NHS
Black Country Partnership
NHS Foundation Trust

Black Country Partnership
NHS Foundation Trust

Annual Report 2019 - 2020

Our Community
you matter, we care

Black Country Partnership NHS Foundation Trust

Annual Report, Quality Report and Accounts April 2019 – March 2020

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

CONTENTS

CHAIR AND CHIEF EXECUTIVE'S FOREWORD 8

SECTION 1 PERFORMANCE REPORT 11

1 OVERVIEW 11

1.1 Purpose of this overview 11
1.2 Brief background and establishment 11
1.3 Purpose and activities 11
1.4 The services we provide 11
1.5 Our performance in 2019/20 – Overview of the Chief Executive Officer 19
1.6 Risks going forward 20
1.7 Going Concern 21
1.8 Planning for the Unexpected 23
1.9 Our future plans 24

2 OUR PERFORMANCE IN DETAIL 25

2.1 Operational standards 25
2.2 Financial performance 26
2.3 Service developments 29
2.4 Significant events affecting the Trust since 31st March 2020 30

SECTION 2 ACCOUNTABILITY REPORT 31

1 SECTION A: DIRECTORS REPORT 31

1.1 The Board of Directors 31
1.2 Meetings of the Board of Directors 33
1.3 The effectiveness of the Board of Directors 34
1.4 Profiles of members of the Board of Directors in office at 31st March 2020 34
1.5 Register of Directors Interests 39
1.6 Quality Governance arrangements 39
1.7 Other initiatives for improvements in patient care 40
1.8 Partnerships and stakeholder engagement 40
1.9 Better Payment Practice Code 42
1.10 Income disclosures 43
1.11 Private Finance Initiative 43
1.12 Significant Asset Value Variation Audit arrangements 43
1.13 Audit Arrangements 43
1.14 Risk in use of financial instruments 43
1.15 Statement as to disclosure to Auditor 44
1.16 Political Donations 44

2 SECTION B REMUNERATION REPORT 45

2.1 The Appointments and Remuneration Committee 45
2.2 Annual Statement on Remuneration 46
2.3 Senior Managers Remuneration Policy 46
2.4 Other disclosures 47
2.5 Off Payroll arrangement disclosures 47
2.6 Fair pay multiple 48
2.7 Expenditure on Consultancy 48
2.8 Directors and Governors expenses 48
2.9 Exit packages - Reporting of other compensation schemes – exit packages 2019-20 49
2.10 2019/20 Salary Entitlements of Senior Managers 50
2.11 2019/20 Pension Benefits 51

3 SECTION C: STAFF REPORT 52

3.1 Staff costs and numbers for the year 52
3.2 Recruitment and Retention 54

3.3 Equality and Inclusion 55
3.4 Health, Wellbeing and Retention 55
3.5 Staff Policies and Action 56
3.6 Learning and Development 57
3.7 Staff Engagement 58
3.8 Staff Survey 59
3.9 Freedom to Speak Up 61
3.10 Trade Union Representation 62

4 SECTION D: GOVERNANCE STATEMENT 62

4.1 Membership 62
4.2 Engagement with membership 65
4.3 The Assembly of Governors 66
4.4 The Trust Chair 71
4.5 Senior Independent Director 71
4.6 Role and Independence of Non-Executive Directors 71
4.7 Evaluation of the Performance of the Board Sub Committees 71
4.8 Sub-committees of the Board of Directors 72
4.9 Compliance with the NHS Foundation Trust Code of Governance 75

5 SECTION E: REGULATORY MATTERS 76

5.1 NHS Improvement Single Oversight Framework 76
5.2 Finance score 77
5.3 CQC Registration 77

6 SECTION F: STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES 79

7 SECTION G: ANNUAL GOVERNANCE STATEMENT 80

7.1 Scope of responsibility 80
7.2 The purpose of the system of internal control 80
7.3 Capacity to handle risk 80
7.4 The risk and control framework 81
7.5 Review of economy, efficiency and effectiveness of the use of resources 85
7.6 Information Governance 86
7.7 Annual Quality Report 87
7.8 The Modern Slavery Act 2015 87
7.9 Review of effectiveness 88
7.10 Conclusion 89

SECTION 3 QUALITY REPORT 90

SECTION 4 THE INDEPENDENT AUDITOR'S OPINION ON THE QUALITY REPORT 91

SECTION 5 FINANCIAL ACCOUNTS AND ASSOCIATED NOTES 102

1 FOREWORD TO THE FINANCIAL STATEMENTS 102

SECTION 7 GLOSSARY 140

REFERENCES

FIGURE 1 OPERATIONAL STANDARDS 25
FIGURE 2 SUMMARY FINANCIAL PERFORMANCE 26
FIGURE 3 OPERATING EXPENSES 27
FIGURE 4 CASH FLOW SUMMARY 28
FIGURE 5 CAPITAL EXPENDITURE 29
FIGURE 6 MEETINGS OF THE BOARD OF DIRECTORS 33
FIGURE 7 PLACE BASED MODELS OF CARE PARTNERSHIPS 41
FIGURE 8 BETTER PAYMENT PRACTICE CODE 42
FIGURE 9 APPOINTMENTS AND REMUNERATION COMMITTEE 45
FIGURE 10 NUMBER OF EXISTING ENGAGEMENTS 47
FIGURE 11 OFF PAYROLL ENGAGEMENTS OF BOARD MEMBERS / SENIOR MANAGERS 47
FIGURE 12 DIRECTORS EXPENSES 48
FIGURE 13 GOVERNORS EXPENSES 48
FIGURE 14 EXIT PACKAGES 49
FIGURE 15 COMPROMISE AGREEMENTS 49
FIGURE 16 SALARY ENTITLEMENTS 50
FIGURE 17 PENSION BENEFITS 51
FIGURE 18 EMPLOYEE COSTS 52
FIGURE 19 AVERAGE NUMBER OF PERSONS EMPLOYED 53
FIGURE 20 ANALYSIS OF STAFF BY GENDER 53
FIGURE 21 ANALYSIS OF STAFF BY ETHNICITY 53
FIGURE 22 STAFF ANALYSIS BY AGE 54
FIGURE 23 SICKNESS AND ABSENCE RATES 56
FIGURE 24 DAYS LOST DUE TO SICKNESS 56
FIGURE 25 POLICIES AND ACTIONS 57
FIGURE 26 STAFF SURVEY RESULTS 59
FIGURE 27 ENGAGEMENT SCORE 60
FIGURE 28 STAFF SURVEY FOCUS AREAS 61
FIGURE 29 RELEVANT UNION OFFICIALS 62
FIGURE 30 PERCENTAGE OF TIME SPENT ON FACILITY TIME 62
FIGURE 31 PERCENTAGE OF PAY BILL SPENT ON FACILITY TIME 62
FIGURE 32 PAID TRADE UNION ACTIVITIES 62
FIGURE 33 MEMBERSHIP ANALYSIS 63
FIGURE 34 PUBLIC MEMBERSHIP ANALYSIS 64
FIGURE 35 CHANGES IN MEMBERSHIP 65
FIGURE 36 COMPOSITION OF THE ASSEMBLY OF GOVERNORS 66
FIGURE 37 TENURE AND ATTENDANCE 66
FIGURE 38 ELECTIONS 69
FIGURE 39 SINGLE OVERSIGHT FRAMEWORK 76
FIGURE 40 FINANCE SCORE 77
FIGURE 41 CURRENT CQC RATINGS 2020 78
FIGURE 42 DSPT SUBMISSION 86

Chair and Chief Executive's Foreword

It gives us great pleasure to present this Annual Report as the new CEO and Chair for Black Country Partnership NHS Foundation Trust. The report highlights many of the Trust's successes and achievements, challenges and opportunities that we have faced together over the past twelve months.

This year has once again been challenging for our Trust but we have established a solid foundation for our merger with Dudley and Walsall Mental Health Partnership NHS Trust and forged a solid foundation to develop the highest quality mental health, learning disability and children's service provision across the Black Country. Our merger has been a major focus throughout the year in order for us to harness the opportunities that coming together brings.

The year progressed with many highlights and proud moments for our Trust but, as with the rest of the health sector, it ended with the beginning of a global pandemic. Quite rightly our focus, our ways of working and our priorities towards the end of the year have been to support our service users and our staff through the challenges of Covid-19.

Ahead of the pandemic, we achieved some notable milestones. The Trust had seen a significant improvement in its CQC ratings in the Safe and Effective domains, from ratings of "Requires Improvement" to "Good". The combination of these domain improvements, core services which maintained their performance, and the successful Well-Led inspection of the Trust resulted in an improved overall Trust rating from "Requires Improvement" to "Good".

The past three years has seen us make steady progress towards "outstanding" and puts us in a strong position to make even further progress in 2020 / 21 as a merged Trust.

We were delighted to receive a CQC rating of "good" following our well-led inspection, and this is testament to the continued commitment and dedication of our staff. We look forward to building on this rating as a merged Trust in order to move towards a rating of "outstanding".

Our NHS staff survey results saw the best return rate we have seen in a number of years, and it is pleasing that more and more staff are engaging with the survey. The link between an engaged workforce and the delivery of high quality services is well proven and as a merged Trust we will continue to work on increasing engagement with our staff.

The NHS ten year plan brought with it a significant shift in focus for our services along with considerable investment with which we are able to ensure that more people receive the care they need at the right time and in the right place.

During the year we benefited from this investment bringing some new and enhanced services to the Black Country for example the strengthening of our crisis services in the community and in acute settings including a new helpline providing 24 / 7 access; improving mental health services in-reach into Schools and the development of a new learning disability hub. We were also successful in becoming the preferred provider for Sandwell Healthy Minds primary care and IAPT service.

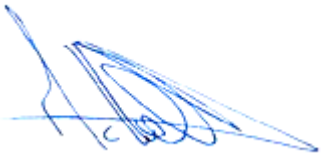
None of this could be achieved without the dedication and enthusiastic support from everyone who worked for the Trust. The Board recognises this and has placed considerable emphasis on listening to our colleagues and responding to the issues they have raised.

And finally, we are very proud of how our staff have risen to the challenges of the Covid-19 pandemic towards the end of the year. They adapted quickly to new ways of working and facilitated change at pace, whilst keeping each other and our service users safe. To support our staff, we built on our staff health and wellbeing services to provide wide ranging support accessible to all staff.

The Covid-19 pandemic will inevitably reshape our focus for the year ahead as a merged Trust and will bring much learning, opportunity and change. Our focus for the year ahead is aimed at learning from our experiences of the pandemic to reap the benefits of our learning across our services and within our communities. As a merged Trust we have a great opportunity to reimagine our services for the Black Country.

As a merged Trust we have a great opportunity to reimagine mental health and learning disability services for the Black Country.

The Board would like to thank everyone who has worked for and with the Trust over the past year for their continued and unprecedented commitment to delivering high quality services.



Mark Axcell
CEO

Jeremy Vanes
Chair

The Trust's vision is:

Supported by our vision statement:

To work with local communities to improve health and well-being for everyone

Values:

- Honesty and Transparency
- Integrity
- Empowerment
- Compassion and Kindness
- Dignity and Respect

Goals:

- To **reduce inequality**
- To improve and promote the health of local communities
- To provide high **quality** care, in the **right place, at the right time**
- To put **people** and their families **at the heart of care**

Strategic Objectives:

1. We will **nurture a culture** which provides: **safe, effective, caring, responsive** and **well led services**.

2. We will **involve and listen** to patients, carers and family's experience to **continually improve services** we provide.

3. We will be a **leading provider** of specialist mental health, learning disability and children's services, proactively seeking opportunities to develop our services **building partnerships** with others, to **strengthen and expand** the services we provide.

4. Attract and retain a well-trained, diverse, flexible, **empowered and valued workforce**.

5. Resources will be used effectively, **innovatively** and in a **sustainable** manner.

Section 1 Performance Report

1 Overview

1.1 Purpose of this overview

The purpose of this overview is to give the reader a short summary that provides sufficient information for them to understand the organisation, the key risks that might compromise the achievement of its objectives and how the Trust has performed during the year.

1.2 Brief background and establishment

The Trust was authorised as Sandwell Mental Health and Social Care NHS Foundation Trust in February 2009.

In 2011, the Trust changed its name to Black Country Partnership NHS Foundation Trust in acknowledgement of the transfer of services from the former neighbouring Primary Care Trusts.

The following section provides an overview of our services. More detailed descriptions can be found on our website: www.bcpft.nhs.uk.

1.3 Purpose and activities

The principal purpose of the Trust is laid out in the Trust's constitution, but is primarily the provision of goods and services for the purposes of the health service in England.

Key activities in furtherance of that purpose include the provision of mental health and specialist health learning disability services to all age groups, and the provision of children's community services.

1.4 The services we provide

The Trust provides the following services, organised into divisions:

- Mental Health Services
- Learning Disability Services
- Children, Young People and Family Services

They are described in more detail in the sections below.

1.4.1 *Mental Health (MH)*

In the mental health group, we support people aged 18 years and above who are experiencing both common and severe mental health difficulties. We provide services within hospital and community facilities, as well as within people's own homes.

Inpatient Care

- Hallam Street Hospital in West Bromwich comprises of three inpatient wards providing intensive care and treatment to people who are aged between 18 and 65 who are acutely unwell.
- Penn Hospital in Wolverhampton has three inpatient wards, two of these wards provide intensive care and treatment to people who are aged between 18 and 65 and one provides care to those over the age of 65, all patients will be acutely unwell and require treatment that cannot be delivered at home.

- The Macarthur Centre Psychiatric Intensive Care Unit (PICU) supports adult males with severe mental health conditions, who need a short period of intensive care to reduce risk to themselves and others and enable them to return safely to a mainstream mental health ward.
- Edward Street Hospital in West Bromwich has two wards for older adults normally over the age of 65 but the service is based on need not age. The wards provide intensive care and treatment to older adults who are acutely unwell; this service includes patients who have dementia.

Community-based Care

Comprehensive community support is provided by a number of staff working in multi-disciplinary teams.

- Sandwell has a number of community teams which currently include: Sandwell Healthy Minds (Improving Access to Psychological Therapies (IAPT)), single point of referral, community mental health teams, for both adults and older adults, wellbeing service, crisis resolution and home treatment, criminal justice mental health team, and acute liaison team (based in Sandwell General Hospital).
- Sandwell Recovery College provides a collaborative educational learning environment for anyone over the age of 18 who have or are experiencing a mental health issue.
- Memory assessment and treatment services are available in Wolverhampton and Sandwell. In addition Sandwell has a therapy and recovery unit for older adults which uses a recovery focused approach to care.
- Wolverhampton services are also multidisciplinary. They include a single point of referral, crisis and home treatment and an acute hospital liaison (New Cross Hospital). Wolverhampton also provides care for patients via a complex care and wellbeing service, and Healthy Minds service (Improving Access to Psychological Therapies (IAPT)) dependent on the patient need.

1.4.2 *Learning Disability Services (LD)*

These services provide specialist health care to adults with learning disabilities and additional complex health needs, including autistic spectrum disorders, mental health difficulties and behaviour problems. We provide services in Dudley, Sandwell, Walsall and Wolverhampton. A team of specialist health staff from different professions provide a range of inpatient, outpatient and community treatments and interventions and work closely with external providers, social workers, etc. to ensure seamless and comprehensive care healthcare staff work closely with community nurses and social workers.

Learning Disability Inpatient Care (Tier 4)

- The Gerry Simon Clinic in West Bromwich is a regional low secure service for men with learning disabilities and complex health needs, some of whom may have come into contact with the criminal justice system
- The Larches is a specialist step-down and rehabilitation service for men with learning disabilities, many of whom have been discharged from a secure environment
- Penrose House is a specialist learning disability acute assessment and treatment service for both men and women residing in the Black Country.

Community Learning Disability Services

In addition to the inpatient services, the Trust has an Intensive Support Team and a Forensic Community Team working across the Black Country, as well as four Community Learning Disability Teams for adults who have a learning disability – one team located in each of the four boroughs of the Black Country (Dudley, Sandwell, Walsall and Wolverhampton).

The Intensive Support Team (Tier 3) offers specialist advice/consultation to others where their patients are in need of additional and more intensive support. Patients will be people over 18 years of age who have a diagnosed learning disability, are unable to access main stream services and/or

require a specialist intervention team. This includes provision of advice and consultation to other NHS health and social care professionals which incorporates statutory and non-statutory bodies. A core element of this specialist provision is enabling mainstream services, and other partners, to support people with learning disabilities directly.

In summary the service enables:

- The highest level of independence possible, in the least restrictive way
- Prevent and avoid unnecessary hospitalisation
- Facilitate timely discharge from hospital inpatient care
- Develop early detection systems alongside community teams and respond with timely early interventions at referral
- Respond to crisis intensively
- Input alongside MDT to assess and develop formulation especially in relation to behaviours that challenge
- Plan strategies, alongside the community teams, to prevent future crisis
- Signpost and navigate assessment of need for family carers to help support them with the demands of caring during periods of crisis
- Provide timely and accessible intervention to patients experiencing psychiatric, psychosocial, behavioural and/or pharmacological problems

The Forensic Community Team (Tier 3) aims to provide a flexible, proactive, co-ordinated and integrated service for people over 18 years of age who have a diagnosed learning disability, who are either subject to the criminal justice system, or at significant risk of becoming so, are unable to access main stream services and/or require input from a specialist forensic team.

The forensic community team serves a sub-set of the learning disability population i.e. those with forensic needs which cannot be met by existing local mental health, forensic or learning disability/autism services; including those who may pose the most significant risk to others or who demonstrate offending behaviours.

In summary the service:

- Provides timely and accessible intervention to clients with active and ongoing forensic and psychiatric, psycho-social, behavioural or pharmacological needs, and consultation to the people who support them
- Promotes the qualities and values of the ‘Good Lives’ model
- Enables the highest level of independence possible, in the least restrictive way.
- Prevents and avoids unnecessary hospitalisation
- Facilitates timely discharge from hospital inpatient forensic care
- Signposts and navigates assessment of need for family carers to help support them with the demands of caring, and involvement with the criminal justice system

Our Community Learning Disability Team (CLDT) is a Tier 2 service for people over 18 years of age who have a diagnosed learning disability, are unable to access mainstream health services effectively and/or require access to a specialist health team.

The CLDT is made up of community learning disability nurses, specialist nurses, consultant psychiatrists, occupational therapists, physiotherapy, psychology, speech and language therapy, specialist behaviour support therapists and ‘promoting access to mainstream health services’ (PAMHS) staff.

These teams aim to promote and support the highest level of independence possible, in the least restrictive way possible. In summary, the service enables:

- The highest level of independence possible, in the least restrictive way possible
- Prevention and avoidance of unnecessary hospitalisation
- Facilitation of timely discharge from hospital inpatient care
- Support to patients to access their physical and mental health care in a person centred way which meets their individual needs as far as possible
- Improvement of communication methods/mechanisms
- Enablement of people with learning disabilities to live as independently as possible in the community
- Provision of specialist training for other care professionals to enable them to support the needs of specific people in their care effectively
- Promotion of the values and outcomes set out in the Quality of Life Standards and Quality of Health Principles
- Building the Right Support - A national plan to develop community services and close inpatient facilities for people with a learning disability and/or autism who display behaviours that challenges, including those with a mental health condition published: 30th October 2015)
- Involvement of patients in the decision making about their care
- Signposting and navigation of assessment of need for family carers to help support them with the demands of caring
- Provision of timely and accessible intervention to patients experiencing psychiatric, psycho-social, behavioural and/or pharmacological problems.

1.4.3 *Children, Young People and Family Services*

We provide children's community healthcare services in Dudley as well as a range of services in Wolverhampton and Sandwell for children and young people experiencing mental health problems.

These services are for children and young people aged 0 to 18 years, and their families, living in Dudley. Services are delivered in a range of settings. Services include:

Additional Needs Services:

The Children's Assessment Unit

- The children's assessment service provides a multi-disciplinary assessment of children under the age of five in the Dudley Borough who have been identified by a Consultant Pediatrician as having social communication difficulties, delayed development and possible Autism Spectrum Disorder. The service, which is staffed by a specialist health visitor / unit coordinator, three specialist Nursery Nurses and a Clinical Psychologist is based at the Sunflower Centre and The Ridge Hill Centre in Dudley
- Children attend the assessment nursery at The Sunflower Centre for their initial appointment accompanied by parents/carers. The team then completes a variety of home visits, nursery/school observations, Psychology assessments/appointments and Nursery sessions at The Sunflower Nursery. During the assessment in addition to the team members the children are seen by a range of other healthcare professionals including a physiotherapist, occupational therapist and speech therapist. They may also be seen by staff in the specialist early years-service, Educational Psychology service and CAMHS
- Once all information is collected then a Multi-disciplinary Team Meeting takes place this includes all professionals involved with the child. The team considers the child and the ICD-10 Autism criteria and whether a diagnosis is appropriate. Parents are invited at the end of this

meeting to be given the feedback and recommendations/plan of care is agreed with parents/carers. A home visit is then completed at six weeks post diagnosis before the child then being discharged back to the care of the pediatrician.

Speech and Language Therapy

- The speech and language therapy services supports children and young people up to the age of 16 years-old, or 18/19 years-old if in special school.
- The service provides assessment, diagnosis, advice, and therapy for children and young people with all types of communication difficulties or difficulties feeding and swallowing.
- Speech, language and communication needs (SLCN) might include problems with;
    - making/discriminating different speech sounds
    - understanding spoken language
    - putting words together and/or making sentences
    - voice (such as persistent hoarseness)
    - stammering
    - social communication skills
    - eating and drinking difficulties
- Children and young people are seen in a variety of settings including clinic, nurseries, schools or home, as appropriate. Training of the wider workforce is available, including for school staff and parents, to help the children and young people to be supported on a daily basis.
- The team for children with feeding and swallowing difficulties, also provide a service for outpatients, the neo-natal ward and children's ward at the local hospital.

The integrated Children's Community Nursing Team (including the Children's Community Nurses, Special School Nurses and Special School Learning Disability Nurses previously See-Saw Team)

- The Integrated Children's Community Nursing Team (ICCNT) provides family centred nursing care in the community for children from birth to 18 years (up to 19th birthday if they attend a special school)
- The team works either in the child / young person's home or in a range of other community settings and educational establishments. The care that a family / child /carer require is individually assessed.
- The team supports children and young people up to the age of 18 years (up to 19th birthday if they attend a special school)and their families, who have life limiting conditions and /or complex healthcare needs
- The team also provides health support for children with severe learning difficulties who attend the special schools or children with complex health needs who attend other community provisions
- Support is in the child's home/community settings including nurseries/mainstream schools and special schools
- The team includes specialist children's nurses and health care support workers and are supported by a Citizens Advice Bureau worker.

Paediatric Physiotherapy Service

- The paediatric physiotherapy service is provided by a team of skilled, specialist paediatric physiotherapists and physiotherapy assistants based at the Sunflower Centre in Stourbridge.
- Our service is for children and young people from 0-16 years or 0-19 years if they are attending a school for children with severe learning difficulties. We cover conditions from mild developmental delay, congenital orthopaedic anomalies through to complex

neurological/neuromuscular conditions, including Cerebral Palsy and children presenting with complex health care needs.

- We provide an initial assessment for the child. Following this, therapy is provided in a variety of locations, where it best meets the needs of the child and the family. Paediatric Physiotherapists work with children, families and carers in order to enable the child to reach their full potential by maximising function and independence and promoting normal movement; aiming to prevent or limit contractures and deformity and thereby improve quality of life.
- We have specialist clinics including; orthotics, casting and access to hydrotherapy, and are involved in the assessment, provision and review of equipment required for 24 hour postural management
- We provide in-reach services to Dudley Group NHS Foundation Trust providing specialist physiotherapy to the neonatal unit and follow up for those babies who live in Borough. We provide an extended scope practitioner role to support the orthopaedic consultant in the assessment and management of orthopaedic disorders relating to neurological conditions.

Haemoglobinopathies Services (for children, young people, adults and families with blood disorders- 0 to end of life)

- The Haemoglobinopathy service is a specialist service that provides care to children, young person, adults and their families affected with sickle cell and thalassaemia conditions. This could be a new-born baby diagnosed from the new-born screening program, relocated children and adults with a Dudley GP. Services are provided either at home, at school or at a hospital setting. The service gives support for the family and liaison with other multidiscipline to ensure that the patient receives the appropriate support. The service continues to provide care and support to patients in the community from birth to adulthood and throughout their lives
- The specialist service provides a range of services to pregnant women and their partners through antenatal counselling delivered in partnership with the midwifery department at Dudley group of hospitals NHS Trust. This care provision is sensitive and time critical, hence the service ensures that patients are given timely information within the 10-12 weeks of gestation so that couple can make an informed choice. An antenatal counselling clinic at Russell's Hall hospital is carried out on a Wednesday at the antenatal department to cater these group of patients
- The service takes referrals from Birmingham Children's hospital for counselling of parents whose new-born child has been identified as carrying an unusual haemoglobin type. A new-born screening counselling clinic is carried out on Tuesday morning at Brierley Hill Health and Social Care Centre to cater for these group of patients.

Children's Occupational Therapy

- Children's Occupational Therapy aims to develop a child or young person's ability to carry out all daily activities, thereby promoting independence and quality of life. Occupations are daily activities that a child or young person needs to do, wants to do or is expected to do. The service supports children and young people in the community from 0 to 18 years who have physical, sensory or perceptual difficulties which affect their daily occupations. These may include:
  - Self-care tasks such as dressing, eating and drinking, toileting, bathing and personal hygiene
  - School and nursery activities such as handwriting, scissor skills, organisation
  - Leisure activities such as sports, hobbies and play
- The service provides individual therapy sessions either at home, school, nursery or The Sunflower Centre. Group sessions are also provided such as handwriting, upper limb stability, 'Bikeability' which we run jointly with the local authority and football group which is run jointly with Stourbridge Football Club

- Within the last twelve months a transition group has been established which aims to prepare children for their move to secondary school and develops skills such as learning to tell the time, understanding the school timetable and organising themselves and their belongings
- Parent workshops are also offered that help families to better understand and support their child. The service will also provide information and advice on equipment or strategies to enable participation in daily activities which will be shared with parents, teachers and other professionals.

The Children's Continence Team

- We are a nurse led, community based service that provides support and advice to school aged children (and their families) who experience bladder and bowel problems. The service mainly supports children with symptoms of urgency/frequency, daytime wetting, night time wetting, recurring urine infections, constipation/soiling or fear of using the toilet. A child can present with one or sometimes all symptoms mentioned
- We aim to provide a patient focused service, tailoring their care to improve outcomes and patient experience.

Pre-School Services:

The Family Nurse Partnership (FNP)

- The family nurse partnership is a voluntary home visiting programme for first time young mums, aged 19 or under (and dads or other family members, if mums want them to take part). Structured, individually tailored home visits are delivered by a specially trained family nurse who visits the young mum from early in the pregnancy until the child is two
- The FNP programme aims to enable young mums to:
    - have a healthy pregnancy
    - improve their child's health and development
    - plan their own futures and achieve their aspirations

- The FNP is a preventive programme which has the potential to transform the life chances of the most disadvantaged children and families, helping to improve social mobility and break the cycle of disadvantage. Health in pregnancy, and the quality of the caregiving babies receive during the first years of life, can have a long lasting impact on a child's future health, happiness, relationships and achievement of their aspirations.
- The family nurses deliver a tailored individual programme mostly in the home to first time mums under the age of 20 years with proven positive outcomes for parents and children.
- There is a central referral pathway from midwives, GPs and other health and education colleagues. However, self-referrals are also accepted.

Health Visiting

- Health visitors offer a universal service for all families with children aged 0 - 5 years. Their aim is to empower families to provide the best possible start in life for their children and offer health and wellbeing support and advice for the whole family, from pregnancy through to the child entering school in their reception year.
- Health visitors have specialist skills and additional training so can support with issues like smoking cessation, postnatal depression, behavior management, sleep problems, breast feeding support, baby massage, domestic violence and abuse and contraception
- All new born babies are automatically referred to the health visiting service by the hospital at which they are born. However, referrals of new families into an area can also be made by a GP, hospital, Child Health, maternity unit.

- As a minimum, new mums can expect to receive the following contact from the health visiting team:
    - from 28 weeks of pregnancy - in the antenatal period
    - within 14 days of a child being born
    - when baby is 6-8 weeks of age
    - when baby is 8 - 10 months of age
    - between 2 – 2½ years of age

Special Health Visiting

- The family inclusion service works with vulnerable families that have pre-school children, who are homeless or living in refuge accommodation, asylum seekers and refugees, or travellers. The team also leads the Care of the Next Infant (CONI) programme.
- The family inclusion service provides enhanced and intensive health interventions as part of the universal plus and partnership plus service offered across the Dudley borough. Staff aim to address the health needs of vulnerable children and families by improving access to health, social care and community services. Specialist health visitors assess need and manage care of vulnerable children and families through involvement of partner professionals and agencies, utilising the common assessment framework where appropriate.
- Anyone can refer into the service, including making referrals to the CONI programme.

Child and Adolescent Mental Health Services (CAMHS)

CAMHS is a specialist mental health service for young people aged 5yrs to 18yrs in Sandwell and 0-18yrs in Wolverhampton. . We accept referrals from any professional who has a concern about a child's mental health. Within CAMHS we also have a team who see children with a learning disability and a team who see looked after children. We see children who have a GP in Sandwell and Wolverhampton. The service is open Monday to Friday between 9amd and 5pm.

CAMHS crisis team works across Sandwell and Wolverhampton and provides a service 7 days a week between 8am and 8pm and will assess children who attend A and E for a mental health need. They also support admission and discharge to and from psychiatric hospitals.

Early Intervention in Psychosis

The Trust provides early intervention services in Sandwell and Wolverhampton for young people and adults who are going through a first episode of psychosis, or who seem at risk of developing psychosis (Sandwell only). The Service is a specialist community mental health team which works with individuals aged between 14 and 65 years in Sandwell and 14-35 years in Wolverhampton in the three years following a first episode of psychosis or those who are deemed to be at risk of developing psychosis (Sandwell only) . The Early Intervention Service adopts an assertive outreach approach and provides individualised, comprehensive, evidence based interventions to optimise recovery, prevent relapse and help individuals and their families to cope with their experiences.

Eating Disorders

In the Black Country we have an All Age Eating Disorder Service for adults and young people aged 8 years and above, who are dealing with an eating disorder such as anorexia nervosa, bulimia nervosa or binge eating disorder. The service offers a range of evidence based treatments across a multidisciplinary professional team based in the community. We can access intensive treatment such as specialist inpatient and day care services outside of the organisation.

1.4.4 *Carers Services*

The Trust's carers team gives carers the chance to have their own caring, physical, and mental health needs considered. The team gives support to people, who must be Sandwell residents, caring for someone aged 18-65 years, living in or on the boundaries of Sandwell.

The support comes in many forms including offering a daily drop-in service; various psycho-educational and training sessions for carers; care assessments and health screening for carers, and access to carers social events.

During 2017/18 a Carers Team review took place with the new service specification they will now accept carers for patients with a learning disability and older adult presentation. The service will also now accept referrals from Primary Care.

1.4.5 *Therapy Services*

We have a number of therapy services which play a key part in the care and support we provide to people. There are various counselling teams, a family therapy team, occupational therapists and psychologists working across the Trust, and speech and language therapists and physiotherapists working with older people and people who have learning disabilities.

1.4.6 *Black County Liaison Diversion Service*

This service has been designed to improve the health and justice outcomes for adults and children who come into contact with the youth and criminal justice system. This service has three distinct arms: Outreach Team; Custody Team; Youth Pathway Team

1.5 **Our performance in 2019/20 – Overview of the Chief Executive Officer**

It has been another busy, challenging and exciting year for the Trust. Demand for our services continues to rise against a national shortage of trained front line staff. Our inpatient wards have recorded higher than average bed occupancies, while community services are continually reviewing their caseloads to ensure that waiting lists are managed effectively and people urgently requiring their care are prioritised.

One of our key ambitions for this year has been to work towards improving the quality rating of our services in 2018 by the Care Quality Commission, the inspector and regulator for health and social care. Care Quality Commission inspectors returned to the Trust in November 2019 to carry out a further assessment of our services. I am delighted to inform you that all the hard work and dedication of our staff shone through and they awarded the Trust an overall rating of 'Good.' In awarding this rating, the Care Quality Commission stated in their report,

"In all services, staff treated patients with compassion and kindness. They understood the individual needs of patients and supported patients to understand and manage their care, treatment, or condition. In all services, staff involved patients and carers when planning care and actively sought their feedback on the quality of care provided…"

During 2019, we introduced a new 'Quality First' framework after listening to the views of our patients, service users, staff and stakeholders as well as considering comments received from our regular meetings with local commissioners, regulators and partners from across other NHS organisations. I would like to express my appreciation to them all for their valuable contributions. We used their feedback to inform and shape 'Quality First', which sets out our priorities, plans and goals for the next stage of our continuous improvement journey.

We launched the new framework at our autumn quality summit. We hold quarterly summits throughout the year with our front line staff, clinicians and managers, to ensure there is a continued focus on quality, with particular emphasis on learning lessons and how they are embedded across the organisation. These events provide an interesting mix of presentations, workshops and

discussions on a variety of quality improvement topics.

In last year's report we informed you that Black Country Partnership NHS Foundation Trust and Dudley and Walsall Mental Health Partnership NHS Trust had agreed to work together to become one organisation to serve the whole of the Black Country area. As one organisation, we will be bigger, stronger and more influential. We will be able to nurture and grow a top class workforce who will innovate and improve, providing high quality and effective care. We will also learn from each other, combining the best of both organisations to improve our services for the people we care for.

Throughout this year, we have been working together to make this happen led by a Joint Clinical Executive that represents all clinical and operational staff including doctors, nurses, psychologists and allied health professionals from both organisations.

The group have developed a shared clinical vision and priorities with the aim to provide better quality services to people across the whole of the Black Country in the future.

The work that has gone into the merger over the last two years is a testimony to so many staff across both trusts and I would like to express my thanks to them all. I am pleased to announce that the name chosen for our merged organisation will be Black Country Healthcare NHS Foundation Trust, to reflect the range of services we will provide and the area these services will cover. I am also delighted to inform you that our regulators, both boards, and our assembly of governors have approved the merger, which means the new organisation will become operational on 1 April 2020 as planned.

Over the last year, the Trust has continued to develop partnerships and engagement with our key stakeholders as an essential way of ensuring we design and develop services that best meet the needs of the communities that we serve.

We are playing an active part in a number of programmes across the Black Country to improve outcomes for patients and our workforce such as the Black Country Sustainability and Transformation Plan, Dudley Integrated Health and Care NHS, Wolverhampton Integrated Care Alliance, Walsall Together and Sandwell and West Birmingham Healthy Lives Partnership.

1.6 Risks going forward

The Board of Directors has conducted a review of the effectiveness of the overall system of internal control, and this is referred to in more detail within the annual governance statement in section two of this report.

Central to the effectiveness of the overall system of internal control is the management of risks within the organisation, the Board of Directors identified the following key risks that could either compromise either the delivery of the strategic objectives or result in a breach of licence obligations and are presented as follows:

- Inability to recruit and retain an appropriately skilled and experienced workforce could lead to the increased use of temporary staff with the consequent risks of impairments in service quality and increased costs
- Sustainability of service provision: the objective of achieving longer term Sustainability of service provision through its plan to merge with Dudley & Walsall Mental Health Partnership NHS Trust could be jeopardised by the increasing focus on the development of integrated NHS care service providers
- Failure to meet infection prevention and control, and cleanliness standards could compromise patient safety and lead to regulatory action
- Excessive reliance on agency staff will place increased pressure on the Trusts Financial position, result in a breach of agency cap and lead to possible regulatory intervention.

