. The hospital has approximately 400 inpatient beds of which 34 are maternity and 10 are critical care, plus 28 day-case beds within the hospital. The hospital provides a full range of district general hospital services.

The Trust is a member of a number of well-developed clinical networks across Bedfordshire, Hertfordshire and surrounding areas, including the East of England cancer, cardiac and stroke networks. It is an arterial hub for vascular services (commissioned by NHS England) and part of the Beds, Herts and Bucks Maxillofacial Network.

In addition there are strong existing clinical networks with Addenbrooke's (Cambridge University Hospitals NHS Foundation Trust) for cancer, paediatrics, neurology and Otoneurology (ENT). There are network arrangements with the Luton & Dunstable Hospital NHS Foundation Trust for stroke and head and neck cancers, and Northampton General Hospital for plastics. Pathology services are provided by Viapath, and Ophthalmology is sub-contracted to Moorfields Hospital NHS Foundation Trust.

Medical education links are primarily with the University of Cambridge, which continue to develop. Nursing, midwifery and allied professionals students are provided with the University of Bedfordshire and given the historical and geographical links this relationship allows the Trust to work closely with the university to design innovative healthcare roles for the future workforce.

The majority of the Trust's services are provided from its premises at the South Wing site, Kempston Road, Bedford. A small number of clinical services are delivered from Gilbert Hitchcock House (North Wing), Kimbolton Road, Bedford.

b. The Trust Services

Table 1: The Trust's services

Service	Description	In the year 2019/20
Urgent and emergency care	Consultant-led A&E department and most emergency surgery provided on-site 24/7.	87,557 patients attended the A&E department, of which 18086 arrived by ambulance and 24,709 were admitted. The Trust did not meet the 95% target for patients to be seen within four hours and declared a performance of 84.90%
Inpatients and intensive care	Bedford Hospital has a total of 397 General and Acute beds (including escalation beds), used by patients needing to stay in hospital overnight for emergency care or for elective surgery. The hospital has an intensive care unit on site for seriously ill patients, providing specialist one-to-one medical supervision round the clock.	Bedford Hospital treated 62,931inpatients and undertook 28,486 elective procedures.
Diagnostics and outpatients	Diagnostics and outpatient care are available at Bedford Hospital.	Bedford Hospital delivered 334,153 attendances.
Maternity (obstetrics)	Bedford Hospital has a 24/7 consultant-led obstetrics unit with 44 maternity beds. For sick and premature babies, there's a special care baby unit on site staffed by paediatric nurses. For low risk deliveries, expectant mums can opt to have their baby in a midwife-led community birthing facility, such as the Acorn Unit at Bedford Hospital.	2,820 mothers gave birth in Bedford Hospital, with 59 mothers giving birth at home
Children's services (paediatrics)	Bedford Hospital has a paediatric assessment unit with overnight beds, where children can be assessed and cared for by specialist paediatric consultants, doctors and nurses.	There were 11,666 attendances to the paediatric unit. This includes 3,959 attendances to the children's assessment unit (Riverbank) for urgent or emergency care.
Planned care	Patients can go to Bedford Hospital for planned surgery or can choose another hospital. Some specialist care is not currently provided at Bedford Hospital .Including radiotherapy and specialised procedures such as brain and cardiothoracic surgery.	The hospital saw 31,089 elective patients and undertook a further 98,332 procedures and interventions in outpatients. 1.76% (423) operations were cancelled on the day for non-clinical reasons. The Trust did not meet required target of

		<0.8%.
Support Services	The Trust is supported by a range of in–house non-clinical services, including catering, domestic services, decontamination and porters.	In 2019, the Trust scored well above the national average across most areas in the Patient-Led Assessment of the Care Environment (PLACE). Catering and cleaning scores were in the top 5% on the NHS. The Catering Department again achieved five stars from the Local Council for food safety and completed the NHS CQUIN for Healthy Eating. Health and Safety Management continues to achieve the IHSO 18001 standard. Mortuary and Bereavement Services maintained full accreditation standards for ISO 9001. A formal audit confirmed that the Support Services departments continued to meet the national standards for Customer Service Excellence (CSE). Sterile Services maintains a full ISO accreditation which includes two ISO's standards. Security and Emergency Planning met all the required NHS Standards. This included the disabled and secure car parking certificates for the hospital. Voluntary Services continued to support the hospital, highlights included working with clinical staff to introduce the dementia actively program and end of life companion volunteers.

c. Activity

Table 2: Trust activity

Activity information	2019/20	2018/19	2017/18	2016/17
A&E attendances	**87,557**	**77,895**	75,940	73,079
Emergency admissions via A&E	**24,709**	**23,597**	23,288	21,989
All non-elective spells	**27,924**	**26,646**	26,880	26,743
Elective spells (not day cases)	**2,603**	**2,953**	2,844	3,029
Elective day cases	**28,486**	**28,446**	25,916	24,843
Total spells (NB. includes maternity spells)	**62,931**	**62,656**	59,644	54,616
Referrals	**2019/20**	**2018/19**	**2017/18**	**2016/17**
Written referrals from GP for first outpatient (OP) appointment	**57,316**	**53,855**	49,070	49,411
Other referrals for first OP appointment	**25,069**	**24,818**	24,972	30,789
Total referrals for first OP appointment	**82,385**	**78,673**	74,042	80,200
Outpatient activity	**2019/20**	**2018/19**	**2017/18**	**2016/17**
Consultant led first OP attendances	**72,797**	**69,490**	65,899	67,244
Other first OP attendances	**21,220**	**13,778**	19,484	20,032
Total first OP attendances	**94,017**	**83,268**	85,383	87,276
Consultant-led follow-up OP attendances (including with procedures)	**123,511**	**117,271**	113,360	114,277
Other follow-up OP attendances	**116,625**	**127,911**	116,181	108,979
Total follow-up OP attendances	**240,136**	**245,182**	229,541	223,256
Births	**2,820**	**2,758**	2,880	2,861

Note: A&E - All types e.g. footprint = 110,006

d. Operational performance

The Trust has, throughout 2019/20, continued to experience significant demand on its services and admitted high numbers of emergency cases, in fact a 17% increase in A&E attendances since 2016. These pressures have been increased by the lack of sufficient community based services, including beds, resulting in delayed discharges and the maintenance of escalation beds year round.

Although we were unable to meet the four-hour A&E access standard or the 18-week referral-to-treatment waiting time target we did maintain our strong performance against the national cancer care waiting time standards which was above the national average in most areas.

Our Trust, like many others up and down the country, saw another rise in patients attending our urgent and emergency care services. In 2019/20 87,557 patients attended our A&E. This is 10,000 more patients a year, although 11,868 were streamed from A&E and treated in our Urgent Treatment Centre (UTC). Overall we managed to see 84.90% of patients who attended A&E within four hours.

To help cope with the additional demand for our services, which we are seeing year-on-year the UTC has provided necessary improvements in the way we deliver urgent and emergency care. Extra capacity is now available as patients with minor injuries are streamed from our A&E Department to the UTC. The Trust also has five additional patient assessment and treatment bays in our A&E department, which were completed last year.

Around 1,620 patients a month attend the UTC, 989 streamed from A&E, and this has had a significant impact on the flow of patients through A&E, allowing staff to focus on those patients with serious health conditions.

To help patient flow through the hospital the Trust undertook a bed reconfiguration in July. The reconfiguration focused on reducing medical outliers on surgical wards and minimising patient moves by a ward reconfiguration to rebalance the medical to surgical beds with significant improvement for patients and staff.

Initial signs show some significant improvements with the number of patients with a length of stay of 7 days on the newly configured trauma ward reducing by almost half. Between July and October the mean average number of patients with a length of stay of 7 days or more was 27. Post ward reconfiguration from November to March 2019 the mean average number of patients with a length of stay of 7 days or more is 13.89.

Service activity	National standard	2019/20 (%)	2018/19 (%)	2017/18 (%)
A&E waits (less than four hours)	95%	84.90%	91.5%	90.3%
Two week referrals for suspected cancer	93%	87.98%	95.50%	95%
Cancer patients receiving treatment within one month of decision to treat (31 day)	96%	97.80%	97.39%	97.7%
Cancer patients receiving treatment within two months of urgent GP referral (62 Day)	85%	71.50%	76.60%	85.9%
18 Weeks incomplete pathways	92%	87.25%	88.90%	90.9%
Patients on incomplete pathways	14,862	14,847	13,906	14,222
Diagnostic waits (within six weeks)	99%	99.02%	99.36%	99.3%

Table 3: Trust Service Activity 2019/20

Notes: A&E - All types e.g. footprint = performance 87.98%

Table 4: Trust Service Quality 2019/20

Service quality	Standard	2019/20	2018/19	2017/18
Planned operations cancelled (on the day)	<0.8%	1.76% (423)	1.19% (376)	0.83% (290)
Patients rescheduled within 28 days	>95%	95.28%	92.3%	99.32%
Delayed transfers of care (average per week)	<3.5%	2.88%	3.00%	3.42%
MRSA bloodstream infections	0	1	1	0
Clostridium difficile infections	11	10	9	8

Note: due to COVID-19:

QMCO cancelled ops suspended for Q4 of19/20 – performance is reflective of Q1-3

Delayed transfers suspended for March Reporting – Performance is for 11 months

e. Financial performance

The agreed plan for 2019/20 anticipated a full year deficit of £10.8m before accounting for central funding up to £10.9m. The central funding relates to Provider Sustainability Funding (PSF), Financial Recovery Fund (FRF) and Marginal Rate Emergency Threshold (MRET) funding. The Trust's control total after accounting for central funding was £0.1m surplus. The Trust met the control total for the year and secured the £10.9m central funding.

The factors driving the financial performance in 2019/20 included:

- A continuation of increased non-elective activity that resulted in reduced income as elective activity was displaced
- Increased non-elective activity resulted in additional costs as additional beds were opened and staffed safely at premium costs
- Income loss through the application of business rules and penalties but not the marginal rate adjustment as this was abolished for 2019/20
- Pay pressure due to national shortages in medical and nursing posts and increases in establishment to deliver safe staffing standards. The Trust was issued with an agency cap for 2019/20 by NHS Improvement, which was £6.1m, the same as 2018/19. The Trust exceeded the cap this year by £3.9m, of which £3.2m related to medical and nursing staff agency costs. Overall the expenditure for the year was £10.0m. (Agency spend in 2018/19 was £9.9m)

The income and expenditure outturn for the Trust is summarised in the table below:

	2019/20 (£000s)	2018/19 (£000s)	2017/18 (£000s)
Income	243,750	210,489	205,028
Pay costs	151,025	135,968	125,814
All other costs	92,342	88,650	83,275
Net surplus/ (deficit)	**383**	**(14,129)**	**(4,061)**
Technical adjustment (see below for explanation)	(369)	(22)	(2,381)
Adjusted net surplus/ (deficit)	**14**	**(14,151)**	**(6,442)**
Add back core PSF earned	*(10,934)*	*(663)*	
Add back general distribution PSF earned	*0*	*(3,050)*	
Adjusted retained surplus/ (deficit) pre PSF	***(10,920)***	***(17,864)***	

Table 2: Trust income and expenditure 2017/18 to 2019/20

A technical adjustment was applied to the headline surplus of £383k. The technical adjustment of £(369)k related to an adjustment for donated assets, and depreciation on these assets, as well as a prior year allocation of PSF, which was granted to the Trust after last year's accounts had been finalised.

The Trust invested £10.1m in 2019/20 in estates developments, service developments, IM&T and medical equipment. Key projects included:

- GDE/electronic document recording and management system (EDRMS) - £3.0m
- Other estates projects - £2.7m
- Audiology Hearing Aid fitting systems - £0.1m
- Other medical equipment - £1.7m
- PC replacement programme, Windows 10 roll out and other IT projects - £1.3m
- Winter planning schemes £0.35m – Point of Care Testing (POCT) £200k, A&E £150k
- Further bids made for replacement x1 CT scanner in 19/20 £0.8m, and x2 MRI machines in 20/21 for which business cases are being developed. £200m national funding was announced on 27 September, although we are waiting for more detail of the BHT allocation.
- £0.3m for GHH Primary Care Services

This was in addition to funding provided by the Bedford Hospitals Charity, totalling £54k. The purchases during the year included a Sonosite Echo machine for £33k.

The capital plans for Fast Follower (FF) IM&T projects cover a 2-3 year period and total £5m. BHT will need to demonstrate matched funding from internally generated sources.

The net assets held by the Trust are summarised in table 6.

	2019/20 (£000s)	2018/19 (£000s)	2017/18 (£000s)
Net assets	42,857	40,461	48,393
Financed by:-			
Public Dividend Capital	114,371	110,106	106,170
Revaluation reserve	15,603	18,448	16,817
Retained earnings	(87,117)	(88,093)	(74,594)

Table 3: Net assets held by the Trust

The cash position was supported by the Revolving Working Capital Facility (RWCF) up to £4.6m loans from the Department of Health in-year.

The Trust's financial position has resulted in an increase in its overall cumulative deficit to £64.8m (see Breakeven duty rolling assessment note in the annual accounts) and resulting in the Trust not achieving its statutory breakeven target.

The largest proportion (40%) of Bedford Hospital's revenue from patient care activities comes from treating patients in the accident and emergency department (7%) and admitting patients in an emergency (33%).