In the 2020/21 financial year the Trust plans to:

- Commit to having a risk management and assurance culture that underpins and supports their business,
- Establish a Board Assurance Framework fit for the new organisation which sets out the strategic objectives and identifies risks in relation to each strategic objective along with the controls in place and assurances available.
- Agree and ratify a new Risk Management and Assurance Strategy which outlines the Trusts overarching approach to risk management and the approach and the mechanisms the Trust takes to delivering its Board Assurance Framework (BAF).
- Procure a single risk management system to ensure that risks are managed and escalated in a single consistent manner across the organisation.

1.7 Going Concern

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Committee (IFRIC) interpretations as endorsed by the European Union, applicable at 31 March 2020 and appropriate to Black Country Partnership NHS Foundation Trust (BCPFT).

NHS England and NHS Improvement (NHSE/I) has directed that the financial statements of NHS Foundation Trusts 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.

The accounting policies contained in the GAM follow International Financial Reporting Standards (IFRS) and HM Treasury's 2019/20 Financial Reporting Manual to the extent that they are meaningful and appropriate to NHS Foundation Trusts. 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 policies adopted have been applied consistently in dealing with items considered material in relation to the accounts.International Accounting Standards (IAS1) require the Directors to assess, as part of the accounts preparation process, the Foundation Trust's ability to continue as a going concern.

The Directors have considered the advice in the Government Reporting Manual that:

"The anticipated continuation of the provision of a service in the future, as evidenced by inclusion of financial provision for that service in published documents, is normally sufficient evidence of going concern"; and

"Where a DHSC group body is aware of material uncertainties in respect of events or conditions that cast significant doubt upon the going concern ability of the entity, these uncertainties must be disclosed."

In its determination, the Directors have also considered the following:

In accordance with the NHS Foundation Trust Annual Reporting Manual, paragraph 2.12, the financial statements should be prepared on a going concern basis unless the Directors either intend to apply to the Secretary of State for the dissolution of the Foundation Trust, without the transfer of the services to another entity, or have no realistic alternative but to do so.

The Directors consider that neither of these eventualities will occur.

After initial discussions and negotiation, the Directors have concluded that there is sufficient evidence that the Trust's services will continue to be commissioned by the NHS and that there is financial provision within the forward plans of commissioners. Local CCGs and NHSE/I have recently all confirmed the status of 'commissioner regulated services' provided by the Trust for 2020/21. Directors will also rely on the assurance of continued support from NHSE/I in the future.

The Directors therefore have a reasonable expectation that service continuity will be the case and have therefore prepared these financial statements on a going concern basis.

The Trust has reported a surplus before impairment of £0.7m for the year ended 31st March 2020 – (0.6% of turnover). The surplus before impairment for 2018/19 was £4.8m. In 2018/19 there was an allocation of £3.5m bonus PSF.

The Trust has continued to develop and maintain several cash management initiatives during the past year to provide early warning of any working capital risks. The Trust does not foresee any additional requirement for cash support during the year ending 31st March 2021. However, should this change NHSE/I cash support will continue to be made available. The Trust has outstanding working capital loans of £0.7m as at 31st March 2020 classed as a current liability. A post statement of financial position adjusting event reflecting the conversion of this current liability into additional Public Dividend Capital (PDC) during 2020/21 has been confirmed by NHSE/I.

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. The affected loans totalling £702k are classified as current liabilities within these financial statements. As the repayment of these loans will be funded through the issue of PDC, this does not present a going concern risk for the Trust.

The current economic environment for NHS organisations remains challenging, with ongoing internal efficiency gains necessary to bridge real terms funding gaps and to meet new cost pressures in respect of national pay structures, non-pay and drug cost inflation. Further, in specialist mental health and learning disability services a national shortage of clinically trained staff continues to necessitate the wide use of expensive temporary staff. Nonetheless, the Trust has achieved a financial surplus in 2019/20 and Directors have set a budget for 2020/21 in line with the Financial Improvement Trajectory (FIT) provided by NHSE/I.

The Trust has prepared its financial plans and cash flow forecasts on the contractual income provisionally agreed with commissioners based on contracts being negotiated and forecast non-contract activity.

These are expected to be sufficient to enable the Trust to meets its obligations as they fall due in the short term.

In preparing detailed plans for 2020/21 the Trust has considered the following specific risks to going concern:

1. The Trust is currently in negotiation with the West Midlands Pension Fund to agree settlement terms for the Local Government Pension Scheme liability. The cash settlement has not been profiled in the current plan for 2020/21. However, there exists sufficient headroom in our working capital budget to accommodate the estimates provided by an independent actuary.
2. The Trust plans include efficiency savings of £3.4m. This level of savings is challenging and must be supported with adequate operational engagement to deliver against agreed detailed plans. As of April 2020 schemes are being scoped and implementation plans being developed. There is a reasonable expectation that normal staff turnover will yield further savings;
3. There are material uncertainties associated with the long term impact of Covid19. All revenue and capital expenditure which is directly attributable to Covid19 is currently being fully reimbursed and HM Treasury have committed to ensuring that NHS Trusts, and ongoing service delivery, are not adversely impacted in the future.
4. Whilst the Trust does not consider itself to be significantly exposed to any significant risks arising from Brexit, the ongoing uncertainty of a final agreed outcome means that this cannot be fully assessed. The potential areas of exposure relate to anti-psychotic drugs and food supply, and the impact of any fuel costs and supply issues.

5. Increasing demand for mental health, learning disabilities and universal children's services for which the Trust was not remunerated;

The Board recognises that the future sustainability of services can be secured by an increase in operational scale and in January 2019 the Boards of BCPFT and the Dudley & Walsall Mental Health Partnership Trust (DWMHT) approved a strategic case to bring the two organisations together. This became effective from 1st April 2020 via a commercial transfer in the spirit of a merger. The new organisation is Black Country Healthcare NHS Foundation Trust (BCHFT) and will work towards developing integrated Black Country Mental Health, Learning Disability and associated Community services.

In summary, Directors have noted that the financial health of the Trust has been sustained during 2019/20 and that this is planned to continue in 2020/21. Commissioner support for Trust provided services and associated recurrent funding remains strong and the Trust is well sighted on key business risks and has mitigation strategies in place.

On this basis, a going concern approach to preparing the 2019/20 Accounts has been adopted.

1.8 **Planning for the Unexpected**

The NHS needs to be able to plan for and respond to a wide range of incidents and emergencies that could affect health or patient care. This could be anything from extreme weather conditions to infectious disease outbreak or a major transport accident or terrorist attack. This work is referred to in the health service as "emergency preparedness, resilience and response" (EPRR) and is underpinned by legislation contained within the Civil Contingencies Act and the NHS Act 2006 (as amended) and the NHS Standard Contract.

Emergency Planning stems from the National Security Risk Assessments and the local Community Risk Register. To support these assessments, National Business Resilience Planning Assumptions set the standards we have to work to in mitigating those risks. This builds a requirement for us to produce specific emergency plans to react to incidents involving those risks.

As a specialist mental health Trust, our statutory role is to be able to respond to internal and external incidents, supporting other health economy organisations and other 'Responder' organisations as identified in the Civil Contingencies Act. As part of our internal arrangements, we must have the ability to respond 24/7 to any incident and must maintain a suite of emergency and business continuity plans, embedding emergency planning as a culture within the organisation. The on call roles are currently being reviewed and rationalised across the organisation.

Under the Civil Contingencies Act 2004 (CCA), there is a statutory requirement for all NHS organisations categorised as Category 1 or Category 2 responders to have appropriate emergency planning and business continuity arrangements in place.

This means that the focus for the Trust is on developing and embedding appropriate business continuity arrangements to ensure it can effectively meet the challenges of incidents that can disrupt the continuity of its critical and essential services as described by the NHS England Emergency Preparedness, Resilience and Response Framework 2015.

The minimum requirements, which providers of NHS funded services must meet, are set out in the current NHS England Core Standards for EPRR. The standards are in accordance with the CCA 2004 and the NHS Act 2006 (as amended).

The NHS Standard Contract Service Conditions require providers to comply with the EPRR guidance. Therefore, commissioners must ensure providers are compliant with the Core Standards as part of an annual assurance process.

To monitor compliance, the Trust must assess itself against the NHS England Core Standards for Emergency Preparedness, Resilience and Response (EPRR) on an annual basis and submit the assessment to both NHS England and the CCGs. Following the Trust merger, legacy plans are being reviewed and rationalised ahead of the Core Standards self-assessment for 2019/2020.

Business Continuity is about maintaining our ability to deliver prioritised services during a critical

incident or emergency situation e.g. a major security incident or an influenza pandemic. Effective Business Continuity Management is therefore about the identification, management and mitigation of particular risks to our ability to deliver these essential services. The Trust has a Business Continuity Management Policy and associated Business Continuity Plans to meet this need. These are currently being reviewed in a comprehensive business continuity audit.

The model adopted accords with the best practice expectations placed upon all NHS organisations in the NHS England Business Continuity Management Framework (service resilience) 2013 and the associated requirements listed in the NHS England Core Standards for Emergency.

The BCP policy describes the strategic framework of how the Trust manages its business continuity planning. The Strategy is currently being reviewed following the merger, and to bring it in line with current ISO guidance. In addition to emergency and business continuity planning, the Trust Risk Register is being aligned to the local health economy and EPRR risk register to capture emerging health and multi-agency risks to the organisation. The Trust is also introducing a comprehensive debrief model to capture learning and good practice following incidents and disruptive events, building those into a corporate Lessons Register.

A comprehensive new training and exercising programme has been created to increase knowledge and understanding of emergency planning and how key role holders within the organisation can effectively contribute to service delivery, response and recovery during a major incident. Training will be a continual ongoing cycle of learning and will be reviewed annually. Exercising will follow a 3 year programme covering all delivery models, culminating in a live exercise in 3 years' time in line with statutory requirements.

1.9 Our future plans

The year has been pivotal for our Trust and for mental health services in general culminating with the successful merger to create Black Country Healthcare NHS Foundation Trust, a platform to create the highest quality mental health, learning disability and children's service provision across the Black Country.

Our merger has been a major focus throughout the year in order for us to harness the opportunities that bringing together mental health and learning disability services across the Black Country offers. The NHS ten year plan brought with it a significant shift in focus for our services along with considerable investment with which we are able to ensure that more people receive the care they need at the right time and in the right place. Despite the challenges of Covid-19 we expect this to remain a priority for the NHS and for us.

The Covid-19 pandemic has inevitably reshaped our focus for the year ahead as a merged Trust and is bringing much learning, opportunity and change. Our focus for the year ahead is aimed at learning from our experiences of the pandemic to reap the benefits of this across our services and within our communities. As a merged Trust we have a great opportunity to reimagine mental health and learning disability services for the Black Country.

Our plans for 2020 / 21 will therefore focus on the following:

- Ensuring a successful integration of services post-merger
- Harnessing the learning from Covid-19
- Build on excellent engagement to allow our members, governors and service users more opportunity to shape mental health and learning disability services as we implement our recovery planning
- Delivering the NHS LTP priorities in partnership with our STP, providing more services locally for our communities
- Playing our part in delivering place based system reform for mental health
- Continue to foster a culture of openness and transparency for staff and service users

Our annual report will describe our approach to delivering our priorities for the forthcoming year and the synergy with our STP and other local partnerships. Due to Covid-19, the annual planning

process has been deferred until later in the year, that does not however mean that we are not working towards our new organisational objectives and we will update our stakeholders regularly.

2 Our performance in detail

The Trust is also obliged to meet certain targets relating to nationally agreed standards for access to services and outcome of service delivery. As illustrated in the table below the Trust achieved all its mandated targets.

2.1 Operational standards

Figure 1 Operational Standards

Operational Standards	Target	2019/20
Incomplete Pathways: % patients waiting less than 18 weeks for consultant led services	92%	95.1%
Incomplete Pathways: number of patients waiting over 52 weeks for consultant led services	0	0
Improving Access to Psychological Therapies: % of patients treated within 6 weeks	75%	92.1%
Improving Access to Psychological Therapies: % of patients treated within 18 weeks	95%	99.4%
Improving Access to Psychological Therapies: Percentage of people who are moving to recovery of those who have completed treatment in the reporting period.	50%	58.6%
Early Intervention: % of patients treated with a NICE approved care package within 2 weeks	56%	52.2%
% of Service Users on Care Programme Approach (CPA) who were followed up within 7 days of discharge from psychiatric in-patient care	95%	97.7%
% of patients or patient's family receiving a letter of apology within 10 working days (Duty of Candour)	100%	100.0%
Number of CYP with ED (routine cases) referred with a suspected ED that start treatment within 4 weeks of referral (0-19 year olds)	95%	94.6%
Number of CYP with ED (urgent cases) referred with suspected ED that start treatment within 1 week of referral (0-19 year olds)	95%	100.0%
Number of patients with ED (routine cases) referred with a suspected ED that start treatment within 4 weeks of referral (19 year olds and above)	95%	95.8%
Number of patients with ED (urgent cases) referred with suspected ED that start treatment within 1 week of referral (19 year olds and above)	95%	100.0%

There were 2 nationally mandated access standards which the Trust did not meet during 2019/20. These were:

- Early Intervention: % of patients treated with a NICE approved care package within 2 weeks: 52.2% against a 56% target
- Number of Children and Young People with Eating Disorders (routine cases) referred with a suspected Eating Disorder that start treatment within 4 weeks of referral (0-19 year olds): 94.6% against a 95% target

All patients who weren't seen within waiting time targets were reviewed and fully validated. In the majority of cases, patients were offered an appointment within the waiting time target but chose to

wait longer for their appointment.

The workforce (as referred to in the staff report at section 2), the financial performance (as reflected in the financial statements in section 6) is reported to and monitored by the Board of Directors at each of its meetings. Relevant performance measures are also referred to within the Board Assurance Framework as forms of assurance of controls.

The Trust does not own or have any interest in any trading subsidiary or overseas operation.

The results of this year's annual staff satisfaction survey results showed a significant increase of 6% response rate to the previous year, although the overall results remained steady in comparison to similar organisations. There will be an emphasis to ensure that the key themes from the 2019 survey results are amalgamated with our merger partner DWMHT survey outputs to have a shared plan for the newly formed organisation. In the year ahead, significant work must continue to see improvements on our performance for absence rates of 6.14% with a focus on further support to staff in promoting better health and prevent absence. The overall aim will be to improve and reach our target of 4.5%.

2.2 Financial performance

The following table is a summary of the financial position for 2019/20.

Figure 2 Summary Financial Performance

	Plan £m	Actual £m	Variance £m
Operating Income	108.5	116.7	8.2
Operating Expenses	(104.3)	(112.4)	(8.1)
EBITDA	4.2	4.3	0.1
Depreciation	(2.5)	(2.2)	0.3
Non-Operating Expenditure	(1.6)	(1.4)	0.2
Net Surplus (excluding impairment of assets)	**0.1**	**0.7**	**0.6**

The surplus of £722k is stated before a net impairment debit of assets of £7,286k, resulting in a technical deficit of £6,564k in the Trust Accounts. The net surplus reported is favourable to plan and is largely due to additional income for contracted services during the year and benefits to depreciation and PDC payments arising from adopting an optimal approach to modern equivalent asset (MEA) valuation.

Excluding the impairment of assets, the difference to the planned deficit for 2019/20 was £573k. The earnings before interest, tax, depreciation and amortisation (EBITDA) for the year was £4,315k (3.7%), which was £108k favourable to plan

This improved performance was primarily caused by; operating income favourable to plan by £8,254k due to income received to fund increased employer pension charges (£3,786k), additional Mental Health funding (£507k), additional year end settlements to match operational performance (£2,225k) and staff cost recharges (including recharge of the Electronic Health Records (EHR) programme to DWMH),operating expenditure adverse to plan by £8,147k resulting from the additional costs to finance the increased employer pension charges (£3,786k), an additional net pay overspend (£3,903k) and operational non pay overspends (£309k).

Depreciation was below plan due to the delayed phasing of capital additions during the year against the original plan. The majority of the 2019/20 capital programme was completed in the last quarter. In addition, there was a benefit from the Trust adopting an optimal MEA valuation

approach to is opening fixed assets. Non-operating expenditure was below plan due to lower PDC charges arising from the adoption of the optimal MEA valuation approach to the opening fixed assets. During 2019/20 the Trust received 97% of its planned income for NHS commissioned services. Other operating income amounted to £7,786k and includes Provider Sustainability and Financial Recovery Funding (£3,477k), Education and Training (£1,870k), Staff recharges (£1,116k), Research and Development (£128k), and canteen provision (£217k).

Following a significant turnaround in financial performance during 2018/19, it is extremely encouraging to see that improvement sustained in 2019/20. The Trust has delivered a £0.7m surplus against an original planned surplus of £0.1m. The majority of the improvement is attributable to additional income for contracted services during the year and benefits to depreciation and PDC payments arising from adopting an optimal approach to modern equivalent asset (MEA) valuation. The Trust has continued to develop and commit to its financial sustainability programme, and has managed to significantly improve its liquidity position with a year-end cash

	2019/20 Plan £m	2019/20 Actual £m	2019/20 Variance £m	2018/19 Actual £m	Year on year change £m	Year on year change %
Staff Expenses	86.5	94.4	(7.9)	84.1	10.3	12.3
Other Expenditure	17.8	18.0	(0.2)	15.6	2.4	15.2
Total Operating Expenses	**104.3**	**112.4**	**(8.1)**	**99.7**	**12.7**	**12.7**

balance of £7.8m. Operating expenses were above plan for the year, as shown in the table below.

Figure 3 Operating Expenses

Staff expenses were £7,838k higher than plan due to the continued use of bank and agency staff within clinical services, to cover observations, staffing roster shortages, EHR staffing (recharged), additional employer pension contributions and additional services contracted for. Observation income received from commissioners only partially offset the costs of temporary staff engaged. Meanwhile, non-pay costs were £309k adverse against plan due to £562k of benefits arising from favorable provision releases and a £871k net adverse movement due to overspends against plan, particularly relating to the EHR programme and merger related costs.

During the year the Trust expanded its existing MEA valuation approach to fixed assets by adopting an optimal model methodology. This was initiated to align the valuation approach to that already adopted by Dudley and Walsall Mental Health Partnership NHS Trust. This resulted in a downwards revaluation to the opening assets, generating an impairment debit of £6,779k and a loss of £4,599k in the revaluation reserve.

A desktop property revaluation was completed at year end resulting in a further net impairment debit of £507k and a £811k revaluation loss in the revaluation reserve. In total, the Trust's property revaluation has decreased land and buildings value by £12,697k (26.3%). The cash flow summary for 2019/20 is shown in the table on the next page.

Figure 4 Cash Flow Summary

	Plan £m	Actual £m	Variance £m
EBITDA	**4.2**	**4.3**	**0.1**
Net movement in Receivables	0.0	4.2	4.2
Net movement in Payables	2.4	1.2	(1.2)
Net cash inflow from operating activities	**6.6**	**9.7**	**3.1**
Capital expenditure	(2.6)	(2.4)	0.2
Net cash inflow before financing	**4.0**	**7.3**	**3.3**
PDC dividends (paid)	(1.2)	(1.2)	0.0
Capital PDC Funding	0.4	0.8	0.4
Funding received	0.0	0.0	0.0
Capital payment of PFI	(0.3)	(0.5)	(0.2)
Interest payment	(0.4)	(0.3)	0.1
Net cash inflow	**2.5**	**6.1**	**3.6**
Period Start Cash	**1.7**	**1.7**	**0.0**
Period End Cash	**4.2**	**7.8**	**3.6**

The earnings before interest, tax, depreciation and amortisation (EBITDA), accompanied by a decrease in capital payments, increased PDC funding and a net cash inflow from working capital led to an overall cash inflow in the period. The favourable movement in current receivables was due to additional 2018/19 accrued PSF cash which was received in 2019/20. Dividend payments made by the Trust during the year were £606k in September 2019 and £606k in March 2020, totaling £1,212k. A dividend prepayment of £159k relating to 2019/20 has been recognised and will be reflected in a reduced 2020/21 payment.

The amount of cash used for capital items amounted to £2,408k.

Negotiations are ongoing with West Midlands Metropolitan Authorities Pension Fund to agree a settlement plan for financing the termination of the Trust's participation within the Local Government Pension Scheme (LGPS) with effect from 31st May 2018. The Trust is also negotiating with Sandwell Metropolitan Borough Council to negotiate the settlement of the transfer value of the net pension asset transferred to the Trust in 2003. The Trust recognises the obligation toward all deferred, active and retired members of the LGPS.

Whilst these two components of the Trust's ultimate liability are being negotiated it is felt prudent to retain the detail of the pension liability and pension reserve on the Balance Sheet. This approach has been agreed with NHS Improvement. Capital expenditure relating to fixed asset additions during the year amounted to £3,450k. £832k of the total programme was PDC funded for specific efficiency and digitalization schemes. An analysis of the high value schemes is shown in the table on the next page.

Figure 5 Capital Expenditure

Scheme Name	Expenditure £m
Better Service Better Care - Backlog Maintenance	0.9
Better Service Better Care - Clinical Risk	0.6
IM&T - Ops & Development	1.5
Energy Efficiency	0.4
	3.4

During 2019/20 there has been continued progress in the delivery of the Trust's Sustainability Strategy. The key achievements are:

- Ensuring all capital schemes comply with latest guidance regarding use of sustainable materials. For example only using timber sourced from sustainable sources
- Using LED light fittings as a replacement standard.
- Continuing to invest in upgrading of Building Management System to all Trusts premises
- Staff are actively encouraged to recycle / reuse various items not only within their own team, but also across the Trust; items include stationary, print consumables, furniture etc.

The Trust recognises the importance of their contribution in promoting sustainable development in order to reduce emissions, save money and improve the health of people and communities as it works towards the 34% reduction target for 2020. Looking forward, the Trust will consider as part of its refreshed strategy opportunities to refresh our sustainable development strategy, including the use of a Salix grant, interest free finance to:

- Refresh our sustainable development strategy, including:
- Review of Trust Board approved Policy
- Explore specialist services to support the Trust in this work, whilst also considering if other opportunities may be viable through our new strategic partnerships

A key condition of the Trust's operating license is that it remains compliant with all relevant legislation, including the Bribery Act 2010, and the Trust's governance arrangements (as described in the Annual Governance Statement in section 2 of the report) are established with this in mind. Assurance of compliance is obtained from a range of sources, including the Care Quality Commission, the Information Commissioner, the Trust Auditor and the Trust's Internal Auditor.

2.3 Service developments

The Trust made excellent progress with key service developments and improvements during the year, including:

- Our Learning Disability Services have embedded Intensive Support team and forensic support team into a stepped care model within Learning Disability services. The Learning Disability service has been awarded 7.5 million to design and build bespoke recovery unit replacing the existing Penrose provision
- Wolverhampton and Sandwell have joined cohort 3 of the mental health in schools project in partnership with educational psychology and there are designated schools that we are training the educational mental health practitioners to work in

- Capital funding for the installation of LED lighting across Trust sites
- Implementation of CORE 24 across the Black Country
- Development of Bed Management / Patient flow to support reduction in Our of Area Placements
- Developing and sustaining 24/7 Mental Health Telephone line
- Ongoing development and strengthening of IAPT services linked to Primary Care
- Transformation of Mental Health Community Services to support greater integration with Primary Care Networks (PCN's)
- Building upon and expanding upon the great work of Recovery College

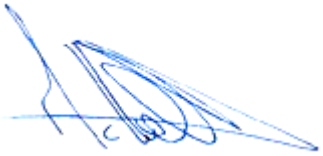
We launched the following:

- a CAMHS twitter account open to service users providing psycho-education and information
- partnership with action for children and silver cloud to provide tier 2 CAMHS across whole of Staffordshire
- Developed and supported the 24 hour support line pathway within Sandwell
- Launched the joint project with Dudley and Walsall Mental Health Partnership NHS Trust for a new electronic patient record system

2.4 Significant events affecting the Trust since 31st March 2020

On 1st April 2020, the Trust acquired services from Dudley and Walsall Mental Health Trust, including Non-Current Assets, Non-Current Liabilities and cash via a Commercial Transfer Arrangement and changed its name to Black Country Healthcare NHS Foundation Trust. These financial statements have not been adjusted to reflect this event which took place after the reporting period. Users of these accounts should note that this transfer of services will materially increase the Trusts annual income, expenditure, staff numbers and healthcare activity. Dudley and Walsall Mental Health Trust has reported financial surpluses from continuing operations in recent years. Cash inflow is expected as a direct result of the acquisition, and the combined Trust is planning for a surplus positon in 2020/21. As with most similar NHS organisations, future financial performance is subject to changes in national policy, NHS funding allocations and national tariffs for providers of healthcare.

On the 2nd April NHSE/I informed providers that in scope historic debt (interim revenue loans, working capital facilities and capital debt) will be extinguished in 2020/21 via the issue of PDC to effect repayment of outstanding balances at 31 March 2020. Therefore the Trust is expecting to receive £700k PDC to repay the current outstanding loan.



Signed … …Mark Axcell, Chief Executive Officer

Date: 24th June 2020

Section 2 Accountability Report

Including: A: Directors Report

B: Remuneration Report

C: Staff Report

D: Corporate Governance

E: Regulatory matters

F: Statement of Accounting Officers Responsibilities

G: Annual Governance Statement

1 SECTION A: Directors Report

1.1 The Board of Directors

1.1.1 *Duties of the Board of Directors*

The Board of Directors has the following primary duties:

- ensuring compliance with its license and other legal obligations
- setting the strategic direction of the Trust
- ensuring the quality and safety of the services it provides
- ensuring services are provided in an effective, efficient and economical manner
- setting the vision and values of the Trust and standards of conduct for members of the Board of Directors and Assembly of Governors and other very senior management
- ensuring a framework of internal control and risk management is in place.

In fulfilling these duties the Board is advised by the Chief Executive Officer, other executive directors, the Company Secretary and other officers reporting directly to the executives, and is guided by the schedule of matters reserved for the Board itself which was reviewed by the Board at its meeting in April 2019.

1.1.2 *Positions of the Board of Directors*

The following held positions on the Board of Directors during the financial year ended 31st March 2020:

Non-Executive Chair:

Andrew Fry (until 30th September 2019)

- Chair of the Board of Directors;
- Chair of the Assembly of Governors;
- Chair of the NED led Appointments and Remuneration Committee;
- Chair of the Governor led Remuneration and Nomination Committees.

Jeremy Vanes (from 1st October 2019)

- Chair of the Board of Directors;
- Chair of the Assembly of Governors;
- Chair of the NED led Appointments and Remuneration Committee;
- Chair of the Governor led Remuneration and Nomination Committees.

Non-Executive Directors:

Andrew Fry (from 1st October 2019)

Kathy McAteer

- Senior Independent Director;
- Chair of Finance & Investment Committee.

Joy Jeffrey

- Chair of Mental Health Legislation Scrutiny Committee;
- Chair of Quality & Safety Committee.

David Stenson

- Chair of Audit Committee;
- Deputy Chair.

Sukhbinder Heer

Executive Directors:

Lesley Writtle

Chief Executive Officer (until 31/12/19)

Mark Axcell

Chief Executive Officer (from 1/1/20)

Joyce Fletcher (seconded from 18th January 2020)

Interim Director of Nursing, Allied Health Professionals (AHP's) and Governance;

Director with responsibility for Infection Prevention and Control;

Senior Information Responsible Officer (SIRO).

Kathy French

Interim Director of Nursing (from 7/5/19)

Dr Jas Lidher (until 31st August 2019)

Medical Director;

Caldicott Guardian.

Dr Madhava Rao (from 1st September 2019)

Medical Director;

Caldicott Guardian.

Chris Masikane

Interim Director of Operations

Paul Assinder

Director of Finance

Deputy Chief Executive Officer

In addition to the voting directors, meetings of the Board of Directors are also regularly attended by the Merger Programme Director (**Jo Cadman**), the Interim Director of Workforce (**Judy Griffiths**), the Company Secretary (**Andy Green**), and the Interim Director of Strategy (**Kuli Kaur Wilson**)

1.2 Meetings of the Board of Directors

Public meetings of the Board of Directors are held on a regular basis. The Board also meets in private in accordance with the constitution of the Trust. Meetings of the Board are supplemented by planning and development sessions during the year. The table below provides a record of each voting director's attendance at public meetings during the year together with the term of office end date of the Chair and Non-Executive directors and the notice period, start and termination dates of the Executive directors.

Figure 6 Meetings of the Board of Directors

The Board of Directors			
Name	Role	Term of Office end date/ Notice period	Attendance Actual/Possible
Mr Andrew Fry (until 30/9/19)	Interim Chair	30th September 2019	3/3
Mr Jeremy Vanes (from 1/10/19)	Trust Chair	31st March 2020	5/5
Mr Andrew Fry (from 1/10/19)	Non-Executive Director	30th June 2020	4/4
Mrs Kathy McAteer	Non-Executive Director	31st July 2020	7/8
Mrs Joy Jeffrey	Non-Executive Director	31st January 2022	8/8
Mr David Stenson	Non-Executive Director	22nd January 2020	8/8
Mr Sukhbinder Heer	Non-Executive Director	12th June 2021	7/8
Mrs Lesley Writtle (until 31/12/19)	Chief Executive Officer	6 months	5/5
Mr Mark Axcell (from 1/1/20)	Chief Executive Officer	6 months	3/3
Dr Jas Lidher (until 31/8/19)	Medical Director	6 months	3/3
Dr Madhava Rao (from 1/9/19)	Medical Director	6 months	3/5
Mr Paul Assinder	Director of Finance	6 months	7/8
Mrs Joyce Fletcher	Director of Nursing, Allied Health Professionals & Governance	6 months	
Ms Kathy French	Interim Director of Nursing		7/8
Mr Chris Masikane	Director of Operations	6 months	7/8

1.3 The effectiveness of the Board of Directors

The Board of Directors conducted an assessment of its effectiveness during the summer of 2019 and was supported by NHS Improvement which reviewed the Board and its committees in operation. In 2019, the Care Quality Commission inspected services at the Trust and assessed the Trust as “good” in the “Well Led” domain.

In February 2020, the Board of Directors confirmed its ongoing compliance with specific licence conditions relating to corporate governance and continuity of service provision and confirmed there were no material inconsistencies between its certification and other disclosures.

The Board of Directors have taken steps to ensure that they and in particular the non- executive directors, have developed an understanding of the views of governors and members by attending a presented reports at the Assembly of Governors public meetings.

1.4 Profiles of members of the Board of Directors in office at 31st March 2020

1.4.1 *Jeremy Vanes Chair*

Jeremy was appointed as joint chair of both organisations on 1 October 2019 and took over as chair of Black Country Healthcare on 1 April 2020.

Jeremy brings a wealth of knowledge and experience to the Trust having spent his 29 year career within health services, public services and the voluntary sector. He was previously chair of the Royal Wolverhampton NHS Trust and stepped down at the end of March 2019 having served as chair for 5 years, and a NED for 8 years – a total of 13 years, which is the maximum time allowed by statute.

Jeremy is a chartered manager with diplomas in health and social care and public service leadership. He has been chief executive at four voluntary sector organisations (in Dudley, Sandwell, Warwickshire and Wolverhampton) since 1992.

1.4.2 *Andrew Fry: Chair*

Andrew joined the Trust in July 2014 as an Associate and commenced as a NED in June 2015. Andrew took up the role of Chair on an acting basis from 1st March 2018 and was appointed as Chair on an interim basis until 31st March 2020.

He is currently a Group Non-Executive director of The Community Housing Group, for which he both is Chair of its Remuneration Committee and is a director of its trading subsidiary. Andrew is also a Trustee of both Herefordshire MIND and CHADD (Churches Aid for Dudley and District).

Andrew's previous positions include the roles of chair of Sandwell Leisure Trust, Chief Executive of a retail interiors design and manufacturing group, trustee of the Black Country Living Museum and former manufacturing consultant to the European Union.

He has experience in both the public and private sector in entrepreneurial management; business development and acquisitions; sales and marketing; business evaluation and change management, and has professional interests ranging from commercial interior design to conservation and ethics.

MA (History); Grad Bth and LTh (Theology)

1.4.3 *Mark Axcell Chief Executive Officer (CEO) [01 January 2020]*

Mark was appointed as Chief Executive in January 2020 after previously holding the position at Dudley and Walsall Mental Health Partnership NHS Trust since 2015. During his time at Dudley and Walsall Mental Health Partnership Trust Mark significantly improved the organisation's CQC ratings, its culture and staff engagement whilst at the same time achieving financial balance.

In 2018 Mark was shortlisted for the prestigious Health Service Journal Chief Executive of the year award. Mark has over 25 years' experience working in the NHS across Primary Care, Secondary Care, Community and Mental Health Services. The majority of this has been working in the Black Country.

Mark is a qualified accountant by background and a member of the Chartered Institute of Public Finance and Accountancy.

1.4.4 *Lesley Writtle: Chief Executive Officer (CEO) to 31 December 2019*

Lesley took up the position of Chief Executive Officer on 1st March 2018 on an interim basis and was appointed to the role on a substantive basis from 1st October 2018. Lesley had previously served as Executive Director of Operations from February 2016, Deputy Chief Executive Officer from January 2017, and Director of Operations from June 2015. Prior to that Lesley had been Associate Director of Operations, having joined the Trust in 2011 from the former Wolverhampton Primary Care Trust where for she had been Director of Mental Health from 2006, and before that Director of Primary Care and Children's services from 2004.

Lesley started her NHS career as a Registered General Nurse at Sandwell District General Hospital. After qualifying as a Registered Sick Children's Nurse she then worked at Birmingham Children's Hospital occupying a range of specialist roles in Children's Oncology services before moving into general management in the late 1990's where she undertook a range of operational roles as Senior Nurse and General Manager.

Lesley has had a successful record in managing a range of complex health services and has spent the majority of her career leading operational delivery and numerous transformation and service redesign programmes across a range of acute, community and primary care settings. Lesley has also recently completed the Leadership Academy Nye Bevan Programme leading to an Excellence award in Executive Healthcare.

RGN, RSCN, ONC, Dip HSSM

1.4.5 *Kathy McAteer: Non-Executive Director*

Kathy joined the Trust on 1st August 2014; she chairs the Finance & Investment Committee and is the Senior Independent Director.

Kathy is a social care professional with extensive strategic and operational experience in the development of integrated health and social care services, having held a range of posts at executive and second tier level, joint posts between local government and the NHS, and independent chair positions of adult Serious Case Reviews and Domestic Homicide Reviews. Kathy has specialist knowledge of learning disability services and performance management, and has experience of both commissioning and delivery of health and social care services for adults in all service areas. She had up until 2017 worked as an independent consultant including leading on quality reviews, improving operational performance, and improving safeguarding processes and procedures. Kathy is currently a board member of Midland Heart Housing Association, and formerly independent chair of Worcestershire Safeguarding Adults Board.

Diploma in Social Work (CQSW)

1.4.6 *Joy Jeffrey: Non-Executive Director*

Joy joined the Trust on 1st February 2016.

Joy is currently self-employed as an external policy consultant to the NHS providing strategic policy advice, developing quality measures, leading strategic implementation and service review and redesign.

Joy has gained extensive experience of clinical leadership at both strategic and operational levels in the NHS, and was most recently employed as Executive Head of Nursing and Quality at the former Sandwell PCT and successor Black Country PCT Cluster.

A registered nurse and health visitor, Joy also has a Master's degree in Public Health and successfully completed the Cabinet Office sponsored two year Public Service Leadership Course in 2005.

MPH; Dip Health Care CPT; RHV; RGN

1.4.7 *David Stenson: Non-Executive Director*

David commenced with the Trust on 1st October 2015 as an Associate Non-Executive Director and was appointed as a Non-Executive Director from January 2017. David was appointed as Deputy Chair of the Trust in March 2018.

David has held a number of senior management positions within the NHS across both primary and secondary care, most recently as Associate Director of Clinical Governance at the former Birmingham East & North PCT. Before that he had been Chief Officer at two Primary Care Commissioning Groups in the Birmingham area, Project Manager with North Derbyshire Health Authority and Unit General Manager of a large General Hospital in the Black Country.

David has been a publicly elected governor at the Dudley Group NHS Foundation Trust, is currently a patient representative on Dudley Clinical Commissioning Group's Primary Care Commissioning Committee and is a volunteer with Healthwatch Dudley.

MBA; ACIS; MIHM; DipHSM

1.4.8 *Sukhbinder Heer: Non-Executive Director*

Sukhbinder is a Fellow of the Institute of Chartered Accountants in England and Wales. He joined the Board as an associate Non-Executive Director in May 2017 and was appointed as Non-Executive Director in June 2018.

Sukhbinder has considerable experience in the NHS, having served as a Non-Executive Director and Chair of Audit Committee for ten years with Birmingham and Solihull Mental Health Foundation Trust. He is currently a Non-Executive Director and Chair of Audit Committee at both Birmingham Community Healthcare NHS Foundation Trust and Walsall Healthcare NHS Trust.

A former U.K. Chief Executive of one of the world's largest accounting and consulting firms, Sukhbinder has substantial boardroom experience in both the private and public sectors.

He has worked for over 30 years as a principal and an advisor in the major global financial centres. During this period, he has advised multinational businesses and Governments to meet and exceed stakeholder's expectations whilst maintaining world class governance.

Sukhbinder holds a number of UK and international board appointments and is currently undertaking a doctoral research in business resilience.

BA (Hons); FCA

1.4.9 *Dr Jas Lidher: Medical Director*

Jas has been a Consultant Psychiatrist within the Trust for 15 years, and was appointed as Medical Director in May 2015; she was Deputy Chief Executive Officer of the Trust between March 2018 and April 2019.

She completed her medical training at Leeds University and then moved to Birmingham working in local Trusts whilst completing her postgraduate training in Psychiatry and gaining membership of the Royal College of Psychiatrists. Jas then further specialised in Learning Disability Psychiatry.

Jas has significant operational and change management experience having been a Clinical Director within the Trust for over 12 years. During this time she provided clinical leadership that enabled the significant and successful growth of Learning Disability services within the Trust which are now provided across the Black Country. Jas continues to work clinically within the Trust at Heath Lane Hospital in Sandwell.

MBChB; MRCPsych

1.4.10 *Paul Assinder: Director of Finance*

Paul is one of the most experienced and respected Chief Financial Officers currently working in healthcare in the UK. He was elected as National President of the Healthcare Financial Management Association (HFMA), the leading professional body for finance staff working in UK healthcare, in December 2009.

Doubly qualified as an accountant, with a University background in both economics and management, he trained and worked with Ernst & Young Co in the UK after graduation before specialising in the healthcare and technology sectors. Paul is a graduate of the Senior Managers Course at Insead (French Business School) and was one of the first Finance Directors to be selected to join the elite NHS Top Leaders Programme in 2010.

Paul has a broad portfolio of financial and business experience most recently advising policy makers on transformational change through the NHS STP Programme and before that as European CFO of the US transformational genomics provider Nant Health.

In the local NHS Paul has served as Director of Finance and Information and Deputy Chief Executive of Dudley Group NHS Foundation Trust and held similar positions at Sandwell & West Birmingham Hospitals NHS Trust and Birmingham City Hospital NHS Trust and a number of other board level appointments in the NHS and private sector.

He is committed to the development of the next generation of healthcare leaders and holds the position of Senior lecturer at the University of Wolverhampton Business School and with others, founded the MBA qualification in Business & Finance for the HFMA Academy in 2017.

Paul was appointed as Deputy Chief Executive Officer from April 2019.

FCCA; CIPFA; Fellowship of Healthcare Financial Management Association

1.4.11 *Joyce Fletcher: Director of Nursing, AHP's and Governance*

Joyce was appointed as Interim Executive Director in November 2016 having previously held the position of Deputy Director of Nursing and Professional Practice at the Trust since 2011.

Immediately prior to that Joyce had been seconded as Director of Nursing and Addiction Services at Wolverhampton PCT and had previously held the position of Head of Nursing and Risk within the Trust.

Joyce started her career as a Registered General Nurse, before commencing her mental health nurse training where she has worked across a range of mental health services in both clinical and senior leadership roles in areas of nursing, policy governance and quality.

Joyce has a passion for high quality, compassionate care that puts patients first and has a real drive for ensuring inclusive leadership at every level, supporting an organisational culture where engaged and high performing staff teams are equipped to improve the quality of services so that they are accessible, sustainable, safe and effective.

She has worked at a national level as a council member of the Nursing and Midwifery Council (NMC) where she served as the registrant member for England. She was instrumental in strengthening NMC engagement with employers and helped to shape the strategic position for Revalidation within Nursing.

Joyce holds a Master's Degree in Health Policy and Management (HSMC), Birmingham University, First Class Honours Degree (Community Health Studies) and successfully completed "Leading Strategic Change in the NHS" at Insead Business School, France.

RGN, RMN, BSc Hons, MSc.

1.4.12 Dr Madhava Rao, Medical Director (from 1st September 2019)

Dr Rao took up the role of Medical Director in September 2019.

He trained as a psychiatrist at the National Institute of Mental Health and Neurosciences in Bangalore, India and continued to train as a child and adolescent psychiatrist in the UK. He has worked in the Trust for 13 years as a consultant child and adolescent psychiatrist, the last seven of which he has also held the post of clinical director for the children young people and families division.

He brings a wealth of expertise and knowledge which will be invaluable as we progress our quality improvement plans in parallel with our integration programme with Dudley and Walsall Mental Health Partnership NHS Trust.

1.4.13 Chris Masikane, Interim Director of Operations

Chris was appointed Director of Operations in April 2018. He previously held the post of Divisional Director for Learning Disabilities / Children, Young People and Families at the Trust.

Chris has worked at the Trust for almost three years, after time at 5 Boroughs Partnership NHS Foundation Trust as Operational Assistant Director of Children, Families and Wellbeing Division.

He is passionate about delivering high quality care, especially for the local Black Country community and supporting the wellbeing of staff. Chris started his career as a general nurse and qualified in 1987. He has a wealth of operational experience having worked both in Acute, Community and Mental Health and has driven transformational change and service redesigns.

Outside of work Chris enjoys sport and spending time with his daughter and playing chess.

1.4.14 Kathy French, Interim Director of Nursing (from 7th May 2020)

Kathy is a Registered Nurse with extensive experience, having worked in acute trusts, community trusts and commissioning in both senior and executive roles. Currently her portfolio includes the Director of Infection Prevention and Control (DIPC) role, safe staffing, governance, safeguarding, patient safety and experience. A main focus since joining the Trust is quality improvement and sustaining best practice, as well as providing leadership for Nurses, AHPs and Psychologists. As part of her role she chairs the Infection Prevention and Control (IPC) committee meeting, ensuring good IPC standards and Clinical Senate.

Kathy has completed an MBA, more recently a MA in Consulting and Leading in Organisations, and is currently undertaking a Senior Practitioner Executive Coaching Course.

1.5 Register of Directors Interests

The Directors are required to adhere to a Code of Conduct, based on and incorporating the "Nolan Principles of Conduct in Public Life", which includes a requirement to declare any interests they feel may compromise their objectivity in fulfilling their duties.

A full register of Directors' interests is published on the Trust's website, www.bcpft.nhs.uk, or may be obtained on application to the Company Secretary.

1.6 Quality Governance arrangements

The quality report in section three of this report provides a statement on the impact of Covid-19 on the timeframe for the Quality Report as per the direction of NHS England and NHS Improvement.

The Medical Director and Director of Nursing, AHP's and Governance provides executive leadership of the quality governance arrangements within the Trust.

The Quality and Safety Steering Group brings together executives and operational clinical leaders to ensure robust oversight of the delivery and development of quality improvement plans across the Trust, and each operating division has its own sub-group of clinical leaders to manage and deliver their respective quality improvement agenda.

The involvement of our service commissioners in quality improvement is significant and regular "contract review meetings" are held between our senior clinical leaders and commissioners to review delivery of services.

In 2019/20, the Trust agreed a number of "CQUIN" (Commissioning for Quality and Innovation) targets, most of which were nationally mandated, with service commissioners. The value of which amounted to approximately £1.1m. The Trust's performance overall was significantly better than in the previous year, with full achievement of the staff health and wellbeing CQUIN for influenza vaccinations. There was, however, partial achievement for three schemes, two of which related to data improvement and one for IAPT. This resulted in a shortfall of income of £176k.

Improving the patient experience remains a priority for the Trust. In the national Friends and Family Tests during the year 2019/20 the Trust again received encouraging responses from over 2,800 people, where 97% of were likely to recommend mental health services, (an improvement from last year's 96%). 98% were happy with the care in learning disabilities services; and 98% would recommend children's services to their friends and family.

The Trust received 134 formal complaints in this year, compared to 125 in the previous year. One complaint was referred to the Parliamentary Health Service Ombudsman during the year 2019/2020. The Trust has 5 open cases with the Parliamentary Health Service Ombudsman, all of which remain under investigation, all relevant paperwork as requested, has been sent.

1.7 Other initiatives for improvements in patient care

During the year 2019/20 the Trust took part in a number of local and national quality improvement initiatives including:

- The national Sexual Safety Collaborative as part of a wider Mental Health Safety Improvement Programme (MHSIP) established by NHS Improvement (NHSI), in partnership with the Care Quality Commission (CQC), in response to a request made by the Secretary of State
- The first ever BCPFT and DWMH joint quality improvement programme launched on the 25 September 2019. Projects that stemmed from this group included improving oral hygiene screening for patients on admission to hospital, improving the quality and consistency of clinical documentation and sharing the learning from incidents via feedback forums
- The Trust was selected to be part of an NHSI, CQC and RCPSYCH Collaborative which has seen a reduction of falls by 42% in pilot sites over 90 days and a sustained reduction of 13% across all older adult sites
- The Trust was selected to be part of an NHSI, CQC and RCPSYCH Collaborative to reduce restrictive interventions at our Psychiatric Intensive Care Unit. This has reduced restrictive interventions including physical restraint, seclusion and rapid tranquilisation by 71%. The national target for reduction was 30%.
- We have implemented a Trust wide learning lessons bulletin, including local changes in practice and national learning from safeguarding and the Health and Safety Executive
- We are providing the “Jigsaw clinic” via our Dudley CYP services, using NICE guidance to meet the needs of children with Cerebral Palsy

1.8 Partnerships and stakeholder engagement

Developing partnerships, and engaging with our stakeholders is critical to ensuring that our services are designed, developed and delivered in the best interest of our local communities - to deliver the right care, at the right time, in the right place, by the right people long into the future.

The Trust continues to engage with key health and care partners across both the Black Country and our wider region on opportunities where we can work closely to improve the outcomes for our population and the experience of our workforce. Key programmes that we are committed partners in include, but are not limited to described below.

1.8.1 *Merger with DWMH*

Work progressed on the coming together of the Trust and DWMH culminating at the very end of the year with our merger being approved by the Secretary of State and our regulators.

During the year we engaged with staff to start to create a new vision, brand, identity and a new set of values that represent our combined aspirations and ambition. Staff voted on a new name for the merged Trust and the most popular (at over 80%) was:

Black Country Healthcare NHS Foundation Trust

Towards the end of the year we also started to shape our new priorities for the year ahead with the main focus on delivering:

- the priorities set out in the long term plan
- successful integration of our services
- establishing and supporting the Dudley ICP

The emergence of the global Covid-19 pandemic in March 2020 did however cause us to pause on some of these plans and reflect on our priorities. Our revised priorities are described later in Section 2 / 1.9 Our Future Plans.

1.8.2 *Black Country and West Birmingham STP*

By 2021 all STPs will have transitioned into Integrated Care Systems, bringing together our local organisations to redesign care and improve population health.

The Trust is involved with the STP at all levels and is working in partnership with commissioners to explore which mental health services can be delivered at scale across the Black Country.

We reviewed 11 services as well as a number of other opportunities including perinatal mental health, female PICU, expansion of IPS services, liaison and diversion and bed management including Out Of Area placements.

Our role as a system partner has developed over the year and we are working closely to ensure that mental health services are receiving the investment needed to meet the needs of our communities. Our commissioners across the STP are working closely to streamline commissioning and commissioning decisions to support this.

1.8.3 *Supporting place based models of care*

Local place-based models of care (ICAs) are being developed and implemented for each of the four STP boroughs. These ICAs are a means to bring together health and care services for defined populations. In the Black Country they are all at different stages of development.

The Trust has been successful in embedding a robust reputation across the local health economy and beyond through proactive engagement in a number of strategic partnerships. These partnerships play a fundamental role in our future organisational development and form the basis on which we will support new models of care and long terms sustainability of local services.

We have worked with commissioners in our boroughs to develop place based models of care that focus on taking services traditionally provided in hospitals into the community, bringing care nearer to patients' homes. The principle behind the place based care is multi-disciplinary working with appropriate services being more closely aligned to the communities where people live.

We have been working together to agree which services are best delivered at a place based level, borough level or at scale across the Black Country. The current plan for Dudley is for primary care mental health services including IAPT to be delivered at a place based level close to or in primary care / GP settings.

Core community and inpatient services will continue to be delivered in each borough coordinated in conjunction with place based partners and the "STP 11", inpatients and further service developments will form the basis of a pan Black Country delivery model.

Figure 7 Place based models of care partnerships

Wolverhampton Integrated Care Alliance (ICA) – has been developed by all health and care partners in Wolverhampton with a shared vision to work together to enable the population of Wolverhampton to live well longer. GPs are also fully engaged with this programme, and we are working as partners with the Royal Wolverhampton Hospitals (RWT) NHS Trust, Wolverhampton CCG, City of Wolverhampton Council, and the Health & Wellbeing Board wider stakeholders
Sandwell Care Alliance – this is in early stages of development and we are working closely with our partners to shape and develop this partnership which has ambitions of enhance the level of care and support offered to those with the most complex and multiple needs, and to develop a workforce that can deliver across organisational boundaries with a focus on achieving the best outcomes for our population in Sandwell.

1.8.4 *Transforming Care Programme (TCP)*

We have been working in partnership with all Black Country NHS and Local Authority commissioners and NHS England to reduce NHS Learning Disability inpatient bed numbers, which has enabled us to develop a stronger community offering supported by specialist bed provision where appropriate. We are now working closely with our STP to take this work forward at pace.

1.8.5 *MERIT*

Mental Health Alliance for Excellence, Resilience, Innovation and Training (MERIT) Vanguard – an Acute Care Collaboration to develop new ways of working in mental health and reducing variation in care, involving the Trust, Black Country Partnership NHS Foundation Trust, Coventry and Warwickshire Partnership Trust and Birmingham and Solihull Mental Health NHS Foundation Trust. The scope and remit of MERIT has changed over the year and the membership has been expanded to other providers across the West Midlands with the aim of working collaboratively on New Care Models for CAMHS, Eating Disorders and LD / autism.

As part of our response to Covid-19 we have started to work closely with MERIT partners on a number of work streams such as forecasting demand and capacity, new ways of working and recovery planning.

1.8.6 *Other partnerships*

HealthWatch - We are meeting jointly with Wolverhampton, Sandwell, Walsall and Dudley Healthwatch to listen, and work with our partners to ensure that their voice is heard in how we manage and develop our services going forward

Local Authorities – the trust works partnership with our local authorities to provide integrated social care services.

Third Sector – we work closely with a wide range of third sector providers to provide services in partnership and to provide appropriate sign posting for our service users and carers. An example of this is the co-location of Rethink staff within our crisis service.

1.9 Better Payment Practice Code

The Trust is committed to following the Better Payment Practice Code in dealing with suppliers of goods and services. The code requires Trusts to aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later.

Figure 8 Better Payment Practice Code

Better payment practice code - measure of compliance	2019/20		2018/19	
	Number	£000's	Number	£000's
Total Non-NHS trade invoices paid in the year	21,782	40,379	24,699	37,701
Total Non-NHS trade invoices paid within target	9,351	29,030	14,092	28,640
Percentage of Non-NHS trade invoices paid within target	42.93%	71.89%	57.05%	75.97%
Total NHS trade invoices paid in the year	7,360	5,393	677	5,811
Total NHS trade invoices paid within target	65	85	165	778
Percentage of NHS trade invoices paid within target	0.88%	1.58%	24.37%	13.39%
Total Percentage of trade invoices paid within target	32.31%	63.61%	56.18%	67.61%

1.10 Income disclosures

In accordance with Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2013) the Trust can confirm that the income from the provision of goods and services for the purposes of the health service in England is greater than income we have received from the provision of goods and services for any other purpose.

The Trust has not established any income generation activity for which either fees or costs have been levied.

1.11 Private Finance Initiative

The Trust's Hallam Hospital, used for Adult Mental Health and Learning Disability Services, is a Pri vate Finance Initiative (PFI) development. The unit was opened in February 2000, as the first PFI i n the West Midlands. Since 2012/13, the PFI has been classified as on-balance sheet in the Trust Accounts.

Within the PFI Project Agreement, Ryhurst Ltd, the project company provides hard facilities manag ement services to the Trust. Payments that the Trust made to Ryhurst during 2019/20 were include d within expenditure as either (i) management and capital replacement, classified under operating expenditure, or (ii) interest payable classified under non-operating expenditure.

1.12 Significant Asset Value Variation Audit arrangements

During 2019/20 the Trust expanded its existing MEA valuation approach to fixed assets by adopting an optimal model methodology. This was initiated to align the valuation approach to that already adopted by Dudley and Walsall Mental Health Partnership NHS Trust. In addition, a year end desk top valuation of the Trust's land and buildings was undertaken to assess the existing use value of the Trust's properties, using the depreciated replacement cost method assuming assets would be replaced with a modern equivalent asset and not re-provided on a like for like basis.

1.13 Audit Arrangements

The external Auditor to the Trust is Deloitte LLP, 4 Brindley Place, Birmingham, B1 2HZ.

The Auditor was re-appointed by the Assembly of Governors in November 2018 following a competitive tendering exercise. Tenure for the appointment was for a term of three years, with an option to extend for a further one year.

Remuneration of the Auditor for 2019/20 was £65,000 (excluding VAT). Additional work relating to the Trust's annual quality report was conducted at a cost of £7,000 (excluding VAT).

Where the Trust's Auditor provides non-audit services, these would be considered on a case by case basis, by the Board of Directors to ensure the Auditor's independence would not be compromised. Such appointments are reported to the Audit Committee which receives reports on the outcomes of the work, and generally involve a different team to ensure independence.

1.14 Risk in use of financial instruments

There are no significant risks identified in the use of financial instruments.

1.15 Statement as to disclosure to Auditor

As far as the Directors are aware, there is no relevant audit information of which the auditor is unaware, and the Directors have taken all of the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

1.16 Political Donations

The Trust does not make donations to any political body. Section B: The Remuneration Report

2 Section B Remuneration Report

2.1 The Appointments and Remuneration Committee

Membership of the committee is comprised wholly of non-executive directors, and one of its prime functions is to determine the remuneration and terms and conditions of executive directors and other very senior management posts that are not governed by those nationally negotiated frameworks, such as “Agenda for Change”. Member attendance at meetings of the Committee during the year is provided in the table below.

Figure 9 Appointments and Remuneration Committee

The Appointments and Remuneration Committee	
Name	**Attendance (Actual/Possible)**
Andrew Fry (Interim Chair until 30/9/19)	3/3
Jeremy Vanes (Chair from 1/10/19)	5/5
Mrs Kathy McAteer	6/8
Mr Andrew Fry (from 1/10/19)	3/5
Mrs Joy Jeffrey	7/8
Mr Sukhbinder Heer	5/8
Mr David Stenson	7/8

Other people who attended and provided advice and services to the committee during the year were:

- Mrs Lesley Writtle – Interim Chief Executive
- Mr Mark Axcell – Chief Executive (from 1.1.20)
- Mrs Judy Griffiths – Head of Human Resources
- Mr Andy Green – Company Secretary
- Mr Paul Lewis Grundy – Company Secretary
- Mrs Jog Hundle – Partner – Mills & Reeve LLP (Legal Advisors for the Trust)
- Mrs Natalie Grainger – Clerk to the Committee

During the year the committee:

- reviewed and agreed the arrangements for the secondment of the Interim Chief Executive Officer, prior to its recommendation for adoption by the Board of Directors;
- appointed an Interim Chief Executive Officer, and Interim Deputy Chief Executive Officer;
- determined the remuneration of the Interim Chief Executive Officer;
- reviewed the remuneration of all executive directors and subsequently approved increases to the salaries of the Director of Nursing, AHP’s and Governance, the Director of Workforce and the Company Secretary, all effective from 1st April 2019
- approved the remuneration of the interim Director of Finance noting the appointment as off payroll;
- with the advice of the Chief Executive, reviewed the portfolio of executive directors

The Assembly of Governors did not review the remuneration of non-executive directors during the year. It did make two interim appointments of Chair of the Trust but made no changes to the

remuneration.

2.2 Annual Statement on Remuneration

In 2013, the then remuneration committee agreed the policy for the remuneration of executive and other very senior management, and in particular to use benchmarking information to inform its decisions.

No changes were made to the policy during the 2019/20 year.

The policy was referred to when determining the remuneration of the interim Chief Executive Officer and in reviewing the remuneration of other executive and very senior managers for 2019/20.

No changes were made to the remuneration of the clinical directors.

Non-executives also are remunerated on a per session basis for each panel hearing they attend in the course of their duties as hospital managers under the Mental Health Act 1983; the rate of remuneration remained the same during the year.

2.3 Senior Managers Remuneration Policy

The tables overleaf provide details of both the remuneration and pension benefits of the board members and other very senior managers. The remuneration policy for executive directors provides that remuneration could include basic salary, performance related pay and other benefits.

The policy has at its core the main principle within the Code of Governance for NHS Foundation Trusts (Monitor, 2014) which states that:

“Levels of remuneration should be sufficient to attract, retain and motivate directors of the quality required to run the NHS Foundation Trust successfully, but the NHS Foundation Trust should avoid paying more than is necessary for this purpose”.

The remuneration committee has not introduced performance related pay for any position that falls under its remit. Other benefits within the policy may include reimbursement of travelling and subsistence expenses incurred whilst on duty, the provision of a mobile telephone and the provision of a vehicle for undertaking business travel (where the cost of private usage is paid for by the individual). No changes have been made to this policy.

Whilst benchmarking data is used to determine levels of remuneration, the remuneration committee also considers agreements relating to the pay and conditions of the Trust workforce and wider NHS and public sector in determining the final remuneration. The benchmarking data referred to as above is provided via the annual survey of board member remuneration conducted by the “NHS Providers” organisation.

The remuneration of non-executive directors, including the chair and associate non-executive directors is agreed by the Assembly of Governors. In all cases compensation for loss of office is made in accordance with the terms and conditions of either the contracts of employment for the executive directors and other very senior management positions or the service contracts of the chair, non-executive and associate non-executive director positions.

2.4 Other disclosures

The Board of Directors confirms that no executive director held other non-executive directorships within other bodies during 2019/20. Had this been the case then the remuneration policy provides that: "*it will be for the remuneration committee to determine whether or not that individual will retain the associated remuneration and whether or not there will be any amendment to the substantial remuneration of the individual concerned."*

One of the board members or other senior management in office during 2019/20 were remunerated "off payroll" as outlined below.

Pension benefits apply to executive directors and other very senior management only; non-executive directors are not employees and are not therefore entitled to pension benefits. Details of pension benefits are provided in the table overleaf.

2.5 Off Payroll arrangement disclosures

The following tables provide details of the off-payroll engagements (of more than £245 per day) as of 31 March 2020.

Figure 10 Number of existing engagements

Number of existing engagements as of 31st March 2020 Of which:	**2019/20 Number of Engagements**
Number that have existed for less than one year at the time of reporting	-
Number that have existed for between one and two years at the time of reporting	-
Number that have existed for between two and three years at the time of reporting	1
Number that have existed for between three and four years at the time of reporting	-
Number that have existed for four years or more at the time of reporting	-
Total	**1**

There have been no new engagements, or any existing arrangements which reached six months in duration between 1 April 2019 and 31 March 2020.

Figure 11 Off payroll engagements of board members / senior managers

Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year	**2019/20 Number of Engagements**
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year	1
Number of individuals that have been deemed "board members, and/or, senior officals with significant financial responsibility", during the financial year.	1

The off-payroll engagement for the Board member relates to the position of Executive Chief Finance Officer. The post holder was originally appointed as interim Director of Finance from 1st November 2017 in anticipation that the services of the Trust were to be acquired before the end of the financial year. When the decision was made at the end of February 2018 not to proceed with the acquisition it was agreed that the post-holder be re-appointed for a further term to 31st March 2019. This was further extended to 31st March 2020.

2.6 Fair pay multiple

The Trust is required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The median remuneration of the reporting entity's staff is the total remuneration of the staff member(s) lying in the middle of the linear distribution of the total staff, excluding the highest paid director. This is based on annualised, full-time equivalent remuneration as at the reporting period date

The banded remuneration of the highest-paid director in Black Country Partnership NHS Foundation Trust in the 2019-20 financial year is £140k-£145k (2018-19: £145k-£150k). This is 5.45 times the median remuneration of the workforce, which is £25,934 (2018-19: 5.83 times the median remuneration of the workforce, which is £25,232). There were 4 employees that received remuneration in excess of the highest-paid director in the range of £195-240k (2018-19: 6 employees banded as £145-200k).

Total remuneration includes salary and benefits-in-kind. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

All Very Senior Managers (VSM) salaries are determined and approved via the Appointments and Remuneration Committee. Individual components are agreed in accordance with benchmarking analysis against other Trusts and peers

2.7 Expenditure on Consultancy

The Trust's expenditure on consultancy in 2019/20 is detailed in Section 6: Financial Accounts and Associated Notes (Note 3: Operating Expenses).

2.8 Directors and Governors expenses

The tables below give details of the expenses paid to directors and governors during the year.

Figure 12 Directors expenses

2019/20			2018/19		
Total Number of Directors in Office	Number of Directors receiving Expenses	Total amount of Expenses paid to Directors £'s	Total Number of Directors in Office	Number of Directors receiving Expenses	Total amount of Expenses paid to Directors £'s
17	7	3,319	14	9	4,220

Figure 13 Governors expenses

2019/20			2018/19		
Total Number of Governors in Office	Number of Governors receiving Expenses	Total amount of Expenses paid to Governors £'s	Total Number of Governors in Office	Number of Governors receiving Expenses	Total amount of Expenses paid to Governors £'s
33	4	50	26	0	0

2.9 Exit packages - Reporting of other compensation schemes – exit packages 2019-20

Figure 14 Exit packages

Reporting of compensation schemes - exit packages 2019/20	Number of compulsory redundancies Number	Cost of compulsory redundancies £000s	Number of other departures agreed Number	Cost of other departures agreed £000s	Total number of exit packages Number	Total cost of exit packages £000s
<£10,000	-	-	-	-	-	-
£10,001 - £25,000	-	-	-	-	-	-
£25,001 - £50,000	-	-	1	30	-	-
£50,001 - £100,000	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-
£150,001 - £200,000	-	-	-	-	-	-
>£200,001	-	-	-	-	-	-
Total	-	-	1	30	-	-

During 2019-20, there were no departures agreed which were in relation to a Compromise agreement.

Figure 15 Compromise agreements

Reporting of compensation schemes - exit packages 2018/19	Number of compulsory redundancies Number	Cost of compulsory redundancies £000s	Number of other departures agreed Number	Cost of other departures agreed £000s	Total number of exit packages Number	Total cost of exit packages £000s
<£10,000	-	-	-	-	-	-
£10,001 - £25,000	-	-	-	-	-	-
£25,001 - £50,000	-	-	-	-	-	-
£50,001 - £100,000	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-
£150,001 - £200,000	-	-	-	-	-	-
>£200,001	-	-	-	-	-	-
Total	-	-	-	-	-	-

2.10 **2019/20 Salary Entitlements of Senior Managers**

Figure 16 Salary entitlements

		2019/20					2018/19				
Name	Job Title	Salary Bands of £5,000 £'000	Benefits in Kind To the nearest £100	Pension Related Benefits Bands of £2,500 £'000	Termination benefits To the nearest £1,000	Total Bands of £5,000 £'000	Salary Bands of £5,000 £'000	Benefits in Kind To the nearest £100	Pension Related Benefits Bands of £2,500 £'000	Termination benefits To the nearest £1,000	Total Bands of £5,000 £'000
Lesley Writtle	Chief Executive Officer	140-145	-	0	35,000	175-180	145-150	-	450-452.5	-	595-600
Mark Axcell**	Chief Executive Officer (1st January 20 - 31st March 20)	15-20	-	147.5-150	-	160-165		-	-	-	-
Andrew Fry	Chairman (1st April 19 - 30th September 19) Non-Executive Director (1st October 19 - 31st March 20)	25-30	-	-	-	25-30	45-50	-	-	-	45-50
Jermey Vanes	Chairman (1st October 19 - 31st March 20)	25-30	-	-	-	25-30		-	-	-	-
Andrew Green	Company Secretary	85-90	-	-	-	85-90	85-90	-	-	-	85-90
Christopher Masikane	Executive Director of Operations	100-105	-	0	-	100-105	100-105	-	807.5-810	-	910-915
Joanne Cadman	Programme Director	95-100	-	62.5-65	-	155-160	85-90	100	60-62.5	-	145-150
Joycelyn Fletcher	Executive Director of Nursing, Quality, AHPs and Psychology	100-105	-	0	-	100-105	100-105	-	37.5-40	-	140-145
Kathleen French***	Interim Executive Director of Nursing, Quality, AHPs and Psychology	95-100	-	-	-	95-100		-	-	-	-
Judy Griffiths	Director of Workforce	85-90	-	0	-	85-90	85-90	-	902.5-905	-	990-995
Madhavo Rao*	Medical Director (1st September 19 - 31st March 20)	130-135	-	817.5-820	-	945-950	175-180	-	-	-	175-180
Jaswant Lidher	Medical Director (1st April 19- 31st August 19)	75-80	-	-	-	75-80	175-180	-	-	-	175-180
Paul Assinder***	Chief Finance Officer	160-165	-	-	-	160-165	185-190	-	-	-	185-190
Kuli Kaur- Wilson*	Director of Strategy (1st July 19 - 31st March 20)	80-85	-	397.5-400	-	475-480		-	-	-	-
Joy Jeffery	Non-Executive Director	10-15	-	-	-	10-15	10-15	-	-	-	10-15
David Stenson	Non-Executive Director	10-15	-	-	-	10-15	10-15	-	-	-	10-15
Kathleen McAteer	Non-Executive Director	10-15	-	-	-	10-15	10-15	-	-	-	10-15
Sukhbinder Heer	Non-Executive Director	10-15	-	-	-	10-15	10-15	-	-	-	10-15

* Disclosure for these members of staff was not required in 2018/19. Therefore there is no prior year Greenbury data to reflect the movement in pension related benefits

** Representing salary payments during joint role with Dudley & Walsall Mental Health Partnership NHS Trust

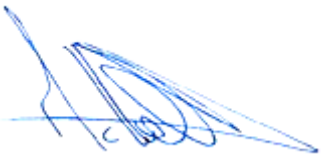
*** Member is an off-payroll engagement

2.11 **2019/20 Pension Benefits**

Figure 17 Pension benefits

2019/20 Pension Benefits	Real increase in pension at age 60 (bands of £2,500) £000	Real increase in pension lump sum at age 60 (bands of £2,500) £000	Total accrued pension at age 60 at 31 March 2020 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 31 March 2020 (bands of £5,000) £000	Cash Equivalent Transfer Value at 1st April 2019 £000	Cash Equivalent Transfer Value at 31 March 2020 £000	Real increase in Cash Equivalent Transfer Value £000	Employer's contribution to stakeholder pension £'000
Lesley Writtle - Chief Executive Officer (1st April 19 - 31st March 20)	0	0	0	195-200	1546	1595	0	-
Joanne Cadman - Programme Director	2.5-5	5-7.5	75-80	75-80	481	555	50	-
Joycelyn Fletcher - Executive Director of Nursing, Quality, AHPs and Psychology	0	0	0	150-155	1093	1104	0	-
Christopher Masikane - Executive Director of Operations	0-2.5	0	10-15	100-105	770	808	5	-
Judith Griffiths* - Director of Workforce	0-2.5	0-2.5	0-5	120-125	969	0	0	-
Kuli Kaur-Wilson** - Director of Strategy (1st July 19 - 31st March 20)	17.5-20	35-37.5	410-415	35-40	0	254	240	-
Madhavo Rao** - Medical Director	37.5-40	70-72.5	825-830	70-75	0	663	652	-
Mark Axcell** - Chief Executive Officer (1st Jan 20 - 31st March 20)	5-7.5	15-17.5	150-155	15-20	0	113	110	

* This member is over the NRA in the exisiting pension scheme and therefore a CETV calculation is not applicable
** Disclosure for these members of staff was not required in 2018/19. Therefore there is no real increase in pension benefits



Signed… …Mark Axcell, Chief Executive Officer

Date: 24th June 2020

3 Section C: Staff Report

The publication of two key papers within the year, the NHS Long Term Plan and Interim Peoples Plan have provided the focus during 2019/20.

The Workforce Strategy entered its third and final year leading us into the planned merger with Dudley and Walsall Mental Health NHS Trust, providing a framework to support the delivery of the Trust's Strategic Objectives, whilst seeking to ensure the workforce continues to adapt quickly to emerging priorities at a local and national level whilst ensuring long-term workforce sustainability to provide high quality care.

A refresh of the five workforce priorities of the Workforce Strategy was undertaken in early 2019 to support the Trust to address and improve workforce risks and challenges identified specifically: Recruitment and Retention, Reducing our reliance on Temporary Staffing, Staff Development through leadership and education programmes, Health and Well-being initiatives to enable staff to have greater control of their own health and live healthier lives and Workforce Systems that support the effective and sustainable use of resources.

As part of these priorities expanding our digital solutions such as e-rostering and e-job planning saw a successful joint bid being awarded in late 2019 and which will be implemented during 2020/21 with an outcome being to assist our longer term medical retention plans.

The Workforce Strategy will be fully reviewed during 2020/21 and will see the integration of both the Workforce and Organisational Development Strategies evolving into a People Strategy encompassing the development of a comprehensive People Plan.

A core development for 2020/21 will be to improve a longer term workforce planning approach to support the delivery of transformational programmes ensuring the most effective utilisation of our workforce now and in the future.