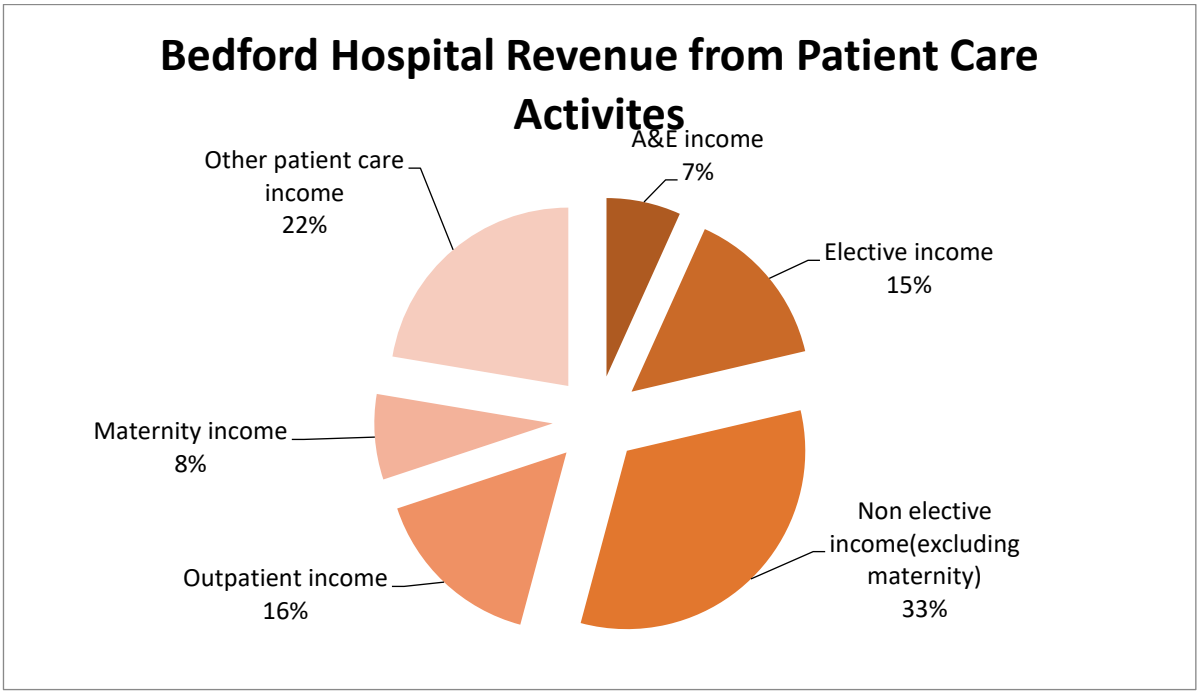


Figure 1: Revenue from patient care activities 2019/20

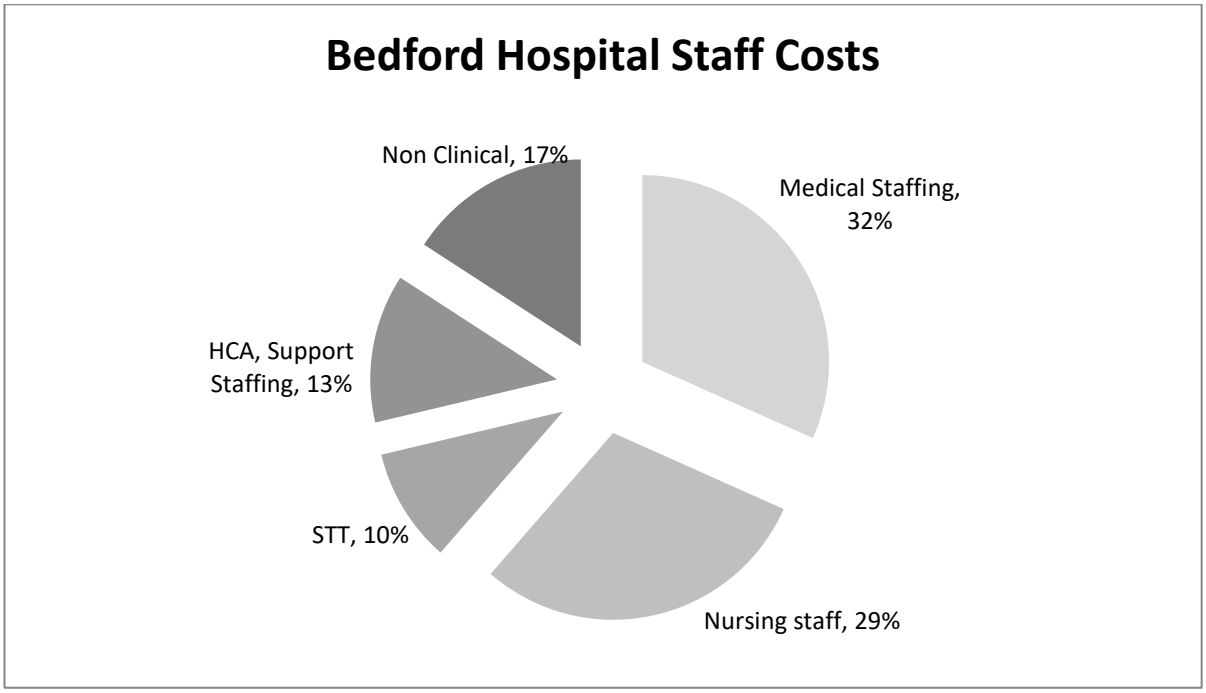


Figure 2: Staff costs 2019/20

84 percent of Bedford Hospital's staff costs in 2019/20 (89 percent in 2018/19) came from the deployment of doctors (32%), nurses (29%), scientific and therapeutic (10%) and healthcare support staff (13%).

f. Financial sustainability

The Trust had sought to merge with Luton and Dunstable University NHS Foundation Trust (LDH). The merger application commenced in 2017/18 but it was paused until formal confirmation was received by LDH that capital funding would be available for its site redevelopment, which included a major acute services block. Confirmation was received in August 2019 and the merger application recommenced in September 2019.

The Trust was acquired on 1 April 2020 by Bedfordshire Hospitals NHS Foundation Trust (FT, formerly Luton and Dunstable NHS Foundation Trust). Whilst the Trust as an entity ceased to exist on that date and is not a going concern at 31 March 2020, the services provided by the Trust have continued within the successor body. In accordance with the Department of Health and Social Care Group Accounting Manual, the continuation of the provision of services within the public sector means that the accounts of the Trust should be prepared on a going concern basis.

The FT is facing, along with all other providers, a challenging financial environment. This challenge has been exacerbated in 2019/20 by the advent of Covid-19, and this challenge will continue into 2020/21. The merger has added an additional layer of complexity.

The Directors of the FT have received written assurance that funding relating to Covid-19 will be sufficient to cover reasonable costs and this has proved to be the case for costs incurred to date. The Directors have received assurance on the merged organisation's financial standing through detailed due diligence, both internal and external and on the basis of this assurance and due diligence the FT has submitted a surplus plan for 2020/21 to NHSE/I.

g. Events after the reporting period (DHSC loans and merger)

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21, existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Given this relates to liabilities that existed at 31 March 2020, DHSC has updated its Group Accounting Manual to advise this is considered an adjusting event after the reporting period for providers. Outstanding interim loans totalling £71,163,000 as at 31 March 2020 in these financial statements have been classified as current they will be repayable within 12 months.

The Trust was acquired on 1 April 2020 by Bedfordshire Hospitals NHS Foundation Trust (formerly Luton and Dunstable NHS Foundation Trust).

Signed.....

Accountable officer: David Carter, Chief Executive

Organisation: Bedford Hospital NHS Trust

Date: 17 June 2020

3. Accountability report

a. Corporate governance report

The Trust was established as a NHS Trust under statutory Instrument 1991 No 2329. The Board is corporately responsible, within the regulations and policy guidelines issued by the Secretary of State, and set out in the Trust's Standing Orders, Standing Financial Instructions and Scheme of Delegation, for setting the strategic direction of the Trust, and monitoring performance against its both strategic and operational objectives. The Trust has a duty to work in partnership with other bodies, including NHS England/NHS Improvement, NHS England, Clinical Commissioning Groups and other health care providers across the whole health economy.

The Bedford Hospital NHS Trust is a member of a number of well-developed clinical networks across Bedfordshire, Hertfordshire and surrounding areas, including the East of England cancer, cardiac and stroke networks. It is an arterial hub for vascular services (commissioned by NHS England) and part of the Beds, Herts and Bucks Maxillofacial Network.

In addition there are strong existing clinical networks with Addenbrooke's (Cambridge University Hospitals NHS Foundation Trust) for cancer, paediatrics, neurology and Otoneurology (ENT). There are network arrangements with the Luton & Dunstable University Hospital NHS Foundation Trust for stroke and head and neck cancers, and Northampton General Hospital for plastics. Pathology services are provided by Viapath, and Ophthalmology is sub-contracted to Moorfields Hospital NHS Foundation Trust.

Medical education links are primarily with the University of Cambridge, which continue to develop. Nursing, midwifery and allied professionals students are provided with the University of Bedfordshire and the University of Hertfordshire. Given the historical and geographical links, these relationships allow the Trust to work closely with the universities to design innovative healthcare roles for the future workforce.

The Trust Board comprises a chairman and five non-executive directors, who are considered to be independent as they were appointed by the Secretary of State for Health on the recommendation of the NHS Appointments Commission (prior to October 2012) and the appointments panel of NHS Improvement (previously the NHS Trust Development Authority prior to 2016), for appointments and re-appointments; and seven executive directors (5 voting and 2 non-voting) appointed by the Board. Non-executive appointments are for a four year period, renewable for a further four years. Executive directors are permanent appointments. Full membership details are outlined below.

b. Non-Executive Directors

Name: Gordon Johns

Post held: Chairman

Previous experience: Gordon was the Senior Independent Director to December 2014 and occupied several senior roles in the financial services industry in the City of London for more than 36 years - Director of Lazard Brothers; Chief Executive of Kemper

Investment Management; Director of ING Financial Markets. Gordon is experienced in investment management, investment banking, business start-up, business development, business strategy, and regulatory compliance.

Details of company directorships and other significant interests: Chairman of the Board of Directors/Trustees of Lymphoma Action.

Membership of committees: Remuneration (Chairman), Finance, Quality and Clinical Risk, Charitable Funds.

Name: Duncan Gear

Post held: Non-Executive Director (to June 2019)

Previous experience: Duncan is a chartered accountant who spent the first half of his career in professional practice and industry, where he held a number of executive directorships. He then moved into the public sector, spending several years as a civil servant in the Department for Constitutional Affairs (now the Ministry of Justice). In 2000 he was appointed by the Home Secretary to the board of the Police Complaints Authority (now the IPCC). More recently he was appointed to the board of the newly-created Solicitors Regulation Authority. He has also been a magistrate in Bedford for many years.

Details of company directorships and other significant interests: None

Membership of committees: Audit (Chair), Remuneration, Quality and Clinical Risk, Charitable Funds.

Name: Dr Dorothy Gregson

Post held: Non-Executive Director

Previous experience: Following a long career in public health, latterly as director of Public Health for Bedfordshire, Dorothy moved to take up the post of Chief Executive for Cambridgeshire's Office of the Police and Crime Commissioner. Dorothy was appointed to Bedford Hospital's Board in September 2015.

Details of company directorships and other significant interests: Chief Executive for the Office of the Police and Crime Commissioner Cambridgeshire.

Membership of committees: None

Name: Deborah Kobewka

Post held: Non-Executive Director

Previous experience: Deborah has held several senior roles over 25 years with IMS Health, a company providing information, analytics and consulting services to the global healthcare industry, most recently as President Asia Pacific based in Singapore. Deborah has worked internationally as a management consultant advising on strategy, market entry, operational execution, start-ups, leadership development and mentoring and has recently been appointed as Chief Executive for Evaluate Ltd. Prior to this Deborah was Managing Director for Healthcare UK.

Details of company directorships and other significant interests: CEO Evaluate Ltd, Consultant and Business Advisor at DKK Associates Ltd.

Membership of committees: Audit, Finance and Remuneration.

Name: Dr Carol McCall

Post held: Non-Executive Director

Previous experience: Carol is a qualified pharmacist, Faculty Fellow and member of the Faculty Board of the Royal Pharmaceutical Society. She is a Senior Healthcare Advisor, specialising in compliance, governance and risk and has significant international business experience including in the pharma industry. Carol's expertise lies in commercial operations, international supply chain, strategic planning, change management and market development. She has worked as a director and senior advisor for very large homecare providers and has a strong track record at European director level in pharmaceuticals. From 2011 to 2014, Carol was a member of the Department of Health Homecare Medicines Strategy Board. This joint industry, NHS and Department of Health strategy group formed to implement the recommendations of The Homecare Medicines Report – '*Towards a Vision for the Future*' (the Hackett Report).

Details of company directorships and other significant interests: None

Membership of committees: Quality and Clinical Risk (Chair), Audit, Remuneration.

Name: Steve Hone

Post held: Non-Executive Director

Previous experience: Steve is a qualified engineer who has over 25 years extensive experience as a director and senior executive within the high service level distribution industry and latterly as a management consultant and non-executive director to a number of small and medium-sized businesses. Since becoming involved in the NHS he held the posts of Chair of Kettering General Hospital for seven years – leading the Trust to Foundation status – and Chair of Bedfordshire Clinical Commissioning Group for a further two years.

Details of company directorships and other significant interests: Director, Ristorante Vivo Ltd

Membership of committees: Finance (Chair), Audit, Charitable Funds, Remuneration.

Name: Robert Green

Post held: Non-Executive Director (appointed 18 June 2019)

Previous experience: Robert Green was appointed by NHSI on 18 June 2019 as a Non-Executive Director for the Trust.

Mr Green is a qualified Chartered Accountant and has worked at board level in both financial and general management roles in a variety of companies for over 30 years. Until

recently, he was a Non-Executive Director and Chair of the Audit Committee at Milton Keynes University Hospital.

Details of company directorships and other significant interests: None

Membership of committees: Audit (Chair), Remuneration, Quality and Clinical Risk, Charitable Funds.

c. Executive Directors

Name: Stephen Conroy

Post held: Chief Executive Officer

Previous experience: Stephen was appointed as substantive chief executive in December 2013, having been acting chief executive from March 2013. He joined the Trust in 2011 as director of strategy and service development. Before coming to Bedford, he spent ten years in North Central London, including a period as CEO of a primary care Trust and programme director for the NCL acute services review. He has over 20 years of board level experience in the NHS (acute, community and PCT), and has worked at senior level in local government. Stephen has spent five years working as a consultant to the NHS on strategic change and process re-engineering.

Details of company directorships and other significant interests: None

Membership of Committees: Finance and Quality and Clinical Risk

Name: Eileen Doyle

Post held: Deputy Chief Executive (appointed October 2019)

Previous experience: Eileen has led major service changes including mergers, moves and rebuilds in a number of trusts across the country. She is passionate about supporting hospitals to improve their quality and performance indicators. Eileen was previously the chief operating officer at Kingston Hospital in south west London.

Eileen re-joined the Bedford Trust as Deputy CEO in Oct 2019. Eileen's previous post was at Kettering General Hospital NHS Foundation Trust where she was also a Deputy CEO. Eileen had previously held the post of Interim Chief Operating Officer at Bedford Hospital from December 2013 to September 2015. Since graduating, she has worked for the NHS since 1995 in a variety of managerial roles, with her first board level position in 2006.

Details of company directorships and other significant interests: None

Membership of Committees: Finance and Quality and Clinical Risk

Name: Paul Tisi

Post held: Medical Director

Previous experience: Consultant Vascular Surgeon, Bedford Hospital (March 2001 to date). **Previous management roles:** divisional clinical director - surgery and

anaesthetics; associate medical director - surgery; divisional medical director - planned care

Details of company directorships and other significant interests: None

Membership of Committees: Quality and Clinical Risk Committee, Finance

Name: Karen Ward

Post held: Chief Operating Officer (to November 2019)

Previous experience: Karen previously worked at Luton and Dunstable University Foundation Trust for 12 years, the last three years as director of operations. She trained as a registered general nurse qualifying in 1985, working mainly in medical specialties and cardiology. Karen discovered health service management in the early 1990s when she was selected to lead a Department of Health Total Quality Management project in West Hertfordshire. Her passion for quality of care for patients and effective team working stemmed from this experience and led to a number of management roles including general manager and director of quality. Karen has extensive experience developing integrated teams across organisations including sexual health services in West Hertfordshire and an integrated discharge team at Luton and Dunstable Hospital.

Details of company directorships and other significant interests: None

Membership of Committees: Finance

Name: Damian Reid

Post held: Director of Finance and Performance

Previous experience: Damian was a Director of Finance, at Cambridgeshire Community Services NHS Trust and more recently at Southport and Ormskirk Hospital NHS Trust. Between 2004 and 2008, Damian worked with the NHS foundation Trust regulator Monitor and NHS London, supporting acute and mental health Trusts that were applying to become foundation Trusts. This included working with financially challenged Trusts and assessing Trusts for foundation Trust authorisation. Prior to this, he worked in a range of finance roles, including the Compass Group, EC Harris and the Ministry of Defence.

Details of company directorships and other significant interests: None

Membership of Committees: Finance, Audit and Charitable Funds

Name: Deidre Fowler

Post held: Interim Director of Nursing and Patient Services (appointed April 2019)

Previous experience: Deirdre was the Director of Nursing, Midwifery and Quality at Shrewsbury and Telford NHS Trust and prior to that held the same post at Hinchingbrooke HealthCare Trust. Deirdre has a wealth of healthcare experience and has been working in the NHS for over 30 years. Deirdre qualified as a Registered General Nurse in 1989 and subsequently a Midwife in 1994.

Deirdre was instrumental in helping Hinchingbrooke Health Care Trust move from an 'Inadequate' CQC rating to 'Good' by leading the implementation of a robust Quality Improvement Plan. She is experienced and committed to bringing the NHS values and behaviours to life to benefit patients and staff.

Details of company directorships and other significant interests: None

Membership of Committees: Finance, Quality and Clinical Risk

Name: Fiona MacDonald

Post held: Director of Workforce and Organisational Development

Previous experience: Fiona joined the NHS in 2003 at Peterborough and Stamford Hospitals having previously worked in the private sector. During her time at Peterborough and Stamford Hospitals she worked in a variety of senior HR and Workforce roles including HR lead for the PFI project to build Peterborough City Hospital, which completed in 2010, and as Assistant Director of Workforce working on the strategic agenda. Most recently as Deputy Director of Workforce and OD, Fiona worked on the transition to bring together Peterborough and Stamford NHS Foundation Trust and Hinchingbrooke Healthcare Trust as North West Anglia NHS Foundation Trust in April 2017

Details of company directorships and other significant interests: None

Membership of Committees: Finance, Quality and Clinical Risk Committee

Name: Gavin MacDonald

Post held: Interim Chief Operating Officer (appointed December 2019)

Previous experience: Gavin joined from Dartford and Gravesham NHS Trust where he was also an Interim Chief Operating Officer. Gavin has an extensive NHS background, after qualifying as a RGN in 1993 he has held various senior leadership roles throughout his NHS career.