3.1 Staff costs and numbers for the year

Analysis of our staff costs and average numbers of staff employed for the year are shown in the tables below.

Figure 18 Employee Costs

	Year ended 31 March 2020 £'000	**%**	Year ended 31 March 2019 £'000
Salaries and wages	69,839	74.02	65,190
Social security costs	6,639	7.04	6,165
Apprenticeship Levy	329	0.35	306
Pension cost - employer contributions to NHS pension scheme	8,078	8.56	7,645
Pension cost - employer contributions paid by NHSE on provider's behalf (6.3%)	3,527	3.74	-
Pension cost – other contributions	35	0.04	10
Termination benefit	35	0.04	-
Agency/contract staff	5,871	6.21	4,770
Total	**94,353**	**100.00**	**84,086**

NOTE: The above table does not include Non-Executive Directors.

Figure 19 Average Number of Persons Employed

Average number of persons employed	Year Ended 31 March 2020 Number	%	Year Ended 31 March 2019 Number
Medical and dental	73	3.42	76
Administration and estates	305	14.28	284
Healthcare assistants and other support staff	545	25.51	547
Nursing, midwifery and health visiting staff	557	26.08	553
Scientific, therapeutic and technical staff	271	12.69	257
Other	6	0.28	0
Bank staff	306	14.33	275
Agency staff	73	3.41	66
Total	**2,136**	**100.00**	**2,058**

Analyses of our workforce at the 31st March 2019 by gender, ethnicity and age are shown below.

Figure 20 Analysis of staff by gender

Analysis		**31st March 2018**		**31st March 2019**		**31st March 2020**	
Gender	**Staff**	**HC**	**%**	**HC**	**%**	**HC**	**%**
Female	Directors	*5*	0.25%	**6**	**0.30%**	**3**	**0.14%**
	Senior Managers	*15*	0.75%	**16**	**0.79%**	**17**	**0.81%**
	Employees	*1580*	79.24%	**1602**	**79.39%**	**1664**	**79.66%**
Male	Directors	*6*	0.30%	**4**	**0.20%**	**1**	**0.05%**
	Senior Managers	*9*	0.45%	**12**	**0.59%**	**9**	**0.43%**
	Employees	*379*	19.01%	**378**	**18.73%**	**395**	**18.91%**
Total		**1994**	**100.00%**	**2018**	**100.00%**	**2089**	**100.00%**

Figure 21 Analysis of staff by ethnicity

Analysis	**31st March 2018**		**31st March 2019**		**31st March 2020**	
Ethnicity	***HC***	***%***	***HC***	***%***	**HC**	**%**
White	*1324*	*66.40%*	**1307**	**64.77%**	**1339**	**64.10%**
Mixed	*40*	*2.01%*	**37**	**1.83%**	**46**	**2.20%**
Asian	*257*	*12.89%*	**285**	**14.12%**	**291**	**13.93%**
Black	*243*	*12.19%*	**247**	**12.24%**	**257**	**12.30%**
Other	*34*	*1.71%*	**38**	**1.88%**	**38**	**1.82%**
Not Stated	*96*	*4.81%*	**104**	**5.15%**	**118**	**5.65%**
Total	*1994*	*100.00 %*	**2018**	**100.00 %**	**2089**	**100.00 %**

Figure 22 Staff Analysis by Age

Analysis	31st March 2018		31st March 2019		31st March 2020	
Age	***HC***	***%***	***HC***	***%***	**HC**	**%**
Under 21	*31*	*1.55%*	**31**	**1.54%**	**26**	**1.24%**
22 to 59	*1805*	*90.52%*	**1803**	**89.35%**	**1870**	**89.52%**
60 to 64	*137*	*6.87%*	**150**	**7.43%**	**156**	**7.47%**
65 and over	*21*	*1.05%*	**34**	**1.68%**	**37**	**1.77%**
Total	*1994*	*100.00 %*	**2018**	**100.00 %**	**2089**	**100.00 %**

Source: Electronic Staff Records (HC = Headcount)

3.2 Recruitment and Retention

The overall aim for 2019/20 has been to continue to recruit and retain the right people with the right values, behaviours and skills to develop a workforce that will meet the current and future needs of our services.

Key to our future success moving forward in 2020/21 will be in the development of a bespoke Recruitment and Retention Strategy. The recruitment to some of our professional groups particularly our medical and nursing workforce has continued to be a challenge throughout 2019/20 reflecting the national recruitment and retention challenges that the NHS as a whole is facing, in particular within specialist services as provided by the Trust. In response to the challenges faced during this period we have continue to apply a targeted approach through a programme of recruitment initiatives linked to our Workforce Strategy; this will continue to be a priority moving into 2020/21.

Key achievements during 2019/20 has been to implement the roll-out of our Clinical Fellowship Programme following its concept and development during 2018/19, working with a local partner Trust and University where medical staff have been recruited from overseas with the aim of reducing our medical vacancies. This implementation will continue throughout 2020/21. A further success has been continuing to build successful links with our local external educational providers having developed schemes that have seen our newly qualified nurses and AHP professionals taking up permanent positions awaiting their professional registration – one of the most competitive offers regionally and enables our students to start their preceptorships early. This programme has run alongside a successful Learning Disability Internship Programme offering opportunities to young adults.

As part of an ongoing review of our recruitment processes the Trust introduced TRAC supporting the Disclosure and Barring Service (DBS) update service introduced in 2018/19. This will further improve our internal key performance indicator for ‘Time to Hire and offer a better experience for our candidates as part of the wider retention initiatives. We will continue to review our systems and processes to further improve ‘Time to Hire’. The Trust remains committed to ensuring staff are regularly appraised and receive training to ensure they continue to be safe and effective in their roles. The Trust sets an appraisal target of 95% and the Trust performs well in this area. Mandatory training compliance levels have also been sustained within our performance targets throughout 2019/20 and will continue to be a priority area.

In addition and as part of our targeted retention plans we have improved access to Exit Questionnaire and Interview data, providing quarterly reports to the Workforce Committee against themes that has enabled us to inform further programmes of work to support staff retention. Whilst turnover remained within our key performance indicator overall during 2019/20, it remains a key

priority for our retention plans in particular for our Registered Nursing workforce. Our future plans for 2020/21 will be to build on our successes and further improve on our ability to attract and retain a workforce for now and in the future.

3.3 Equality and Inclusion

We are committed to promoting equality, inclusion and human rights, tackling discrimination whilst protecting and promoting the rights of our staff and the diverse communities we serve. BCPFT has received national recognition by NHS England Work Race Equality Standard (WRES) as the only Trust in the country with the highest percentage of Black Asian Minority Ethnic (BAME) Trust Board members and has been mentioned in the Health Service Journal (HSJ), Trust Board development and coaching on Equality Inclusion has been paramount to this success.

It is when we have a diverse representation across all levels of the organisation that true inclusion occurs, in 2015 clinical Black Asian Minority Ethnic (BAME) staff working at Band 5 were at 35% in 2019 BAME clinical staff working at the same Band were at 41% we have seen an increase of 6%. Appointing staff from diverse backgrounds has been the key to our success, in 2015 1 in 19 BAME staff were appointed from shortlisting compared to 2019 1 in 5. We will continue to build on this success across all pay bands and ensure we appoint from our diverse communities making sure our services are appropriate and responsive to the needs of people that use our services.

In our pursuit for equality and inclusion equality data has helped us to understand how we can be the best locally and regionally. Annually we collect equality data from many teams in our Trust, we then review this data that supports our equality and inclusion plans. After we finish with the equality data we upload the data to the Equality Information Hub (EIH) on our website for staff, stakeholders and the public to access in 2019 approximately 13,000 downloads of ethnicity data was recorded.

Equality Impact Assessments (EQIA's) help us understand how we can deliver our services and meet the diverse needs of people that use our services from all walks of life. EQIA's make this possible by encouraging staff that deliver services to think about difference and service user experience. These EQIA's are completed in many areas of the Trust for example the Policy Ratification Group that reviews policies uses EQIA's to ensure that policy change takes into account any impact that may occur on diverse groups of people and staff another area EQIA's are used are in service changes, to ensure the delivery of services meet the needs of all that use them and are inclusive.

We continue to build upon the success of the BAME, Disability, staff equality networks recently the Work Disability Equality Standard (WDES) group supported Equality and Inclusion (E&I) and Human Resources (HR) teams to secure the Disability Confident Award through securing this award BCPFT has joined over 17,000 organisations that play a leading role in changing attitudes towards disability for the better in their own workplaces, networks and communities.

BCPFT has achieved so much over the years, a truly inclusive organisation that lives by its values in supporting its diverse staff to be the best they can be and working hard to meet the needs of the people from all walks of living in the Black Country. We will continue to move forward towards a positive brighter future and build on the success of equality & inclusion at BCPFT.

3.4 Health, Wellbeing and Retention

The Trust remains committed to the health and wellbeing of our staff, with ambitions to further enhance and build on or strengthen the programmes of work implemented throughout 2019/20.

Emotional wellbeing and staff mental health continues to be a key focus throughout 2019/20 with various initiatives to improve support available to staff and to reduce the stigma associated with mental health at work, including delivery of Mental Health First Aid Training. To further embed this approach the Trust introduced focused wellbeing discussions in every staff members' appraisal, helping to identify any challenges at work, or with their work life balance, and to be able to discuss what support we can provide.

During 2019/20 we have continued to strengthen how we monitor turnover and retention in order to explore the reasons that staff leave and to fully understand any trends or issues linked health and wellbeing.

The Health and Wellbeing Strategy entered its final year following its launch in 2017/18 and continued to successfully deliver initiatives that support the health and wellbeing of our staff. This Strategy will be reviewed and relaunched during 2019/20 but its primary focus will be to continue to support the health and wellbeing of our staff and expand the range of benefits and discounts available to enable staff choice and to lead healthy lifestyles.

In addition all our staff have access to a comprehensive occupational health service and staff support service both offering support to promote staff health at work. This is underpinned by a comprehensive policy which encourages staff to seek professional medical advice and support reducing stigma.

The sickness absence rate for the year was above the intended target rate of 4.5% at 6.14%. Whilst we did not achieve the key performance target, the Workforce team continue to work proactively with Divisions with targeted focus in areas where we have higher absence rates. Workforce reporting continues to form an integral part of the Trusts performance management enabling triangulation of quality, safety and workforce indicators with improved 'real time' reporting and auditing following the implementation of ESR Management self-serve.

A breakdown of the sickness absence across the last three years up to 31st March 2020 is included in the table below.

Figure 23 Sickness and Absence Rates

Absence Type	2017/18	2018/19	2019/20
	%	%	%
Short Term	2.27	1.77	1.92
Long Term	3.74	4.16	4.22
Total	6.01	5.93	6.14

Figure 24 Days lost due to sickness

The level of sickness between 2018/19 and 2019/20 is represented as follows		
	Year ended 31 March 2020	**Year ended 31 March 2019**
Total Days Lost	39,584	37,300

3.5 Staff Policies and Action

The Trust has a range of policies and procedures in place that support delivery of our workforce priorities and the equality and inclusion agenda. Policies and actions applied during the financial year are set out in the table below.

Figure 25 Policies and actions

Policies applied for giving full and fair consideration for employment made by disabled persons	The Trust has a Recruitment and Selection policy that sets out how the Trust ensures fair recruitment of candidates. This is reviewed through the Trust's bespoke recruitment system and reports submitted to the Workforce Committee and Equality and Inclusion Board.
Policies for continuing the employment of, and for arranging training for, employees who have become disabled persons during the period	The Trust adheres fully to the Equality Act 2010. The Trust's policies support managers to apply any reasonable adjustments and use referrals to the Occupational Health service to ensure the continued employment of employees who become disabled persons.
Policies for the training, career development and promotion of disabled employees	There is equity of access to training and development for all staff.
Actions taken in the financial year to provide employees systematically with information on matters of concern to them as employees	The Trust has thorough internal communications and staff engagement processes, using face-to-face opportunities, electronic channels and printed materials.
Actions taken during the financial year to consult employees or their representatives on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests	The Trust has a Recognition Agreement in place that is jointly reviewed on a regular basis with Staff Side leads. Monthly meetings of the Staff Forum take place for formal discussions in relation to staffing issues. In addition, as set out within the Organisational Change Policy, collective consultations would be enacted where there are more specific issues affecting employees, for example restructures. Informal engagement with staff took place to inform various key initiatives such as the Annual Staff Survey.
Actions taken in the financial year to encourage the involvement of employees in the NHS Foundation Trust's performance	All staff who are recruited are encouraged as part of the induction programme to become actively involved with the Trust as a Foundation Trust.
Information on health and safety performance Occupational health	We fully comply with Health and Safety and are fully committed to promoting and raising safety awareness to all staff.
Information on policies and procedures with respect to countering fraud and corruption	The Trust has a number of policies that refer to countering fraud and corruption including a Raising Concerns policy in place which also covers fraud.

3.6 **Learning and Development**

Learning and Development (L&D) is an essential part of the wider organisational system that articulates the workforce capabilities, skills and competences. The L&D deliverables for compliance on training is aligned to the wider workforce strategy, HR development including new models of care and the overall business and performance support to our Divisions.

Over the last 12 months, significant work continues to take place to support the learning and development needs of the workforce. As well as regularly reviewing the Trust's mandatory/specialist mandatory training framework, the continued development of the job essential training framework has also taken place with the introduction of additional key subjects such as

connecting with people/suicide prevention, dementia, water management, fire safety and smoking cessation. We continue to work closely with subject leads, introducing other new and essential training topics as we move forward.

Mandatory training compliance has also significantly increased and is demonstrated by the improvement of KPI's across all subjects. To support mandatory training compliance a range of approaches have been developed including the provision of facilitated and un-facilitated learning sessions, targeted support sessions on site, designing and implementing bespoke induction programmes, identifying alternate training delivery methods, development of e-Learning workbooks, use of the latest e-Learning packages, helpdesk support, user-friendly guides, training audits and training needs analysis, whilst ensuring compliance with the UK Core Skills Training Framework and other key guidelines/standards. Ensuring our ESR/Oracle Learning Management systems and processes are up-to-date, supportive and reflective of the organisation's training needs has also played a pivotal role. The Trust has continued to develop its' innovative Induction Programme which continues to receive very positive feedback from new employees commencing their employment journey with the Trust.

A full review and implementation of the Trust's mandatory training framework for bank workers has also taken place. The use of e-Learning prior to commencement has been adopted, and we continue to work closely with key colleagues to ensure training is effective and fit for purpose.

The Trust received very positive results in external audits for Specialist Mandatory Training and Appraisals, re-affirming the systems and processes are in place to support the Trust's learning and development needs. L&D have also worked closely with colleagues from our partner Trust in the months leading up to the merger, reviewing and designing joint induction and training programmes, systems and processes, whilst learning from each other and maintaining best practice.

To ensure every member of staff receives a value-based, meaningful quality appraisal, a review of the Trust's Appraisal processes took place, to discuss performance, objectives, mandatory training completion and staff development, as well as identifying objectives to support Trust behaviours and the services we deliver. Appraisal training has been reviewed and updated to support both managers and staff to get the most out of the appraisal process.

Further development of the Trust's Apprenticeship programme and framework has also taken place, looking at innovative and new ways of supporting the development needs of our workforce. Staff are undertaking a wide range of apprenticeships including business/medical administration, health care, accounting and management/leadership at all levels. New roles have been developed and supported by the apprenticeship framework including trainee nurse associates. Other programmes are currently being developed including estates & facilities apprenticeships, occupational therapy and physiotherapy degree apprenticeships and assistant practitioner apprenticeships. To support the literacy and numeracy skills of the workforce, functional skills training has also been provided.

The L&D team looks forward to exciting opportunities the merger will bring, learning from one another, being innovative and creative, and ensuring the learning and development needs of our workforce are met as we move forward as one organisation.

3.7 **Staff Engagement**

The Trust recognises our staff are our most valuable resource and is committed in supporting and involving staff and their representatives at all levels. As an organisation we wish to support staff engagement at every level, endorsing an environment where positive two-way communication and action supports us to be a highly successful and sustainable organisation.

We see staff engagement as providing the opportunity for our staff to engage at all levels including fellow peers and colleagues, providing the opportunity to support, learn and develop each other to feel empowered within their roles.

During 2019 a crucial part of developing our staff engagement programme included the creation of an '*Improving Staff Experience brochure'* that outlined the results of the Staff survey, and was a key part of the Quality Matters strategic plans under section of "shout out". This provided projects

and interventions to support the response to the survey, as well as highlighting the efforts from a range of teams of our staff engagement projects, and the intended action going forwards. During this period, the Trust was preparing for the merger of BCPFT and DWMHFT and a number of significant engagement projects have taken place. This included setting up joint '*engagement partners'* across the two organisations, establishing a staff experience and engagement sub-group of the Workforce Group.

There was a number of staff 'listening events' arranged with front line teams, with members of the executive team that offered staff the opportunity to ask questions and air their views in an open dialogue. We also commenced workshops on values of the newly formed organisation, engaged with numerous teams running a series of development and wellbeing sessions across the wider organisation, are just some of the areas covered.

Amongst a number of the innovative ways the Trust has engaged with teams, has been the successful training of a number of staff across a range of professions, from the creator of 'compassion circles' to support self-care amongst individuals, as well as holding a number of cultural web and 'suitcase and room 101' workshops across both organisations. This has enabled us to progress integration of our engagement and cultural framework for a newly formed organisation due to take place in April 2020.

Phil Cole, our Staff Side Chair says:

Our local joint trade unions have enjoyed another great year. The focus has been working with our trade union colleagues from Dudley and Walsall Mental Health Partnership NHS Trust to increase our strong representation from a broad group of staff representatives including Nurses, Nursing assistants, Health Visitor's, facilities Staff and AHP's. We are looking to recruit more representatives particularly from administration and clerical or corporate roles to ensure we are truly representative of our excellent workforce. We would encourage any member of staff from any part of the trust who might be interested to speak to Phil Cole staff side Chair for more information.

Our focus has remained clear as we worked toward a new era; to maintain and enhance the existing terms and conditions currently enjoyed by each workforce. We see it as a fabulous opportunity to work jointly with management and a new Board to improve staff experience at work. We all know that caring for our NHS workforce delivers direct benefits to patients and drives improvements to patient care. With this in mind we continue to work tirelessly with our colleagues in management and workforce and Organisational Development to develop improved policy's, we know that our members will always perform better when they feel valued and are supported in the workplace. We will focus on new ways to consult with members on these during 2020/21.

We monitor new technological advances E Expenses, E Training, E Payslips, & electronic staff survey while supporting the modernisation agenda we need to be assured we are taking all of our members confidently with us and not disadvantaging any staff.

Finally we will continue to work, support and offer our voice and views to achieving our common goals through cultural change and support the Trust Board in the delivery of its ambitions and goals, behaviours and values moving forward into 2020/21.

3.8 Staff Survey

The NHS Staff Survey is conducted annually and offers the opportunity to understand the views of our staff and their experiences working for the Trust. Obtaining feedback from staff and taking account of their views and priorities is vital for driving real service improvements in the NHS. Continuing with the newly introduced key themes, and a new theme added in 2019 The indicator scores are based on a score out of 10 for certain questions with the indicator score being the average of those.

The response rate to the 2019 survey among trust staff was 42% showing a marked increase of 6% compared with 2018. Scores for each indicator together with that of the survey benchmarking group, Combined Mental Health, Learning Disability and Community Trusts, are presented below.

Figure 26 Staff survey results

Theme	2019/2020		2018/19		2017/18	
	Trust	Benchmarking group	Trust	Benchmarking group	Trust	Benchmarking Group
Equality, diversity and inclusion	8.8	9.1	9.0	9.2	8.9	9.2
Health and Wellbeing	5.9	6.1	5.8	6.1	5.9	6.1
Immediate managers	7.1	7.2	7.1	7.2	6.9	7.1
Morale	6.1	6.3	6.1	6.2	*n/a	n/a
Quality of Appraisals	5.8	5.7	5.7	5.5	5.5	5.4
Quality of care	7.5	7.4	7.4	7.4	7.5	7.4
Safe environment *Bullying and harassment*	8.3	8.2	8.2	8.2	8.2	8.3
Safe environment *violence*	9.3	9.5	9.4	9.5	9.3	9.5
Safety culture	6.5	6.8	6.4	6.8	6.4	6.7
Staff Engagement	6.9	7.1	6.9	7.0	6.8	7.0
Team working new	6.7	6.9	6.8	6.9	6.8	6.9

*new question data not available

The overall engagement score was 6.94 in comparison with sector score of 7.09. Staff engagement is measured across three themes.

Figure 27 Engagement score

Measure	2019	Comparator to MH/LD Community Trusts
ADVOCACY Staff recommendation of the Trust as place to work and receive treatment	6.67	6.94
MOTIVATION Motivation- staff motivation at work and enthusiasm to do their job	7.26	7.34
INVOLVEMENT Staff able to contribute towards improvements at work	*6.89*	6.99

Our overall results for the 2019 staff survey are not very different from our 2018 results, and provide a mixed picture within the combined mental health / learning disabilities and community trusts sector. We have a significant number of scores in the intermediate score range, with some other scores in both the top and bottom 20% of scores. This means that generally speaking the majority of theme scores are in line with the sector, with the exception of two areas: equality, diversity and inclusion, and safety culture, which are significantly lower than the sector. The above are two areas where a lot of work has been undertaken so the scores are particularly disappointing, and in recognition of this they will remain top priority areas for improvement.

We are pleased that staff know how to report an incident, and that there has been some

improvement in terms of feedback following an incident. However, we also realise there is still more to be done in these areas, particularly to support staff who have been involved in an incident. This will remain a priority for further improvement this year 20/21 and will be supported by the development of our Shared Care Culture plan.

Some of the things we need to develop and improve will take time, and change will not necessarily be seen overnight. However, cumulative change over time is happening, which is why we feel it is important to build on key achievements rather than changing priorities each year. We will prioritise the areas of focus from this year's survey but also continue working on some of the areas already highlighted in our **'Improving Experience at Work' document**. The document will be reviewed to include current information, and our plans will be updated as necessary -– review and refresh rather than recreate.

It is important that managers at all levels get involved by sharing the results, and talking about plans they have in place to improve communications, leadership and morale within teams. Below are just a few of the areas we intend to place our attention.

Figure 28 Staff survey focus areas

Learning Together	Continuing plans around reducing incidents of violence and aggression Developing a 'just and learning' culture. A number of reports have been prepared and considered, and a project plan is now being developed by the Associate Director of HR and Head of OD on the creation of 'First Care Culture'
Happy Together	Working with our partner organisation to discuss benefits and recognition for staff supporting staff at work, particularly around health and wellbeing and staff attending work whilst unwell. A plan of action around this will be considered, together with our Staff support colleagues, HR, Staffside, Managers, and OD colleagues to tackle this issue.
Talking Together	Arranging more listening events across the organisation to share the results and hear staff views Continuing to communicate with staff in a range of ways Spending time with teams to share the new values and how they can develop their positive behaviours

Future priorities and targets

There will be an emphasis to ensure that the key themes from the 2019 survey results are amalgamated with our merger partner DWMH survey outputs to have a shared plan for the newly formed organisation.

3.9 Freedom to Speak Up

The Trust supports all staff in raising concerns at work at the earliest reasonable opportunity about safety, malpractice, wrongdoing at work or where quality or standards of care have diminished or have reached a level that would cause major concern. There is a publicly available document called Raising Concerns at Work (Whistleblowing) Policy which outlines the Trust approach. The Board of Directors regularly receives reports on concerns raised under the policy. In line with the policy the Trust has always had in place a Freedom to Speak Up Guardian supported by local Freedom to Speak up Champions who work to support and encourage people to raise concerns in order to address issues and support future service improvement.

During 2018, the Board of Directors undertook an assessment of its arrangements for raising concerns and consequently agreed to establish a substantive role of Freedom to Speak Up Guardian that would be able to report directly to the Chief Executive and Board of Directors. An appointment to this role was made in April 2019 and continues to work to the Board of Directors.

3.10 Trade Union Representation

The following information is provided in accordance with recently introduced legislation

Figure 29 Relevant union officials

Number of employees who were relevant union officials during the relevant period	*Full-time equivalent employee number*
10	1.91 FTE

Figure 30 Percentage of time spent on facility time

Percentage of working hours spent on facility time	*Number of employees*
0%	3
1-50%	6
51%-99%	0
100%	2

Figure 31 Percentage of pay bill spent on facility time

	Values
Total cost of facility time	£81,300
Total pay bill	£84.086m
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.10%

Figure 32 Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	100%

4 Section D: Governance Statement

4.1 Membership

4.1.1 *Eligibility*

The Trust has two constituencies of membership, public and staff. Our public constituency includes service users and carers and is drawn from the Black Country areas of Sandwell, Wolverhampton,

Walsall, Dudley, and Birmingham, and other areas that fell under the responsibility of the former West Midlands Strategic Health Authority.

Our constitution dictates that the minimum age for becoming a member of the Trust is 12 years old. All staff who are employed by or seconded to the Trust for at least twelve months automatically become members of the Trust, unless they choose to opt out.

4.1.2 *Membership profile*

The tables below provide analyses of our membership at 31st March 2020.

Figure 33 Membership analysis

Membership by Constituency and area at 31st March 2020			
Public		Staff	
Area	Number	Class	Number
Sandwell	2,583	Generic	1,981
Wolverhampton	967		
Walsall	420		
Dudley	909		
Birmingham & Wider West Midlands	927		
TOTAL:	5,806	TOTAL:	1,981

4.1.3 *Representative membership*

When comparing with the relevant demographic data within the 2011 Census, there remains under representation in white people and the male population, but most significantly within the age range of 12 to 16 year olds.

Figure 34 Public membership analysis

Public Membership by gender, age and ethnicity at 31st March 2020			
Analysis		**Number**	**%**
Gender	Male	2,180	37.5
	Female	3,598	62.0
	Not Stated	28	0.5
Age	12-16	4	0.1
	17-21	42	0.7
	22 and over	5,443	93.7
	Not stated	317	5.5
Ethnicity	White	3,870	66.7
	Mixed	198	3.4
	Black	511	8.8
	Asian	787	13.6
	Other	92	1.5
	Not stated	348	6.0

4.1.4 *Movements in membership*

The changes in membership within the year are provided in the table below.

Figure 35 Changes in membership

	Public	**Staff**	**Total**
At 31st March 2019	5,851	*1,947	7,798
Add Members joining	90	249	339
Less Members leaving	135	215	350
At 31st March 2020	**5,806**	**1,981**	**8,487**

*Following review and cleansing of the Membership database, it was discovered that the 31st March 2019 Staff Membership figure of 1,757 was stated incorrectly in last year's Annual Report, the Staff Membership should have been stated as 1, 947as at 31 March 2019

4.2 **Engagement with membership**

During 2019/2020, we carried out the following membership activities:

- We ran governor elections in Summer 2019, where all vacant seats were filled and members had the opportunity to vote
- The annual general meeting was held on 24th September 2019, which incorporated a members health fair. Members were able to take part in interactive displays and find out more about our services and achievements throughout the year.
- We held a number of public and staff engagement activities, which were linked to national campaigns and Trust initiatives
- A governor portal containing useful resources was created and launched to governors, which acts as an important resource and engagement toolkit
- We introduced a members portal where members can view and update their membership details

Anyone that is interested in signing up as a member can easily do so by completing our online membership application form at
https://secure.membra.co.uk/BlackCountryHealthcareApplicationForm/,

Members that sign up can get involved in various activities within the Trust, and they can contact their governors through our membership office. Details can be found on our website www.bcpft.nhs.uk

4.3 The Assembly of Governors

4.3.1 *Composition*

The composition of the Assembly is laid out in Annex 4 of the Constitution of the Trust. The current composition is shown in the table below.

Figure 36 Composition of the assembly of governors

Composition of Assembly of Governors	
Category of Governor	**Number**
Public	
Sandwell	7
Walsall	3
Dudley	4
Wolverhampton	7
Birmingham & the Wider West Midlands	1
Total Public	22
Staff:	7
Appointed Governors:	
Sandwell Metropolitan Borough Council	1
Wolverhampton City Council	1
Dudley Metropolitan Borough Council	1
Walsall Metropolitan Borough Council	1
Total Appointed	5
Assembly total	34

4.3.2 *Tenure and attendance*

The following table provides the names of Governors in office during 2019/2020, the date they became or ceased to be a Governor, and a record of their attendance at general meetings of the Assembly.

Figure 37 Tenure and attendance

Name of Governor	Date Elected / Appointed	End Date	Constituency	Attendance Actual / Possible
Public				
Sonia DAVIES (*)	09/09/2016	08/09/2019	Public - Sandwell	2/3
Sonia DAVIES	28/08/2019	27/08/2022	Public - Sandwell	5/5
John CASH	12/05/2016	11/05/2019	Public - Sandwell	1/1
Lloyd WALTERS	09/09/2016	08/09/2019	Public - Sandwell	0/1
Sabrina FRENCH	09/09/2016	08/09/2019	Public - Sandwell	1/3
David BOAZ	28/04/2018	27/04/2021	Public - Sandwell	5/7

Gary BOWMAN	28/08/2019	27/08/2022	Public - Sandwell	4/5
Debbie WHITE	28/08/2019	27/08/2022	Public - Sandwell	3/5
Kendal TIPPER	28/08/2019	27/08/2022	Public - Sandwell	3/5
Andrew MITCHELL	09/09/2019	08/09/2020	Public - Sandwell	4/4
Louise FIELD	09/09/2019	08/09/2020	Public - Sandwell	3/4
Shindo BARQUER	16/01/2017	15/01/2020	Public - Dudley	3/6
Parmjit SINGH SAHOTA	16/01/2017	15/01/2020	Public - Dudley	3/6
Mushtaq HUSSAIN	28/04/2018	27/04/2021	Public - Dudley	4/8
Simon TOWNEND	28/08/2019	27/08/2022	Public - Dudley	3/5
Bambul MIAH MBE	16/01/2017	15/01/2020	Public - Walsall	1/6
Peter SINCLAIR	21/05/2017	31/07/2019	Public - Walsall	2/3
Alison FISHER	28/08/2019	27/08/2022	Public - Walsall	5/5
Raymond HARRIS	17/09/2019	16/09/2020	Public - Walsall	2/5
Mel PASSMORE	02/08/2018	01/08/2021	Public - Wolverhampton	8/8
Alan DEAN	09/09/2018	08/09/2021	Public - Wolverhampton	6/8
Julieth ABRAHAMS	28/04/2018	27/04/2021	Public - Wolverhampton	8/8
David HELLYAR	28/04/2018	27/04/2021	Public - Wolverhampton	7/8
Jas DEHAR	22/07/2016	21/07/2019	Public - Wolverhampton	3/3
Brian CHINDENDERE	22/07/2016	21/07/2019	Public - Wolverhampton	0/3
Stephen DION	28/04/2018	04/06/2019	Public - Wolverhampton	0/1
Mary BOLLAND	28/08/2019	27/08/2022	Public - Wolverhampton	4/5
Carol LEWIS	28/08/2019	27/08/2022	Public - Wolverhampton	2/5
Maxine JOESBURY	28/08/2019	27/08/2020	Public - Wolverhampton	4/5
Mark WOOD	13/07/2018	12/07/2021	Public - Birmingham	7/8
Staff				
Melvena ANDERSON	16/01/2017	15/01/2020	Staff Governor	4/6
Stephen BROWN	28/04/2018	27/04/2021	Staff Governor	5/8
Yassar MOHAMMED	28/08/2019	27/08/2022	Staff Governor	3/5
Michelle GRACE	28/08/2019	27/08/2022	Staff Governor	4/5

Chris BLOWER	28/08/2019	27/08/2022	Staff Governor	5/5
Roger BISHTON	28/08/2019	27/08/2020	Staff Governor	5/5
Gail BROOKS	28/08/2019	27/08/2020	Staff Governor	2/5
Appointed				
Councillor Bob PIPER	01/06/2016	In post	Sandwell MBC	4/8
Councillor Rose MARTIN	13/07/2018	In post	Walsall Council	1/8
Councillor Nicolas BARLOW	17/05/2019	In post	Dudley MBC	4/7
Councillor Cathy BAYTON	01/02/2019	16/05/2019	Dudley MBC	0/1
Councillor Jasbir JASPAL	15/05/2019	In post	Wolverhampton City Council	4/8
Councillor Sandra SAMUELS	24/05/2017	14/05/2019	Wolverhampton City Council	0/1

* Denotes re-elected / re appointed

4.3.3 *Register of Governors Interests*

Governors are required to adhere to a Code of Conduct as approved by the Board of Directors, and are required to declare any interest, which may compromise their objectivity in fulfilling their duties. A copy of the current register is published on the Trust website, www.bcpft.nhs.uk or can be obtained by application to the Company Secretary,

4.3.4 *Vice Chair of the Assembly (Lead Governor)*

The role of the Vice Chair, as provided for in the Constitution of the Trust, is identical to that of "Lead Governor". Mr. Mel Passmore, Public Governor for the Wolverhampton area is the appointed Lead Governor.

4.3.5 *Skills and Knowledge*

Governors are required to adhere to a Code of Conduct as approved by the Board of Directors, and are required to declare any interest, which may compromise their objectivity in fulfilling their duties. A copy of the current register is published on the Trust website (www.bcpft.nhs.uk) or can be obtained by application to the Company Secretary.

4.3.6 *Elections to the Assembly*

Details of elections held during the year are as follows,

Figure 38 Elections

Date	Constituency	Area/Class	Number of eligible voters	Turnout (%)
27/08/2019	Public	Dudley	898	4.8%
27/08/2019	Public	Sandwell	2,608	6.1%
27/08/2019	Public	* Walsall	407	6.1%
27/08/2019	Public	Wolverhampton	970	7.1%
27/08/2019	Staff	All	1,940	13.5%

* Governors canvassed and publicised to members and the public Governor vacancies.

4.3.7 *Role of the Assembly of Governors*

The Assembly of Governors has a wide range of statutory duties. The key overarching duties of the Assembly of Governors is to hold the Non-Executive Directors individually and collectively to account for the performance of the Board of Directors. It has discharged this duty primarily through the mandatory duties described below:

the appointment or dismissal of the Chair and other Non- Executive Directors;

The Assembly approved the appointment of Jeremy Vanes as Chair commencing on 1st October 2019, as a joint appointment with Dudley & Walsall Mental Health Partnership NHS Trust.

The Assembly approved the process for determining the Non-Executive Director composition for the merged organisation and later the appointment of Non-Executive Directors post transaction.

- the determination of the remuneration and terms and conditions of the Chairman and Non-Executive Directors;

The Assembly has not reviewed the remuneration or terms and conditions during the year for the Non-Executive Directors.

- the approval of the appointment of the Chief Executive Officer;

At its meeting in December 2019, the Assembly approved the appointment of Mark Axcell as Chief Executive Officer

- the appointment or removal of the Auditor to the Trust;

The Auditor (Deloitte LLP, 4 Brindley Place, Birmingham, B1 2HZ) was re-appointed by the Assembly of Governors in November 2018 following a competitive tendering exercise. Tenure for the appointment was for a term of three years, with an option to extend for a further one year.

No further appointment was necessary having been made in the previous year

- *to receive and consider the Annual Report and Accounts;*
- *to review the Annual Plan, as presented by the Board of Directors.*
- *To represent the interests of the members of the Trust as a whole and the interests of the public;*

Governors are actively involved in engagement activities as described elsewhere within this report.

Where a forward plan contains a proposal that the trust (i) carry on Non NHS activity, and/or (ii) increase by 5% or more the proportion of its total income in any financial year attributable to activities other than the provision of goods and services for the purposes of the health service in England, the Assembly of Governors must (a) determine whether it is satisfied that the carrying on of the activity will not to any significant extent interfere with the fulfilment by the trust of its principal purpose or the performance of its other functions and (b) notify the directors of the trust of its determination;

No such increases were planned;

To approve amendments to the constitution, only if: (a) more than half the members of the board of directors voting approve the amendments, and (b) more than half the members of the Assembly of Governors voting approve the amendments;

Approved changes to the constitutions;

To approve an application (under Section 56 or 57 of the National Health Service Act 2006) for a merger of the Trust with another NHS Foundation Trust or NHS Trust, or an acquisition of another NHS Trust or NHS Foundation Trust, or the dissolution of the Trust and the establishment of two or more new NHS Foundation Trusts (separation) or the dissolution of the Trust (only with the approval of more than half of the members of the Assembly of Governors);

See below;

- To approve for the Trust to enter into a “significant transaction”, (as described in the Constitution) only if half the members of the Assembly of Governors voting approve entering the transaction;

The Assembly of Governors at its 25 March 2020 ex-ordinary meeting ratified the recommendation of the Trust Board of the Significant Transaction for the Transfer of Services from Dudley & Walsall Mental Health Partnership NHS Trust to Black Country Partnership NHS Foundation Trust, which also included the Black Country Partnership being renamed the Black Country Health Care NHS Foundation Trust.

The Assembly of Governors were also assured that the Trust Board In pursuit of the transaction, adhered to the regulatory guidance issued by NHSEI.

This included the following stages:

- The establishment and oversight of robust programme governance and management arrangements;
- The submission of a strategic case to the NHSEI;
- A review of the Strategic Case by the NHSEI in discussion with the Board of Directors;
- The subsequent development and submission of the Full Business Case;
- The review of that Full Business Case by NHSEI in discussion with the Board of Directors;
- The determination of the due diligence process including the appointment of independent advisers, and the review of the outcomes of that process;
- The agreement with DWMH to pursue the transaction as proposed;
- The approval of a legally binding commercial agreement under which the transfer of services, staff, assets, liabilities and contracts will be transacted;
- The establishment of a post transaction implementation plan
- Determining any changes to its governance and reporting structures that would ensure the Trust maintained compliance with its Foundation Trust licence conditions going forward; and
- The amendments to the Constitution of the Trust, as agreed by both the Directors and Governors.

The Assembly also undertook the following constitutional duties:

- Appointment of Jeremy Vanes as Trust Chair, and
- Reviewed and approved the Register of Interests for Governors.

In accordance with regulatory requirements, the Assembly selected the local quality indicators that would be subject to review by the Auditor in its work to provide an assurance opinion on the quality indicators that would be included within the Annual Quality Report for 2019/20.

In addition to the above, the Assembly also received reports from directors and officers concerning:

- the operational performance of the Trust as measured against compliance and contractual requirements;
- the outcome of appraisals of the Chair and Non-Executive Directors;
- the membership of both the Trust and the Assembly itself;
- the approval of the appointment of governors as observers to the Audit, Finance and Investment, Mental Health Legislation Scrutiny and Quality and Safety sub-committees of the Board of Directors; and

The Chair of the Trust continues to lead the Assembly of Governors and ensures a sound and open working relationship is maintained between the Assembly and the Board of Directors. The Senior Independent (Non-Executive) Director also attends meetings of the Assembly and its sub committees and groups and is accessible to Governors should they need to obtain his advice. Any disputes that may arise between the Assembly of Governors and the Board of Directors will be addressed in accordance with the Constitution of the Trust; no disputes arose during the financial year.

4.4 The Trust Chair

The Chair leads the Board of Directors and ensures it effectively fulfils its primary duties. Each appointed Chair declared their full interests which were managed in accordance with the Constitution of the Trust.

4.5 Senior Independent Director

The role of the Senior Independent Director is undertaken by David Stenson Non-Executive Director.

4.6 Role and Independence of Non-Executive Directors

In addition to their role as board members, Non-Executive Directors also undertake the duties of Hospital Managers in accordance with the Mental Health Act 1983. They are assisted in these specific duties by duly appointed Associate Hospital Managers. The Board of Directors considers that all its Non-Executive Directors and the Associate Non-Executive Directors are independent in character and judgment and have no relationships which may affect their judgment.

4.7 Evaluation of the Performance of the Board Sub Committees

The Audit, Finance and Investment and Quality and Safety Committees undertook separate internal evaluations of their effectiveness, again using member self-assessment questionnaires. Analysis of the feedback was reported to each committee which in each case reflected a high degree of satisfaction in the effectiveness of the committees and no significant improvements were required. The Chair and Non-Executive Directors have annual appraisals in accordance with the process approved by the Assembly of Governors. The appraisals of the Non-Executive and Associate Non-Executives are conducted by the Chair, and the appraisal of the Chair by the Senior Independent Director. The outcomes of the appraisals are reported to the Assembly of Governors.

Executive and board level directors are appraised annually by the Chief Executive Officer, and these are reported to the Non-Executive led Appointments and Remuneration Committee.

4.8 Sub-committees of the Board of Directors

4.8.1 *The Audit Committee*

Membership

The Audit Committee is a sub-committee of the Board of Directors, and its membership is comprised wholly of Non-Executive Directors. All meetings held during the year were quorate.

Other attendees

Meetings are regularly attended by the Internal and External Auditors, the Director of Finance and the Local Counter Fraud Specialist. Other directors and officers are invited to attend meetings at the discretion of the committee or committee chair. Meetings of the Audit Committee are also attended by Governor observers, as nominated by the Assembly of Governors.

Role and duties

The Committee's key function is to provide assurance as to both the adequacy and operation of systems of risk management and internal control within the Trust, and the integrity of the financial statements and quality accounts of the Trust. In discharging its duties during the year the Committee has:

- reviewed and approved the annual work programme of both Internal and External Audit;
- reviewed the annual management letter from External Audit and progress of management in addressing the recommendations within;
- received and reviewed the annual report of the Internal Auditor, including consideration of the Head of Internal Audit Opinion;
- reviewed the accounting policies of the Trust;
- reviewed the Board Assurance Framework and associated risk management systems of the Trust;
- reviewed the financial accounts for 2019/20;
- reviewed the proposed quality report for 2019/20;
- reviewed and recommended adoption of the Annual Governance Statement for the financial year ending 31st March 2020
- received the report from the external auditor as to the assurance of the Annual Quality Report for 2019/20;
- received regular reports from the external auditor including progress with its work programme, sector highlights and any regulatory issues requiring consideration;
- reviewed and agreed the policy for the supply of non-audit services;
- received and reviewed reports from the Internal Auditor concerning assignments across all aspects of governance and internal control;
- reviewed progress of management in implementation of agreed recommendations and recommended enhancements to the process of management review and reporting;
- reviewed schedules of contracts where tender processes had been waived;
- received updates on the Counter Fraud work plan at each of its meetings;
- reviewed the performance of the Auditor and made a recommendation to the Assembly of Governors for a one year extension to the term of appointment of the current Auditor;
- reviewed the contract for the provision of Internal Audit and Counter Fraud services for the year 2019/20; and
- reviewed ad-hoc submissions to the regulator;

Accountability

The Chair of the Audit Committee presents a report to the Board on the proceedings of each meeting, highlighting any risks or exceptional matters that have been or remain under consideration. The Audit Committee has not had cause to make any specific recommendations to the Board of Directors during the year.

4.8.2 *The Quality and Safety Committee*

Role of the Committee

The Quality and Safety Committee has a wide remit in seeking assurance as to the adequacy of governance systems and processes in place to support the Trust in delivering services against the mandated and accredited standards expected of service delivery.

During the year the Committee has undertaken the following:

- reviewed operational quality management reports, including details of incident reporting and analysis, and complaints, concerns and compliments;
- received internal audit reviews on the adequacy of arrangements in place for maintaining compliance with the quality governance framework and other relevant control areas;
- reviewed relevant high level risks and the associated mitigation plans;
- reviewed the use of quality impact assessments;
- reviewed arrangements in place for the training and development of staff;
- monitored the action plan to address the recommendations of the Care Quality Commission following its inspection of services in 2016;
- received the annual reports on arrangements for the Safeguarding of Children and Adults;
- received the annual report on Heath and Fire Safety arrangements;
- undertook a detailed review of incidents relating to violence and aggression;
- undertook a detailed review of operational workforce policies and associated risks;
- received the annual reports concerning Infection Prevention and Control;
- reviewed the annual clinical audit plan;
- reviewed arrangements in respect of Research and Innovation activities;
- received reports concerning the Trust's compliance with Information Governance standards;
- received updates on the arrangements for implementation of the Trusts equality and diversity strategy and in particular the Workforce and Race Equality Standard;
- received reports on the use of equality impact assessments;
- received reports on the service user and staff satisfaction surveys and associated action plans;
- received reports from the Chair of the Quality & Safety Steering Group on any exceptional matters arising at its meetings

Membership of the Com*m*ittee

The Committee is comprised wholly of Non-Executive Directors. The Chair of the Audit Committee is not a member of the committee but may attend its meetings. All meetings of the committee during the year were quorate.

Other attendees

The Medical Director and Director of Nursing, AHP's and Governance are required to attend meetings of the committee. Meetings are also attended by other directors, officers and the Internal Auditor. The Chair of the Trust may attend committee meetings. Governor observers, as nominated by the Assembly of Governors also attend meetings.

Accountability

The Chair of the Quality & Safety Committee presents a report to the Board on the proceedings of each meeting, highlighting any risks or exceptional matters that have been or remain under consideration.

4.8.3 *The Finance & Investment Committee*

Role of the Committee

This committee undertakes a range of duties with the purpose of seeking assurance as to the underlying financial position of the Trust, the delivery of financial targets including the Cost Improvement Programme, the commercial framework and contracting position and the review, and the approval of investments and business plans within limits delegated by the Board of Directors.

During the year the Committee has

- reviewed in depth the arrangements and management plans to achieve cost efficiency savings;
- regularly conducted in depth reviews of the financial performance of the Trust;
- reviewed emerging business opportunities and their relevance to the core business of the Trust;
- reviewed operating and cash flow forecasts
- reviewed the underlying assumptions in the development of the Annual Budget and Annual Plan;
- reviewed the long term financial plan;
- reviewed the annual capital programme;
- reviewed arrangements for compliance with the rules on the use of agency staff;
- reviewed reports concerning service line reporting and management;
- reviewed the adequacy of high level risk mitigation plans;
- received updates as to the status of and performance against service contracts;
- received assurance on assumptions made in financial and treasury management;
- reviewed financial provisions in the management accounts; and
- reviewed financial process for Covid-19 costs incurred

Membership of the Committee

Membership of the Committee is primarily Non-Executive Directors though also includes the Chief Executive Officer or her/his deputy in its membership. The Chair of the Audit Committee may not be a member of this Committee, but may attend its meetings. Governor observers, as nominated by the Assembly of Governors also attend meetings of the committee. All meetings of the committee were quorate.

Accountability

The Chair of the committee provides a report to the Board of Directors on key matters arising from meetings of the committee.

4.8.4 *The Mental Health Legislation Scrutiny Committee*

Duties of the committee

The Mental Health Legislation Scrutiny Committee is established to gain assurance as to the Trust's compliance with mental health legislation in the provision of its services. During the year, the Committee has:

- Reviewed training arrangements for front line practitioners;
- Reviewed the training programme for Associate Hospital Managers;
- Reviewed service contract arrangements for Associate Hospital Managers;
- Reviewed the application of the Mental Health Act through the annual statistics;
- Received reports from the Mental Health Act administrators on matters arising from hearings;
- Received reports from the Mental Health Legislation Operational Group, from the Medical Director;
- Received reports on exceptional matters from meetings of the Associate Hospital Managers Group;

Membership of the Committee

Membership of the committee is comprised wholly of Non-Executive Directors, but is also attended by both the Medical Director and Mental Health Act Administration Manager. Associate Hospital Managers may also attend meetings of this committee. All meetings held during the year were quorate.

Accountability

The Chair of the Committee provides a report to the Board of Directors on key matters arising from meetings of the committee

4.9 Compliance with the NHS Foundation Trust Code of Governance

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

5 Section E: Regulatory Matters

5.1 NHS Improvement Single Oversight Framework

NHS Improvement's Single Oversight Framework provides the framework for overseeing providers and identifying potential support needs. The framework looks at five themes:

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

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

Segmentation

At the time of preparing this report the Trust was placed in segment 2. The segmentation information is the Trust's position as at 11th May 2020.

Finance score

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

Figure 39 Single Oversight Framework

Area	Weighting	2018/19 Q4 Score	2019/20 Q4 Score
Capital Service Capacity	20%	1	2
Liquidity (days)	20%	3	3
I&E Margin	20%	1	2
I&E Margin distance from Plan	20%	1	1
Agency Spend - Distance from Cap	20%	3	4
Average Rating	100%	2	2
Overriding rules applied		No	Yes
Overriding Risk score		2	3
Is the Trust in Special Measures		No	No
Revised Overriding Risk Score		2	3

The overall finance score is a mean average of the scores on five individual metrics, however a score can have overriding rules applied to it if the following scenarios occur:

- If a provider scores '4' on any individual finance metric, their overall finance score is at least a 3 triggering a potential support need;
- If a provider has not agreed a control total: where they are planning a deficit their finance score will be at least '3' (i.e. it will be '3' or '4'), where they are planning a surplus their finance score will be at least '2' (i.e. it will be '2', '3' or '4').

5.2 Finance score

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

Figure 40 Finance score

Area	Weighting	2018/19 Q4 Score	2019/20 Q4 Score
Capital Service Capacity	20%	1	2
Liquidity (days)	20%	3	3
I&E Margin	20%	1	2
I&E Margin distance from Plan	20%	1	1
Agency Spend - Distance from Cap	20%	3	4
Average Rating	100%	2	2
Overriding rules applied		No	Yes
Overriding Risk score		2	3
Is the Trust in Special Measures		No	No
Revised Overriding Risk Score		2	3

The overall finance score is a mean average of the scores on five individual metrics, however a score can have overriding rules applied to it if the following scenarios occur:

- If a provider scores '4' on any individual finance metric, their overall finance score is at least a 3 triggering a potential support need;
- If a provider has not agreed a control total: where they are planning a deficit their finance score will be at least '3' (i.e. it will be '3' or '4'), where they are planning a surplus their finance score will be at least '2' (i.e. it will be '2', '3' or '4')

5.3 CQC Registration

During the period 26th to 28th November 2019 the Care Quality Commission (CQC) undertook their annual Well-Led assessment of the Black Country Partnership NHS Foundation Trust in conjunction with comprehensive inspections of three of the Trust's core services and one specialist service

Core Services:

- Acute wards for adults of working age and psychiatric intensive care units
- Community mental health services for children and adolescents
- Community mental health services for adults of working age

Specialist Service

- Eating disorder services

The draft report was received from the CQC on 7th January 2020 by the Trust for the purposes of factual accuracy checking and ratings challenges and was published by the CQC on January 24th 2020.

Trust overall CQC Quality rating 2020:

The Trust has seen a significant improvement in the Safe and Effective domains from ratings of "Requires Improvement" to "Good". The combination of these domain improvements, core services which maintained their performance and the successful Well-Led inspection of the Trust resulted in an improved Trust rating from "Requires Improvement" to "Good" overall.

Figure 41 Current CQC Ratings 2020

Ratings for the whole trust

Safe	Effective	Caring	Responsive	Well-led	Overall
Good ↑ Dec 2019	Good ↑ Dec 2019	Good →← Dec 2019	Good →← Dec 2019	Good →← Dec 2019	Good ↑ Dec 2019

Ratings for community health services

	Safe	Effective	Caring	Responsive	Well-led	Overall
Community health services for children and young people	Good →← Feb 2017	Good →← Feb 2017	Good →← Feb 2017	Good →← Feb 2017	Good →← Feb 2017	Good →← Feb 2017

Ratings for mental health services

	Safe	Effective	Caring	Responsive	Well-led	Overall
Acute wards for adults of working age and psychiatric intensive care units	Requires improvement	Requires improvement	Good	Good	Requires improvement	Requires improvement
Forensic inpatient or secure wards	Requires improvement	Good	Good	Good	Good	Good
Wards for older people with mental health problems	Good	Good	Good	Good	Good	Good
Wards for people with a learning disability or autism	Good	Good	Good	Good	Good	Good
Community-based mental health services for adults of working age	Good	Good	Good	Good	Good	Good
Mental health crisis services and health-based places of safety	Good	Good	Good	Good	Good	Good
Specialist community mental health services for children and young people	Good	Good	Good	Requires improvement	Good	Good
Community-based mental health services for older people	Good	Good	Good	Outstanding	Outstanding	Outstanding
Community mental health services for people with a learning disability or autism	Good	Good	Good	Good	Good	Good
Specialist eating disorders service	Good	Good	Good	Outstanding	Good	Good
Overall	Good	Good	Good	Good	Good	Good

6 SECTION F: Statement of Accounting Officer's Responsibilities

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

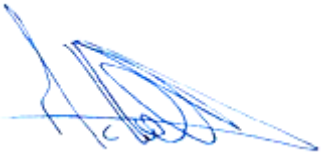
NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require the NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year. In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Department of Health and Social Care Group Accounting Manual and in particular to:

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

The accounting officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS foundation trust and to enable him/her to ensure that the accounts comply with requirements outlined in the above mentioned Act.

The Accounting Officer is also responsible for safeguarding the assets of the NHS foundation trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. As far as I am aware, there is no relevant audit information of which the foundation trust's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

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



Signed… …Mark Axcell, Chief Executive Officer

Date: 24th June 2020

7 Section G: Annual Governance Statement

7.1 Scope of responsibility

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

7.2 The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Black Country Partnership NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Black Country Partnership NHS Foundation Trust for the year ended 31 March 2020 and up to the date of approval of the Annual Report and Accounts.

7.3 Capacity to handle risk

The Trust remains committed to ensuring that risk management forms an integral part of its philosophy, practices and development, where responsibility for its application is accepted at all levels within the Trust. At a collective level, the Board of Directors is responsible for approving the Risk Management Strategy and monitoring and reviewing its implementation.

I as the Chief Executive Officer, have overall responsibility for establishing internal control systems and have delegated certain risk management responsibilities to Executive Directors and other senior managers within the Trust. The development, maintenance and oversight of the organisational risk management systems and associated policies rested with the Director of Nursing. Governance arrangements within the Trust provide for the identification, assessment, analysis and management of risk at appropriate levels representing a systematic approach to risk management and thus enabling a fair, responsible and learning culture to develop.

Staff at all levels are required to undertake mandatory training which includes a module on risk management, and associated policies, though an internal audit review noted a need to provide more robust risk management training across the Trust and this will be addressed during the new financial year. More specific training (for example physical intervention skills) appropriate to individual roles and responsibilities is provided in accordance with the risk management and learning and development strategies of the Trust.

Mandatory training also covers responsibilities and duties in the areas of health and fire safety, infection prevention and control, information governance, local security management, and counter fraud, and staff have access to specialists who lead in these areas within the Trust. The Trust seeks to learn from good practice in a number of ways including incident reporting and reviews, complaints and claims management and the review of safety alerts, the outcomes of which are cascaded through the Trust's governance structure, including reviews by the Quality and Safety sub-committee of the Board of Directors, and through the publication of regular bulletins via the Trust intranet and email system.

Care Governance Facilitators provide risk management support within the operating divisions and provide an interface with the corporate Governance Assurance team and co-ordinate the dissemination of divisional briefings on learning from incident and complaint reviews.

Improvements to systems and practice are included within service quality improvement plans developed by the Quality and Safety Groups at divisional level and are reviewed corporately by the Quality and Safety Steering Group. Every year, the Director of Nursing and Medical Director convene a series of quality improvement summits for front-line staff to attend. The summits take place four times a year and are an important way to keep staff from all levels and professions informed about the organisation's priorities and developments. They also offer the chance for staff to share their views about our direction of travel as a Trust and on ways we can make quality improvements.

7.4 The risk and control framework

The Risk Management Strategy and Policy describes in detail the approach to risk management and defines clearly where responsibility lies at each stage of the process.

All staff are required to report risks, including hazards that they encounter in their work, through well-defined incident reporting procedures. Risks are recorded on the Trust's electronic risk management system, which is in turn used to populate divisional and corporate risk registers and the board assurance framework. Risks are also identified from the review of complaints and concerns, through clinical and operational audit and from research and development activities. Management and internal audit reviews of functional control systems against mandated and other standards of good practice and the ongoing assessment of our performance against plans also provide mechanisms for the identification of clinical, operational, financial, strategic, non-compliance and external risks.

Once identified, risks are recorded and evaluated for their potential to adversely affect service delivery and the objectives of the Trust. Evaluation of the risk includes an assessment of both the likelihood of the occurrence and the consequence of the risk being realised, using a risk matrix adapted from the former Australian/New Zealand risk management standard (AS/NZS 4360:1999). The descriptions allocated to each level of likelihood and consequence within the risk matrix enable a consistent approach to risk evaluation across the Trust.

The authority to treat risk is determined by the level of risk assigned, and treatment plans will be reviewed and monitored at relevant managerial levels, both individually and collectively. All risks, as recorded in the risk register are reviewed by the Risk Management Group, to provide regular oversight of the risk registers, on a monthly basis as per it's terms, a review is underway with regards to members and frequency in light of the new organisational governance structure.

Those high level risks are then reported to and reviewed by both the Executive Management Forum, and the Quality and Safety Steering Group. Risk mitigation plans, the identification of lead directors responsible for the execution of mitigation plans, indicative timescale for mitigation to be implemented, and an assessment of the residual risk are identified in relevant risk management reports. The board assurance framework identifies the strategic objectives, the controls and assurances in place and actions to address any gaps in control or assurance that are identified.

The above reporting and review process enables both the co-ordination and review of all risks and the ongoing identification of high level risks and monitoring the progress of mitigation plans. Both the Quality and Safety, and Finance & Investment sub-committees of the Board of Directors undertake assurance of the high level risks through their respective business agendas, and any exceptional matters arising are reported directly to the Board.

The board assurance framework is reviewed quarterly by the Board of Directors to both ensure the adequacy of mitigation plans and to determine any further action to be taken. Risk appetite is directed by the Trust Board and its directors through discussion with the responsible committee, risk appetite is a core consideration in any risk management approach as it is acknowledged some level of risk will need to be accepted for an organisation to function effectively.

The Audit Committee has a key responsibility to review the adequacy of the organisational systems

of risk management and internal control and in so doing reviews and considers the adequacy of the board assurance framework, together with reports from Internal Audit as to the adequacy of the controls in place for its production and ongoing maintenance.

Grant Thornton the Trust's internal auditors undertook a Risk Management Audit which looked at the Trust's framework for managing and escalating risks and the relationship with the BAF. Internal Auditors concluded, 'that the risk management processes provide a 'significant assurance with some improvements required'. There are minor weaknesses in the controls designed to manage the Board Assurance Framework process and risks examined during this audit'.

Internal audit identified the following:

Good practice

The Board Assurance Framework (BAF) is reviewed regularly by the Trust Board and delegated Committees.

1. The format of the BAF is consistent with NHS requirements and maps risks, controls, assurances and gaps against the Trust's strategic objectives.
2. The BAF includes an action plan to address identified gaps in controls or assurances.
3. There is a process in place for regular review, update and agreement of changes to the BAF by the Trust Board Secretary and executive directors.
4. Review of the risks, controls and assurances is undertaken by Board sub-committees and updates are provided to the Trust Board.

The three high risk areas in the BAF (recruitment and retention of staff, delivery of financial targets (deficit and CIPs) and high mortality rates) are consistent with the focus of Board discussion from other sources such as the Report of the Chief Financial Officer, the Integrated Quality & Performance Report, the Executive Summary Workforce Report and the Mortality Strategy 2019-2022.

Areas for Development

1. The minutes of the Board sub-committees lack detail in recording the scrutiny and challenge provided by the committee and do not explicitly state the committee's approval of the revisions to the BAF.

Actions to address the recommendations of all Internal Audit reviews are in place, and progress in implementation is reviewed regularly by the Audit Committee.

The Quality and Safety Committee regularly reviews detailed reports which provide an overview of risk management activity, including incident reporting and analysis, investigations into serious untoward incidents and complaints management. The Board of Directors receives reports on mortality and any exceptional risk management issues arising at its meetings. In developing its operational plan for 2019/20, the Board identified the following key risks to maintaining compliance with its licence conditions:

- The Trust's ageing estate is not conducive to best clinical practice and could compromise the quality and safety of service provision
- The possibility that the underlying financial deficit, if not addressed and eliminated will risk the organisation's future sustainability
- Failure to meet infection prevention and control, and cleanliness standards could compromise patient safety and lead to regulatory action
- If nursing vacancies across mental health inpatient services do not improve then there is an increased risk of an adverse impact on quality of care, divisional budget management & staff well- being
- Lack of capital investment to address ligature risks

The Board of Directors regularly reviewed these risks and associated mitigation plans at its meetings. The Assembly of Governors has received reports from directors about the annual operational plan for 2019/20.

Details of risks, incidents and complaints are also shared with the Trust's main service commissioners through the regular contract quality review meetings and with members of the public via the publication of our strategic objectives and related risks.

Ultimate responsibility for ensuring the quality and safety of services provided rests with the Board of Directors, which regularly reviews reports on quality performance using a dashboard of key quality performance indicators, together with performance reports on quality initiatives, such as performance against "CQUIN" (Commissioning for Quality and Innovation) targets. The Board also receives reports from its Quality and Safety sub-committee, which has a duty to obtain assurance as to the delivery of services to the national and local standards of safety and quality expected.

In furtherance of its aim to seek more positive, independent assurance as to the quality of services provided, the Board continues to receive both direct and indirect accounts of service users, carers and staff as to their experience of using Trust services; Board members also take full participation in regular visits to operational units. The Director of Nursing, (AHP's) and Governance holds executive responsibility for quality governance. The Medical Director and Director of Nursing, AHP's and Governance are key members of the Quality and Safety Steering Group which oversees quality performance, the implementation of the quality strategy and the development and monitoring of the quality governance framework. Other members of this group include the Clinical Directors from each division, the Chairs of each sub-group (which are described below) and key specialists, e.g. Associate Director of Safeguarding, etc.

Each division has its own Quality and Safety Group reporting to Quality and Safety Steering Group and has representatives on subject specific corporate groups, such as the Infection Prevention & Control Committee, the Health and Safety Group, and the Medicines Management Committee, thus ensuring consistency in the development of policy. These sub groups also provide oversight of relevant risks and provide regular reports on exceptional issues to the Quality and Safety Steering Group. The Foundation Trust is fully compliant with the registration requirements of the Care Quality Commission. The Care Quality Commission undertook a full inspection of Trust services in November 2019; they awarded the Trust an overall rating of 'Good.'. The Trust has seen a significant improvement in the Safe and Effective domains from ratings of "Requires Improvement" to "Good", however there are still a limited number of domains which 'Require Improvement' and plans are in place to address these areas.

In awarding this rating, the Care Quality Commission stated in their report, "In all services, staff treated patients with compassion and kindness. They understood the individual needs of patients and supported patients to understand and manage their care, treatment, or condition. In all services, staff involved patients and carers when planning care and actively sought their feedback on the quality of care provided…"

Action plans to address recommendations following the Care Quality Commission review are monitored by the corporate Governance Assurance Team in order to ensure implementation within required timescales. Oversight of these plans is provided by the Quality and Safety Steering Group. The Trust received a number of actions from the CQC to ensure regulatory compliance or to avoid a future breach of regulatory compliance (Must do's and Should do's). These actions totalled five and three respectively. Of the 'Must Do' actions, 3 are complete, and actions to address the other 2 areas are in progress and on track.

The Mental Health Legislation Scrutiny Committee has a duty to gain assurance as to compliance with all aspects of mental health legislation. Non-Executive Directors are members of this committee and its meetings are regularly attended by the Executive Medical Director and the Mental Health Act Administration Officer. Non-Executive Directors have delegated the responsibilities for hearing appeals under the Mental Health Act 1983 to independent Associate Hospital Managers. Meetings of the Hospital and Associate Hospital Managers Group take place twice a year and report to the Mental Health Legislation Scrutiny Committee.

The Trust has a Recognition Agreement in place that is jointly reviewed on a regular basis with

Staff Side leads. Monthly meetings of the Staff Forum take place for formal discussions in relation to staffing issues. In addition, as set out within the Organisational Change Policy, collective consultations would be enacted where there are more specific issues affecting employees, for example restructures. Informal engagement with staff took place to inform various key initiatives such as the Annual Staff Survey.

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. The Board is aware of its obligations under the Equality Act 2010 and has arrangements in place to ensure the Trust not only complies with the legal requirements but more importantly harnesses and embeds the principles of equality into everyday operations.

Significantly the Trust uses Equality Impact Assessments (EqIA) as a proactive approach to positively promoting equality, challenging discrimination, and creating accessibility for staff, for those who use our services, and for the local community. An EqIA is carried out whenever the Trust is developing or amending strategies, policies, projects and services. Managers have a responsibility to complete the EqIA and to ensure that other relevant staff are involved in the process so as to provide different perspectives and challenge the established way of doing things. The EqIA process and accompanying online forms are kept on the Trust Intranet to provide easy access for staff.

The Head of Diversity reviews each completed EqIA to ensure it has been completed appropriately, is added to the corporate register and that any overarching themes which arise are addressed at Divisional level and as necessary are brought to the attention of the Equality Inclusion Board. It is the responsibility of the Division in which the EqIA has been undertaken, to ensure that any resulting actions are incorporated into the ongoing delivery and review of services. All completed EqIAs are published on the Trust's Intranet and website. In addition, any proposal for achieving cash releasing savings is assessed not only for the impact on quality but also whether there are any equality impacts. In accordance with the requirements of the Equality Act 2010 the objectives of the Trusts equality strategy are published on the Trust's website.

The Workforce Committee is the assurance Committee which receives Workforce Strategies and reports and meets on a monthly basis to consider these. The Committee also receives monthly safer staffing reports which is also reported to Trust Board. The Trust complies with the workforce Safeguards through the safer staffing reporting and the workforce planning processes to Workforce Committee and Trust Board. The Trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by the Trust with reference to the guidance) within the past twelve months as required by the 'Managing Conflicts of Interest in the NHS' guidance. The Register continues to be updated on a regular basis, monitored by the Audit Committee.

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 foundation trust has undertaken risk assessments and has a sustainable development management plan in place which takes account of UK Climate Projections 2018 (UKCP18). The trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with. The Trust merged with Dudley and Walsall Mental Health Partnership NHS Trust on 1st April 2020 and aspires to develop the highest quality mental health, learning disability and children's service provision across the Black Country. The covid-19 pandemic has inevitably reshaped our focus for the year ahead as a merged Trust and is bringing much learning, opportunity and change. Our focus for the year ahead is aimed at learning from our experiences of the pandemic to reap the benefits of this across our services and within our communities.

The Audit Committee also receives reports of reviews undertaken by Internal Audit as its major source of assurance.

The Trust received partial assurance in the following areas:

- CIP planning and delivery
- Use of temporary staffing
- Incident reporting
- Patient search policy

Detailed action plans are in place and being implemented to address issues raised in all five areas.

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

The Board of Directors is responsible for ensuring systems are in place to maintain the economic, efficient and effective use of resources within the Trust. An integrated performance report, covering finance, workforce, compliance targets, contractual targets and service line activity is regularly presented to and reviewed by the Board of Directors.

The Management Board whose membership includes Executive, Clinical and Divisional Directors met on a monthly basis and had a duty to monitor the performance of the Trust, against the agreed financial, contractual, and service targets as set by the Board of Directors. In the new financial year, the functions of the Management Board have been subsumed by the newly formed Executive Committee. The Quality and Safety Steering Group monitors the quality performance of the Trust and reports to the Quality and Safety sub-committee of the Board.

At operational level, the group management boards meet regularly to review operational and financial performance, and any exceptional matters are escalated to the executive directors via the Performance and Planning Management Boards.The Finance & Investment Committee reviews and assures the rationale and adequacy of investment and cost improvement plans, and the Quality and Safety Committee reviews the adequacy of the Quality and Equality Impact Assessment process.

The Audit Committee approves and monitors at each of its meetings the progress in implementation of the work programme for the Local Counter Fraud Specialist. The Board of Directors committed to developing alternative plans to secure the future sustainability of service provision. It established a solid foundation for a merger (Commercial Transaction) with Dudley and Walsall Mental Health Partnership NHS Trust and oversaw plans to develop the highest quality mental health, learning disability and children's service provision across the Black Country. The merger has been a major focus for the Board throughout the year. The merger was approved by NHS Regulators and came in to effect from 1st April 2020.

At its meeting in 24 June 2020, the Board of Directors determined whether the financial statements for the year ended 31st March 2020 should be prepared on a going concern basis. This is referred to in the Performance Report at section 1 of this Annual Report. In determining that the financial statements should be prepared on a going concern basis, it identified material uncertainties that may cast doubt on the ability of the Trust to continue to exist in its current form, and to discharge its liabilities in the normal course of business in the longer term.

The significant risks facing the Trust are summarised as follows:

- The underlying position and delivery of recurrent CIP schemes continues to be a risk and is regularly reviewed and challenged.
- Inability to recruit and retain an appropriately skilled and experienced workforce could lead to the increased use of temporary staff with the consequent risks of impairments in service quality and increased costs
- The Trusts inability to fully engage with staff is unaddressed it could result in deterioration in both service quality and productivity
- Excessive reliance on agency staff will place increased pressure on the Trusts Financial position, result in a breach of agency cap and lead to possible regulatory intervention

- Current bed capacity and demand minimises the ability and opportunity to repatriate patients placed out of area
- If nursing vacancies across Mental Health inpatient services do not improve then there is an increased risk of an adverse impact on quality of care, divisional budget management & staff well being

The Trust has performed better than plan in 2019/20 and has planned to deliver a break-even position in 2020/21. As a result of Covid-19 the Trust will incur significant revenue and capital expenditure but it is expected that this will be fully reimbursed. Contracting negotiations for 2020/21 have been put on hold and interim block arrangements are in place for the foreseeable future, with any shortfalls being offset with top-up payments to ensure that a break-even position is maintained.

7.6 Information Governance

7.6.1 *Information Governance Incidents*

BCPFT had one Information Commissioner's Office (ICO) reportable incident within 2019-20 where information was released to an incorrect person outside of the Trust. No action was taken by the ICO and no recommendations were made.

7.6.2 *Data Security and Protection Toolkit*

The Trust submitted its second Data Security and Protection Toolkit (DSPT) on 26th March 2020, the Toolkit had been updated and there were an additional 12 Mandatory Requirements and 14 Optional Requirements. Due to the Covid-19 pandemic Trusts were provided a time extension to submit the completed DSPT requirements; however due to the pending amalgamation of services from Dudley and Walsall Mental Health NHS Trust and the organisational change it was agreed to complete the DSPT in line with original timescales. The below table shows the submitted DSPT for Black Country Partnership NHS Foundation Trust.