Details of company directorships and other significant interests: None

Membership of Committees: Quality and Clinical Risk Committee

In the case of each of the persons who are directors at the time the report is approved, each has confirmed that:

- So far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- He/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

During the year, Board members have attended development workshops, visited other Trusts, and met local stakeholders, especially local commissioners.

In 2019/20, the Board met in public on 12 occasions, plus the AGM, held in July 2019. Members of the public and staff are invited to attend Board meetings and to raise questions. Details of meetings and papers are available on the Trust's website.

The Trust is accountable to public, professional and parliamentary scrutiny in respect of the quality of service it provides, and the effective control of its resources. All members of the Board have confirmed their commitment to maintaining the public services values of accountability, probity and openness.

The roles and membership of the Audit Committee, the Remuneration Committee, Quality and Clinical Risk Committee and Finance Committee, are outlined in the Annual Governance Statement. A Charitable Funds Committee, with the same membership as the Audit Committee with the addition of the trust Chair and attended also periodically by representatives from the Bedford Hospitals Charity and the Friends of Bedford Hospital discharges the Board's responsibilities as Trustees for the charitable funds held by the Trust.

In addition to membership of the sub-committees listed above, non-executive directors chair appointments and other committees as required by the Trust's human resources policies and have a programme for quality monitoring visits to wards and departments.

d. Statement of the chief executive's responsibilities as the accountable officer of the Trust

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

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

As far as I am aware, there is no relevant audit information of which the 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 my letter of appointment as an Accountable Officer.

Signed.....Chief Executive

Date: **17 June 2020**

e. Statement of directors' responsibilities in respect of the accounts

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The directors confirm that the annual report and accounts, taken as a whole, is fair, balanced, and understandable and provides s the information necessary for patients, regulators and stakeholders to assess the NHS trust's performance, business model and strategy.

By order of the Board

17 June 2020 .....Chief Executive

17 June 2020 .....Finance Director

f. Annual governance statement

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Bedford Hospital NHS Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Bedford Hospital NHS 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

The Trust recognises that risk is individualistic by nature and as such can be difficult to predict. The following systems and processes are in place for managing and monitoring risk:

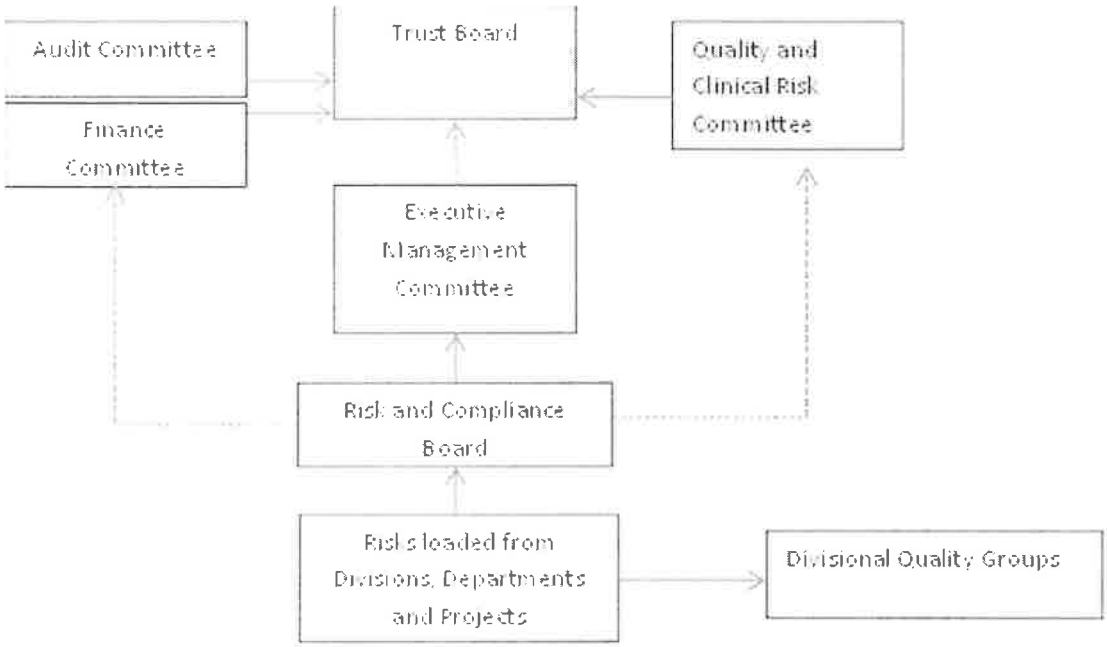
- A risk management policy;
- Clear division between assurance and operational responsibilities;
- Devolution of responsibility and accountability for risk assessment and management throughout the organisation;
- Identification and quantification of risk using a common assessment tool;
- A risk register, based on a single risk management database (Datix) is in place;
- A Board Assurance Framework that has developed to contain sufficient information to provide assurance to the Trust Board and senior management over the effectiveness of the controls in place to manage the Trust's significant strategic risks.
- An adverse incident reporting system;
- Developed policy framework including policies on Fraud and bribery, declaration of interests and acceptance of gifts and hospitality and whistleblowing;

A Risk and Compliance Board meeting is in place to provide leadership over the review of all risks currently on the risk register and to validate newly added risks 15+. The Risk

and Compliance Board moderates risk scores, where necessary, to ensure consistency of risk scoring across the Trust.

A 15+ clinical and non-clinical risk corporate risk register goes to the Risk and Compliance Board and it sends an upward report plus the 15+ risk paper to the Executive Management Committee. All 15+ clinical risks are reviewed by the Quality and Clinical Risk Committee and all 15+ non-clinical risks are reviewed by the Finance Committee in order to provide assurance to the Trust Board. Other risks are reviewed at the executive led divisional monthly performance meetings and divisional quality groups. All 20+ risks are notified to an executive director and 25+ risks get escalated to the CEO immediately on the day and robust mitigations must be put in place.

The Board receives upward reports from each of its sub-committees monthly highlighting risks for escalation.



The Audit Committee maintain oversight of the risk management processes.

Risks are identified on a bottom up basis by managers and scored using a 5x5 impact x likelihood matrix consistent with good risk practice and NHSR standards. Those with a residual risk rating of 15 or more, including those from failure to maintain compliance with CQC registration, are reported monthly to the relevant management board e.g. Risk and Compliance Board, Quality Board, Health & Safety Board and Executive Management Committee for management review. Each department and division regularly reviews all risks and their ratings in light of mitigating actions and ensures learning is captured and fed back.

Risks to data security are managed and controlled through the Information Governance (IG) Steering Group which has agreed policies and procedures which include a Caldicott Guardian, Senior Information Risk Owner (SIRO), control of access to systems, encryption and monitoring and which reviews performance against the Data Security & Protection Toolkit (DSPT) the successor framework to the information governance toolkit. The Trust made a 'standards not met' submission for 2019/20 accompanied by a DSPT improvement plan which was agreed by NHS Digital resulting in the Trust being displayed

as 'standards not fully met (plan agreed)'. The DSPT evidence and outstanding actions were audited by RSM in 2019. Risks were noted within the DSPT audit and the Trust has put in place an urgent action plan for High/Medium risk and Low risks will be added to the Trust IG Improvement Plan in 2019/20 and overseen during the year by the Audit Committee. In the financial year 2019/20 there were no externally reportable incidents reported on the IG incident reporting tool nor on the Data Security & Protection incident reporting tool.

The Trust's Board Assurance Framework indicates the risk against achievement of the Trust's strategic objectives which are aligned with the CQC domains and include as main areas of focus, objectives to:

Quality, Safety & Patient Experience

- Implement the Quality Improvement Strategy
- Implement local clinical service developments e.g. Better Births, Frailty Model

Access & Performance

- Recover and deliver the national standards for A&E, RTT and cancer
- Implement robust plans for winter resilience

Finance

- Deliver the agreed financial control total
- Deliver the efficiencies derived from the Lord Carter Programme

Leadership & Transformation

- Deliver the merger transaction
- Implement agreed STP plans to achieve integrated system working
- Initiate and organisation wide programme to transform patient experience and care

The potential key risks, set out in the BAF, were identified in April 2019 as being:

1. Insufficiently robust capacity plans
2. Emergency demand exceeding available capacity
3. Ineffective system management of emergency demand
4. Elective activity levels not meeting plan
5. Insufficient CCG contracted activity levels
6. Shortfall in delivery of CIPs
7. Staffing levels exceeding budgeted establishment
8. Non receipt of Sustainability and Transformation funding
9. Relative inefficiency as measured by national metrics (Lord Carter)
10. Unable to recruit and retain the appropriate clinical workforce
11. Insufficient capacity or capability to lead or deliver projects and transformation
12. Limited or no progress in integration with community services

13. The merger with Luton and Dunstable University Hospital Foundation Trust does not go ahead

Review of these risks was undertaken and reported to the Trust Board. The Board reviews the full BAF quarterly with significant risks reviewed monthly or bi-monthly by the associated committee, in particular the Finance and Quality & Clinical Risk Committees; or where necessary through the Board agenda.

In addition, in respect of EU Exit planning, the Trust Board received regular updates during the year on the Trust's readiness for the implementation of this policy. The updates, provided by the Chief Operating Officer, the Trust's emergency planning lead, confirmed that the Trust had been following national guidance in drafting readiness plans. The planning highlighted the potential risks to continuity of supply of medicines and clinical supplies, as well as the retention of staff recruited from the EU. Mitigations were considered as part of the Trust's risk management processes.

The Trust's Internal Auditors carried out an audit of the risk management processes at the Trust in 2019 resulting in a positive assurance opinion and I am satisfied that there is no evidence of any systematic failure of control.

The risk and control framework

There is a risk management policy in place which:

- Is endorsed by the Board;
- Sets out the Trust's structure for governance and the aims for managing risks to patients, staff, visitors, contractors and to service quality.
- Outlines the organisational and individual responsibilities and arrangements for risk management
- Sets out the systems and processes by which the aims will be achieved.

The strategy is easily available to all staff via the Trust's intranet and reviewed regularly to ensure it remains appropriate and current.

The Trust has a designated counter fraud specialist service, provided by PWC, which offers a pro-active approach to fraud awareness and prevention. A Fraud Risk Group was introduced at the Trust in 2018, attended by senior managers and chaired by the Local Counter Fraud Specialist, to further strengthen ownership of fraud risk assessment.

The Trust Board has overall responsibility for overseeing the management of risk. I have overall responsibility for governance (clinical, non-clinical and business), which includes risk management. This responsibility is exercised through the designated accountability of executive directors

- Director of Finance – Finance, Estates and Information Technology risk. Board Assurance Framework and also the Senior Information Risk Owner
- Medical Director - Clinical risk. Also the Caldicott Guardian.
- Director of Nursing and Patient Services – Clinical risk, risk management, non-clinical risk and risks associated with support services.

- Director of Workforce and Organisational Development - risks associated with human resources.
- Chief Operating Officer - risk associated with access targets and delivery of activity.

The Trust's training programme includes generic training in risk assessment, as well as training in specific areas such as COSHH (Health & Safety). The Trust has provided a series of risk management training sessions to senior managers to ensure consistency of risk reporting and terminology Trust-wide. The Trust's weekly staff e-bulletin includes a section on learning from issues as well as highlighting risk areas.

The Trust has a workforce strategy in place accompanied by a workforce and OD plan. A gap analysis has been undertaken against the National Quality Board guidance to ensure compliance and the Board receives monthly reporting re safe staffing via the Integrated Performance Report. This ensures that the Board is sighted on the appropriate number and mix of clinical professionals, as the Trust recognises that safe staffing is vital to the delivery of quality care and keeping patients safe from avoidable harm.

The trust is fully compliant with the registration requirements of the Care Quality Commission (CQC). The Trust was inspected by the CQC in 2018 and whilst the Trust remained as 'Requires Improvement' for the core services inspection it was recognised that significant improvements had been made in a number of areas. Of the 39 potential ratings the Trust was rated as 'Good' in 80% up from 66% at the time of the previous inspection. A robust action plan has been put in place to address the 'Must Do' and 'Should Do' actions and is monitored via the Quality and Clinical Risk Committee to provide assurance to the Board. The 2018 assessment saw two new CQC inspection areas of 'well-led' and 'use of resources'. The Trust was rated as 'Good' under 'well-led' which was a significant achievement within the new strict assessment criteria and provides external assurance to the Board for governance processes at the Trust. The Trust was rated as 'Requires Improvement' under 'use of resources' and improvement work using Model Hospital metrics was put in place through the Trust's 'Transforming for Excellence' programme.

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

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

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

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.

Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the information provided in this annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the audit committee, the quality and clinical risk committee and reports to the Executive Management Committee from the Divisions, (which address quality and risk issues), Quality Board, IM&T Strategy Board, and Health and Safety Committee. Lessons learned from incidents have been followed up through action plans as part of the Trust's commitment to be a learning organisation.

Positive assurance on quality has been achieved through for example, GMC education reviews, the independent 'CHKS' rankings, hospitals' standardised mortality index (SHMI), accreditation as an Investor in People, Joint Advisory Group (JAG) accreditation and various awards, for example achieving the CHKS Top 40. I am assured that plans are in place to address potential weaknesses and ensure continuous improvement of the system is in place.

The Head of Internal Audit provides me with an opinion substantially derived from the conduct of risk-based plans generated from a robust and organisation-led Board Assurance Framework. As such, it is one component that the Board takes into account in making its Annual Governance Statement.

The Head of Internal Audit opinion for 2019/20 was that the organisation has an adequate and effective framework for risk management, governance and internal control. The work further identified enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

The Head of Internal Audit opinion for 2019/20 was that the organisation has an adequate and effective framework for risk management, governance and internal control. The work further identified enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

Action plans have been agreed to overcome the weaknesses identified by internal audit. The Audit Committee tracks implementation of agreed management actions.

Executive Directors within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with reassurance. The Board Assurance Framework itself provides me with evidence of 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 work of our external auditors.
- The work undertaken by internal auditors and clinical audit in recommending improvements to control systems and testing compliance with controls

- Regular performance reviews of care quality commission standards, and other performance measures.
- External assessments by regulatory bodies, for example CQC, HSE and Health Education England.

NHS Improvement issued guidance for Well Led reviews in June 2017 that strongly encouraged all providers to carry out developmental reviews of their leadership and governance using the well-led framework every three to five years. Accordingly the Executive Directors have completed a self-assessment of each of the eight key lines of enquiry. The self-assessment rating is 'Good', within the range available and this was supported by the CQC rating of 'Good' for 'Well-Led'. A Trust Board seminar was held to both challenge and confirm this rating with the outcome that the Non-Executives were assured of the 'Good' self-assessment rating and that this was consistent with the examples of good practice and evidence provided.

NHS Improvement advised all providers to carry out a self-certification to provide assurance that they have complied with the NHS Provider Licence and associated NHS Acts and have had regard to the NHS Constitution.

Although NHS trusts are exempt from needing the provider licence (it applies to NHS Foundation Trusts and independent healthcare providers), directions from the Secretary of State require NHSI to ensure that NHS trusts comply with conditions equivalent to the licence as it deems appropriate.

The Single Oversight Framework (SOF) bases its oversight on the NHS provider licence. NHS trusts are therefore legally subject to the equivalent of certain provider licence conditions and must self-certify under these licence provisions.

Two declarations are required by the NHS provider licence:

- Condition G6 (3) – providers must certify that their Board has taken all precautions necessary to comply with the licence, NHS Act and NHS Constitution.

This is a general condition and the assumption would ordinarily be that a Trust was compliant unless there was some exceptional circumstance e.g. the CQC had, through inspection, advised that the organisation was in breach or that the Trust was aware of a significant matter that might cause a breach.

- Condition FT4(8) – providers must certify compliance with required governance standards and objectives.

These ask that Trusts are assured that they have the necessary governance systems and processes in place to support compliance. These cover similar themes that are to be found, and assured, in annual audit. There are therefore a number of key documents that can be referred to in support of the declaration. In summary;

- Board structures and accountability – Standing Orders, Standing Financial Instruction and Scheme of Delegation – Updated March 2019.
- Risk – BAF in place, updated regularly, reviewed by committees, audited.
- Efficiently and effectiveness – SFIs, Scheme of Delegation, Business Planning processes

- NHS Constitution – Standing Orders, Board level performance reporting
- Quality – Quality governance structures including Board level committee, Quality Impact Assessments
- Capacity and Capability – Board appraisal, Fit and Proper Persons Test, Board Recruitment processes, OD Programme in place. Rated 'Good' for Well-Led by the CQC.

The Board declared compliance via self-certification in May 2018.

Multi-agency and multi-disciplinary meetings between the Trust, Clinical Commissioning Group and local authorities identify potential risks e.g. by monitoring safeguarding initiatives for both children and vulnerable adults, reducing delayed discharges, ensuring effective plans for use in the event of a major incident or disaster.

Active participation in the local overview and scrutiny committees enables them to be informed of the risks facing the Trust, and vice versa. The Trust, working with partner agencies, continued to have in place business continuity plans to deal with a range of scenarios, including those resulting from climate change.

Based on a review of evidence to support compliance, the Board is able to provide reasonable assurance that it is compliant with the rights and pledges within the NHS Constitution and has had regard to the NHS Constitution in carrying out its functions.

Conclusion

No significant internal control issues have been identified

The governance framework of the organisation

The Board of Directors is responsible for achievement of the organisational objectives and my role as Chief Executive is to agree the objectives of the Executive Directors. The Board of Directors is responsible for ensuring that internal controls – financial, clinical, and organisational - are in place and the effectiveness of these controls is regularly reviewed. The Executive Team and the Executive Management Committee ensures that action is taken to implement controls and address any shortcomings. The Trust Board is appraised of the operational effectiveness of the organisation through review at every Board meeting via an Integrated Performance Report which sets out performance against the key standards across the range of risk- activity, quality, finance, human resources. The Trust has a governance framework, approved by the Board, including Standing Orders, SFIs and Scheme of Delegation which support the discharge of its statutory functions and that these are delivered within the overall governance framework.

Trust Board agendas are structured with standing sections to cover: strategic issues, patient safety and experience and performance and assurance including workforce reports and regular review of the Board Assurance Framework (BAF). Key issues for the board during the year have been:

1. Managing delivery of the Trust's deficit control total whilst maintaining quality, safety and operational performance; in particular the risks arising from

unbudgeted escalation beds and enhanced staffing resulting from emergency pressures.

2. Developing the plans for future sustainability via a proposed merger with the Luton and Dunstable Hospital University Foundation Trust in April 2020 in the context of the Bedfordshire, Luton and Milton Keynes (BLMK) Integrated Care System (ICS)

With its composition of Chair and Non-Executive Directors, appointed by the Appointments Commission or more recently by NHS Improvement the Trust has an appropriate balance of Non-Executive Directors and Executive Directors, the Board believes that it is compliant with best current corporate governance practice, with regard to the composition of the Board.

Committees of the Board and their roles

Board sub committees are Audit, Finance, Quality and Clinical Risk and Charitable Funds Committees, meeting regularly and reporting to the Trust Board following each meeting. The Remuneration Committee meets as required.

The Audit Committee, comprised of four non-executive directors and chaired by Mr Robert Green, reviews the organisational risks identified in the Board Assurance Framework, financial control systems and receives regular reports from the internal and external auditors and the local counter fraud specialist. Key work during 2019/20 has included:

- Ensuring prompt and effective responses to internal audit reports. This was previously highlighted by the Committee as an area of weakness that required specific management attention and the improvement has continued as a priority into 2019/20 supported by a system to track internal audit recommendations;
- A key goal has been to ensure that issues covered by internal audit reports align well to the BAF risks.

The Finance Committee, comprising three non-executive and three executive directors and chaired by Mr Steve Hone has continued to provide a forum where detailed consideration is given to the major financial issues facing the Trust. These have centred on achievement of the very challenging Transforming for Excellence programme, monitoring cash flow and its implications for the capital programme, reviewing the risks facing the Trust, including the impact of local commissioning initiatives, capacity issues and winter pressures. The Committee played an important role in seeking assurances on the robustness of assumptions, recovery actions and risk mitigations behind the Trust's forecast outturn.

The Quality and Clinical Risk Committee under the chairmanship of Dr Carol McCall has three non- executive directors as members, plus the Medical Director, Director of Nursing and Patient Services, the Director of Workforce and OD, and the Chief Executive. The purpose of the committee is to provide assurance to the board that there is in place an effective system of quality and clinical governance, clinical risk management and internal controls across the clinical activities undertaken by or within Bedford Hospital NHS Trust, to support the organisation's objectives. This includes monitoring of mortality and approval of the clinical audit plan. It oversees the preparation of the Quality Account, and reviews the action taken in response to Serious Incidents and never events. Serious incidents and never events are also reported to every public Board meeting. The

committee is working on a bi-monthly cycle, supported by a forward plan. The Chairs of the Quality and Audit Committees sit on each committee to provide consistency of approach to key assurance issues.

The Remuneration Committee, including all non-executive directors, makes decisions on the remuneration and terms of service of directors and senior managers, taking into account comparative data from other Trusts. It also reviews the performance of the Chief Executive and through him, the other executive directors and determines any changes to remuneration.

The Charitable Funds Committee has the same membership as the Audit Committee, with the addition of the Trust's Chair and is also attended periodically by representatives from the Bedford Hospitals Charity and the Friends of Bedford Hospital Charity. It discharges the Board's responsibilities as Trustees for the charitable funds held by the Trust.

Operational management is through the Executive Management Committee, comprising the Executive Directors, Divisional Directors and Divisional Medical Directors and other key heads of service. Key performance indicators are set out in more detail in the performance report and financial statements.

The modern slavery act 2015

Bedford Hospital NHS Trust is committed to maintaining and improving systems, processes and policies to avoid complicity in human rights violation. We realise that slavery and human trafficking can occur in many forms, such as forced labour, domestic servitude, sex trafficking and workplace abuse.
Our policies, governance and legal arrangements are robust, ensuring that proper checks and due diligence take place in our employment procedures to ensure compliance with this legislation.

Signed.....

Accountable officer: David Carter, Chief Executive

Organisation: Bedford Hospital NHS Trust

Date: 17 June 2020

4. Remuneration and staff report

a. Remuneration Committee

The Remuneration Committee, chaired by the senior independent director, and including all non-executive directors, makes decisions on the remuneration and terms of service of directors and senior managers, taking into account comparative data from other trusts. It also reviews the performance of the chief executive and through him, the other executive directors and determines any changes to remuneration. (See page 31for details of the membership of the Remuneration Committee).

The executive directors of Bedford Hospital, who are employed on permanent contracts by the trust, have a notice period of six months, with the exception of the medical director, who is on a consultant's contract, and has a notice period of three months. Executive directors are not entitled to any special termination payments, and no provision has been made in the accounts for these items. Non-executive directors were appointed by the NHS Appointments Commission (prior to October 2012) and the appointments panel of NHS Improvement (for appointments and re-appointments from 1 October 2012) for an initial term of four years, which can be renewed for one further term of four years.

No scheme for awarding executive directors' performance related bonuses linked to performance targets have been agreed by the remuneration committee for 2019/20. No director has a vehicle provided by the trust and expenses are reimbursed at nationally agreed rates only for expenditure incurred on official business.

The tables on the following pages give details of salary and pension for the senior managers of the trust, and details of contract start dates and end dates (where appropriate).

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

The median remuneration of the trust's staff is calculated using the total remuneration of the total staff, excluding the highest paid director. This has been calculated based on annualised, full-time equivalent remuneration as at 31 March 2020. The calculation also includes agency and other temporary employees covering staff vacancies, but excludes consultancy services. Only the remuneration paid to the employee has been included.

The banded remuneration of the highest paid director, excluding accrued pension benefits, in Bedford Hospital NHS trust in the financial year 2019/20 was £150,000-£155,000 (2018/19 was £145,000-£150,000). This was 5.59 times (2018/19, 5.35 times) the median remuneration of the workforce, which was £27,260 (2018/19, £27,583). Remuneration ranged from £15,596 to £152,473 (2018/19 £11,537 to £149,637). The median pay disclosure is subject to audit.

There was a lifting of the pay freeze across the NHS in 2019/20, resulting in a 3% increase for all staff on agenda for change pay scales and medical pay scales. 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.

Name and Title	Current Contract Start Date	Contract end date/ Non Executive renewal date	Leaving date where applicable	2019-20 Salary (bands of £5000) £000	2019-20 Expense payments (taxable) Rounded to the nearest £100	2019-20 Performance related Bonuses (bands of £5000) £000	2019-20 Long Term performance pay and bonuses (bands of £5,000) £000	2019-20 All pension-related benefits (bands of £2,500) £000	2019-20 TOTAL (bands of £5,000) £000	2018-19 Salary (bands of £5000) £000	2018-19 Expense payments (taxable) Rounded to the nearest £100	2018-19 Performance related Bonuses (bands of £5000) £000	2018-19 Long Term performance pay and bonuses (bands of £5,000) £000	2018-19 All pension-related benefits (bands of £2,500) £000	2018-19 TOTAL (bands of £5,000) £000
Non Executive Directors															
Mr G Johns, Trust Board Chairman	2015	2018	N/A	20-25	3	0	0	0	20-25	20-25	22	0	0	0	20-25
Mr D Gear, Non Executive Director	2008	2018	Jun-19	0-5	0	0	0	0	0-5	5-10	3	0	0	0	5-10
Mrs D Kobowka, Non Executive Director	2012	2018	N/A	5-10	1	0	0	0	5-10	5-10	0	0	0	0	5-10
Dr D Gregson, Non Executive Director	2012	2018	N/A	0	0	0	0	0	0	0	0	0	0	0	0
Dr C McCall, Non Executive Director	2014	2018	N/A	5-10	0	0	0	0	5-10	5-10	14	0	0	0	5-10
Mr S Hore, Non Executive Director	2017	2018	N/A	5-10	0	0	0	0	5-10	5-10	6	0	0	0	5-10
Mr R Green, Non Executive Director	2019	2020	Mar-20	5-10	1	0	0	0	5-10						

Table 4: Non-executive Director's salary information (AUDITED)

Name and Title	Current Contract Start Date	Contract end date/ Non Executive renewal date	Leaving date where applicable	2019-20 Salary (bands of £5000) £000	2019-20 Expense payments (taxable) Rounded to the nearest £100	2019-20 Performance related Bonuses (bands of £5000) £000	2019-20 Long Term performance pay and bonuses (bands of £5,000) £000	2019-20 All pension-related benefits (bands of £2,500) £000	2019-20 TOTAL (bands of £5,000) £000	2018-19 Salary (bands of £5000) £000	2018-19 Expense payments (taxable) Rounded to the nearest £100	2018-19 Performance related Bonuses (bands of £5000) £000	2018-19 Long Term performance pay and bonuses (bands of £5,000) £000	2018-19 All pension-related benefits (bands of £2,500) £000	2018-19 TOTAL (bands of £5,000) £000
Executive Directors															
Mr S Daniels-Conroy, Chief Executive Officer	Jan-14	N/A	Apr-20	150-155	0			0	150-155	145-150	5	0	0	0	145-150
Mr P Tisi, Medical Director	Aug-16	N/A	N/A	165-170	3	35-40		10.0-12.5	215-220	155-160	13	35-40	0	0	195-200
Ms K Ward, Chief Operating Officer	Sep-15	N/A	Oct-19	55-60	0			0	55-60	105-110	9	0	0	0	105-110
Mr D Reid, Director of Finance	Sep-15	N/A	N/A	130-135	0			0	130-135	125-130	0	0	0	0	125-130
Mrs D Fowler, Interim Director of Nursing and Patient Services	Apr-19	N/A	Mar-20	120-125	0			0	120-125						
Ms E Doyle, Deputy Chief Executive Officer	Oct-19	N/A	N/A	95-100	0			0	95-100						

Table 5: Executive Director's salary information (AUDITED)

Notes for Table 4 and Table 5

Note 1: The Trust Board comprises a chairman, 5 non-executive directors, 5 executive directors and further members who are non-voting members of the Trust Board and, as such, do not appear in the remuneration report. This is in line with the Manual for Accounts guidance on the Annual Report in respect of 'senior managers'. The non-voting members are not deemed to have 'authority or responsibility for directing or controlling the major activities of the NHS body'. In 2018-19 the 2 non voting members were the director of workforce and director of corporate affairs. In 2019-20 there were 3 non voting members - the director of workforce and OD, the interim chief operating officer (COO) and director of clinical service improvement (csi). The interim COO was appointed in January 2020 and the director of CSI was appointed in September 2019.

Note 2: Ms Lees was interim Nursing Director for the period April 2018 to March 2019 on a shared basis with Luton and Dunstable University Hospital Foundation on Trust. Ms Lees was on LDH's payroll and was reported in full on LDH's remuneration report.

2019-20								
Name and Title	Real increase/(decrease) in pension at pension age (bands of £2,500) £000	Real increase/(decrease) in pension lump sum at pension age (bands of £2,500) £000	Total accrued pension at pension age at 31 March 2019 (bands of £5,000) £000	Lump sum at pension age related to accrued pension at 31 March 2020 (bands of £5,000) £000	Cash Equivalent Transfer Value at 1 April 2019 £000	Real increase/(decrease) in Cash Equivalent Transfer Value £000	Cash Equivalent Transfer Value at 31 March 2019 £000	Employer's contribution to stakeholder pension £000
Mr S Daniells-Conroy, Chief Executive (substantive)	*	*	*	*	*	*	*	*
Mr D Reid, Director of Finance	(0)-(2.5)	(0)-(2.5)	10-15	35-40	286	5	298	0
Ms K Ward, Chief Operating Officer	(5.0)-(7.5)	45-50	35-40	245-250	1161	**	**	0
Mr P Tisi, Medical Director	0-2.5	5-10	50-55	150-155	1016	76	1116	0
Mrs D Fowler, Interim Director of Nursing and Patient Services	0-2.5	0-2.5	35-40	115-120	783	32	834	0
Ms E Doyle, Deputy Chief Executive Officer	***	***	***	***	***	***	***	0

Table 6: Executive Director Pension information (AUDITED)

Notes for table 12:

Note 1. * Opted out of pension scheme from 31 March 2019

Note 2. ** Resigned October 2019

Note 3. *** Opted out of pension scheme

On 16 March 2016, the Chancellor of the Exchequer announced a change in the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate from 3.0% to 2.8%. This rate affects the calculation of CETV figures in this report. Due to the lead time required to perform calculations and prepare annual reports, the CETV figures quoted in this report for members of the NHS Pension scheme are based on the previous discount rate and have not been recalculated.

In the budget on 23 March 2011, HM Treasury confirmed its intention to review the basis for the calculation of Cash Equivalent Transfer Values (CETVs) payable from public service schemes, including the NHS Pension Scheme. The review was undertaken and revised guidance was issued on 26 October 2011.

For the calculation of CETVs as at 31 March 2016, NHS Pensions have followed the revised guidance and have used the updated Government Actuary Department (GAD) factors in their calculations.

The new factors will have differing impacts of the CETVs of the individuals concerned depending on their age and normal retirement age.

Exit Packages

There was one exit package agreed in 2019/20 (2018/19, 1 package agreed)

	Number of compulsory redundancies Number	Number of other departures agreed Number	Total number of exit packages Number
Exit package cost band (including any special payment element)			
<£10,000	-	-	-
£10,000 - £25,000	-	-	-
£25,001 - 50,000	-	-	-
£50,001 - £100,000	-	-	-
£100,001 - £150,000	1	-	1
£150,001 - £200,000	-	-	-
>£200,000	-	-	-
Total number of exit packages by type	1	-	1
Total cost (£)	£142,000	£0	**£142,000**

Table 7: Exit packages agreed in 2019-20

*Note: The Trust hosts six members of staff who work for Primary Care Commissioning (a Community Interest Company). PCC is entirely independent of the Trust save for ensuring that the hosted employees are employed and remunerated in line with NHS Terms and Conditions. The Trust holds a provision sufficient to cover the redundancy liability of the hosted employees. The exit package payment made in 2019-20 related to one of the hosted members of staff.