Figure 42 DSPT Submission

2019/20	Completed	Items Not Met	% complete
Mandatory Requirements	112	0	100%
Optional Requirements	52	11	82.5%
Totals	164	11	94%

The Trust has continued to work in line with the GDPR 2016 and Data Protection Act 2018. To ensure continued compliance throughout the Trust the Information Governance Team have:

- ✓ Completed Staff Questionnaires in relation to their views of compliance with Data Protection. The outcome of these was positive, there was a consistent outcome in relation to the need to cascade lessons learnt from incidents back to the incident reporter as this does not appear to be consistent.
- ✓ Completed Audits in relation to Data Protection and Security; these audits have been positive with no practices identified which could breach Data Protection. From the audits there were minor recommendations identified which were to improve and strengthen existing practices.

- ✓ Continued to work closely with IT Services, Health Record Management and Business Intelligence Team to ensure cyber security, data management and quality remain in line with Data Protection standards.

7.6.3 *Data Quality and Governance*

In relation to data quality and management, the Trust:

- Ensures that clinical coding is accurate and data validation is completed. There are policies and procedures in place regarding data quality. The Trust reviews pseudominisation of data, accessibility of data (through manual record management track and trace as well as systems accessibility). The national data opt out scheme was also implemented and quality checking is in place against this. As part of this the Trust reviews the amount of data rectification requests that it upholds (which in the time period was 0).
- Completes data flow mapping and has developed charts and risk assessments in relation to the data flows across the organisation as well as externally.

7.6.4 *Cyber Security*

In regards to Cyber Security, the Trust;

- Gained assurances from Terafirma in relation to their ISO accreditation
- Engaged with auditors in relation to pen-testing and other areas of IT
- Audited staff understanding about cyber-attacks through phishing techniques

Over the past 12months there has been a closer working relationship between Information Governance and the IT department which has led to the embedding of data protection by design within the IT Function.

7.7 **Annual Quality Report**

Due to the pressures caused by Covid-19, the regulations for the preparation of a quality report were amended so there is no fixed deadline by which providers must publish their 2019/20 quality report. NHS England and NHS Improvement recommends for NHS providers that a revised deadline of 15 December 2020 would be appropriate, in light of pressures caused by Covid-19. NHS Providers are also no longer expected to obtain assurance from their external auditor on their quality report for 2019/20. NHS foundation trusts are not required to include a quality report in their annual report for 2019/20.

7.8 **The Modern Slavery Act 2015**

The Modern Slavery Act 2015 is designed to consolidate various offences relating to human trafficking and slavery. We have zero tolerance of slavery and human trafficking and are committed to maintaining and improving systems, processes and policies to avoid complicity in human rights violation and to prevent slavery and human trafficking in our supply chain. The Trust policies, procedures, governance and legal arrangements are robust, ensuring that proper checks and due diligence are applied in employment procedures to ensure compliance with this legislation. We also conform to the NHS employment check standards within our workforce recruitment and selection practices, including through our managed service provider contract arrangements. This strategic approach incorporates analysis of the Trust's supply chains and its partners to assess risk exposure and management on modern slavery.

To ensure a high level of understanding of the risks of modern slavery and human trafficking in our supply chains and our business, we provide training to our procurement staff. The procurement department's senior team are all Chartered Institute of Purchasing and Supply (CIPS) qualified and abide by the CIPs code of professional conduct. Over the next year, specific training will be provided for the Trust's internal supply chain management related to slavery and human trafficking.

7.9 Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on performance information available to me.

I can confirm monthly processes are in place whereby local and national key performance indicators and information requirements were published to the divisions. These were reviewed by operational and divisional managers and poor performance reviewed, investigated and revised where necessary. Updated reports were published and discussed at Performance Review Group led by Trust Executive Directors before a Trust level performance report was presented to Trust Board.

The Trust also had an Activity Working Group which met monthly to ensure all activity for new and developing services was recorded and reported consistently across the organisation. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit committee, and other sub committees of the Board and a plan to address weaknesses and ensure continuous improvement of the system is in place.

These include:

- the regular reports on quality metrics within the integrated performance reports submitted to the Board of Directors;
- the assurance provided by Internal Audit through their reviews; and
- the views and comments received from external organisations.

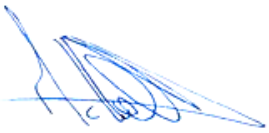
In addition, other processes applied in maintaining and reviewing the effectiveness of the system of internal control include the following:

- regular reviews of the board assurance framework by the Board of Directors;
- reviews of the board assurance framework by the Audit Committee;
- the reports of inspections regarding compliance with mental health legislation undertaken by the Care Quality Commission;
- the reports of any ad-hoc quality inspections by Clinical Commissioning Groups;
- the work of the Audit Committee and in particular its assurance of the adequacy of the risk management arrangements and wider system of internal control including quality governance arrangements;
- the duties of the Quality and Safety Committee in its assurance of quality governance;
- the duties of the Mental Health Legislation Scrutiny Committee in its assurance of compliance with mental health legislation;
- sources of positive assurance as to the quality of service provision considered by the Board of Directors, in particular direct and indirect accounts of service user experience and quality assurance visits to service areas by board members;
- the role of the Finance & Investment Committee in both assuring the adequacy of plans to mitigate high level business, financial and strategic risks, and reviewing the financial and performance reports and forecasts;
- the ongoing application of the risk management strategy and processes by Executive Directors and other senior management; and

7.10 **Conclusion**

No significant internal control issues have been identified.

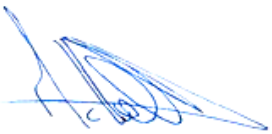
The opinion of the Head of Internal Audit stated significant assurance with some improvements required can be given on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The level of non-compliance in certain areas puts some system objectives at risk, however we were able to provide significant assurance over all of our core system reviews and therefore the issues noted are not considered a significant impact.



Signed… …Mark Axcell, Chief Executive Officer

Date: 24th June 2020

The Accountability Report is hereby approved:



Signed … … Mark Axcell, Chief Executive Officer

Date: 24th June 2020

Section 3 Quality Report

Due to the pressures caused by Covid-19, the regulations for the preparation of a quality report were amended so there is no fixed deadline by which providers must publish their 2019/20 quality report. NHS England and NHS Improvement recommends for NHS providers that a revised deadline of 15 December 2020 would be appropriate, in light of pressures caused by Covid-19. NHS Providers are also no longer expected to obtain assurance from their external auditor on their quality report for 2019/20. NHS foundation trusts are not required to include a quality report in their annual report for 2019/20.

Section 4 - Independent Auditor's Report to the Assembly of Governors and Board of Directors of Black Country Partnership NHS Foundation Trust

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Black Country Partnership NHS Foundation Trust (the 'foundation trust'):

- give a true and fair view of the state of the foundation trust's affairs as at 31 March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with the accounting policies directed by NHS Improvement
  – Independent Regulator of NHS Foundation Trusts; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in taxpayers' equity;
- the statement of cash flows; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and the accounting policies directed by NHS Improvement – Independent Regulator of NHS Foundation Trusts.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the foundation trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters

The key audit matters that we identified in the current year were:

- Recognition of NHS clinical revenue;
- Property valuations;
- Financial standing and going concern

Within this report, key audit matters are identified as follows:

- Newly identified
- Increased level of risk
- Similar level of risk
- Decreased level of risk

Materiality

The materiality that we used for the financial statements was £2.3m which was determined on the basis of 2% of total revenue for the year.

Scoping

Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Significant changes in our approach

There have been no significant changes in our approach.

4. Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Recognition of NHS clinical revenue

Key audit matter description As described in note 1.2 to the financial statements, there are significant judgements in recognition of revenue from care of NHS patients and in provisioning for disputes with commissioners due to:

- the judgements taken in evaluating volume-related and Commissioning for Quality and Innovation ("CQUIN") income; and
- the judgemental nature of accounting for disputes, including in respect of outstanding under/overperformance income for quarters 3 and 4.
- Details of the foundation trust's income, including £105.4m (2018/19: £98.8m) of Commissioner Requested Services, are shown in note 2 to the financial statements. NHS debtors are shown in notes 11 and 23 to the financial statements.
- The majority of the foundation trust's income comes from Sandwell & West Birmingham Clinical Commissioning Group (CCG), Wolverhampton CCG and Dudley CCG, increasing the significance of associated judgements. We therefore identified a potential risk of fraud or error in recognition of NHS revenue.

	We obtained an understanding of the relevant controls around revenue recognition. We tested the recognition of income through the year, including the period-end calculations recognised for CQUIN income of £0.9m in 2019/20 (2018/19: £1.8m), and evaluated the results of the agreement of balances exercise.
How the scope of our audit responded to the key audit matter	As part of the agreement of balances exercise we requested, from management, an analysis of areas of dispute and actual or potential challenge from commissioners in relation to the agreement of balances process, and challenged the rationale for the accounting treatment adopted by reviewing evidence of the underlying transactions. We assessed the appropriateness of the judgements made in recognising revenue and providing for disputes on the basis of discussion with staff involved, review of correspondence with commissioners and other relevant documentation, and consideration of benchmark information from our knowledge of the local health economy. We reviewed with management the key changes and any open areas in setting 2020/21 contracts, and considered whether, taken together with the settlement of current year disputes, there are any indicators of inappropriate adjustments in revenue recognised between periods. We viewed the correspondence from NHS Improvement regarding the allocation of PSF/FRF income for the year.
Key observations	Based on the audit evidence obtained, we conclude that NHS Revenue is appropriately recognised. We consider management judgements of provisioning and disputes to be appropriate.

5.2. *Property valuations*

Key audit matter description	The foundation trust holds property assets within Property, Plant and Equipment at a modern equivalent use valuation of £43.1m (2018/19: £56.7m). The valuations are based on specialist and management assumptions (including the floor areas for a Modern Equivalent Asset (MEA), the basis for calculating build costs, the level of allowances for professional fees and contingency, and the remaining life of the assets). These assumptions have been affected by the outbreak of Covid-19 which reduces the certainty of previous market evidence used for comparison purposes, this uncertainty is considered to be material by the foundation trust's external valuer. The net valuation movement on the Foundation Trust's estate shown in note 10 is a net revaluation impairment of £12.7m (2018/19: uplift of £5.4m).

As described within note 1.6, Property, Plant and Equipment, and note 1.23 Critical Accounting Estimates and Judgements and Key Sources of Estimation Uncertainty, there is a key source of estimation uncertainty that carries a risk of causing a material adjustment to the carrying amounts of property within the 2019/20 year.

In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by Covid-19 and therefore less weight can be attached to previous market evidence for comparison purposes, to inform opinions of value. In addition, properties which are priced on their trading potential, including healthcare establishments, may experience a greater impact on pricing in comparison to other asset classes.

How the scope of our audit responded to the key audit matter

We obtained an understanding of the relevant controls around the property valuations performed in the year.

We engaged our valuation specialists to review and challenge the appropriateness of the assumptions and methodology used in the valuation of the foundation trust's properties including the change in alternative site and MEA assumptions. We used their findings to challenge management assumptions, including the potential impact of Covid-19 and of Brexit on property valuations.

We reviewed and challenged the appropriateness of the assumptions used in the year-end valuation of the foundation trust's properties. In particular, where sites are valued on an alternative site basis we challenged whether the assumptions made are consistent with the foundation trust's clinical strategy and have been considered and approved at an appropriate level within the foundation trust.

We tested the inputs used in the valuation including the gross internal areas provided to the valuer, including testing a sample of floor plans, to check the accuracy of data.

We assessed the presentation of revaluation movements and impairments, taking into account revaluation reserves for individual assets, and the disclosures included in the financial statements in note 1.6, note 1.23, and note 10 relating to the revaluation exercise and the material uncertainty due to the impact of Covid-19.

Key observations While we note the increased estimation uncertainty in relation to the property valuation as a result of Covid-19, as disclosed in note 1.6 and note 1.23, we conclude that the valuation of the foundation trust's estate is appropriate.

5.3 *Financial standing and going concern*

Key audit matter description

We identified financial standing and going concern as a key risk due to the deterioration in the foundation trust's forecast financial performance during 2018/19 and as reflected in the original 2019/20 Plan. The foundation trust reported a surplus of £11.8m in 2018/19 and planned a surplus of £0.2m in 2019/20. The foundation trust also faced significant cost pressures, a reducing cash balance and an extremely challenging cost improvement programme to manage going forward.

The foundation trust originally agreed a breakeven control total with NHSI. At the year end, the foundation trust is reporting a deficit of (£6.6m), after a net impairment to income and expenditure on £7.3m, giving a surplus before impairments of £0.7m. This position includes £0.8m of Provider Sustainability Funding and £2.7m Financial Recovery Funding for the year, which has assisted the foundation trust's cash position in 2019/20 and further in 2020/21. The foundation trust is also reporting full delivery of the £2.0m Cost Improvement Programme (CIP) for the year.

In undertaking its going concern assessment the foundation trust has recognised a number of risks that remain and how they are being managed as set out in note 1 in the financial statements. These include:

- The ongoing negotiations with the West Midland Pension Fund to agree settlement terms for the Local Government Pension Scheme liability.
- Whether the foundation trust will achieve the £3.4m efficiency savings that have been incorporated into the foundation trust's financial plans. The foundation trust is reporting the entirety of this as identified to date. This represents a 3.1% efficiency target for the year and is significantly higher than the £2.0m in 2019/20.
- Increasing demand for mental health, learning disabilities and universal children's services for which the foundation trust may not be remunerated.

The foundation trust has completed its merger plans with Dudley and Walsall Mental Health Partnership NHS Trust (DWMH) as of 1 April 2020.

The foundation trust has a Single Oversight Framework Use of Resource (UoR) rating of 3, which is in line with plan.

The annual plan for 2020/21 shows the foundation trust anticipating a deficit of (£1.1m), in line with its planned Financial Recovery Fund trajectory.

How the scope of our audit responded to the key audit matter

We obtained an understanding of the relevant controls around management's assessment and monitoring of the foundation trust's financial sustainability and going concern.

We reviewed and challenged the foundation trust's financial performance during the year, its outturn position, and management's assessment of going concern.

We reviewed correspondence with NHSI in relation to the foundation trust's acquisition and reviewed the outcome of any ongoing regulatory action.

We reviewed the high level forecasts and CIP plans set out in the foundation trust's operational plan and the foundation trust's going concern assessment as part of our considerations.

- This has included a review of significant and high risk rated 2020/21 CIP schemes, considered against the foundation trust's history of CIP achievement, benchmarking of the foundation trust's CIP performance, and discussions with management to gain an understanding of the expected phasing and challenges for future CIP achievement.
- We also challenged the reasonableness of the key assumptions within the 2020/21 plan including the foundation trust's cash flow projections, outturn risk analysis, and forecast key risk ratings.

We reviewed the actions taken by the foundation trust during 2019/20 to monitor and manage the current and forecast cash position and forecast cash flow over the next 12 months.

We conducted a review of board minutes and met with management to understand their progress with the transfer of services from DWMH.

We reviewed the foundation trust's board assurance framework to assess whether the risks in relation to sustainability are appropriately recognised and mitigating controls are being implemented.

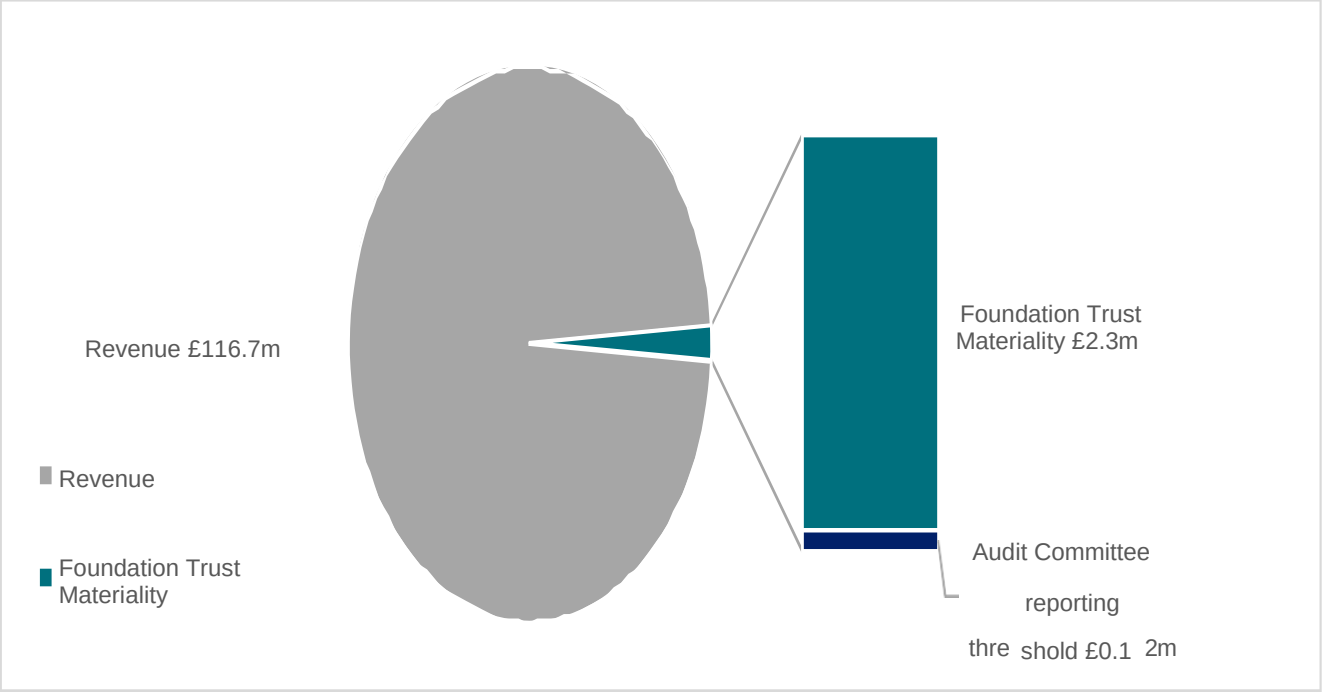
Key observations Based on the audit evidence obtained, we consider management's judgements to be within the reasonable range. We conclude that the going concern basis of accounting and the relevant disclosures are appropriate.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£2.3m (2018/19: £2.2m)
Basis for determining materiality	2% of revenue (2018/19: 2% of revenue)
Rationale for the benchmark applied	Revenue was chosen as a benchmark as the foundation trust is a non-profit organisation, and revenue is a key measure of financial performance for users of the financial statements.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 75% of materiality for the 2019/20 audit (2018/19: 75%). In determining performance materiality, we considered the following factors:

- Our risk assessment, including our assessment of the foundation trust's overall control environment
- Our past experience of the audit, which has indicated a low number of correct and uncorrected misstatements identified in the prior period.

6.3. *Error reporting threshold*

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.12m (2018/19: £0.11m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

Identification and scoping of components

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

8. Other information

The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of this matter.

9. Responsibilities of accounting officer

As explained more fully in the accounting officer's responsibilities statement, the accounting officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the accounting officer is responsible for assessing the foundation trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the foundation trust or to cease operations, or has no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

11. Opinion on other matters prescribed by the National Health Service Act 2006

In our opinion:

- the parts of the Remuneration Report and Staff Report to be audited have been properly prepared in accordance with the National Health Service Act 2006; and
- the information given in the Performance Report and the Accountability Report for the financialyear for which the financial statements are prepared is consistent with the financial statements.

12. Matters on which we are required to report by exception

12.1. *Annual Governance Statement, use of resources, and compilation of financial statements*

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

- the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual, is misleading, or is inconsistent with information of which we are aware from our audit;
- the foundation trust has not made proper arrangements for securing economy, efficiency and effectiveness in its use of resources; or
- proper practices have not been observed in the compilation of the financial statements.

We are not required to consider, nor have we considered, whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in respect of these matters.

12.2. *Reports in the public interest or to the regulator*

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

- any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit; or
- any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006 because we have reason to believe that the foundation trust, or a director or officer of the foundation trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency.

We have nothing to report in respect of these matters.

13. Certificate

We certify that we have completed the audit of the accounts in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

14. Use of our report

This report is made solely to the Assembly of Governors and Board of Directors ("the Boards") of Black Country Partnership NHS Foundation Trust, as a body, in accordance with paragraph 4 of Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Boards 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 foundation trust and the Boards as a body, for our audit work, for this report, or for the opinions we have formed.

Ian Howse, CPFA (Seniorstatutory auditor) For and on behalf of Deloitte LLP

Statutory Auditor Cardiff,

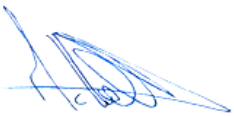
United Kingdom

24 June 2020

Section 6 Financial Accounts and Associated Notes

1 Foreword to the Financial Statements

These financial statements for the year ended 31st March 2020 have been prepared by Black Country Partnership NHS Foundation Trust in accordance with paragraph 24 and 25 of Schedule 7 to the National Health Service Act 2006.



Signed… **…**

Mark Axcell, Chief Executive Officer and Accounting Officer

Date: 24th June 2020

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020 (SOCI)

	Note	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Operating Revenue	2.1	116,726	108,502
Operating Expenses	3	(114,619)	(102,035)
Operating surplus for the year		**2,107**	**6,467**
Non-operating			
Impairments	10	(7,864)	(1,388)
Reversal of impairments	10	578	8,391
Loss on the disposal of non-current assets	10	(4)	(2)
Non-operating items before financing		**(7,290)**	**7,001**
Financing			
Finance income	7	60	27
Finance cost	7	(388)	(437)
Public dividend capital	8	(1,053)	(1,230)
Net finance cost		**(1,381)**	**(1,640)**
Retained (deficit)/surplus for the year *		**(6,564)**	**11,828**
Other comprehensive (expense)/income			
Revaluations	10	(5,410)	(1,615)
Remeasurement of net defined benefits pension scheme liability	22	-	(146)
Other comprehensive (expense) for the year		**(5,410)**	**(1,761)**
Total comprehensive (expense)/income for the year		**(11,974)**	**10,067**

* The Retained surplus for the year is impacted by a net impairment of £7,286k.

All income and expenditure is attributable to the Trust. There are no Minority Interests.

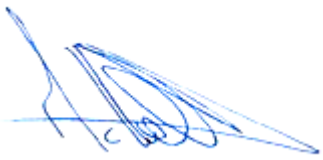
The notes on pages 8 to 40 are an integral part of these financial statements.

All results are from continuing operations.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020 (SOFP)

	Note	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Non-current assets			
Intangible assets	10.4	1,013	933
Property, plant and equipment	10	48,248	59,790
Receivables		227	-
		49,488	**60,723**
Current assets			
Inventories		24	42
Trade and other receivables	11	4,095	8,294
Cash and cash equivalents	12	7,811	1,689
		11,930	**10,025**
Total assets		**61,418**	**70,748**
Current Liabilities			
Trade and other payables	15	(13,367)	(12,099)
Borrowings	16	(494)	(432)
Department of Health & Social Care Loans	17	(702)	(2)
Provisions for liabilities and charges	20	(1,119)	(331)
Other liabilities	21	(27)	(27)
		(15,709)	**(12,891)**
Total assets less current liabilities		**45,709**	**57,857**
Non-current liabilities			
Borrowings	16	(2,621)	(3,157)
Department of Health & Social Care Loans	17	-	(700)
Provisions for liabilities and charges	20	(226)	-
Trust local government pension fund liability	22	(2,360)	(2,360)
Total non-current liabilities		**(5,207)**	**(6,217)**
Total assets employed		**40,502**	**51,640**
Taxpayers' equity			
Public dividend capital		19,205	18,369
Revaluation reserve		11,721	17,131
Local government pension reserve		(1,494)	(1,494)
Merger reserve		736	736
Income and expenditure reserve		10,334	16,898
Total taxpayers' equity		**40,502**	**51,640**

The financial statements were approved by the Board of Directors on 24th June 2020 and were signed on its behalf by:



…… Date: 24th June 2020

Mark Axcell, Chief Executive and Accounting Officer

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2020 (SOCITE)

	Public Dividend Capital	Revaluation Reserve	Local Authority Pension Reserve	Merger Reserve	Income and Expenditure Reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Taxpayers' Equity at 1 April	**18,369**	**17,131**	**(1,494)**	**736**	**16,898**	**51,640**
Impact of implementing IFRS 9 on 1 April 2019	-	-	-	-	-	**-**
Deficit for the year	-	-	-	-	(6,564)	**(6,564)**
Actuarial loss on defined benefit pension	-	-	-	-	-	**-**
Revaluation gains on property	-	2,870	-	-	-	**2,870**
Revaluation losses on property	-	(8,280)	-	-	-	**(8,280)**
Public Dividend Capital received	836	-	-	-	-	**836**
Total taxpayers' equity as at 31 March	**19,205**	**11,721**	**(1,494)**	**736**	**10,334**	**40,502**

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2019 (SOCITE)

	Public Dividend Capital	Revaluation Reserve	Local Authority Pension Reserve	Merger Reserve	Income and Expenditure Reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Taxpayers' Equity at 1 April	**18,231**	**18,746**	**(1,348)**	**736**	**4,745**	**41,110**
Impact of implementing IFRS 9 on 1 April 2018	-	-	-	-	325	**325**
Surplus for the year	-	-	-	-	11,828	**11,828**
Actuarial loss on defined benefit pension	-	-	(146)	-	-	**(146)**
Revaluation gains on property	-	5,643	-	-	-	**5,643**
Revaluation losses on property	-	(7,258)	-	-	-	**(7,258)**
Public Dividend Capital received	138	-	-	-	-	**138**
Total taxpayers' equity as at 31 March	**18,369**	**17,131**	**(1,494)**	**736**	**16,898**	**51,640**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020 (SOCF)

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Cash flows from operating activities		
Operating and Non-Operating (deficit)/surplus for the year from continuing operations	(5,183)	13,468
Non cash income and expense:		
Depreciation and amortisation	2,212	2,316
Impairments	7,864	1,388
Reversals of impairments	(578)	(8,391)
Loss on disposal	4	2
Decrease/(Increase) in Inventories	18	(9)
Decrease/(Increase) in trade and other receivables	3,972	(6,715)
Increase in trade and other payables	226	1,857
Increase/(Decrease) in provisions	1,014	(893)
Increase in other liabilities	-	27
On SoFP Pension liability - Employer Contributions	-	11
Net cash generated from operating activities	**9,549**	**3,061**
Cash flows from investing activities		
Interest received	60	27
Payments to acquire property, plant and equipment	(2,408)	(2,015)
Net cash used in investing activities	**(2,348)**	**(1,988)**
Cash flows from financing activities		
Capital element of Private Finance Initiative Obligations	(474)	(411)
Interest element of Private Finance Initiative Obligations	(377)	(421)
Department of Health & Social Care Loans – Interest Paid	(11)	(4)
Public dividend capital received	836	138
Loans from DHSC	-	700
PDC receivable	159	-
PDC dividends paid	(1,212)	(1,230)
Net cash used in financing activities	**(1,079)**	**(1,228)**
Increase/(Decrease) in cash and cash equivalents	6,122	(155)
Cash and cash equivalents at 1 April	1,689	1,844
Cash and cash equivalents at 31 March	**7,811**	**1,689**

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Committee (IFRIC) interpretations as endorsed by the European Union, applicable at 31 March 2020 and appropriate to Black Country Partnership NHS Foundation Trust (BCPFT).

NHS England and NHS Improvement (NHSE/I) has directed that the financial statements of NHS Foundation Trusts 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.

The accounting policies contained in the GAM follow International Financial Reporting Standards (IFRS) and HM Treasury's 2019/20 Financial Reporting Manual to the extent that they are meaningful and appropriate to NHS Foundation Trusts. 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 policies adopted have been applied consistently in dealing with items considered material in relation to the accounts.

International Accounting Standards (IAS1) require the Directors to assess, as part of the accounts preparation process, the Foundation Trust's ability to continue as a going concern.

The Directors have considered the advice in the Government Reporting Manual that:

"The anticipated continuation of the provision of a service in the future, as evidenced by inclusion of financial provision for that service in published documents, is normally sufficient evidence of going concern"; and

"Where a DHSC group body is aware of material uncertainties in respect of events or conditions that cast significant doubt upon the going concern ability of the entity, these uncertainties must be disclosed."

In its determination, the Directors have also considered the following:

In accordance with the NHS Foundation Trust Annual Reporting Manual, paragraph 2.12, the financial statements should be prepared on a going concern basis unless the Directors either intend to apply to the Secretary of State for the dissolution of the Foundation Trust, without the transfer of the services to another entity, or have no realistic alternative but to do so.

The Directors consider that neither of these eventualities will occur.

After initial discussions and negotiation, the Directors have concluded that there is sufficient evidence that the Trust's services will continue to be commissioned by the NHS and that there is financial provision within the forward plans of commissioners. Local CCGs and NHSE/I have recently all confirmed the status of 'commissioner regulated services' provided by the Trust for 2020/21. Directors will also rely on the assurance of continued support from NHSE/I in the future.

The Directors therefore have a reasonable expectation that service continuity will be the case and have therefore prepared these financial statements on a going concern basis.

The Trust has reported a surplus before impairment of £0.7m for the year ended 31st March 2020 – (0.6% of turnover). The surplus before impairment for 2018/19 was £4.8m. In 2018/19 there was an allocation of £3.5m bonus PSF.

The Trust has continued to develop and maintain several cash management initiatives during the past year to provide early warning of any working capital risks. The Trust does not foresee any additional requirement for cash support during the year ending 31st March 2021. However, should this change NHSE/I cash support will continue to be made available. The Trust has outstanding working capital loans of £0.7m as at 31st March 2020 classed as a current liability. A post statement of financial position adjusting event reflecting the conversion of this current liability into additional Public Dividend Capital (PDC) during 2020/21 has been confirmed by NHSE/I.

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. The affected loans totalling £702k are classified as current liabilities within these financial statements. As the repayment of these loans will be funded through the issue of PDC, this does not present a going concern risk for the Trust.

The current economic environment for NHS organisations remains challenging, with ongoing internal efficiency gains necessary to bridge real terms funding gaps and to meet new cost pressures in respect of national pay structures, non-pay and drug cost inflation. Further, in specialist mental health and learning disability services a national shortage of clinically trained staff

continues to necessitate the wide use of expensive temporary staff. Nonetheless, the Trust has achieved a financial surplus in 2019/20 and Directors have set a budget for 2020/21 in line with the Financial Improvement Trajectory (FIT) provided by NHSE/I.

The Trust has prepared its financial plans and cash flow forecasts on the contractual income provisionally agreed with commissioners based on contracts being negotiated and forecast non-contract activity.

These are expected to be sufficient to enable the Trust to meets its obligations as they fall due in the short term.

In preparing detailed plans for 2020/21 the Trust has considered the following specific risks to going concern:

1. The Trust is currently in negotiation with the West Midlands Pension Fund to agree settlement terms for the Local Government Pension Scheme liability. The cash settlement has not been profiled in the current plan for 2020/21. However, there exists sufficient headroom in our working capital budget to accommodate the estimates provided by an independent actuary.
2. The Trust plans include efficiency savings of £3.4m. This level of savings is challenging and must be supported with adequate operational engagement to deliver against agreed detailed plans. As of April 2020 schemes are being scoped and implementation plans being developed. There is a reasonable expectation that normal staff turnover will yield further savings.
3. There are material uncertainties associated with the long term impact of COVID-19. All revenue and capital expenditure which is directly attributable to COVID-19 is currently being fully reimbursed and HM Treasury have committed to ensuring that NHS Trusts, and ongoing service delivery, are not adversely impacted in the future.
4. Whilst the Trust does not consider itself to be significantly exposed to any significant risks arising from Brexit, the ongoing uncertainty of a final agreed outcome means that this cannot be fully assessed. The potential areas of exposure relate to anti-psychotic drugs and food supply, and the impact of any fuel costs and supply issues.
5. Increasing demand for mental health, learning disabilities and universal children's services for which the Trust was not remunerated.

The Board recognises that the future sustainability of services can be secured by an increase in operational scale and in January 2019 the Boards of BCPFT and the Dudley & Walsall Mental Health Partnership Trust (DWMHT) approved a strategic case to bring the two organisations together. This became effective from 1st April 2020 via a commercial transfer in the spirit of a merger. The new organisation is Black Country Healthcare NHS Foundation Trust (BCHFT) and will work towards developing integrated Black Country Mental Health, Learning Disability and associated Community services.

In summary, Directors have noted that the financial health of the Trust has been sustained during 2019/20 and that this is planned to continue in 2020/21. Commissioner support for Trust provided services and associated recurrent funding remains strong and the Trust is well sighted on key business risks and has mitigation strategies in place.

On this basis, a going concern approach to preparing the 2019/20 Accounts has been adopted.

1.1 Accounting convention
These financial statements 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.

1.1.2 Consolidation of Charitable Funds
BCPFT Charitable Funds is the Trust's charity. The Trust has determined that it controls the charity but due to the level of charitable funds being immaterial, the Trust has not consolidated these funds into the annual financial statements.

1.2 Income recognition
The main source of revenue for the Trust is contracts with commissioners in respect of healthcare services. In accordance with the adoption of IFRS 15 revenue in respect of services provided is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer, and is measured at the amount of the transaction price allocated to that performance obligation. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where a patient contact is incomplete at the year end, revenue relating to the partially complete contact is accrued in the same manner as other revenue.

Where income is received for a specific performance obligation that is to be satisfied in the following year, that income is deferred.

The method adopted to assess progress towards the complete satisfaction of a performance obligation is occupied bed days, or completed activity in an outpatient or community setting.

1.2 Income recognition (continued)
The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

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

Income from the Provider sustainability fund (PSF) and Financial recovery fund (FRF) enables 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.

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

1.4 Pension costs
NHS Pension Scheme
Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care 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 at 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 judgement 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.

NHS Pensions are still assessing the impact of the McCloud judgement in relation to changes to benefits in 2015. The benefits and related CETVs disclosed do not allow for any potential future adjustments that may arise from this judgement.

Following the government’s announcement that all public sector pension schemes will be required to provide the same indexation in the Guaranteed Minimum Pension (GMP) as on the remainder of the pension, the NHSPS has revised its method

1.4 Pension costs (continued)
to calculate the CETV values. The real increase in CETV will therefore be impacted as it will include any increase in CETV due to the change in GMP methodology.

Local Government Superannuation Scheme
Some employees are members of the Local Government Superannuation Scheme (LGPS) which is a "final salary" defined benefit pension scheme. The scheme assets and liabilities attributable to these employees can be identified and are recognised in the Trust's financial statements as part of 'IAS 19 Employee Benefits' accounting requirements. The assets are measured at fair value, and the liabilities at the present value of future obligations.

Staff who transferred to the Care Trust on 1st March 2003 from Sandwell Metropolitan Borough Council contributed to the LGPS locally administered by the West Midlands Metropolitan Authorities Pension Fund. From 1st April 2010 to 31st May 2018, the
Care Trust paid employer's contribution of 14.5%. The contribution rate is determined by the Fund's actuary based on 3 yearly valuations, with the last review being 31 March 2016.

The LGPS is subject to a full actuarial valuation every three years. Between the full valuations the LGPS is subject to an IAS 19 Employee Benefits valuation every year.

The purpose of this valuation in accordance with IAS 19 Employee Benefits is to assess the level of liability in respect of the benefits due under the LGPS taking into account its recent demographic experience and to recommend the contribution rates to be paid by employers and LGPS members.

From 1 April 2008, employee's contributions are on a tiered scale from 5.5% up to 7.5% of their pensionable pay depending on total earnings.