Off-payroll engagements

A Treasury requirement for public sector bodies to report arrangements whereby individuals are paid through their own companies (and so are responsible for their own tax and NI arrangements, not being classed as employees) was introduced in 2012-13. The requirement remains in place for 2018/19.

	Number
Number of existing engagements as of 31 March 2020	2
Of which, the number that have existed:	
for less than one year at the time of reporting	0
for between one and two years at the time of reporting	2
for between 2 and 3 years at the time of reporting	0
for between 3 and 4 years at the time of reporting	0
for 4 or more years at the time of reporting	0

Table 8: All off-payroll engagements as of 31 March 2020, for more than £245 per day and that last longer than six months

	Number
Number of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	0
Number of new engagements which include contractual clauses giving the *[NHS body name]* the right to request assurance in relation to income tax and National Insurance obligations	0
Number for whom assurance has been requested	0
Of which:	
assurance has been received	0
assurance has not been received	0
engagements terminated as a result of assurance not being received	0

Number of off-payroll engagements of board members, and/or senior officers with significant financial responsibility, during the year	0
Number of individuals that have been deemed "board members, and/or senior officers with significant financial responsibility" during the financial year. This figure includes both off-payroll and on-payroll engagements	5

Table 9: All new off-payroll engagements between 1 April 2019 and 31 March 2020, for more than £245 per day and that last longer than six months

The above disclosure has not been audited and there is no requirement for the information to be audited.

Off payroll engagement of Board members

There were no interim staff covering executive director roles at BHT during 2019/20.

Signed.....

Accountable officer: David Carter, Chief Executive

Organisation: Bedford Hospital NHS Trust

Date: 17 June 2020

a. Staff report

Diversity and inclusivity

Bedford Hospital is committed to providing a diverse and inclusive environment for the provision of services and within the workforce. The hospital uses the national Equality Delivery System to demonstrate its compliance with the Public Sector Equality Duty and annually engages with stakeholders to review progress against the four Equality Delivery System goals which are:

- Better Health Outcomes
- Improved Patient Access and experience
- A representative and supported workforce
- Inclusive leadership

There has been continued development through patient experience groups, and practical improvements to the site. Elizabeth Ward retained the Quality Mark for Elder Friendly Hospital Wards which was awarded by the Royal College of Psychiatrists. The Unicef baby friendly assessment was undertaken and re-accredited, making it one of four Trusts in the East of England to have received this award.

The NHS Workforce Race Equality Standard also provides a framework for the hospital to tackle unconscious bias, provide training and opportunities for BME staff and others, and initiatives in these areas have been running during 2019/20.

The Trust adheres to its Equality and Diversity policy during all aspects of employment and completes an equality impact assessment for all relevant Trust policies. This policy sets standards to protect employees against discrimination on the grounds of nine protected characteristics:

- Age
- Disability
- Gender re-assignment
- Marriage and civil partnership
- Pregnancy and maternity
- Race including nationality and ethnicity
- Religion on belief
- Sex
- Sexual orientation

Members of the staff Diversity and Inclusivity network work together to run annual events, review policies, launch and implement a Diversity Calendar and engage with Trust initiatives to ensure that a wide perspective of views are included.

Training and awareness within the hospital

Equality and Diversity training is mandatory training for our staff and in 2019/20 our compliance level was 91.24%. We have continued to promote Mental Health First Aid Training for staff and managers through our Occupational health service. We have also extended our peer2peer listening service and now also have 4 additional freedom to speak up champions.

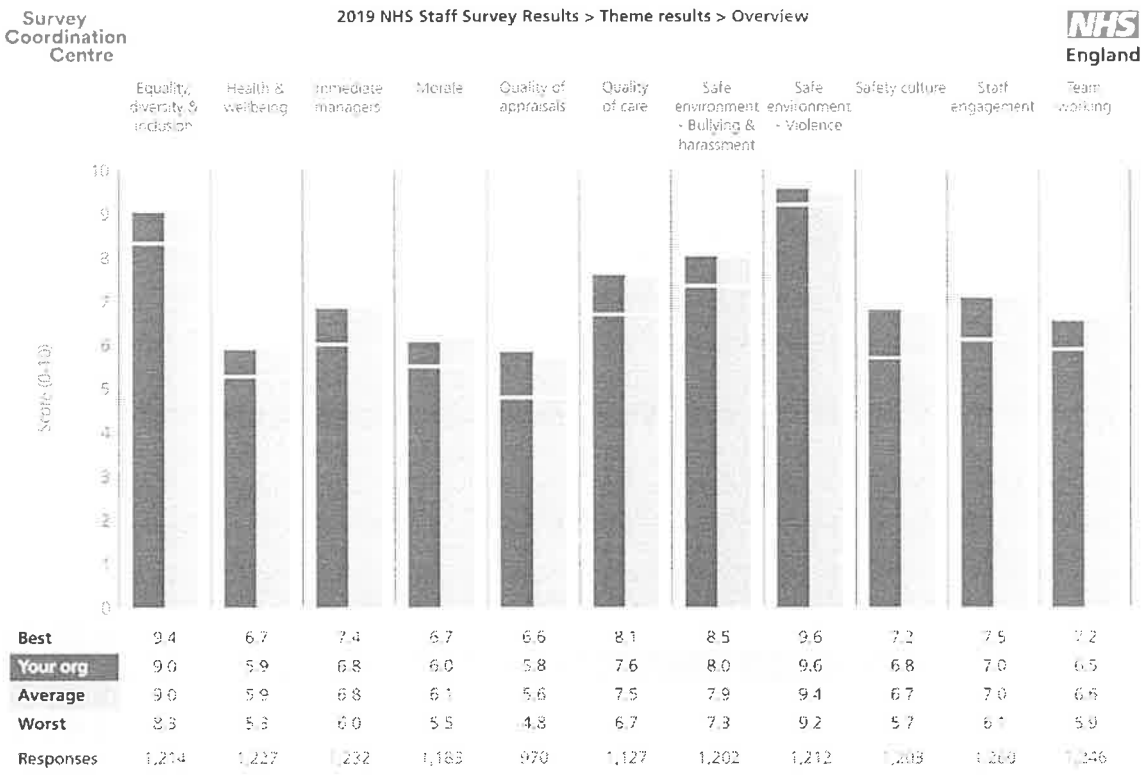
Bedford Hospital NHS Trust is committed to providing equal opportunities for disabled employees. The Trust has been recognised as 'Disability Confident' against national standards and promotes this in its recruitment advertising and selection processes.

From writing job descriptions, to shortlisting and selection, the Trust adheres to its recruitment and selection and equality and diversity policies to ensure job vacancies at the Trust are accessible for disabled applicants.

The Equality and Diversity Policy sets out the steps the Trust will take to retain employees who have become disabled or have had a change in their personal circumstance during employment.

Staff Survey

The 2019 staff survey results were again very encouraging and consolidated and built upon the 2018 results. Another full staff survey census was taken and the response rate was 44%.



It is encouraging to note the results suggest a level of satisfaction and motivation in the workforce but also a strong emphasis on a patent safety culture.

The improvement in 2 particular indicators is a positive move forward especially as "able to provide the care I aspire to" and "don't work any additional unpaid hours per week for this organisation, over and above contracted hours" were issues to address in the 2018 survey.

The survey results have been communicated across the Trusts via staff briefings, the intranet and to groups such as the Joint Staff side Management Committee, Medical Staff Council and the Clinical Leadership Forum. The outcomes are triangulated with other indicators such as patient surveys, sickness absence, turnover and our recent cultural survey to build a fuller picture of what the data is telling us. The results have been broken down by staff groups, divisional and service level to enable a greater understanding of the results.

We use the analysis of the results and the feedback from staff discussions and stakeholder groups to identify what improvements we need to make.

The data for Bedford site and Luton site are compared to give a basic baseline in relation to the newly formed Foundation Trust.

Gender Pay gap

Following a government consultation it became mandatory from 31 March 2017 for all public sector organisations with over 250 employees to report annually on their gender pay gap. The gender pay gap is different to equal pay. Equal pay relates to pay differences between individuals or groups who carry out the same or similar jobs or work of equal value. It is unlawful to pay people unequally because of their gender. Gender pay gap refers to the differences between the earnings of men and women regardless of roles or seniority. The headlines from Bedford Hospital's report are that:

- There is a mean average pay gap of 31.7% and a median hourly rate gap of 17.3% within the Trust.
- 63% of the top quartile are females, suggesting there are not any concerns with females being represented in this quartile.
- There is a bonus gender pay gap difference of 1.97% (mean), whilst there is a 0% difference in relation to the median bonus pay within the Trust.
- There were a total of 39 males, equivalent to 4.76% of the male workforce and 12 women, which are 0.42% of the female workforce received a clinical excellence award during the 2018/19 financial year.

Note: The report is based on rates of pay as at 31 March 2019 and bonuses paid in the year 1 April 2018 – 31 March 2019. It includes all workers in scope at 31 March 2019.

the data is analysed and actions incorporated within the work plan. The gender pay gap actions are monitored through the Trust's Equality and Diversity Committee.

Number of senior civil service staff/senior managers by band in 2019/20

Banding	Total
Band 8a	87
Band 8b	25
Band 8c	16
Band 8d	4
Band 9	4
Total	132.58

Table 10: Number of senior civil service staff/senior managers by band in 2019/20

Staff costs and average number of employees by staff group for 2019/20

Staff Group	Total Costs (£000)			Average Number of employees (WTE)		
	Permanently employed staff costs (£000)	Other staff costs (£000)	Total staff (£000)	Permanently employed staff (WTE)	Other staff (WTE)	Total staff (WTE)
Medical and dental	38,241	9,797	**48,038**	343.77	23.14	**366.91**
Administration and estates	22,822	2,360	**25,182**	547.98	44.51	**592.5**
Clinical Support Workers and	16,512	2,576	**19,088**	658.05	125.17	**783.22**

other support staff						
Nursing, midwifery and health visiting staff	37,479	7,156	**44,635**	800.82	133.18	**934.00**
Scientific, therapeutic and technical staff	12,315	865	**13,180**	255.99	13.6	**269.58**
Healthcare Science Staff	1,540	0	**1,540**	16.01	1.58	**17.59**
Other			**0**	4.92	0	4.92
TOTAL	**128,909**	**22,754**	**151,663**	**2627.53**	**341.18**	**2968.71**

Table 11: Staff costs and average number of employees by staff group for 2019/20 (AUDITED)

Staff Composition as at 31 March 2020

Banding	Female	Male	Total
Band 1	100	27	127
Band 2	431	104	535
Band 3	239	39	278
Band 4	237	35	272
Band 5	491	77	568
Band 6	397	66	463
Band 7	237	50	287
Band 8a	67	20	87
Band 8b	16	9	25
Band 8c	8	8	16
Band 8d	4	0	4

Band 9	3	1	4
VSM	2	3	5
Non-Executives	2	3	5
Junior Doctors	79	105	184
Middle Grade	5	21	26
Consultants	44	105	149
Total	**2362**	**673**	**3035**

Table 12: Staff Composition as at 31 March 2020

Signed.....

Accountable officer: David Carter, Chief Executive

Organisation: Bedford Hospital NHS Trust

Date: 17 June 2020

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF BEDFORDHIRE HOSPITALS NHS FOUNDATION TRUST IN RESPECT OF BEDFORD HOSPITAL NHS TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Bedford Hospital NHS Trust ("the Trust") for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 March 2020 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as being relevant to NHS Trusts in England and included in the Department of Health and Social Care Group Accounting Manual 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter - going concern basis of preparation

We draw attention to the disclosure made in note 1.2 to the financial statements which explains that whilst the Trust is not a going concern due to its dissolution on 1 April 2020, the financial statements of the Trust have been prepared on a going concern basis because its services will continue to be provided by Bedfordshire Hospitals NHS Foundation Trust. Our opinion is not modified in respect of this matter.

Other information in the Annual Report

The Accountable Officer is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information. In our opinion the other information included in the Annual Report for the financial year is consistent with the financial statements.

Annual Governance Statement

We are required to report to you if the Annual Governance Statement has not been prepared in accordance with the requirements of the Department of Health and Social Care Group Accounting Manual 2019/20. We have nothing to report in this respect.

Remuneration and Staff Report

In our opinion the parts of the Remuneration and Staff Report subject to audit have been properly prepared in accordance with the Department of Health and Social Care Group Accounting Manual 2019/20.

Directors' and Accountable Officer's responsibilities

As explained more fully in the statement set out on page 21, the directors are responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity. As explained more fully in the statement of the Chief Executive's responsibilities, as the Accountable Officer of the Trust, on page 20 the Accountable Officer is responsible for ensuring that annual statutory accounts are prepared in a format directed by the Secretary of State.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

Report on the 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 the Trust has not made proper arrangement for securing economy, efficiency and effectiveness in its use of resources.

Qualified conclusion

Subject to the matters outlined in the basis for qualified conclusion paragraph below we are satisfied that in all significant respects Bedford Hospital NHS Trust put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2020.

Basis for qualified conclusion

In considering the adequacy of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources we identified one significant use of resources risks upon completion of value for money risk assessment against the criteria identified within the Code of Audit Practice.

The use of resources risk related to the Trust's financial resilience. In assessing this for the year ended 31 March 2020 we identified that, whilst the Trust met its control total and delivered a surplus of £383k, after technical adjustments, it has a cumulative deficit of £64.8m against the breakeven duty. During the year ended 31 March 2020 the Trust required revenue support of £4.6m to support its cashflow. As a result, we were unable to confirm that the Trust had sufficient arrangements in place to ensure financial resilience for the year ended 31 March 2020.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

As explained in the statement set out on page 20, the Chief Executive, as the Accountable Officer, is responsible for ensuring that value for money is achieved from the resources available to the Trust. We are required under section 21(3)(c), as amended by schedule 13 paragraph 10(a), of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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 the use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the specified criterion issued by the Comptroller and Auditor General (C&AG) in December 2019 and updated in April 2020 as to whether 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. We planned our work in accordance with the Code of Audit Practice and related guidance. Based on our risk assessment, we undertook such work as we considered necessary.

Statutory reporting matters

We are required by Schedule 2 to the Code of Audit Practice issued by the Comptroller and Auditor General ('the Code of Audit Practice') to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Trust under section 24 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Other matters on which we report by exception – referral to Secretary of State

We have a duty under the Local Audit and Accountability Act 2014 to refer the matter to the Secretary of State if we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.

On 2 April 2020 we referred a matter to the Secretary of State under section 30(b) of the Local Audit and Accountability Act 2014 as we had reason to believe that the Bedford Hospital NHS Trust is, taking into account the Department of Health's *Guidance on Breakeven Duty and Provisions*, in the financial year ending 31 March 2019, in breach of the 'breakeven duty' set out at paragraph 2(1) of Schedule 5 to the National Health Service Act 2006.