Further information can be found in the Pension Fund's Annual Report which is available on request from The West Midlands Metropolitan Authorities Pensions Fund, Care of Wolverhampton City Council, Civic Suite, St Peter's Square, Wolverhampton, WV1 1SL or the Fund's website at www.wmpfonline.com.

The increase or decrease in the liability arising from pensionable service earned during the year is recognised within operating expenses.

Actuarial gains and losses during the year are recognised in the pensions reserve and reported in the Statement of Comprehensive Income as an item of 'other comprehensive income/ (expense)'.

LGPS Provisions as at 31 March 2020
The LGPS is a "career average revalued earnings" scheme. Annual pensions are normally based on 1/60th of the best of the last 3 years pensionable pay for each year of service. No lump sum is payable on membership accrued from 1 April 2008 and previous membership rights prior to this date were frozen at that point with certain protections being applicable to some employees.

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971 and are based on changes in consumer prices (CPI) in the twelve months ending 30 September in a previous calendar year. On death, a pension of 50% of the member's pension is normally payable to the surviving eligible beneficiaries.

Early payment of a pension, with enhancement, is available to members of the LGPS who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of three times the final year's pensionable pay is payable for death in service.

For early retirements, other than those due to ill health, the additional pension liabilities are not funded by the LGPS. The full amount of the liability for the additional costs is charged to the statement of comprehensive income at the time the Trust commits itself to the retirement, regardless of the method of payment.

The LGPS provides the opportunity to members to increase their benefits through money purchase Additional Voluntary Contributions provided by an approved life company. Under the arrangement the employee can make contributions to enhance their pension benefits. The benefits payable relate directly to the value of the investments made.

A valuation of the assets and liabilities within the Fund attributable to the Trust was undertaken with effect at 31st May 2018 to reflect the termination of the Trust's participation within the Fund from that date. A full cessation valuation has been carried out to establish that the funding position of the residual liabilities is adequate to meet the members' future pension entitlements.

1.4 Pension costs (continued)
The Trust recognises the obligation towards all deferred, active and retired members of the LGPS who transferred in 2003. Negotiations are ongoing with West Midlands Metropolitan Authorities Pension Fund to negotiate and agree a settlement plan for financing the current liability, and with Sandwell Metropolitan Borough Council to negotiate and agree a transfer value of the net pension asset transferred to the Trust in 2003.

Whilst these two core components of the Trust's ultimate liability are being negotiated it is felt prudent to retain the detail of the pension liability and pension reserve on the Statement of Financial Position. Any performance impact would be reflected through 'Other Comprehensive Expense'.

1.5 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.

1.6 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;
- It is expected to be used for more than one financial year; and
- The cost of the item can be measured reliably.

Tangible assets are capitalised if they are capable of being used for a period which exceeds one year and they:

- individually have a cost of at least £5,000; or

- collectively have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or

- form part of the initial equipping and setting-up cost of a new building, ward or unit irrespective of their individual or collective cost.

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

For all categories of non-property assets, the Trust considers that depreciated historical cost is an acceptable proxy for current value in existing use, as the useful economic lives used are considered to be a realistic reflection of the lives of assets and the depreciation methods used reflect the consumption of the asset.

Land and Buildings are restated to fair value by undergoing a full valuation by external professionally qualified valuers every five years with an interim valuation to take place annually. The interim valuation is carried out by external professionally qualified valuers unless the Trust can provide sufficient evidence that the valuation could be carried out by a professionally qualified valuer employed by the Trust.

Valuations are carried out by professionally qualified valuers having regard to International Financial Reporting Standards (IFRS) as applied to the United Kingdom public sector and in accordance with HM Treasury guidance, International Valuation Standards and the requirements of the Royal Institute of Chartered Surveyors (RICS) Valuation Standards – Global and UK (7th Edition).

A full valuation was undertaken during December 2019 to assess the 1st April 2019 existing use value of the Trust's properties using the depreciated replacement cost method assuming assets would be replaced with an optimal modern equivalent asset and not on a like for like basis. A further desktop valuation was undertaken as at 31 March 2020 for the year end valuation by the Valuation Office Agency.

Operational equipment is carried at current value. Where assets are of low value and, or have short useful economic lives, they are carried at depreciated historic cost as a proxy for current value.

1.6 Property, Plant and Equipment (continued)
Assets under construction are valued at cost and are subsequently revalued by professional valuers when brought into use or when factors indicate that the value of the asset differs materially from its carrying value.

Subsequent expenditure
Where subsequent expenditure relating to an item of property, plant and equipment enhances an asset beyond its original specification, the directly attributable cost is added to the asset's carrying value. Where subsequent expenditure is simply restoring the asset to the specification assumed by its economic useful life then the expenditure is charged to operating expenses.

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.

Freehold land is considered to have an infinite life and is not depreciated. Items of Property, Plant and Equipment are depreciated on a straight line basis over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. The useful economic lives of assets are reviewed on an annual basis and the effects of any change are recognised on a prospective basis. The economic life applied to buildings is dependent on the building it relates to.

In accordance with IAS 16 Property, Plant and Equipment the Trust uses the following economic lives to depreciate its assets on a component basis:

Estimated useful / remaining economic lives	Minimum life (Years)	Maximum life (Years)
Buildings (excluding dwellings)	4	90
Plant and Machinery	5	15
Information Technology	5	8
Furniture and Fittings	7	10

Assets in the course of construction are not depreciated until the asset is brought into use.

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 as a non-operating impairment, in which case they are recognised as a non- operating reversal of an impairment.

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 as a non-operating impairment.

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

Impairments
In accordance with the Department of Health Group Accounting Manual, impairments that are due to a loss of economic benefits or service potential in the asset are charged to non-operating impairments. 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 non-operating impairment; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment arising from a loss of economic benefit or service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss are reversed. Reversals are recognised as a non-operating reversal of impairments 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.

De-recognition
Assets intended for disposals are reclassified as 'Held for Sale' once all of the following criteria are met:

1.6 Property, Plant and Equipment (continued)

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;

- the sale must be highly probable, i.e.: management are committed to a plan to sell the asset;
  - an active programme has begun to find a buyer and complete the sale;
  - the asset is being actively marketed at a reasonable price;
  - the sale is expected to be completed within 12 months of the date of classification as 'Held for Sale'; and
  - the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

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

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

Donated, government grant and other grant funded assets
Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation or 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 or 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.

1.7 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.

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

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred. They are amortised over a straight line basis.

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

Expenditure on research is not capitalised.

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

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

- the Trust intends to complete the asset and sell or use it;

- the Trust has the ability to sell or use the asset;

- how the intangible asset will generate probable future economic or service delivery benefits e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;

- adequate financial, technical and other resources are available to the Trust to complete the development and sell or use the asset; and

1.7 Intangible assets (continued)

- the Trust can measure reliably the expenses attributable to the asset during development.

Software
Software which is integral to the operation of hardware e.g. an operating system is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware e.g. 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.
For all categories of intangible assets, the Trust considers that depreciated historical cost is an acceptable proxy for current value in existing use, as the useful economic lives used are considered to be a realistic reflection of the lives of assets and the depreciation methods used reflect the consumption of the asset.

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.

Decreases in asset values and impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged as non-operating impairments. Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income/ (expense)'. 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 a period of 5 to 8 years to represent the useful economic lives in a manner consistent with the consumption of economic or service delivery benefits and charged to the Statement of Comprehensive Income.

1.8 Revenue from government and other grants
Government grants are grants from Government bodies other than income from Clinical Commissioning Groups or NHS 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.

1.9 Protected and non-protected assets
Property needed for the purposes of providing mandatory goods and services and mandatory training and education is protected.

The Trust may not dispose of any protected property without the approval of NHS England and Improvement.

The Trust shall establish and maintain an asset register in respect of protected property, in accordance with guidance to be issued by NHS England and NHS Improvement.

Assets which are not required for the provision of mandatory goods and services and the mandatory training and education are not protected and may be disposed of by the Trust without the approval of NHS England and NHS Improvement.

1.10 Inventories
Inventories are stated at the lower of cost and net realisable value on a first in, first out basis. High turnover items such as drugs are held in the financial statements at cost.

1.11 Financial assets and financial liabilities

Recognition
Financial assets and financial liabilities which arise from contracts for 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, are recognised when, and to the extent which performance occurs i.e. when receipt or delivery of the goods or services is made.

1.11 Financial instruments and financial liabilities (continued)

Financial assets and financial liabilities are recognised when the Trust becomes party to the contractual provision of the financial instrument or, in the case of trade receivables / payables, when the goods or services have been delivered / received.

Loans from the Department of Health and Social Care (DHSC) are recognised at historic cost. Otherwise, financial liabilities are initially recognised at fair value plus or minus directly attributable transaction costs for financial liabilities not measured at fair value through income or expenditure.

Derecognition
Financial assets are derecognised when the contractual rights have expired or when the asset has been transferred and the Trust has transferred substantially all of the risks and rewards of ownership or has not retained control of the asset.
Financial liabilities are de-recognised when the liability has been extinguished–that is, the obligation has been discharged or cancelled or has expired.

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

The classification is determined by the cash flow and business model characteristics of the financial assets, as set out in IFRS 9, and is determined at the time of initial recognition. Financial assets are classified into the following categories:

Financial assets at amortised cost
Financial assets measured at amortised cost are those held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and where the cash flows are solely payments of principal and interest. This includes most trade receivables, loans receivable, and other simple debt instruments.

After initial recognition, these financial assets are measured at amortised cost using the effective interest method, less any impairment. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the life of the financial asset to the gross carrying amount of the financial asset.

Financial assets at fair value through other comprehensive income
Financial assets measured at fair value through other comprehensive income are those held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and where the cash flows are solely payments of principal and interest.

Impairment of financial assets
For all financial assets measured at amortised cost or at fair value through other comprehensive income the Trust recognises a loss allowance representing expected credit losses on the financial instrument.

Financial assets are impaired and impairment losses are recognised if and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the essential future cash-flows of the asset.

HM Treasury has ruled that central government bodies may not recognise impairments against other government departments, where repayment is ensured by primary legislation. The Trust therefore does not recognise loss allowance impairments against these bodies. The Department of Health and Social Care provides a guarantee of last resort against the debts of its arm's length bodies and NHS bodies (excluding NHS charities).

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

Any adjustment is recognised in income or expenditure as an impairment gain or loss.

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.

1.11 Financial instruments and financial liabilities (continued)
Financial liabilities at fair value through income and expenditure
Financial liabilities are subsequently measured at fair value through income or expenditure.

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

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

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for as an item of property, plant and equipment.
The annual rental 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 directly to the Statement of Comprehensive Income. The lease liability, is de-recognised when the liability is discharged, cancelled or expires.

1.13 Operating Leases
Land operating leases - Trust as lessee

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.

Building operating leases - Trust as lessee

Building operating lease rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

1.14 Private Finance Initiatives (PFI) transactions

Recognition
HM Treasury has determined that government bodies shall account for infrastructure PFI schemes following the principles of the requirements of IFRIC 12. Where the government body (the Grantor) meets the following conditions the PFI scheme falls within the scope of a 'service concession' under IFRIC 12:

- The grantor controls the use of the infrastructure and regulates the services to be provided to whom and at what price; and

- The grantor controls the residual interest in the infrastructure at the end of the arrangement as service concession arrangements.

The Trust therefore recognises the PFI asset as an item of property, plant and equipment on the Statement of Financial Position together with a liability to pay for it. The PFI asset recognised is the 'Hallam Street Hospital' as detailed in *note 10.5*. The services received under the contract are recorded as operating expenses.

Measurement
The PFI assets are recognised as property, plant and equipment, when they come into use, in accordance with the HM Treasury interpretation of IFRIC 12. The assets are measured initially at fair value in accordance with the principles of IAS 17 Leases. HM Treasury guidance for PFI assets is the construction cost and capitalised fees incurred as at financial close, disclosed in the PFI contract.

Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the Trust's approach for each relevant class of asset in accordance with the principles of IAS 16, as detailed in accounting policy note 1.6 'Property, plant and equipment - measurement'. For specialised buildings this is depreciated replacement cost.

A PFI liability is recognised at the same time as the PFI asset is recognised. It is measured initially at the same amount as

the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17 Leases. The PFI lease obligations due at the reporting date are detailed in *note 16*.

NOTES TO THE FINANCIAL STATEMENTS
Accounting Policies (continued)

1.14 Private Finance Initiatives (PFI) transactions (continued)
Subsequent expenditure
The annual unitary payments are apportioned, using appropriate estimation techniques between the repayment of the liability, a finance cost, lifecycle replacement and the charge for services. The element of the annual unitary payment that is allocated
as a finance lease rental is applied to meet the annual finance expense and to repay the lease liability over the contract term. The annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is recognised under the relevant finance costs heading within *note 7*. The fair value of services received in the year is recognised under the relevant operating expenses headings within *note 3*.

Lifecycle replacement
Lifecycle costs in respect of components of assets replaced by the operator during the contract ('lifecycle replacement') are charged to the statement of comprehensive income as incurred.

1.15 Cash and cash equivalents
Cash, bank and overdraft balances are recorded at the current values of the balances in the NHS Foundation Trust's cash book. These balances exclude monies held in the Foundation Trust's bank account belonging to patients (see "third party assets" – *note 13*).

Account balances are only set off where a formal agreement has been made with the bank to do so. In all other cases overdrafts are disclosed within other creditors. Interest earned on bank accounts and interest charged on overdrafts is recorded as, respectively, "finance income" and "finance cost" in the periods to which they relate. Bank charges are recorded as an operating expense in the periods to which they relate.

1.16 Provisions
The NHS Foundation 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 published rates.

Clinical negligence costs
The NHS Resolution operates a risk pooling scheme under which the NHS Foundation Trust pays an annual contribution to the 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 NHS Foundation Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the NHS Foundation Trust is disclosed at *note 18* but is not recognised in the NHS Foundation Trust's financial statements.

Non-clinical risk pooling
The NHS Foundation 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.

1.17 Contingencies
Contingent assets
These are assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control and are not recognised as assets.

Contingent liabilities
These liabilities are not recognised, but are disclosed in *note 19,* unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

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

1.18 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.

NOTES TO THE FINANCIAL STATEMENTS
Accounting Policies (continued)

1.18 Public dividend capital (continued)
At any time the Secretary of State can issue new public dividend capital to, and request payment of public dividend capital from the Trust.

A charge, reflecting the cost of capital utilised by the NHS Foundation Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS Foundation Trust during the financial year (excluding the Trust's Charitable Funds net assets).

Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for:
(i) donated assets (including lottery funded assets),
(ii) average daily cash balances held with the Government Banking Services (GBS), and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and
(iii) any PDC dividend balance receivable or payable.

In accordance with the requirements laid down by the Department of Health and Social Care (DHSC) (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 financial statements. The dividend thus calculated is not revised should any adjustment to net assets occur as a result of the audit of the annual financial statements.

1.19 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.

1.20 Foreign exchange
The functional and presentational currencies of the trust are sterling.

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

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

- monetary items (other than financial instruments measured at 'fair value through income and expenditure') are translated at the spot exchange rate on 31 March;

- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction; and

- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

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

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

1.21 Third party assets
Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the financial statements since the NHS Foundation Trust has no beneficial interest in them. However, they are disclosed in a separate note to the financial statements (*see note 13*) in accordance with the requirements of HM Treasury's FReM.

1.22 Losses and special payments
Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including

losses which would have been made good through insurance cover had NHS trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

NOTES TO THE FINANCIAL STATEMENTS
Accounting Policies (continued)

1.22 Losses and special payments (continued)
However the losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses. (*See note 24*).

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

The main areas which require the exercise of judgement are in accounting for:

- Valuation of non-current assets - see note 10
- Assumptions underlying the likelihood and outcome of material provisions

The Trust has considered key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of Financial Position date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year. As a result of COVID-19 pandemic:

The valuation exercise that was carried out in February 2020 had a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19. 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. It is possible that the COVID-19 pandemic will affect the Trust's future assessment of what would be required in a modern equivalent asset, but as yet there is insufficient evidence to affect the assumptions used in the valuation.

1.24 Accounting standards that have been issued but have not yet been adopted
The following accounting standards, amendments and interpretations have been issued by the IASB and IFRIC but are not yet required to be adopted:

Standards issued or amended but not yet adopted in FReM	**Financial year for which the change first applies**
IFRS 14 Regulatory Deferral Accounts	Not EU-endorsed* Applies to first time adopters of IDRS after 1 January 2016. Therefore not applicable to DHSC group bodies
IFRS 16 Leases	Standard is effective at 1 April 2021 per the FReM
IFRS 17 Insurance Contracts	Application required for accounting periods beginning on or after 1 January 2023, but not yet adopted by the FReM: early adoption is not therefore permitted.

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

The Trust has considered the above new standards, interpretations and amendments to published standards that are not yet effective. With the exception of IFRS 16 the Trust has concluded that they are either not relevant to the Trust or that they would not have a significant impact on the Trust's financial statements, apart from some additional disclosures.

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

1.24 Accounting standards that have been issued but have not yet been adopted (continued)
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 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 1 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 material impact on non-current assets, liabilities and depreciation.

1.25 Accounting standards, amendments and interpretations issued that have been adopted early
The Trust has not early adopted any new accounting standards, amendments or interpretations.

1.26 Transfers of functions to/ from other NHS bodies / local government bodies
For functions that have been transferred to the Trust from another NHS/local government body, the assets and liabilities transferred are recognised in the financial statements as at the date of transfer.

The assets and liabilities are not adjusted to fair value prior to recognition. The net gain/(loss) corresponding to the net assets/ (liabilities) transferred to be recognised within income / (expenses), but not within operating activities.

For property plant and equipment assets and intangible assets, the cost and accumulated depreciation/amortisation balances from the transferring entity's financial statements are preserved on recognition in the Trust's financial statements.

Where the transferring body recognised revaluation reserve balances attributable to the assets, the trust makes a transfer from its income and expenditure reserve to its revaluation reserve to maintain the transparency within public sector financial statements.

For functions that the trust has transferred to another NHS/local government body, the assets and liabilities transferred are de-recognised from the financial statements as at the date of transfer. The net gain/(loss) corresponding to the net assets/(liabilities) transferred is recognised within income/(expenses), but not within operating activities.

Any revaluation reserve balances attributable to assets de-recognised are transferred to the income and expenditure reserve. Adjustments to align the acquired function to the Trusts accounting policies are applied after initial recognition and are adjusted directly in taxpayers' equity.

NOTES TO THE FINANCIAL STATEMENTS

2. Operating Revenue

The Board (the Chief Operating Decision Maker as defined by IFRS 8 Operating Segments) has determined that the Trust operates one material business segment, which is the provision of healthcare services. The operating results of this segment are regularly reviewed by the Board.

The provision of healthcare (including medical treatment, research and education) is within one main geographical segment, the United Kingdom, and materially from Departments of HM Government in England.

Revenue from activities (medical treatment of patients) is analysed by revenue source and revenue type. Other operating revenue is also analysed and materially consists of revenues from healthcare, research and development, medical education and the provision of services to other NHS bodies. Total revenue by individual customers within the whole of HM Government and considered material, is disclosed in the related parties transactions note 23.

The percentage of total revenue receivable from within the whole of HM Government is disclosed below. The significant factor behind which is the 'commissioner requested services' (NHS healthcare), as set out in the Trust's Terms of Authorisation from NHS England and NHS Improvement and defined by legislation.

2.1 Total Revenue

	Year ended 31 March 2020		Year ended 31 March 2019	
	£'000	**%**	**£'000**	**%**
Revenue from patient care activities	108,940	93.33	99,962	92.13
Other operating revenue	7,786	6.67	8,540	7.87
Total revenue	**116,726**	**100.00**	**108,502**	**100.00**

2.2 Revenue from Patient Care Activities – by Source

	Year ended 31 March 2020		Year ended 31 March 2019	
	£'000	**%**	**£'000**	**%**
Foundation Trusts	703	0.65	624	0.62
NHS Trusts	1,181	1.08	879	0.88
Department of Health & Social Care	-	0.00	1,128	1.13
CCG & NHS England	101,996	93.62	91,864	91.90
Local Authorities	5,028	4.62	5,456	5.46
Non-NHS Other	32	0.04	11	0.01
Total	**108,940**	**100.00**	**99,962**	**100.00**

A breakdown of the income received from the Trusts major Clinical Commissioning Groups and Local Authorities, who are related parties, is provided in note 23.

2.3 Revenue from Activities – by Nature

	Year ended 31 March 2020		Year ended 31 March 2019	
	£'000	**%**	£'000	%
Cost and volume contract revenue	13,711	12.59	13,574	13.58
Block contract revenue	77,313	70.97	72,137	72.16
Clinical partnerships providing mandatory services	3,896	3.58	3,075	3.08
Community Services – CCGs and NHS England	5,707	5.24	5,329	5.33
Community Services – income from other sources	4,786	4.39	4,719	4.72
Additional Pension Contribution central funding	3,527	3.23	-	-
All Trusts – AfC Pay award central funding	-	-	1,128	1.13
Total	**108,940**	**100.00**	**99,962**	**100.00**

All of the above revenue from activities arises from commissioner requested services as set out in the Trust's Terms of Authorisation from NHS England and NHS Improvement.

2.4 Other Operating Revenue

	Year ended 31 March 2020		Year ended 31 March 2019	
	£'000	**%**	£'000	%
Research and development	128	1.64	124	1.45
Education and training	1,870	24.02	1,759	20.60
Education and training - notional income from apprenticeship fund	158	2.03	82	0.96
Provider Sustainability Fund (PSF)	812	10.43	5,350	62.65
Financial Recovery Fund (FRF)	2,665	34.23	-	-
Other revenue	2,153	27.65	1,225	14.34
Total revenue	**7,786**	**100.00**	**8,540**	**100.00**

2.5 Analysis of Other Operating Revenue:

Catering £217k (2018-19 £189k); Car Parking Rental £112k (2018-19: £109k); Recharges £1,116k (2018-19: £608k); Delta Legal settlement £180k (2018-19: £156k); Clinicians Pension Income £230k (2018-19: £nil) and other £298k (2018-19: £163k).

2.6 Income from activities arising from commissioner requested services

Under the terms of its Trust license, the Trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the Trust license and are services that commissioners believe would need to be protected in the event of Trust failure.

	Year ended 31 March 2020		Year ended 31 March 2019	
	£'000	%	£'000	%
Commissioner requested services	105,408	96.76	98,847	98.88
Non Commissioner requested services	3,532	3.24	1,115	1.12
Total revenue	**108,940**	**100.00**	**99,962**	**100.00**

NOTES TO THE FINANCIAL STATEMENTS

3. Operating expenses	**Year ended 31 March 2020**		**Year ended 31 March 2019**	
	£'000	**%**	**£'000**	**%**
Purchase of healthcare from NHS and DHSC Bodies	204	0.18	229	0.22
Staff and Executive Director costs	94,070	82.07	83,663	81.99
Remuneration of Non-Executive Directors	110	0.10	110	0.11
Supplies and services – clinical (excluding drug costs)	1,342	1.17	1,107	1.08
Supplies and services – general	2,132	1.86	2,128	2.09
Drug costs (inventory consumed and purchase of non- inventory drugs)	1,617	1.41	1,618	1.59
Consultancy costs	288	0.25	111	0.11
Establishment	1,225	1.07	1,503	1.47
Premises – Business rates payable to local authorities	490	0.43	501	0.49
Premises – Other	3,906	3.41	3,444	3.38
Transport (including patient travel)	699	0.61	676	0.66
Depreciation on property, plant and equipment	1,870	1.63	2,012	1.97
Amortisation of intangible assets	342	0.30	304	0.30
Increase/(Decrease) in provision for impairment of receivables	310	0.27	(8)	(0.01)
Increase/(Decrease) in other provisions	1,116	0.97	(623)	(0.61)
Audit fees payable to the external auditor				
• Audit services – statutory audit	47	0.04	49	0.05
• Other services – audit related assurance services	25	0.02	23	0.02
Internal Audit costs	61	0.05	107	0.10
Clinical Negligence	234	0.20	228	0.22
Legal Fees	192	0.17	36	0.04
Insurance	54	0.05	80	0.08
Research & Development – Staff costs	253	0.22	219	0.21
Research & Development – Non-Staff costs	10	0.01	11	0.01
Education & Training – Non-Staff costs	268	0.23	507	0.50
Education & Training – Notional expenditure funded from apprentice levy	158	0.14	82	0.08
Rentals under operating leases	2,825	2.46	3,014	2.95
Early retirements	-	0.00	203	0.20
Charges to operating expenditure for on-SoFP IFRIC 12 Schemes	319	0.28	311	0.30
Car Parking & security	46	0.04	66	0.06
Hospitality	2	0.00	1	0.00
Losses, ex gratia & special payments – Staff Costs	30	0.03	1	0.00
Losses, ex gratia & special payments- Non-Staff Costs	110	0.10	81	0.08
Other services, e.g. external payroll	165	0.14	165	0.16

Other	99	0.09	76	0.10
Total Operating expenses	**114,619**	**100.00**	**102,035**	**100.00**

The Assembly of Governors appointed Deloitte LLP as external auditor for the financial year ending 31st March 2020. The engagement letter provides for a limitation of the auditor's liability of £1,000,000 (2018-19: £1,000,000).

3.1 Other Services – Audit related assurance remuneration (external auditor only)

Other auditor remuneration in 2019-20 was £25k (2018-19: £23k); in relation to Quality Accounts Audit £4k (2018-19: £10k), Targeted and specialist audit work £21k (2018-19: £13k).

4. Operating Leases

4.1 As lessee – payments recognised in operating expenses

	Land	**Buildings**	**Plant and Machinery**	**Other**	**Year ended 31 March 2020**	Year ended 31 March 2019
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	£'000
Total	-	2,780	-	45	**2,825**	**3,014**

4.2 Total future minimum operating lease payments payable

	Land	**Buildings**	**Plant and Machinery**	**Other**	**Year ended 31 March 2020**	Year ended 31 March 2019
	£'000	**£'000**	**£'000**	**£000**	**£'000**	**£'000**
Not later than one year	-	2,894	-	50	**2,944**	**2,926**
Between one and five years	-	1,489	-	94	**1,583**	**1,621**
After five years	-	590	-	-	**590**	**865**
Total	**-**	**4,973**	**-**	**144**	**5,117**	**5,412**

5. Employee costs

5.1 Employee costs

	Year ended 31 March 2020 £'000	**%**	Year ended 31 March 2019 £'000
Salaries and wages	69,839	74.02	65,190
Social security costs	6,639	7.04	6,165
Apprenticeship Levy	329	0.35	306
Pension cost - employer contributions to NHS pension scheme	8,078	8.56	7,645
Pension cost - employer contributions paid by NHSE on provider's behalf (6.3%)	3,527	3.74	-
Pension cost – other contributions	35	0.04	10
Termination benefits	35	0.04	
Agency/contract staff	5,871	6.21	4,770
Total	**94,353**	**100.00**	**84,086**

The above table does not include Non-Executive Directors.

5.2 Early retirements due to ill-health
During the year there were nil early retirements on the grounds of ill-health (2018-19: 3). The estimated additional pension liability of this ill-health retirement will be £nil (2018-19: £203k).

This information has been supplied by NHS Pension Scheme and the cost of this early ill-health retirement will be borne by NHS Pension Scheme.

NOTES TO THE FINANCIAL STATEMENTS

6. Late payment of commercial debts (interest) Act 1998
£nil interest was charged to the Trust in the year for late payment of commercial debts (2018-19: £nil).

7. Financing
Finance income in respect of bank interest for year ending 31 March 2020 was £60k (2018-19: £27k).

Finance costs in relation to PFI interest repayment for the year ending 31 March 2020 was £377k (2018-19: £421k).

Finance costs in relation to Local Authority Pensions for the year ending 31 March 2020 was £nil (2018-19: £10k).

Finance costs in relation to Department of Health and Social Care Loan for the year ending 31 March 2020 was £11k (2018-19: £6k).

8. Public dividend capital
Public dividend capital charged to the Department of Health and Social Care for the year ending 31 March 2020 was £1,053k (2018-19: £1,230k). Public dividend capital paid in year £1,212k resulting in a year end prepayment of £159k.

9. Taxation
The activities of the Trust have not given rise to any corporation tax liability in the year ending 31 March 2020 (2018-19: £nil)

10. Non-current assets

2019/20	Land	Buildings excluding dwellings	Assets under Construction	Plant and Machinery	Information Technology	Fixtures and Fittings	Grand Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Valuation at 1 April	**16,347**	**40,303**	**-**	**1,528**	**5,378**	**1,668**	**65,224**
Additions – purchased	-	198	298	725	1,123	684	**3,028**
Reclassifications *	-	-	-	-	-	-	**-**
Impairments	(3,744)	(4,492)	-	-	-	-	**(8,236)**
Reversal of impairments	-	553	-	-	-	-	**553**
Revaluations	(3,508)	(2,509)	-	-	-	-	**(6,017)**
Disposals	-	-	-	(5)	(79)	-	**(84)**
Gross cost at 31 March	**9,095**	**34,053**	**298**	**2,248**	**6,422**	**2,352**	**54,468**
Accumulated amortisation and depreciation at 1 April	**-**	**64**	**-**	**833**	**3,391**	**1,146**	**5,434**
Provided during the year	-	1,006	-	178	583	103	**1,870**
Reclassifications *	-	-	-	-	-	-	**-**
Impairments	-	(372)	-	-	-	-	**(372)**
Reversal of impairments	-	(25)	-	-	-	-	**(25)**
Revaluations	-	(607)	-	-	-	-	**(607)**
Disposals	-	-	-	(1)	(79)	-	**(80)**
Amortisation and depreciation at 31 March	**-**	**66**	**-**	**1,010**	**3,895**	**1,249**	**6,220**
Total Net Book Value at 31 March	**9,095**	**33,987**	**298**	**1,238**	**2,527**	**1,103**	**48,248**

10 Non-current assets (continued)

2018/19	Land	Buildings excluding dwellings	Assets under Construction	Plant and Machinery	Information Technology	Fixtures and Fittings	Grand Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Valuation at 1 April	**14,047**	**37,355**	**-**	**1,180**	**5,146**	**1,309**	**59,037**
Additions – purchased	-	832	-	354	341	359	**1,886**
Reclassifications *	-	109	-	-	(109)	-	**-**
Impairments	-	(1,508)	-	-	-	-	**(1,508)**
Reversal of impairments	1,693	6,359	-	-	-	-	**8,052**
Revaluations	607	(2,844)	-	-	-	-	**(2,237)**
Disposals	-	-	-	(6)	-	-	**(6)**
Gross cost at 31 March	**16,347**	**40,303**	**-**	**1,528**	**5,378**	**1,668**	**65,224**
Accumulated amortisation and depreciation at 1 April	**-**	**49**	**-**	**686**	**2,764**	**1,008**	**4,507**
Provided during the year	-	1,091	-	151	632	138	**2,012**
Reclassifications *	-	5	-	-	(5)	-	**-**
Impairments	-	(120)	-	-	-	-	**(120)**
Reversal of impairments	-	(339)	-	-	-	-	**(339)**
Revaluations	-	(622)	-	-	-	-	**(622)**
Disposals	-	-	-	(4)	-	-	**(4)**
Amortisation and depreciation at 31 March	**-**	**64**	**-**	**833**	**3,391**	**1,146**	**5,434**
Total Net Book Value at 31 March	**16,347**	**40,239**	**-**	**695**	**1,987**	**522**	**59,790**

* Reclassifications relate to prior year asset additions incorrectly classified.

10.1 Valuation at the reporting date

The land and buildings were revalued twice during the financial year 2019/20 by an independent valuer, The Valuation Office Agency. The first revaluation that was undertaken was a full valuation exercise to reassess what the Existing Use Value of the Trusts property would be using a depreciated replacement cost assuming that the assets would be replaced with an optimal modern equivalent asset to be effective as of the 1st April 2019. The second revaluation exercise was a desktop valuation to determine a fair value for Trust property as at the 31st March 2020 as detailed in accounting policy note 1.6.

Opening Revaluation 1st April 2019:

The surpluses and deficits arising from the revaluation exercise resulted in an adjustment to non-operating income and expenses as shown in the Statement of Comprehensive Income on page 4 of the financial statements amounting to a net impairment debit of (£6,779k). The key assets affected by the Impairment were Hallam (£464k), Heath Lane (£512k), Penn (£1,959k) and Penn Land (£3,487k).

The surpluses and deficits upon revaluation exercise also resulted in gains and (losses) charged to the revaluation reserves as shown in the Statement of Changes in Taxpayers' Equity on page 6 of the financial statements amounting to net loss of (£4,599k). The key assets affected were Hallam Land (£1,035k), Hallam Building (705k), Heath Lane Land (£1,414k), Penn (£2,190k), Edward Street Building £2,590k and Other elements totalling (£1,845k).

Closing Revaluation 31st March 2020:

The surpluses and deficits arising from the revaluation exercise resulted in an adjustment to non-operating income and expenses as shown in the Statement of Comprehensive Income on page 4 of the financial statements amounting to a net impairment debit of (£507k) (2018-19: Net impairment reversal of £7.0m). The key assets affected by the Impairment were Heath Lane (£135k) and Hallam Street (£115k) and Penn (£241k).

The surpluses and deficits upon revaluation exercise also resulted in gains and (losses) charged to the revaluation reserves as shown in the Statement of Changes in Taxpayers' Equity on page 6 of the financial statements amounting to a net loss of (£811k) (2018-19: (£1.6m)). The key assets affected were Hallam (£157k), Edward Street (£430k) and Penn (£144k).

NOTES TO THE FINANCIAL STATEMENTS

10.2 Loss on disposal of fixed asset

There was a fixed asset disposal of £4k in the year ended 31 March 2020 (2018-19: £2k).

10.3 Contractual capital commitments

Property, plant and equipment contractual commitments in 2019-20 are £282k (2018-19: £325k).

10.4 Intangible Assets

2019/20	Development Expenditure £'000	Software Licenses £'000	Grand Total £'000
Valuation at 1 April	**-**	**2,594**	**2,594**
Additions – purchased	-	422	422
Reclassification	-	-	-
Disposal	-	(10)	(10)
Gross cost at 31 March	**-**	**3,006**	**3,006**
Accumulated amortisation and depreciation at 1 April	**-**	**1,661**	**1,661**
Provided during the year	-	342	342
Reclassification	-	-	-
Disposal	-	(10)	(10)
Amortisation and depreciation at 31 March	**-**	**1,993**	**1,993**
Total Net Book value at 31 March	**-**	**1,013**	**1,013**

2018/19	Development Expenditure £'000	Software Licenses £'000	Grand Total £'000
Valuation at 1 April	**1,234**	**1,348**	**2,582**
Additions – purchased	-	12	12
Reclassification	(1,234)	1,234	-
Disposal	-	-	-
Gross cost at 31 March	**-**	**2,594**	**2,594**
Accumulated amortisation and depreciation at 1 April	**298**	**1,059**	**1,357**
Provided during the year	-	304	304
Reclassification	(298)	298	-
Amortisation and depreciation at 31 March	**-**	**1,661**	**1,661**
Total Net Book value at 31 March	**-**	**933**	**933**

10.5 Fixed Assets held under PFI arrangements

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Valuation at 1 April	6,403	3,975
Additions – purchased	-	-
Impairments	(351)	-
Reversal of impairments	-	869
Revaluations	(997)	1,559
Gross cost at 31 March	**5,055**	**6,403**
Accumulated amortisation and depreciation at 1 April	-	-
Provided during the year	156	120
Impairments	(21)	-
Reversal of impairments	-	(29)
Revaluations	(135)	(91)
Amortisation and depreciation at 31 March	**-**	**-**
Total Net Book Value at 31 March	**5,055**	**6,403**

The PFI detailed above is included as part of the Buildings excluding dwellings within Non-current assets in note 10.