Whilst the Trust reported a surplus of £383k it had a cumulative deficit of £64.8m at 31 March 2020 which was not recovered within the five year breakeven period ending 31 March 2020.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of Bedford Hospital NHS Trust for the year ended 31 March 2020 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Fleur Nieboer
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

24 June 2020

Bedford Hospital NHS Trust

Annual accounts for the year ended 31 March 2020

Statement of Comprehensive Income

	Note	2019/20 £000	2018/19 £000
Operating income from patient care activities	3	209,082	185,226
Other operating income	4	34,668	25,263
Operating expenses	7, 9	(241,068)	(222,426)
Operating surplus/(deficit) from continuing operations		**2,682**	**(11,937)**
Finance income	12	82	55
Finance expenses	13	(1,603)	(1,559)
PDC dividends payable		(791)	(940)
Net finance costs		**(2,312)**	**(2,444)**
Other gains / (losses)	14	13	252
Surplus / (deficit) for the year from continuing operations		**383**	**(14,129)**
Surplus / (deficit) for the year		**383**	**(14,129)**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	8	(2,252)	2,234
Other reserve movements		-	(6)
Total comprehensive income / (expense) for the period		**(1,869)**	**(11,901)**
Adjusted financial performance (control total basis):			
Surplus / (deficit) for the period		383	(14,129)
Remove I&E impact of capital grants and donations		(59)	(22)
Remove 2018/19 post audit PSF reallocation (2019/20 only)		(310)	
Adjusted financial performance surplus / (deficit)		**14**	**(14,151)**

Statement of Financial Position

	Note	31 March 2020 £000	31 March 2019 £000
Non-current assets			
Intangible assets	15	6,857	5,587
Property, plant and equipment	16	92,285	91,274
Receivables	20	954	895
Total non-current assets		**100,096**	**97,756**
Current assets			
Inventories	19	2,727	2,574
Receivables	20	27,782	23,098
Cash and cash equivalents	21	5,995	2,327
Total current assets		**36,504**	**27,999**
Current liabilities			
Trade and other payables	22	(15,606)	(11,329)
Borrowings	24	(71,548)	(39,007)
Provisions	26	(172)	(124)
Other liabilities	23	(117)	(30)
Total current liabilities		**(87,443)**	**(50,490)**
Total assets less current liabilities		**49,157**	**75,265**
Non-current liabilities			
Borrowings	24	(4,765)	(33,199)
Provisions	26	(894)	(823)
Other liabilities	23	(641)	(782)
Total non-current liabilities		**(6,300)**	**(34,804)**
Total assets employed		**42,857**	**40,461**
Financed by			
Public dividend capital		114,371	110,106
Revaluation reserve		15,603	18,448
Income and expenditure reserve		(87,117)	(88,093)
Total taxpayers' equity		**42,857**	**40,461**

The notes on pages 7 to 51 form part of these accounts.

Name DAVID CARTER
Position Chief Executive
Date 17 June 2020

Statement of Changes in Equity for the year ended 31 March 2020

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2019 - brought forward	**110,106**	**18,448**	**(88,093)**	**40,461**
Surplus/(deficit) for the year	-	-	383	**383**
Transfers by absorption: transfers between reserves	-	-	-	**-**
Other transfers between reserves	-	(587)	587	**-**
Impairments	-	(2,252)	-	**(2,252)**
Transfer to retained earnings on disposal of assets	-	(6)	6	**-**
Public dividend capital received	4,265	-	-	**4,265**
Taxpayers' and others' equity at 31 March 2020	**114,371**	**15,603**	**(87,117)**	**42,857**

Statement of Changes in Equity for the year ended 31 March 2019

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2018 - brought forward	**106,170**	**16,817**	**(74,594)**	**48,393**
Prior period adjustment	-	-	-	**-**
Taxpayers' and others' equity at 1 April 2018 - restated	**106,170**	**16,817**	**(74,594)**	**48,393**
Impact of implementing IFRS 9 on 1 April 2018	-	-	33	**33**
Surplus/(deficit) for the year	-	-	(14,129)	**(14,129)**
Other transfers between reserves	-	(602)	602	**-**
Impairments	-	2,234	-	**2,234**
Transfer to retained earnings on disposal of assets	-	(1)	1	**-**
Public dividend capital received	3,936	-	-	**3,936**
Other reserve movements	-	-	(6)	**(6)**
Taxpayers' and others' equity at 31 March 2019	**110,106**	**18,448**	**(88,093)**	**40,461**

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.

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.

Financial assets reserve
This reserve comprises changes in the fair value of financial assets measured at fair value through other comprehensive income. When these instruments are derecognised, cumulative gains or losses previously recognised as other comprehensive income or expenditure are recycled to income or expenditure, unless the assets are equity instruments measured at fair value through other comprehensive income as a result of irrevocable election at recognition.

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

Statement of Cash Flows

	Note	2019/20 £000	2018/19 £000
Cash flows from operating activities			
Operating surplus / (deficit)		2,682	(11,937)
Non-cash income and expense:			
Depreciation and amortisation	7.1	5,850	5,479
Income recognised in respect of capital donations	4	(328)	(260)
(Increase) / decrease in receivables and other assets		(4,965)	(5,018)
(Increase) / decrease in inventories		(153)	91
Increase / (decrease) in payables and other liabilities		3,347	1,565
Increase / (decrease) in provisions		107	(14)
Other movements in operating cash flows		-	(118)
Net cash flows from / (used in) operating activities		**6,540**	**(10,212)**
Cash flows from investing activities			
Interest received		82	55
Purchase of intangible assets		(2,127)	(1,592)
Purchase of PPE and investment property		(7,396)	(7,533)
Sales of PPE and investment property		306	-
Receipt of cash donations to purchase assets		328	260
Net cash flows from / (used in) investing activities		**(8,807)**	**(8,810)**
Cash flows from financing activities			
Public dividend capital received		4,265	3,936
Movement on loans from DHSC		4,458	17,680
Other capital receipts		-	-
Capital element of finance lease rental payments		(373)	(359)
Interest on loans		(1,035)	(807)
Interest paid on finance lease liabilities		(534)	(581)
PDC dividend (paid) / refunded		(846)	(925)
Net cash flows from / (used in) financing activities		**5,935**	**18,944**
Increase / (decrease) in cash and cash equivalents		**3,668**	**(78)**
Cash and cash equivalents at 1 April - brought forward		**2,327**	**2,405**
Cash and cash equivalents at 1 April - restated		**2,327**	**2,405**
Cash and cash equivalents at 31 March	21.1	**5,995**	**2,327**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

The Department of Health and Social Care has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 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.

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

The Trust had sought to merge with Luton and Dunstable University NHS Foundation Trust (LDH). The merger application commenced in 2017/18 but it was paused until formal confirmation was received by LDH that capital funding would be available for its site redevelopment, which included a major acute services block. Confirmation was received in August 2019 and the merger application recommenced in September 2019.

The Trust was acquired on 1 April 2020 by Bedfordshire Hospitals NHS Foundation Trust (formerly Luton and Dunstable NHS Foundation Trust). Whilst the Trust as an entity ceased to exist on that date and is not a going concern at 31 March 2020, the services provided by the Trust have continued within the successor body. In accordance with the Department of Health and Social Care Group Accounting Manual, the continuation of the provision of services within the public sector means that the accounts of the Trust should be prepared on a going concern basis.

The FT is facing, along with all other providers, a challenging financial environment. This challenge has been exacerbated in 2019/20 by the advent of Covid-19, and this challenge will continue into 2020/21. The merger has added an additional layer of complexity.

The Directors of the FT have received written assurance that funding relating to Covid-19 will be sufficient to cover reasonable costs and this has proved to be the case for costs incurred to date. The Directors have received assurance on the merged organisation's financial standing through detailed due diligence, both internal and external and on the basis of this assurance and due diligence the FT has submitted a surplus plan for 2020/21 to NHSE/I.

Note 1.3 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 is recognised to the extent that collection of consideration is probable. Where contract challenges from commissioners are expected to be upheld, the Trust reflects this in the transaction price and derecognises the relevant portion of income.
Where the Trust is aware of a penalty based on contractual performance, the Trust reflects this in the transaction price for its recognition of revenue. Revenue is reduced by the value of the penalty.

Trust agrees schemes with its commissioner but they affect how care is provided to patients. That is, the CQUIN payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the contract.

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 are 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.

Note 1.4 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 1.5 Expenditure on employee benefits

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

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Both schemes are unfunded, defined benefit schemes that cover NHS employers, general practices and other bodies, allowed under the direction of Secretary of State for Health and Social Care in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it is a defined contribution scheme: the cost to the Trust is taken as equal to the employer's pension contributions payable to the scheme for the accounting period. The contributions are charged to operating expenses as and when they become due.

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.

Note 1.6 Expenditure on other goods and services

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

Note 1.7 Property, plant and equipment

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.

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.

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.

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

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

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost on a modern equivalent asset basis.

Assets held at depreciated replacement cost have been valued on an alternative site basis.

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.

Depreciation

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

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 expenditure.

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.

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.

Useful lives of property, plant and equipment

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

	Min life Years	Max life Years
Land	-	-
Buildings, excluding dwellings	31	37
Dwellings	33	33
Plant & machinery	5	18
Transport equipment	5	14
Information technology	3	15
Furniture & fittings	5	15

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

Note 1.8 Intangible assets

Recognition

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

Internally generated intangible assets

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

Expenditure on research is not capitalised.

Expenditure on development is capitalised where it meets the requirements set out in IAS 38.

Software

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

Measurement

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

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value 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.

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

Amortisation

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

Useful lives of intangible assets

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

	Min life Years	Max life Years
Information technology	3	15
Development expenditure	7	7
Software licences	3	5

Note 1.9 Inventories

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

Note 1.10 Cash and cash equivalents

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

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

Note 1.11 Financial assets and financial liabilities

Recognition

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

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

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 fair value through income and expenditure, loans and receivables.

Financial liabilities classified as fair value through income and expenditure.

Financial assets and financial liabilities at amortised cost

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

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

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

Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income where business model objectives are met by both collecting contractual cash flows and selling financial assets and where the cash flows are solely payments of principal and interest. Movements in the fair value of financial assets in this category are recognised as gains or losses in other comprehensive income except for impairment losses. On derecognition, cumulative gains and losses previously recognised in other comprehensive income are reclassified from equity to income and expenditure, except where the Trust elected to measure an equity instrument in this category on initial recognition.

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).

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.

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

Note 1.12 Leases

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

The Trust as a lessee

Finance leases

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

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially in other liabilities on the statement of financial position 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.

The Trust as a 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 HM Treasury's discount rates effective for 31 March 2020:

		Nominal rate
Short-term	Up to 5 years	0.51%
Medium-term	After 5 years up to 10 years	0.55%
Long-term	Exceeding 10 years	1.99%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective 31 March 2020:

	Inflation rate
Year 1	1.90%
Year 2	2.00%
Into perpetuity	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 0.5% in real terms.

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at note 27.2 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

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

Note 1.14 Contingencies

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

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

A charge, reflecting the cost of capital utilised by the Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for
(i) donated and grant funded assets,
(ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and
(iii) any PDC dividend balance receivable or payable.

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

Note 1.17 Corporation tax

The Trust is not liable for Corporation Tax because it is not carrying out significant commercial activities that are not part of core health care delivery.

Note 1.18 Third party assets

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

Note 1.19 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.

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 1.20 Gifts

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

Note 1.21 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2019/20.

Note 1.22 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases

IFRS 16 Leases will replace *IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations and is applicable in the public sector for periods beginning 1 April 2021. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The Trust will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

On transition to IFRS 16 on 1 April 2021, the Trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the Trust's incremental borrowing rate. The Trust's incremental borrowing rate will be a rate defined by HM Treasury. Currently this rate is 1.27% but this may change between now and the adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. No adjustments will be made on 1 April 2021 for existing finance leases.

For leases commencing in 2021/22, the Trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

HM Treasury revised the implementation date for IFRS 16 in the UK public sector to 1 April 2021 on 19 March 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity from April 2021 and beyond, a quantification of the expected impact of applying the standard in 2021/22 is currently impracticable. However, the Trust does expect this standard to have a significant but not material impact on non-current assets, liabilities and depreciation.

Other standards, amendments and interpretations

● IFRS 14 Regulatory Deferral Accounts - Not EU endorsed. Applies to first time adopters of IFRS after 1 January 2016. Therefore not applicable to DHSC group bodies.
● IFRS 16 Leases – Standard is effective at 1 April 2020 per the FREM (see previous page)
● IFRS 17 Insurance Contracts – Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.

Note 1.23 Critical judgements in applying accounting policies

In the application of the NHS 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.

For example, management has exercised critical judgement in assessing which assets to capitalise and determining useful economic lives of assets within Property, Plant and Equipment and Intangible Assets. In exercising that judgement, Management has heeded the historic principles for recognising assets and assessing asset useful economic lives within the NHS, the view of the end user within the Trust's business unit and best practice from other similar NHS bodies. Management has exercised critical judgement in determining the values of provisions to recognise at the financial year-end. The judgement in respect of provisions has been based on guidance issued by DH, previous experiences and management's assessment of the likelihood of provisions materialising. Management has also exercised judgement in respect of part completed patient spells, year-end accruals and the provision for the impairment of outstanding debt.

Note 2 Operating Segments

During 2019/20 the Trust has not reported to its Board of Directors the financial performance of the Trust at a divisional or segmental level. For the purpose of the 2019/20 financial statements, the Trust considers that it operates a single segment, namely healthcare and segmental disclosures have therefore not been prepared.

Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.3

Note 3.1 Income from patient care activities (by nature)	2019/20	2018/19
	£000	£000
Elective income	29,577	30,178
Non elective income	66,475	58,822
First outpatient income	14,324	12,206
Follow up outpatient income	17,546	16,341
A & E income	13,653	11,628
High cost drugs income from commissioners (excluding pass-through costs)	10,680	11,096
Other NHS clinical income	47,768	39,038
Community services income from CCGs and NHS England	986	940
Private patient income	1,549	1,886
Agenda for Change pay award central funding*	-	1,920
Additional pension contribution central funding**	5,493	-
Other clinical income	1,031	1,171
Total income from activities	**209,082**	**185,226**

*Additional costs of the Agenda for Change pay reform in 2018/19 received central funding. From 2019/20 this funding is incorporated into tariff for individual services.

**The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. For 2019/20, NHS providers continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

Note 3.2 Income from patient care activities (by source)

	2019/20	2018/19
Income from patient care activities received from:	**£000**	**£000**
NHS England	31,007	21,125
Clinical commissioning groups	175,495	159,124
Department of Health and Social Care	-	1,920
Non-NHS: private patients	1,549	1,886
Non-NHS: overseas patients (chargeable to patient)	403	475
Injury cost recovery scheme	628	696
Total income from activities	**209,082**	**185,226**
Of which:		
Related to continuing operations	209,082	185,226

Note 3.3 Overseas visitors (relating to patients charged directly by the provider)

	2019/20	2018/19
	£000	£000
Income recognised this year	403	475
Cash payments received in-year	188	103
Amounts added to provision for impairment of receivables	54	111
Amounts written off in-year	154	66

Note 4 Other operating income

	2019/20			2018/19		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	402	-	**402**	443	-	**443**
Education and training	6,664	-	**6,664**	6,919	-	**6,919**
Non-patient care services to other bodies	10,371		**10,371**	8,848		**8,848**
Provider sustainability fund (PSF)	4,177		**4,177**	3,713		**3,713**
Financial recovery fund (FRF)	2,838		**2,838**			
Marginal rate emergency tariff funding (MRET)	4,229		**4,229**			
Receipt of capital grants and donations		328	**328**		260	**260**
Charitable and other contributions to expenditure		4	**4**		4	**4**
Other income	5,588	67	**5,655**	5,076	-	**5,076**
Total other operating income	**34,269**	**399**	**34,668**	**24,999**	**264**	**25,263**
Of which:						
Related to continuing operations			**34,668**			**25,263**
Related to discontinued operations			**-**			**-**

Note 4.1 Other Income

	2019/20	2018/19
	£000	£000
Car Parking income	1,691	1,679
Catering	1,670	1,616
Property rental (not lease income)	314	537
Staff accommodation rental	314	284
Clinical tests	70	121
Other income not already covered	1,529	839
Other income	5,588	5,076

*: Treated as "pass through costs" in 2018/19.

Other includes suppport to IT programmes £336k; benefit sharing £270k and non patient care to other bodies £80k

Note 5 Contract Revenue

Note 5.1 Additional information on contract revenue (IFRS 15) recognised in the period

	2019/20	2018/19
	£000	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	30	186

Note 6 Fees and charges

HM Treasury requires disclosure of fees and charges income. The following disclosure is of income from charges to service users where income from that service exceeds £1 million and is presented as the aggregate of such income. The cost associated with the service that generated the income is also disclosed.

	2019/20	2018/19
	£000	£000
Income	3,365	3,295
Full cost	(2,047)	(1,987)
Surplus / (deficit)	**1,318**	**1,308**

Note 7.1 Operating expenses

	2019/20	2018/19
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	12,002	10,847
Purchase of healthcare from non-NHS and non-DHSC bodies	11,584	11,370
Staff and executive directors costs	151,025	135,968
Remuneration of non-executive directors	60	48
Supplies and services - clinical (excluding drugs costs)	15,327	15,484
Supplies and services - general	3,843	3,632
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	17,720	16,523
Inventories written down	33	83
Consultancy costs	551	466
Establishment	3,170	2,520
Premises	8,060	7,127
Transport (including patient travel)	520	560
Depreciation on property, plant and equipment	4,993	4,680
Amortisation on intangible assets	857	799
Movement in credit loss allowance: contract receivables / contract assets	300	64
Change in provisions discount rate(s)	67	-
Audit fees payable to the external auditor		
audit services- statutory audit	45	47
other auditor remuneration (external auditor only)	5	12
Internal audit costs	106	84
Clinical negligence	8,073	9,158
Legal fees	58	379
Insurance	53	45
Education and training	640	684
Rentals under operating leases	1,247	1,250
Car parking & security	361	349
Hospitality	62	42
Losses, ex gratia & special payments	-	4
Other services, eg external payroll	195	161
Other	111	40
Total	**241,068**	**222,426**
Of which:		
Related to continuing operations	241,068	222,426
Related to discontinued operations	-	-

Note 7.2 Other auditor remuneration

	2019/20	2018/19
	£000	£000
Other auditor remuneration paid to the external auditor:		
1. Audit of accounts of any associate of the Trust	-	-
2. Audit-related assurance services	5	12
Total	**5**	**12**

Note 7.3 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £1m (2018/19: £1m).

Note 8 Impairment of assets

	2019/20	2018/19
	£000	£000
Impairments charged to the revaluation reserve	2,252	(2,234)
Total net impairments	**2,252**	**(2,234)**

The impairment is due to changes in market valuation of Buildings and Land following the Coronavirus19 outbreak.

Note 9 Employee benefits

	2019/20 Total £000	2018/19 Total £000
Salaries and wages	111,713	104,130
Social security costs	11,276	10,058
Apprenticeship levy	559	471
Employer's contributions to NHS pensions	18,081	12,575
Temporary staff (including agency)	10,034	9,030
Total gross staff costs	**151,663**	**136,264**
Recoveries in respect of seconded staff	-	-
Total staff costs	**151,663**	**136,264**
Of which		
Costs capitalised as part of assets	638	296

Note 9.1 Retirements due to ill-health

During 2019/20 there was 1 early retirement from the Trust agreed on the grounds of ill-health (1 in the year ended 31 March 2019). The estimated additional pension liabilities of these ill-health retirements is £60k (£101k in 2018/19).

These estimated costs are calculated on an average basis and will be borne by the NHS Pension Scheme.

Note 10 Pension costs

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 in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 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 to 20.6%, and the Scheme Regulations were amended accordingly.

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 11 Operating leases

Note 11.1 Bedford Hospital NHS Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Bedford Hospital NHS Trust is the lessee.

The Trust has several lease agreements as follows:
A Building with a lease until 2059, Lease of car park.
Clinical equipment and vehicles with leases ranging from one year to six years with future payments as shown in the table below:

	2019/20	2018/19
	£000	£000
Operating lease expense		
Minimum lease payments	1,247	1,250
Contingent rents	-	-
Less sublease payments received	-	-
Total	**1,247**	**1,250**

	31 March 2020	31 March 2019
	£000	£000
Future minimum lease payments due:		
- not later than one year;	637	1,122
- later than one year and not later than five years;	1,443	1,575
- later than five years.	24,294	23,906
Total	**26,374**	**26,603**
Future minimum sublease payments to be received	-	-

Note 12 Finance income

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

	2019/20	2018/19
	£000	£000
Interest on bank accounts	82	55
Total finance income	**82**	**55**

Note 13.1 Finance expenditure

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

	2019/20	2018/19
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	1,057	880
Finance leases	534	667
Interest on late payment of commercial debt	-	-
Total interest expense	**1,591**	**1,547**
Unwinding of discount on provisions	12	12
Total finance costs	**1,603**	**1,559**

Note 13.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

	2019/20	2018/19
	£000	£000
Total liability accruing in year under this legislation as a result of late payments	-	-
Amounts included within interest payable arising from claims made under this legislation	-	-
Compensation paid to cover debt recovery costs under this legislation	-	-

Note 14 Other gains / (losses)

	2019/20	2018/19
	£000	£000
Gains on disposal of assets	28	267
Losses on disposal of assets	(15)	(15)
Total gains / (losses) on disposal of assets	**13**	**252**
Total other gains / (losses)	**13**	**252**

Note 15.1 Intangible assets - 2019/20

	Software licences	Internally generated information technology	Development expenditure	Intangible assets under construction	Total
	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2019 - brought forward	**250**	**7,653**	**16**	**835**	**8,754**
Additions	-	474	-	1,653	**2,127**
Valuation / gross cost at 31 March 2020	**250**	**8,127**	**16**	**2,488**	**10,881**
Amortisation at 1 April 2019 - brought forward	**250**	**2,906**	**11**	**-**	**3,167**
Provided during the year	-	854	3	-	**857**
Amortisation at 31 March 2020	**250**	**3,760**	**14**	**-**	**4,024**
Net book value at 31 March 2020	**-**	**4,367**	**2**	**2,488**	**6,857**
Net book value at 1 April 2019	**-**	**4,747**	**5**	**835**	**5,587**

Note 15.2 Intangible assets - 2018/19

	Software licences	Internally generated information technology	Development expenditure	Intangible assets under construction	Total
	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2018 - as previously stated	**250**	**7,255**	**16**	**-**	**7,521**
Valuation / gross cost at 1 April 2018 - restated	**250**	**7,255**	**16**	**-**	**7,521**
Additions	-	415	-	933	**1,348**
Reclassifications	-	98	-	(98)	**-**
Disposals / derecognition	-	(115)	-	-	**(115)**
Valuation / gross cost at 31 March 2019	**250**	**7,653**	**16**	**835**	**8,754**
Amortisation at 1 April 2018 - as previously stated	**250**	**2,225**	**8**	**-**	**2,483**
Amortisation at 1 April 2018 - restated	**250**	**2,225**	**8**	**-**	**2,483**
Provided during the year	-	796	3	-	**799**
Disposals / derecognition	-	(115)	-	-	**(115)**
Amortisation at 31 March 2019	**250**	**2,906**	**11**	**-**	**3,167**
Net book value at 31 March 2019	**-**	**4,747**	**5**	**835**	**5,587**
Net book value at 1 April 2018	**-**	**5,030**	**8**	**-**	**5,038**

Note 16.1 Property, plant and equipment - 2019/20

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2019 - brought forward	**5,160**	**73,281**	**85**	**895**	**25,046**	**114**	**5,343**	**989**	**110,913**
Transfers by absorption	-	-	-	-	-	-	-	-	**-**
Additions	-	2,488	-	1,726	3,166	7	885	-	**8,272**
Impairments	(500)	(1,837)	-	-	-	-	-	-	**(2,337)**
Reversals of impairments	-	82	3	-	-	-	-	-	**85**
Revaluations	-	(2,566)	(3)	-	-	-	-	-	**(2,569)**
Reclassifications	-	-	-	(935)	935	-	-	-	**-**
Disposals / derecognition	-	-	-	-	(1,424)	-	(347)	-	**(1,771)**
Valuation/gross cost at 31 March 2020	**4,660**	**71,448**	**85**	**1,686**	**27,723**	**121**	**5,881**	**989**	**112,593**
Accumulated depreciation at 1 April 2019 - brought forward	**-**	**-**	**-**	**-**	**15,815**	**79**	**3,052**	**693**	**19,639**
Transfers by absorption	-	-	-	-	-	-	-	-	**-**
Provided during the year	-	2,566	3	-	1,577	6	774	67	**4,993**
Revaluations	-	(2,566)	(3)	-	-	-	-	-	**(2,569)**
Disposals / derecognition	-	-	-	-	(1,423)	-	(332)	-	**(1,755)**
Accumulated depreciation at 31 March 2020	**-**	**-**	**-**	**-**	**15,969**	**85**	**3,494**	**760**	**20,308**
Net book value at 31 March 2020	**4,660**	**71,448**	**85**	**1,686**	**11,754**	**36**	**2,387**	**229**	**92,285**
Net book value at 1 April 2019	**5,160**	**73,281**	**85**	**895**	**9,231**	**35**	**2,291**	**296**	**91,274**

Note 16.2 Property, plant and equipment - 2018/19

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2018 - as previously stated	**5,170**	**68,492**	**142**	**952**	**24,651**	**114**	**4,824**	**989**	**105,334**
Valuation / gross cost at 1 April 2018 - restated	**5,170**	**68,492**	**142**	**952**	**24,651**	**114**	**4,824**	**989**	**105,334**
Additions	-	1,952	-	3,176	911	-	392	-	**6,431**
Impairments	-	-	(54)	-	-	-	-	-	**(54)**
Reversals of impairments	-	2,288	-	-	-	-	-	-	**2,288**
Revaluations	-	(2,425)	(3)	-	-	-	-	-	**(2,428)**
Reclassifications	-	2,974	-	(3,233)	132	-	127	-	**-**
Disposals / derecognition	(10)	-	-	-	(648)	-	-	-	**(658)**
Valuation/gross cost at 31 March 2019	**5,160**	**73,281**	**85**	**895**	**25,046**	**114**	**5,343**	**989**	**110,913**
Accumulated depreciation at 1 April 2018 - as previously stated	**-**	**3**	**-**	**-**	**14,896**	**73**	**2,442**	**606**	**18,020**
Accumulated depreciation at 1 April 2018 - restated	**-**	**3**	**-**	**-**	**14,896**	**73**	**2,442**	**606**	**18,020**
Transfers by absorption	-	-	-	-	-	-	-	-	**-**
Provided during the year	-	2,422	3	-	1,552	6	610	87	**4,680**
Revaluations	-	(2,425)	(3)	-	-	-	-	-	**(2,428)**
Disposals / derecognition	-	-	-	-	(633)	-	-	-	**(633)**
Accumulated depreciation at 31 March 2019	**-**	**-**	**-**	**-**	**15,815**	**79**	**3,052**	**693**	**19,639**
Net book value at 31 March 2019	**5,160**	**73,281**	**85**	**895**	**9,231**	**35**	**2,291**	**296**	**91,274**
Net book value at 1 April 2018	**5,170**	**68,489**	**142**	**952**	**9,755**	**41**	**2,382**	**383**	**87,314**

Note 16.3 Property, plant and equipment financing - 2019/20

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020									
Owned - purchased	4,660	69,263	85	1,686	9,982	36	2,387	213	**88,312**
Finance leased	-	-	-	-	127	-	-	10	**137**
Owned - donated	-	2,185	-	-	1,645	-	-	6	**3,836**
NBV total at 31 March 2020	**4,660**	**71,448**	**85**	**1,686**	**11,754**	**36**	**2,387**	**229**	**92,285**

Note 16.4 Property, plant and equipment financing - 2018/19

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2019									
Owned - purchased	5,160	70,984	85	895	7,454	35	2,291	268	**87,172**
Finance leased	-	-	-	-	253	-	-	20	**273**
Owned - donated	-	2,297	-	-	1,524	-	-	8	**3,829**
NBV total at 31 March 2019	**5,160**	**73,281**	**85**	**895**	**9,231**	**35**	**2,291**	**296**	**91,274**

Note 16.4 Donations of property, plant and equipment

During the year ended 31 March 2020 assets were donated to the Trust as follows:
Bedford Hospital Charity (independent external charity) assets to the value of £52,317.
Bedford Hospital Trust Charitable Funds (NHS Charitable Trust associated with Bedford Hospital and under the control of the Bedford Hospital corporate Trustee) assets to the value of £275,937.

Note 17 Revaluations of property, plant and equipment

The Trust employed the services of Gerald Eve LLP. to undertake a Modern Equivalent Asset (MEA) valuation of the land and buildings for Bedford Hospital as at 31 March 2020. In accordance with the HM Treasury's standard approach to depreciated replacement cost valuations based on modern equivalent assets and, the option contained within that standard approach that where it would meet the location requirements of the service being provided, an alternative site can be valued the Trust has exercised the option to value an alternative site. The valuation was undertaken in accordance with International Financial Reporting Standards (IFRS) as interpreted and applied by, respectively, the NHS Manual for Accounts or the NHS Foundation Trust Annual Reporting Manual, each of which is compliant with the HM Treasury Financial Reporting Manual (FReM) guidance applicable from 1st April 2015 onwards. The valuation was also in accordance with the requirements of the Royal Institution of Chartered Surveyors RICS Valuation. 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. 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. The Directors' opinion is that there are no property, plant or equipment where the value is significantly different from the value included in the financial statements

The valuation of each property was on the basis of market value, subject to the assumption that the property is sold as part of the continuing enterprise in occupation (i.e. Existing Use Value - EUV).

Where there was no market-based evidence of fair value, because of the specialised nature of the property and the item is rarely sold, fair value was estimated using a depreciated replacement approach to the assumption of continuing use.

The independent valuation resulted in an overall decrease in the values of Land, Buildings and Dwelling by a gross amount of £2,255,294 (a net increase of £82,0001 and a reduction of £2,337,294). These changes were primarily attributed to an overall decrease in the Building and Land values due to changes in market conditions after the advent of the COVID-19 outbreak. 43 Ombersley Road Dwellings was valued at £85,000, an increase of £3,208.

Land is not depreciated.

Note 18 Investments in associates and joint ventures

The Trust has no investments in associates and does not participate in any joint ventures.

Note 19 Inventories

	31 March 2020 £000	31 March 2019 £000
Drugs	813	805
Consumables	1,816	1,668
Energy	26	32
Other	72	69
Total inventories	**2,727**	**2,574**
of which:		
Held at fair value less costs to sell	-	-

Inventories recognised in expenses for the year were £18,168k (2018/19: £17,169k). Write-down of inventories recognised as expenses for the year were £33k (2018/19: £83k).

It should be noted that due to COVID-19 pressure it was not possible to perform stocktakes as at 31 March 2020 for all stock areas. Given that this is not material to the accounts, where it has not been possible to complete a stock take the previous year's value has been used as a proxy in that area to the value held at 31 March 2020.

Note 20.1 Trade receivables and other receivables

	31 March 2020 £000	31 March 2019 £000
Current		
Contract receivables	25,773	21,036
Capital receivables	-	277
Allowance for impaired contract receivables / assets	(772)	(671)
Prepayments (non-PFI)	2,163	2,110
PDC dividend receivable	59	4
VAT receivable	437	199
Other receivables	122	143
Total current receivables	**27,782**	**23,098**
Contract assets	954	895
Total non-current receivables	**954**	**895**
Of which receivable from NHS and DHSC group bodies:		
Current	20,814	17,302
Non-current	-	-

*Following the application of IFRS 15 from 1 April 2018, the Trust's entitlements to consideration for work performed under contracts with customers are shown separately as contract receivables and contract assets. This replaces the previous analysis into trade receivables and accrued income. IFRS 15 is applied without restatement therefore the comparative analysis of receivables has not been restated under IFRS 15.