The overall scheme saw the Trust entering into a Project Agreement with Black Country PPP Health Services Ltd for a period of 25 years from February 2000 for the provision of serviced Acute Mental Health facilities. The facilities, Hallam Street Hospital, have been constructed by Black Country PPP Health Services Ltd on land in the ownership of the Trust.

The facilities comprise:

1. A Resource Centre for use by Inpatients and other patients attending on a day basis.

2. Five residential blocks including a small Learning Disabilities bungalow.

Within the Project Agreement, Ryhurst, the Project Company, provide Hard Facilities Management Services to the Trust.

Within the main agreement a payment mechanism has been agreed, with the Trust paying an annual unitary charge. The payment mechanism has the following main features:

1. Payment for the fair value for the services received;

2. Payment for the PFI asset, including finance costs; and

3. Payment for the replacement of components of the asset during the contract (lifecycle replacement).

The contract which has a period of twenty-five years ending in 2024/25 is classified as a finance lease under the current IFRIC 12 Lease guidance.

Buildings	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Gross PFI liabilities		

of which liabilities are due	**4,212**	**5,024**
- Not later than one year	830	813
- Later than one year and not later than five years	3,382	3,419
- Later than five years	-	792
Finance charges allocated to future periods	**(1,097)**	**(1,435)**
Net PFI obligation	**3,115**	**3,589**
- Not later than one year	494	432
- Later than one year and not later than five years	2,621	2,437
- Later than five years	-	720

10.5 Fixed Assets held under PFI arrangements (continued)

Unitary Payment payable to service concession operator	**Year ended 31 March 2020 £'000**	Year ended 31 March 2019 £'000
Consisting of:		
- Interest charge	377	421
- Repayment of finance lease liability	474	411
- Service element	215	210
- Lifecycle costs	104	101
Total amount paid to service concession operator	**1,170**	**1,143**

11. Trade and other receivables

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Contract receivables	3,638	7,450
Allowance for impaired contract receivables	(324)	(14)
Prepayments (non-PFI)	413	386
PDC dividend receivable	159	-
VAT receivable	47	193
Clinician pension tax provision funding from NHSE	3	-
Other receivables	159	279
Total	**4,095**	**8,294**

NHS receivables consist of balances owed by NHS bodies in England; receivables with other related parties consist of balances owed by other HM Government organisations. Related party transactions are detailed in note 23.

There are £227k Non-current trade and other receivables at 31 March 2020 (2018-19: £nil).

11.1 Allowances for credit losses

2019/20	**Contract receivables and contract assets £'000**	**All other receivables £'000**
Allowances as at 1 April	14	**-**
Changes in existing allowances	310	-
Total as at 31 March	**324**	**-**

2018/19	**Contract receivables and contract assets £'000**	**All other receivables £'000**
Allowances as at 1 April	-	**347**
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	6	(331)
Changes in existing allowances	8	(16)
Total as at 31 March	**14**	**-**

11.2 Provision for impaired receivables

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Balance at 1 April	14	347
Impact of implementing IFRS 9 on 1 April 2018	-	(325)
New allowances arising	317	-
Reversals of allowances (where receivable is collected in-year)	(7)	(8)
Balance at 31 March	**324**	**14**

11.3 Aged analysis of impaired receivables

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
0 - 30 days	-	-
30 – 60 days	-	-
60 – 90 days	-	-
90 – 180 days	150	-
Over 180 days	42	14
Total	**192**	**14**

£132k cash already received however this element of the contracts is in formal dispute, and the Trust is anticipating having to repay.

11.4 Aged analysis of non-impaired receivables past their due date

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
0 - 30 days	42	152
30 – 60 days	584	329
60 – 90 days	79	9
90 – 180 days	16	59
Over 180 days	133	41
Total	**854**	**590**

12. Cash and cash equivalents

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
At 1 April	1,689	1,844
Net change in year	6,122	(155)
At 31 March	**7,811**	**1,689**
Broken down into:		
Commercial banks and cash in hand	45	64
Cash with Government Banking Service	7,766	1,625
Cash and cash equivalents as in SOFP	**7,811**	**1,689**
Bank overdraft – Government Banking Service	-	-
Bank overdraft – Commercial banks	-	-
Cash and cash equivalents as in SOCF	**7,811**	**1,689**

13. Third party assets

The Trust held £35k cash at bank at 31 March 2020 (2018-19: £54k) which relates to monies held by the NHS Foundation Trust on behalf of patients. This has been included in the cash and cash equivalents figure reported in the statement of financial position.

14. Non-current assets held for sale

The Trust has £nil non-current assets held for sale for the year ended 31 March 2020 (2018-19: £nil).

15. Trade and other payables

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
NHS & Non NHS payables – Revenue	4,004	4,642
Other trade payables – capital	1,660	618
Social Security costs	993	909
Other taxes payable	731	696
Other payables	1,766	1,135
Accruals	4,213	4,099
Total	**13,367**	**12,099**

15. Trade and other payables (continued)

NHS payables consist of balances owed to NHS bodies in England; amounts due to other related parties consist of balances owed to other HM Government organisations. Related party transactions are detailed in note 23.

There are £nil Non-Current Trade and Other Payables at 31 March 2020 (2018-19: £nil)

16. Borrowings	**Current**		**Non-current**	
	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000	**Year ended 31 March 2020 £'000**	Year ended 31 March 2019 £'000
Obligations under PFI contracts (excl. lifecycle)	494	432	2,621	3,157
Total	**494**	**432**	**2,621**	**3,157**

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Not later than one year	494	432
Later than one year and not later than five years	2,621	2,437
Later than five years	-	720
Total	**3,115**	**3,589**

The current year liability is in relation to the interest repayment expensed to Statement of Comprehensive Income in respect of the on-Statement of Financial Position Hallam Street Hospital Private Finance Initiative scheme. The non-current liability is in respect of capital and finance costs outstanding.

16.1 Reconciliation of liabilities arising from financing activities	**PFI and LIFT schemes £'000**	**Total £'000**
Carrying value at 1 April 2019	**3,589**	**3,589**
Cash movements:		
Financing cash flows - payments and receipts of principal	(474)	**(474)**
Financing cash flows - payments of interest	(377)	**(377)**
Non-cash movements:		
Change in effective interest rate	377	**377**
Carrying value at 31 March 2020	**3,115**	**3,115**

17. Department of Health & Social Care Loans	**Current**		**Non-current**	
	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000	**Year ended 31 March 2020 £'000**	Year ended 31 March 2019 £'000
Department of Health & Social Care Loans	702	2	-	700
Total	**702**	**2**	**-**	**700**

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000

Not later than one year	702	2
Later than one year and not later than five years	-	700
Later than five years	-	-
Total	**702**	**702**

The Trust has £700k current loans as at the year ended 31 March 2020 (2018-19: Non-Current £700k). This has been received from the Department of Health and Social Care (DHSC) in two nominal amounts of £500k in July 2018 and £200k in January 2019, and allowed the Trust to remain above the £1m minimum cash balance requirement. These loans are subject to interest at 1.50% payable every six months, commencing on the six month anniversary date of the draw date. As at 31 March 2020 the Trust had recognised costs of £12k. The loans drawn down are held at historic cost.

17.1 Reconciliation of liabilities arising from financing activities	**Loans from DHSC**	**Total**
	£'000	**£'000**
Carrying value at 1 April 2019	**702**	**702**
Cash movements:		
Financing cash flows - payments and receipts of principal	-	**-**
Financing cash flows - payments of interest	(10)	**(10)**
Non-cash movements:		
Change in effective interest rate	10	**10**
Carrying value at 31 March 2020	**702**	**702**

18. Clinical negligence liabilities

There is £174k provision for clinical negligence recognised in the books of the NHS Resolution (NHSR) on behalf of Black Country Partnership NHS Foundation Trust (2018-19: £169k).

19. Contingencies

There is one contingent liability outstanding as at 31 March 2020 relating to the West Midlands Pension Fund settlement. Currently the settlement profile of the liability is unknown. No amounts have been notified by the NHSR for potential employer and public liability claims (2018-19: £nil).

20. Provisions for liabilities and charges		**Other legal**	**Employment**		**Clinicians**	
	Total	**claims**	**Tribunals**	**Redundancy**	**Pension Tax**	**Other**
2019/20	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April	**331**	252	79	-	-	-
Arising during the year	1,906	245	1,037	157	229	238
Utilised during the year – accruals	(41)	(41)	-	-	-	-
Utilised during the year – cash	(61)	(61)	-	-	-	-
Reversed – unused	(790)	(262)	(528)	-	-	-
At 31 March	**1,345**	**133**	**588**	**157**	**229**	**238**
Expected timing of cash flows:						
Not later than one year:	1,119	133	588	157	3	238
Later than one year and not later than five years	7	-	-	-	7	-
Later than five years	219	-	-	-	219	-
Total	**1,345**	**133**	**588**	**157**	**229**	**238**

20. Provisions for liabilities and charges (continued)

2018/19	Total £'000	Other legal claims £'000	Employment Tribunals £'000	Redundancy £'000	Clinicians Pension Tax £'000	Other £'000
At 1 April	**1,224**	**581**	**247**	**396**	**-**	**-**
Arising during the year	**273**	194	79	-	-	-
Utilised during the year – accruals	**-**	-	-	-	-	-
Utilised during the year – cash	**(270)**	(31)	(10)	(229)	-	-
Reversed – unused	**(896)**	(492)	(237)	(167)	-	-
At 31 March	**331**	**252**	**79**	**-**	**-**	**-**
Expected timing of cash flows:						
Not later than one year:	**331**	252	79	-	-	-
Later than one year and not later than five years	**-**	-	-	-	-	-
Later than five years	**-**	-	-	-	-	-
Total	**331**	**252**	**79**	**-**	**-**	**-**

20.1 Provisions analysis

	Current		Non-current	
	Year ended 31 March 2020	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019
	£'000	£'000	**£'000**	£'000
Employment tribunal cases	588	79	-	-
Other legal claims	133	252	-	-
Redundancy	157	-	-	-
Clinician pension tax reimbursement	3	-	226	-
Other	238	-	-	-
Total	**1,119**	**331**	**226**	-

21. Other liabilities

	Current		Non-current	
	Year ended 31 March 2020	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019
Deferred income	**£'000**	£'000	**£'000**	£'000

Total	**27**	**27**	**-**	-

22. Trust local government pension fund liability	**Non-current Year ended 31 March 2020 £'000**	Year ended 31 March 2019 £'000
Gross local government pension scheme (LGPS) liability	2,515	2,515
Sandwell Metropolitan Borough Council liability	(155)	(155)
Trust local government pension liability	**2,360**	**2,360**

During 2018/19 the Funds actuary issued an IAS 19 valuation at the termination date stating the termination debt of £2,515k has been crystallised. Therefore a valuation is not required for 2019/20. The Trust is currently in discussion with the pension fund about settlement of the liability.

22.1 Trust local government pension fund analysis

Changes in the benefit obligation and fair value of plan assets during the year for the amounts recognised in the SoFP	**Year ended 31 March 2020 £'000**	Year ended 31 March 2019 £'000
Present Value of the defined benefit obligation at 1 April	**(8,290)**	**(7,848)**
Current service cost	-	(22)
Interest cost	-	(33)
Contribution by plan participants	-	(6)
Actuarial (losses)/gain	-	(1,581)
Change in Demographic assumption	-	(118)
Experience loss / (Gain)	-	1,150
Benefits paid	-	168
Past Service Costs including curtailments	-	-
Present Value of the defined benefit obligation at 31 March	**(8,290)**	**(8,290)**
Plan assets at fair value at 1 April	**5,930**	**5,645**
Expected return on plan assets	-	23
Actuarial gain/(losses)	-	403
Contribution by the employer	-	21
Contribution by plan participants	-	6
Benefits paid	-	(168)
Plan assets at fair value at 31 March	**5,930**	**5,930**
Plan deficit at 31 March	**(2,360)**	**(2,360)**

22.2 Reconciliation of the present value of the defined benefit obligation and the present value of the plan assets to the assets and liabilities recognised in the SoFP	**Year ended 31 March 2020 £'000**	Year ended 31 March 2019 £'000
Present Value of the defined benefit obligation at 1 April	**(8,290)**	**(8,290)**
Plan assets at fair value at 31 March	5,930	5,930
Net liability recognised in the SoFP at 31 March	**(2,360)**	**(2,360)**

22.3 Amounts recognised in the Statement of Comprehensive Income	**Year ended 31 March 2020 £'000**	Year ended 31 March 2019 £'000
Current service cost	-	(22)
Interest cost	-	(10)
Total pension cost recognised in SOCI	**-**	**(32)**

22.4 Amounts disclosed in the Other Comprehensive Income	**Year ended 31 March 2020 £'000**	Year ended 31 March 2019 £'000

Effect of paragraph 41 limit	-	146
Total pension cost disclosed in OCI	**-**	**146**

22.5 Actuarial assumptions

Duration information as at the end of the accounting period	
Estimation Macaulay duration of benefit obligation (at the period end valuation and admission date):	18 years
Duration profile used to determine assumptions:	Mature

Financial assumptions	**Year ended 31 March 2020**	**Year ended 31 March 2019**
Rate of increase in salaries	-	n/a
Rate of increase in pensions	-	2.58%
Discount rate	-	1.72%

Post retirement mortality assumptions (normal health)	
Non-retired members	S2PA CMI_2012_[1.5%] (110% Males, 105% Females)
Retired members	S12A CMI_2012_[1.5%] (110% Males, 105% Females)

Life expectancy of a male (female)	**Year ended 31 March 2020**	**Year ended 31 March 2019**
Future pensioner aged 65 in 20 years' time	-	24.0 (26.7) years
Current pensioner aged 65	-	21.9 (24.3) years

Commutation of pension for lump sum at retirement
50% take maximum cash, 50% take 3/80ths cash

23. Related party balances and transactions

Black Country Partnership NHS Foundation Trust is a corporate body established by order of NHS England and NHS Improvement. During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with Black Country Partnership NHS Foundation Trust. The Trust considers all government related bodies as related parties with the Department of Health being the Parent. In addition the Trust is a Corporate Trustee of Black Country Partnership Foundation Trust Charity, is a member of the NHS Pension Scheme and a member of the Local Government Pension Scheme which are also considered to be related parties.

2019/20 Organisation	**Receivables Year ended 2020 £'000**	**Payables Year ended 2020 £'000**	**Revenue Year ended 2020 £'000**	**Expenditure Year ended 2020 £'000**

Local Authorities				
Sandwell Metropolitan Borough Council	1	86	1	-
Walsall Metropolitan Borough Council	-	-	-	4
Wolverhampton City Council	7	-	167	9
Dudley Metropolitan Borough Council	12	27	4,860	-
Worcestershire County Council	37	-	-	-
Sub Total	**57**	**113**	**5,028**	**13**
NHS England & CCG's				
Sandwell & West Birmingham CCG	662	4	40,829	22
Wolverhampton CCG	(163)	-	32,557	3
Dudley CCG	(260)	33	12,134	33
NHS England	1,566	-	8,566	4
Birmingham & Solihull CCG	23	-	3,156	-
Walsall CCG	832	-	4,046	-
Sub Total	**2,660**	**37**	**101,288**	**62**

NOTES TO THE FINANCIAL STATEMENTS

23. Related party balances and transactions (continued)

2018/19 **Organisation**	**Receivables Year ended 31 March 2019 £'000**	**Payables Year ended 31 March 2019 £'000**	**Revenue Year ended 31 March 2019 £'000**	**Expenditure Year ended 31 March 2019 £'000**
Local Authorities				
Sandwell Metropolitan Borough Council	-	203	4	1
Walsall Metropolitan Borough Council	-	1	-	7
Wolverhampton City Council	53	-	397	6
Dudley Metropolitan Borough Council	-	-	4,815	-
Worcestershire County Council	37	-	243	-
Sub Total	**90**	**204**	**5,459**	**14**
NHS England & CCG's				
Sandwell & West Birmingham CCG	98	-	36,216	19
Wolverhampton CCG	160	3	31,055	2
Dudley CCG	251	-	12,279	-
NHS England	4,925	15	9,335	14
Birmingham Cross City CCG	473	-	3,584	-
Walsall CCG	667	-	3,941	-
Sub Total	**6,574**	**18**	**96,410**	**35**

24. Losses and special payments

There were 15 cases of loss and special payment totalling £2k approved in the year (2018-19: 13 cases totalling £3k).

The losses during 2019-20 were due to:

	No of Cases Year Ended 31 March 2020 No	**Value of Cases Year Ended 31 March 2020 £000**	No of Cases Year Ended 31 March 2019 No	Value of Cases Year Ended 31 March 2019 £000
Losses of cash due to:				
a. Theft, fraud etc	2	0	-	-
b. Overpayment of Salaries	-	-	-	-
c. Other causes	-	-	-	-
Fruitless Payments and constructive losses	-	-	-	-
Bad debts and claims abandoned in relation to:				
a. Private patients	-	-	-	-
b. Overseas visitors	-	-	-	-
c. Other	-	-	-	-
Damage to buildings, property due to:				
a. Theft, fraud etc	-	-	-	-
b. Stores losses	-	-	-	-

c. Other	-	-	-	-
Total Losses:	**2**	**0**	**-**	**-**
Special Payments:				
Compensation under court order or legally binding arbitration award	-	-	-	-
Extra contractual contractors	-	-	-	-
Ex gratia payments in respect of:				
a. Loss of personal effects	13	2	13	3
b. Clinical negligence with advice	-	-	-	-
c. Personal injury service	-	-	-	-
d. Other negligence and injury	-	-	-	-
e. Other employment payments	-	-	-	-
f. Patient referrals outside the uk and EEA	-	-	-	-
g. Other	-	-	-	-
h. Maladministration, no financial loss	-	-	-	-
Special Severance Payments	-	-	-	-
Extra statutory and regulatory	-	-	-	-
Total Special Payments	**13**	**2**	**13**	**3**
Total Losses and Special Payments	**15**	**2**	**13**	**3**

NOTES TO THE FINANCIAL STATEMENTS

24. Losses and special payments (continued)
During 2019-20, there were no individual cases which exceeded £300,000.

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.

25. Financial instruments and related disclosures

IAS 32 Financial Instruments: Presentation and IFRS 7 Financial Instruments: Disclosures require an explanation of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. A financial instrument is any contract that gives rise to a financial asset of one body and a financial liability or equity instrument in another body.

The Trust does not have any complex financial instruments and does not hold or issue financial instruments for speculative trading purposes and because of the continuing service provider relationship the Trust has with Clinical Commissioning Groups, and the way those Clinical Commissioning Groups are financed, the Trust is not exposed to the degree of financial risk faced by business entities.

Financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. Due to the Trust's terms of authorisation it has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Trust's financial instruments comprise provisions, cash at bank and in hand and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Trust's operations.

25.1 Financial risk

Due to the continuing service provider relationship that the Trust has with Clinical Commissioning Groups (CCGs) and the way those CCGs are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply.

The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

25.2 Interest rate risk

The majority of the Trust's financial assets and financial liabilities carry nil or fixed rates of interest. Black Country Partnership NHS Foundation Trust is not therefore exposed to significant interest-rate risk.

25.3 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.

25.4 Credit risk

The Trust operates primarily within the NHS market and receives the majority of its income from other NHS organisations as disclosed in Note 23. The Trust has financial instruments which are considered to have low credit risk in accordance with IFRS 9. The Trust will be reviewing the financial instruments based on the five step approach outlined in the guidance and monitor the level of credit risk on a regular basis.

Cash held with government banking services are banks that have been assigned credit ratings in line with NHS England and NHS Improvement guidance.

25.5 Liquidity risk

The Trust's net operating costs are incurred under annual service level agreements with local Clinical Commissioning Groups which are financed from resources voted annually by Parliament. The Trust also largely finances its capital expenditure from retained surpluses and funds made available from Government under agreed borrowing limits. Black Country Partnership NHS Foundation Trust is not therefore exposed to significant liquidity risk.

25.5 Liquidity risk (continued)

The fair value of a financial instrument is the price at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms-length transaction. All the financial instruments of the Trust are initially measured at fair value on recognition and subsequently at amortised cost. The following table is a comparison by category of the carrying amounts and the fair values of the Trust's financial assets and financial liabilities:

All financial assets are classified as 'loans and receivables' and all financial liabilities are classified as 'other financial liabilities'.

Note that disclosure of fair values is not required when the carrying amount is a reasonable approximation of fair value, such as short-term trade receivables and payables, or for instruments whose fair value cannot be measured reliably. [IFRS 7.29(a)]

25.6 Carrying values of financial assets

2019/20	Held at amortised Cost £'000	Total book value £'000
Carrying values of financial assets as at 31 March under IFRS 9		
Trade and other receivables excluding non-financial assets	4,063	**4,063**
Other investments / financial assets	(360)	**(360)**
Cash and cash equivalents at bank and in hand	7,811	**7,811**
Total at 31 March	**11,514**	**11,514**

2018/19	Held at amortised Cost £'000	Total book value £'000
Carrying values of financial assets as at 31 March under IFRS 9		
Trade and other receivables excluding non-financial assets	7,318	**7,318**
Other investments / financial assets	397	**397**
Cash and cash equivalents at bank and in hand	1,689	**1,689**
Total at 31 March	**9,404**	**9,404**

25.7 Carrying values of financial liabilities

2019/20	Held at amortised Cost £'000	Total book value £'000
Carrying values of financial liabilities as at 31 March under IFRS 9		
Loans from the Department of Health and Social Care	702	**702**
Obligations under PFI, LIFT and other service concession contracts	3,115	**3,115**
Trade and other payables excluding non-financial liabilities	11,643	**11,643**
Provisions under contract	1,345	**1,345**

Total at 31 March	**16,805**	**16,805**

2018/19	Held at amortised Cost £'000	Total book value £'000
Carrying values of financial liabilities as at 31 March under IFRS 9		
Loans from the Department of Health and Social Care	702	**702**
Obligations under PFI, LIFT and other service concession contracts	3,589	**3,589**
Trade and other payables excluding non-financial liabilities	10,494	**10,494**
Provisions under contract	331	**331**
Total at 31 March	**15,116**	**15,116**

25.8 Maturity of financial liabilities

	31 March 2020 £'000	31 March 2019 £'000
In one year or less	13,923	11,259
In more than one year but not more than two years	567	1,765
In more than two years but not more than five years	2,088	1,372
In more than five years	227	720
Total	**16,805**	**15,116**

NOTES TO THE FINANCIAL STATEMENTS

26. Events after the Reporting Date

On 1st April 2020, the Trust acquired services from Dudley and Walsall Mental Health Trust, including Non-Current Assets, Non-Current Liabilities and cash via a Commercial Transfer Arrangement and changed its name to Black Country Healthcare NHS Foundation Trust. These financial statements have not been adjusted to reflect this event which took place after the reporting period. Users of these accounts should note that this transfer of services will materially increase the Trusts annual income, expenditure, staff numbers and healthcare activity. Dudley and Walsall Mental Health Trust has reported financial surpluses from continuing operations in recent years. Cash inflow is expected as a direct result of the acquisition, and the combined Trust is planning for a surplus positon in 2020/21. As with most similar NHS organisations, future financial performance is subject to changes in national policy, NHS funding allocations and national tariffs for providers of healthcare.

On the 2nd April NHSE/I informed providers that in scope historic debt (interim revenue loans, working capital facilities and capital debt) will be extinguished in 2020/21 via the issue of PDC to effect repayment of outstanding balances at 31 March 2020. Therefore the Trust is expecting to receive £700k PDC to repay the current outstanding loan.

These financial statements were authorised for issue on the 24th June 2020, there were no other events arising after the end of the reporting period up to this date which qualifies for disclosure.

Section 7 Glossary

Acronyms	Phrase	Description
AGS	Annual Governance Statement	
BAF	Board Assurance Framework	Reporting infrastructure which enables the Board to monitor progress against the Trust's strategic objectives.
BAME	Black and Asian Minority Ethnic	Black and Asian Minority Ethnic Groups
BCPFT	Black Country Partnership NHS Foundation Trust	Our partner provider in the Black Country, delivering mental health and learning disability services.
CAMHS	Child and Adolescent Mental Health Services	Mental Health services for under-18s. NB – inpatient beds for under- 18s in Dudley and Walsall are provided by Birmingham Children's Hospital.
CCA	Civil Contingencies Act 2004	The Civil Contingencies Act 2004 is an Act of the Parliament of the United Kingdom that makes provision about civil contingencies. It also replaces former Civil Defense and Emergency Powers legislation of the 20th century.
CCG	Clinical Commissioning Group	They are clinically-led statutory NHS bodies responsible for the planning and commissioning of health care services for their local area.
CCNT		
CCQI	Royal College of Psychiatrists Centre for Quality Improvement	The CCQI provide national initiatives which aim to improve standards of care in mental health services. They engage directly with managers, clinicians, and service users and support them to take responsibility for improving local services. CCQI also recognises local achievement, offering accreditation.
CEO	Chief Executive Officer	The chief executive officer or just chief executive, is the most senior corporate, executive, or administrative officer in charge of managing an organization – especially an independent legal entity such as a company or nonprofit institution.
CIP	Cost improvement Programme	Annual targets for reducing costs.
CIPS	Chartered Institute of Purchasing and Supply	Procurement regulatory body.
CLDT	Community Learning Disability Team	A Trust tam that supports LD service users in the community.
CPA	Care Programme Approach	An overall clinical approach which covers the assessment of individuals' needs, the planning of their care, evaluation of progress and review of treatment. As a result, of CPA, a 'Care Plan' is developed and agreed with the service user; this is a comprehensive description of all aspects of the person's care and treatment.

Acronyms	Phrase	Description
CQC	Care Quality Commission	Quality regulator for health and social care providers. In 2010, introduced a system of 'registering' providers as a demonstration of quality.
CQUIN	Commissioning for Quality and Innovation	CQUIN is a national initiative which aims to embed quality improvements within the commissioning cycle for NHS healthcare. The CQUIN payment framework enables commissioners to reward excellence, by linking a proportion of healthcare providers' income to the achievement of local quality improvement goals.
CYP	Children and young people	A division of the trust
DIPC	Director of Infection Prevention and Control	An individual with overall responsibility for infection control and accountable to the registered provider.
DHSC	Department of health and social care	A government department.
DSPT	The Data Security and Protection Toolkit	The Data Security and Protection Toolkit (DSPT) superseded the IG Toolkit, the DSPT is based upon the National Data Guardian Standards. Unlike the previous IG Toolkit, the DSPT does not provide a score or rating of the assessment so the Trust either met or did not meet the DSPT standard.
DWMHPT	Dudley and Walsall Mental Health Partnership NHS Trust	Our partner mental health trust covering Dudley and Walsall boroughs.
EBITDA	Earnings before interest, tax, depreciation and amortisation	A financial adjustment.
ED	Eating disorder	A condition of dysfunctional eating habits / association with food.
EHR	Electronic Health Record	A system where patient records are stored electronically
EPRR	Emergency Preparedness, Resilience and Response	The NHS needs to be able to plan for and respond to a wide range of incidents and emergencies that could affect health or patient care. This could be anything from extreme weather conditions to infectious disease outbreak or a major transport accident or terrorist attack. This work is referred to in the health service as "emergency preparedness, resilience and response"
EqIA's	Equality Impact Analysis (Assessments)	A tool to assess the impact of change on the equality aspects for staff and patients
ESR	Electronic Staff Record	The Trust reports training compliance on all levels of training. All records of attendance are entered onto and monitored via the Trust Electronic Staff Record (ESR) system
FIT	Financial Improvement Trajectory	A plan for trusts to forecast their financial health.
FNP	Family nurse partnership	A specialist role working with families and their children.

Acronyms	Phrase	Description
FT	Foundation Trust	Type of NHS provider organisation which has more autonomy and different governance arrangements. FTs are authorised and regulated by NHSI.
FTE	Full Time Equivalent	An FTE is the hours worked by one employee on a full-time basis. The concept is used to convert the hours worked by several part-time employees into the hours worked by full-time employees.
GDPR	General Data Protection Regulations	The General Data Protection Regulation 2016/679 is a regulation in EU law on data protection and privacy for all individuals within the European Union and the European Economic Area. It also addresses the export of personal data outside the EU and EEA areas
GP	General Practitioner	A doctor based in the community who treats patients with minor or chronic illnesses and refers those with serious conditions to a hospital.
HC	Head count	Number of staff
HR	Human Resources	Human resources are the people who make up the workforce of an organization, business sector, or economy
HSJ	Health Service Journal	Journal that covers the health sector
IAPT	Improving Access to Psychological Therapies	An NHS programme rolling out services across England offering interventions for treating people with depression and anxiety disorders.
IAS1	International Accounting Standards	
ICCNT	Integrated Children's Community Nursing Team	Provides family centred nursing care in the community for children from birth to 18 years (up to 19th birthday if they attend a special school)
ICO	Information Commissioners Office	
IFRIC	International Financial Reporting Committee	
IFRS	International Financial Reporting Standards	International Financial Reporting Standards, usually called IFRS, are standards issued by the IFRS Foundation and the International Accounting Standards Board to provide a common global language for business affairs so that company accounts are understandable and comparable across international boundaries
IG	Information Governance	Information governance, or IG, is the management of information at an organization. Information governance balances the use and security of information. Information governance helps with legal compliance, operational transparency, and reducing expenditures associated with legal discovery.
IPS	Individual placement and support	A specialist employment service to support service users back to work

Acronyms	Phrase	Description
IM&T	Information management and technology	
ISO		
IT	Information Technology	
KPI	Key Performance Indicators	These are measures of performance and are used by the Trust to evaluate levels of success in achieving its goals
LD	Learning Disabilities	LD Services aren't provided by DWMHPT
L and D	Learning and Development	Trust department responsible for staff education and development
MDT	Multi-disciplinary team	A team comprising of a number of professionals.
MEA	modern equivalent asset	A financial measure.
MERIT	Mental Health Alliance for Excellence, Resilience, Innovation and Training	Four mental health trusts in the West Midlands have come together in a new healthcare alliance to transform the way acute mental health services are provided.
MHSIP	Mental Health Safety Improvement Programme	Mental Health Safety Improvement Programme (MHSIP) established by NHS Improvement (NHSI), in partnership with the Care Quality Commission (CQC).
NHS	National Health Service	The NHS provides free healthcare, regardless of wealth, for resident in the UK. It covers everything from antenatal screening and routine treatments for long-term conditions, to transplants, emergency treatment, and end-of-life care.
NHSE/I	National Health Service England / Improvement	NHS England and NHS Improvement have come together as a single organisation. Their aim is to better support the NHS and help improve care for patients.
NICE	National Institute for Health and Clinical Excellence	NICE is an independent organisation responsible for providing national guidance on promoting good health and preventing and treating ill health
OD	Organisational Development	The development, implementation and review of various strategies and plans to improve an organisation
PCN	Primary care network	A group of GPS in a locality
PCT	Primary care trust	Now disestablished
PDC	Public Dividend Capital	This is a payment made each year by the Trust to the Department of Health to reflect the investment they have provided. It is calculated at 3.5% of the Trust's asset base and is generally regarded as being equivalent to the long term cost of capital in the public sector.
PICU	Psychiatric intensive care unit	
PREM's	Patient Reported Experience Measures	PREMS are used to understand service users' views on their experience while receiving care. A standard set of core questions has been developed that are linked to the CQC's CREWS domains and will be asked in every service area to explore in more depth the experience

Acronyms	Phrase	Description
		across our services, to highlight areas of good practice and any potential areas for improvement.
QIA	Quality Impact Assessments	The Trust has an effective Quality Impact Assessment process in place to ensure that quality of care is not compromised through its Cost Improvement Plans. Quality and Equality Impact assessments have been completed for all service transformation developments and cost improvement programmes. QIAs are designed to ensure that service transformation plans place quality and safety improvement as the highest priority.
RCPSYCH	Royal college of psychiatrists	
RWT	Royal Wolverhampton Trust	Acute trust
STP	Sustainability and Transformation Plans	The aim of this plan is to address on a larger scale the gaps in health and well-being, quality and care and finance and efficiency.
TCP	Transforming Care Partnership	Transforming Care Partnerships. TCPs are made up of clinical commissioning groups, NHS England's specialised commissioners and local authorities. They work with people with a learning disability, autism or both and their families and carers to agree and deliver local plans for the programme.
UKCP18	UK Climate Projections 2018	The UK Climate Projections (UKCP) provides the most up-to-date assessment of how the climate of the UK may change over the 21st century.
WDES	Workface Disability Equality Standard	The Workforce Disability Equality Standard (WDES) is a set of ten specific measures (Metrics) which enables NHS organisations to compare the workplace experiences of Disabled and non-disabled staff. NHS organisations use the Metrics data to develop an action plan and enable them to demonstrate progress against the indicators of disability equality.
WRES	Workforce Race Equality Standard	The WRES is a tool designed for both providers of NHS services (this includes NHS providers, independent sector, and voluntary sector providers of NHS services) and NHS commissioners. It can also be applied to national healthcare bodies; indeed, many national healthcare bodies are also implementing and using the WRES.

لأجل الحصول على نسخة ملخصة من هذه الوثيقة باللغة العربية فالرجاء الأتصال ب(إيفون مَيْن Yvonne Mayne) على رقم الهاتف أدناه.

এই তথ্যপত্রটির সারসংক্ষেপের বাংলায় একটি কপি পেতে চাইলে দয়া করে নীচে দেয়া নম্বরে ফোন করে 'ইভন মেইন' (Yvonne Mayne) এর সঙ্গে যোগাযোগ করুন।

આ દસ્તાવેજનો ગુજરાતીમાં સારાંશ મેળવવા માટે કૃપા કરી નીચે જણાવેલા નંબર પર ઈવોન મૅઇનનો સંપર્ક સાધો.

यदि आपको इस प्रलेख का संक्षेप हिन्दी में चाहिए तो कृप्या नीचे दिए गए टैलीफोन नंवर पर इवोन मेन से संपर्क करें।

ਇਸ ਦਸਤਾਵੇਜ਼ ਦਾ ਪੰਜਾਬੀ ਵਿੱਚ ਸੰਖੇਪ ਰੂਪ ਹਾਸਲ ਕਰਨ ਲਈ ਕਿਰਪਾ ਕਰਕੇ ਈਵੌਨ ਮੇਨ ਨੂੰ ਹੇਠਾਂ ਦਿੱਤੇ ਗਏ ਨੰਬਰ ਉੱਤੇ ਫ਼ੋਨ ਕਰੋ।

براہِ کرم اس دستاویز کا اُردو میں خلاصہ حاصل کرنے کے لیئے نیچے دیئے گئے نمبر پر عوان میئن سے رابطہ کیجئے

If you require large print or braille, please contact Yvonne Mayne on 0845 146 1800.

Black Country Partnership NHS Foundation Trust

Delta House, Delta Point,
Greets Green Road,
West Bromwich,
B70 9PL

www.bcpft.nhs.uk

Our Community
you matter, we care