Note 20.2 Allowances for credit losses

	2019/20		2018/19	
	Contract receivables and contract assets	**All other receivables**	**Contract receivables and contract assets**	**All other receivables**
	£000	**£000**	**£000**	**£000**
Allowances as at 1 April - brought forward	**671**	**-**	**-**	**759**
Prior period adjustments			-	-
Allowances as at 1 April - restated	**671**	**-**	**-**	**759**
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018			726	(759)
New allowances arising	300	-	64	-
Utilisation of allowances (write offs)	(199)	-	(119)	-
Allowances as at 31 Mar 2020	**772**	**-**	**671**	**-**

Contractual cash flows have been modified without derecognition of the receivable / financial asset (IFRS 7, para 35J)

Collateral of other credit enhancements have been pledged to the provider or the provider has taken possession of such collateral (IFRS 7, para 35K and 38)

Amounts written off in the year are still subject to enforcement activity (IFRS 7, para 35L)]

Note 21.1 Cash and cash equivalents movements

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

	2019/20	2018/19
	£000	£000
At 1 April	**2,327**	**2,405**
At 1 April (restated)	**2,327**	**2,405**
Net change in year	3,668	(78)
At 31 March	**5,995**	**2,327**
Broken down into:		
Cash at commercial banks and in hand	5	5
Cash with the Government Banking Service	5,990	2,322
Total cash and cash equivalents as in SoFP	**5,995**	**2,327**
Total cash and cash equivalents as in SoCF	**5,995**	**2,327**

Note 21.2 Third party assets held by the Trust

Bedford Hospital NHS Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties and in which the Trust has no beneficial interest. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March 2020	31 March 2019
	£000	£000
Bank balances	-	1
Total third party assets	**-**	**1**

Note 22.1 Trade and other payables

	31 March 2020 £000	31 March 2019 £000
Current		
Trade payables	6,532	4,945
Capital payables	1,853	977
Accruals	6,583	5,039
Social security costs	105	36
Other taxes payable	175	42
Other payables	358	290
Total current trade and other payables	**15,606**	**11,329**
Of which payables from NHS and DHSC group bodies:		
Current	5,163	4,726
Non-current	-	-

*Following adoption of IFRS 9 on 1 April 2018, loans are measured at amortised cost. Any accrued interest is now included in the carrying value of the loan within note . IFRS 9 is applied without restatement therefore comparatives have not been restated.

Note 23 Other liabilities

	31 March 2020 £000	31 March 2019 £000
Current		
Deferred income: contract liabilities	117	30
Total other current liabilities	**117**	**30**
Non-current		
Deferred income: contract liabilities	641	782
Total other non-current liabilities	**641**	**782**

Note 24.1 Borrowings

	31 March 2020 £000	31 March 2019 £000
Current		
Loans from DHSC	71,163	38,635
Obligations under finance leases	385	372
Total current borrowings	**71,548**	**39,007**
Non-current		
Loans from DHSC	-	28,048
Obligations under finance leases	4,765	5,151
Total non-current borrowings	**4,765**	**33,199**

Note 24.2 Reconciliation of liabilities arising from financing activities - 2019/20

	Loans from DHSC	Finance leases	Total
	£000	£000	£000
Carrying value at 1 April 2019	**66,683**	**5,523**	**72,206**
Cash movements:			
Financing cash flows - payments and receipts of principal	4,458	(373)	**4,085**
Financing cash flows - payments of interest	(1,035)	(534)	**(1,569)**
Non-cash movements:			
Application of effective interest rate	1,057	534	**1,591**
Carrying value at 31 March 2020	**71,163**	**5,150**	**76,313**

Note 24.3 Reconciliation of liabilities arising from financing activities - 2018/19

	Loans from DHSC	Finance leases	Total
	£000	£000	£000
Carrying value at 1 April 2018	**48,772**	**5,907**	**54,679**
Prior period adjustment	**-**	**-**	**-**
Carrying value at 1 April 2018 - restated	**48,772**	**5,907**	**54,679**
Cash movements:			
Financing cash flows - payments and receipts of principal	17,680	(359)	**17,321**
Financing cash flows - payments of interest	(807)	-	**(807)**
Non-cash movements:			
Impact of implementing IFRS 9 on 1 April 2018	159	-	**159**
Application of effective interest rate	880	-	**880**
Other changes	(1)	(25)	
Carrying value at 31 March 2019	**66,683**	**5,523**	**72,232**

Note 25 Finance leases

Note 25.1 Bedford Hospital NHS Trust as a lessee

Obligations under finance leases where the Trust is the lessee.

	31 March 2020 £000	31 March 2019 £000
Gross lease liabilities	**13,060**	**14,020**
of which liabilities are due:		
- not later than one year;	977	959
- later than one year and not later than five years;	3,350	3,472
- later than five years.	8,733	9,589
Finance charges allocated to future periods	(7,910)	(8,497)
Net lease liabilities	**5,150**	**5,523**
of which payable:		
- not later than one year;	385	372
- later than one year and not later than five years;	1,132	1,219
- later than five years.	3,633	3,932
Total of future minimum sublease payments to be received at the reporting date	-	-
Contingent rent recognised as expense in the period	-	-

Note 26.1 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Legal claims	Other	Total
	£000	£000	£000	£000
At 1 April 2019	**933**	**14**	**-**	**947**
Change in the discount rate	**67**	**-**	**-**	**67**
Arising during the year	**106**	**-**	**62**	**168**
Utilised during the year	(108)	-	-	**(108)**
Reversed unused	**(6)**	**(14)**	**-**	**(20)**
Unwinding of discount	**12**	**-**	**-**	**12**
At 31 March 2020	**1,004**	**-**	**62**	**1,066**
Expected timing of cash flows:				
- not later than one year;	110	-	**62**	**172**
- later than one year and not later than five years;	475	-	**-**	**475**
- later than five years.	419	-	**-**	**419**
Total	**1,004**	**-**	**62**	**1,066**

* Other: This is the provision made for the Clinicians' Pension Tax Scheme.

Note 26.2 Clinical negligence liabilities

At 31 March 2020, £134,745k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Bedford Hospital NHS Trust (31 March 2019: £119,342k).

Note 27 Contingent assets and liabilities

	31 March 2020	31 March 2019
	£000	£000
Value of contingent liabilities		
NHS Resolution legal claims	-	(13)
Other	-	(125)
Gross value of contingent liabilities	**-**	**(138)**
Amounts recoverable against liabilities	-	-
Net value of contingent liabilities	**-**	**(138)**
Net value of contingent assets	**-**	**-**

Note 28 Contractual capital commitments

	31 March 2020	31 March 2019
	£000	£000
Property, plant and equipment	1,311	657
Intangible assets	55	18
Total	**1,366**	**675**

Note 29 Financial instruments

Note 29.1 Financial risk management

Because of the continuing service provider relationship that the NHS Trust has with clinical commissioning groups and the way those commissioners are financed, the NHS Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The NHS 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 risk facing the NHS Trust in undertaking its activities.
The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's Standing Financial Instructions and policies agreed by the board of directors. The Trust's treasury activity is subject to review by the Trust's internal auditors.

Currency Risk

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

Interest rate risk

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

The Trust may also borrow from government for revenue financing subject to approval by NHS by the Department of Health and Social Care (DH), the lender at the point that borrowing is undertaken.

The Trust therefore has low exposure to interest rate fluctuations.

Credit risk
Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2020 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk
The Trust's operating costs are incurred under contracts with primary care [organisation]s, which are financed from resources voted annually by Parliament . The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

Note 29.2 Carrying values of financial assets

Carrying values 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
	£000	£000	£000	£000
Trade and other receivables excluding non financial assets	25,182	-	-	**25,182**
Cash and cash equivalents	5,995	-	-	**5,995**
Total at 31 March 2020	**31,177**	**-**	**-**	**31,177**

Carrying values of financial assets as at 31 March 2019	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	£000	£000	£000	£000
Trade and other receivables excluding non financial assets	20,789	-	-	**20,789**
Cash and cash equivalents	2,327	-	-	**2,327**
Total at 31 March 2019	**23,116**	**-**	**-**	**23,116**

Note 29.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	71,163	-	**71,163**
Obligations under finance leases	5,150	-	**5,150**
Trade and other payables excluding non financial liabilities	13,473	-	**13,473**
Total at 31 March 2020	**89,786**	**-**	**89,786**

Carrying values of financial liabilities as at 31 March 2019	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	66,683	-	**66,683**
Obligations under finance leases	5,523	-	**5,523**
Trade and other payables excluding non financial liabilities	10,961	-	**10,961**
Total at 31 March 2019	**83,167**	**-**	**83,167**

Note 29.4 Maturity of financial liabilities

	31 March 2020	31 March 2019
	£000	£000
In one year or less	84,772	49,969
In more than one year but not more than two years	286	28,470
In more than two years but not more than five years	797	797
In more than five years	3,931	3,931
Total	**89,786**	**83,167**

Note 30 Losses and special payments

	2019/20		2018/19	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	2	-	3	1
Fruitless payments	-	-	-	-
Bad debts and claims abandoned	63	154	47	66
Stores losses and damage to property	10	57	10	59
Total losses	**75**	**211**	**60**	**126**
Special payments				
Compensation under court order or legally binding arbitration award	-	-	-	-
Extra-contractual payments	-	-	-	-
Ex-gratia payments	8	1	6	1
Special severance payments	-	-	-	-
Extra-statutory and extra-regulatory payments	-	-	-	-
Total special payments	**8**	**1**	**6**	**1**
Total losses and special payments	**83**	**212**	**66**	**127**
Compensation payments received		-		-

Note 31 Related parties

The Department of Health and Social Care is the parent department to Bedford Hospital NHS Trust.,

The table below shows all the related party organisations with which the Trust has had material transactions in the year to 31 March 2020 i.e. Transactions over £250,000 in any of the four categories analysed below:

	Revenue	Expenditure	Receivables from Related Party	Payables to Related Party
	£000s	£000s	£000s	£000s
CCG				
NHS Bedfordshire CCG	167,667	47	7,628	323
NHS Milton Keynes CCG	2,816	88	5	0
NHS Cambridgeshire and Peterborough CCG	1,331	0	70	0
NHS Luton CCG	1,128	76	-119	48
NHS Nene CCG	1,729	0	87	0
NHS East and North Hertfordshire CCG	458	0	53	0
Trusts				
East And North Hertfordshire NHS Trust	17	154	245	434
Moorfields Eye Hospital NHS Foundation Trust	4,504	9,037	835	2,116
Luton and Dunstable University Hospital NHS	1,026	1,823	910	1,232
East London NHS Foundation Trust	988	45	413	210
Cambridge University Hospitals NHS FT	235	639	93	242
Norfolk and Norwich University Hospitals NHS FT	293	6	8	0
Other NHS Bodies				
NHS Resolution (formerly NHS Litigation Authority)	0	8,056	0	0
NHS Blood and Transplant	0	945	0	36
Health Education England	6,601	33	444	33
Department of Health and Social Care (incl. core NHS				
NHSE				
NHS England - East of England Specialised Comm	16,589	5	5,283	0
NHS England - East Midlands Specialised Comm	1,065	0	306	0
NHS England - Core	11,864	0	3,717	0
NHS England - East Local Office	8,401	0	249	0
Government Depts				
NHS Pension Scheme	0	18,081	0	0
HM Revenue & Customs	0	11,835	0	280
HM Revenue & Customs - VAT	0	0	437	0
Charitable Funds				
Bedford Hospital Trust Charitable Funds	500	500	0	0

Prior year Comparators

The table below shows all the related party organisations with which the Trust has had material transactions in the year to 31 March 2019 i.e. Transactions over £250,000 in any of the four categories analysed below:

	Revenue	Expenditure	from Related	Related Party
	£000s	£000s	£000s	£000s
CCG				
NHS Bedfordshire CCG	151,959	17	6,923	16
NHS Milton Keynes CCG	2,854	0	106	0
NHS Cambridgeshire and Peterborough CCG	1,651	113	728	113
NHS Luton CCG	1,309	267	193	0
NHS Nene CCG	1,598	0	59	0
NHS East and North Hertfordshire CCG	408	0	74	0
NHS Herts Valleys CCG	308	0	129	0
Trusts				
Cambridgeshire Community Services NHS Trust	1,266	177	198	48
East And North Hertfordshire NHS Trust	30	92	255	252
Moorfields Eye Hospital NHS Foundation Trust	4,719	9,410	830	2,318
Luton and Dunstable University Hospital NHS	728	1,764	604	1,061
East London NHS Foundation Trust	1,070	245	500	200
Cambridge University Hospitals NHS FT	321	354	245	143
Milton Keynes University Hospital NHS FT	178	368	97	145
Norfolk and Norwich University Hospitals NHS FT	305	1	25	1
Other NHS Bodies				
NHS Resolution (formerly NHS Litigation Authority)	0	9,290	0	11
NHS Business Services Authority	0	371	0	27
NHS Blood and Transplant	0	882	0	2
Health Education England	7,106	3	255	0
Department of Health and Social Care (incl. core NHS	2,048	3,554	0	150
NHSE				
NHS England - East of England Specialised Comm	12,810	0	781	0
NHS England - East Midlands Specialised Comm	416	0	45	0
NHS England - Core	2,938	0	2,938	0
NHS England - Central Midlands Local Office	7,781	0	441	0
NHS England - East Local Office	729	0	939	0
Government Depts				
NHS Pension Scheme	0	12,575	0	36
HM Revenue & Customs	0	10,529	0	78
Charitable Funds				
Bedford Hospital Trust Charitable Funds	1,155	1,155	79	0

Note 32 Events after the reporting date

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21, existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Given this relates to liabilities that existed at 31 March 2020, DHSC has updated its Group Accounting Manual to advise this is considered an adjusting event after the reporting period for provider. Outstanding interim loans totalling £71,163,000 as at 31 March 2020 in these financial statements have been classified as current they will be repayable within 12 months.

The Trust was acquired on 1 April 2020 by Bedfordshire Hospitals NHS Foundation Trust (formerly Luton and Dunstable NHS Foundation Trust).

Note 33 Final period of operation as a trust providing NHS healthcare

Authorisation for the acquisition of the Trust by Luton and Dunstable University NHS Foundation Trust (LDH) was given in March 2020 and the newly merged organisation, known as Bedfordshire Hospitals NHS Foundation Trust, formed from 1 April 2020.

Note 34 Better Payment Practice code

	2019/20 Number	2019/20 £000	2018/19 Number	2018/19 £000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	60,944	130,763	55,685	118,294
Total non-NHS trade invoices paid within target	52,296	122,990	47,592	111,150
Percentage of non-NHS trade invoices paid within target	85.8%	94.1%	85.5%	94.0%
NHS Payables				
Total NHS trade invoices paid in the year	1,434	33,383	1,314	30,203
Total NHS trade invoices paid within target	954	29,836	874	26,900
Percentage of NHS trade invoices paid within target	66.5%	89.4%	66.5%	89.1%

The Better Payment Practice code requires the NHS body to aim to pay all valid invoices by the due date or within 30 days of receipt of valid invoice, whichever is later.

Note 35 External financing limit

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

	2019/20 £000	2018/19 £000
Cash flow financing	4,682	21,335
Other capital receipts	-	-
External financing requirement	**4,682**	**21,335**
External financing limit (EFL)	9,492	22,662
Under / (over) spend against EFL	**4,810**	**1,327**

Note 36 Capital Resource Limit

	2019/20 £000	2018/19 £000
Gross capital expenditure	10,399	7,779
Less: Disposals	(16)	(25)
Less: Donated and granted capital additions	(328)	(260)
Plus: Loss on disposal from capital grants in kind	-	-
Charge against Capital Resource Limit	**10,055**	**7,494**
Capital Resource Limit	10,073	8,511
Under / (over) spend against CRL	**18**	**1,017**

Note 37 Breakeven duty financial performance

	2019/20
	£000
Adjusted financial performance surplus / (deficit) (control total basis)	14
Add back income for impact of 2018/19 post-accounts PSF reallocation	310
Breakeven duty financial performance surplus / (deficit)	**324**

Note 38 Breakeven duty rolling assessment

	1997/98 to 2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000
Breakeven duty in-year financial performance		612	274	197	1,224	(8,703)
Breakeven duty cumulative position	7,865	8,477	8,751	8,948	10,172	1,469
Operating income		134,959	143,694	212,893	223,009	158,810
Cumulative breakeven position as a percentage of operating income		6.3%	6.1%	4.2%	4.6%	0.9%

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Breakeven duty in-year financial performance	(19,754)	(17,940)	(8,300)	(6,442)	(14,151)	324
Breakeven duty cumulative position	(18,285)	(36,225)	(44,525)	(50,967)	(65,118)	(64,794)
Operating income	164,094	174,407	192,502	205,028	210,489	243,750
Cumulative breakeven position as a percentage of operating income	(11.1%)	(20.8%)	(23.1%)	(24.9%)	(30.9%)	(26.6%)