Blackpool Teaching Hospitals NHS Foundation Trust

NHS
Blackpool Teaching Hospitals
NHS Foundation Trust

Annual Report

and **Accounts** · 2019/20

Annual Report and Accounts 2019/20

People Centred | Positive | Together we care | Compassion | Excellence

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

Contents

Note: This Annual Report and Accounts has been prepared on a group basis, Blackpool Teaching Hospitals NHS Foundation Trust and its subsidiary company BFW Management (Atlas) are said 'group' and collectively hereinafter jointly referred to as ("Blackpool Teaching Hospitals NHS FT", "Blackpool Victoria Hospital", "the Trust", "we", "us", "our").

Chairman's and Chief Executive's Introduction

Welcome to our Annual Report and Accounts for 2019/20.

It has been another challenging year for the Trust and we would like to thank all our dedicated staff, Governors and volunteers for their hard work and commitment throughout the year.

We are now in the final year of our 2020 Vision, a five year strategy called "Together We Can...". We have continued to work closely with staff to embed the Strategy into our every day practices so the key aims of improving patient and staff experience, reducing mortality rates and reducing length of stay are at the forefront of everything we do.

The Trust, along with the wider NHS, is facing significant challenges in the years ahead - an ageing population, increasing numbers of people living with complex, long-term health and social care needs, rising expectations about quality of life and the range of services that are provided and increasing costs of providing care for our patients. The past 12 months also saw the Trust undergo its latest Care Qulaity Commission (CQC) inspection which gave an overall rating of 'Requires Improvement' and highlighted a number of issues for the Organisation. The Trust continues to face financial challenges too with significant investment being made to improve patient safety and quality of service.

Added to the above, the future following the COVID-19 pandemic will present some of the greatest challenges the National Health Service (NHS) has ever faced and we are doing all we can to prepare for those significant challenges.

The Trust's aim is to embrace these challenges, and where possible see them as a real opportunity to reshape the way in which healthcare services are provided to our patients, to better meet the needs of individuals and their families and we are working closely with partners across the Fylde coast including NHS Blackpool and NHS Fylde and Wyre Clinical Commissioning Groups (CCGs), Blackpool Council and Lancashire County Council to improve the health and care of the population by delivering integrated services and making better use of resources.

We are also working closely with the Lancashire and South Cumbria Integrated Care Partnership to develop systems across the region.

Once again, we are very proud to report the many achievements and successes from over the year. All our highlights are down to our fantastic staff and partners and a huge thank you goes to the many people who contribute to our continued success.

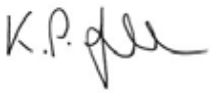
Our staff work tirelessly to provide the very best service they can for our patients. In doing so, they show their commitment to continuing to improve the quality of services that are provided across the areas we cover. Together we are very much looking forward to building on our successes and gaining even more accolades for the care we provide.

Signed: 

Date: 25th June 2020

Pearse Butler

CHAIRMAN

Signed: 

Date: 25th June 2020

Kevin McGee

CHIEF EXECUTIVE

Group Highlights

Trust Highlights

Sepsis Success

The number of sepsis deaths at Blackpool Victoria Hospital has been halved through innovative changes to treatment methods. Following a year of intensive work, the death rate from the disease has been dramatically reduced through major changes to diagnosis and treatment. In 2014, the hospital's sepsis mortality rate was the third worst in the country with 30 to 35 per cent of sepsis patients dying from the disease. This has now been cut to 15 to 18 per cent putting the Trust in the top 30 per cent of best performing hospitals nationally.

Freedom to Speak Up

The Freedom to Speak Up (FTSU) Service has continued to grow over the last 12 months and an increase can be seen in staffs' awareness about how to raise concerns from both the staff survey and the increase in colleagues coming through the FTSU Service to raise concerns.

SWAN Model Launched

In December 2019, the Trust launched The Swan Model of End of Life and Bereavement Care to provide excellent, individualised end of life and bereavement care for every patient and every family, every time. The Swan is an enabling model, which supports generalists to be specialists in end of life and bereavement care. The ethos is about empowering staff and giving them permission to care and to break the rules that do not exist. Teams are already rolling this out across their areas this work will continue to be integral to the 'Last 1000 Days' improvement programmes for 2020/21.

PLACE Award

Blackpool Victoria Hospital has beaten all national results for providing a good environment and enhanced non-clinical patient services. The hospital, which also received a top 5 star hygiene rating and a Healthier Choice Award, beat the national and regional averages for all trusts in every area of the assessment. The assessments are known as Patient Led Assessment Care of the Environment (PLACE) and look at how the environment supports clinical care, assessing such aspects as privacy, dignity, food, cleanliness, maintenance and how the hospital building is able to support the care of patients.

Trust Praised for "World Class" Clinical Skills Training Unit

The Simulation and Clinical Skills Unit at the Trust has become only the third unit in the world to be recognised for the quality of service it delivers. The department, which helps train NHS clinical staff across a wide range of skills, has received the Association for Simulated Practice in Healthcare (ASPiH) accreditation award. The award assures healthcare professionals, educators, regulators and patients that a high quality of simulation-based education (SBE) and technology-enhanced learning (TEL) is provided by the Organisation or provider who holds the award.

National Award for NHS Training Team

The Health Informatics Education and Training Team has received the Silver award from the NHS Digital Training Service Accreditation (TSA) scheme. The scheme involves the training service being externally assessed by NHS Digital TSA assessors. The assessment measures the performance of the training service against National NHS Education and Training Standards and proves the service is operating at a nationally recognised standard.

Top Accolade for NHS Occupational Health Team

The Trust's Occupational Health & Wellbeing Department has been recognised for the high standard of service it provides to staff with a nationally recognised re-accreditation. The team has achieved and was awarded with the Safe Effective Quality Occupational Health Service (SEQOHS) Accreditation following a formal, independent assessment.

Electronic Learning for Acute Kidney Injury

The Trust has developed a sustainable electronic learning package, to raise awareness with staff and educate regarding patient risks of Acute Kidney Injury (AKI) and the importance of effective fluid balance monitoring. The increased awareness has helped improve the fluid balance monitoring component of the Acute Kidney Injury pathway and the overall compliance of the pathway. The project was recognised nationally and was a finalist in the Nursing Times Awards improving patient safety category.

Trust Gains Veteran Accreditation

The Trust was awarded Veteran Aware Accreditation. The award from the Veterans Covenant Hospital Alliance (VCHA) is in acknowledgement of dedication to treating veterans with compassion and empathy.
The Trust is now one of only 33 trusts nationwide to be accredited and this pays tribute to the empathy shown to servicemen and women who are treated at our hospitals and community sites. The award acknowledges the Trust's commitment to ensuring members of the armed forces community have specific contacts within the organisation who they can talk to if necessary and that staff are trained in understanding veterans' specific cultures and needs.

BFW Management Ltd (Atlas) Highlights

The Trust established a wholly owned subsidiary company, BFW Management Ltd (trading as Atlas), which, following incorporation in December 2016, began trading in March 2017.

The Company provides a fully managed healthcare facilities service, including property, estates and facilities management to the Trust. In addition, as a separate legal organisation operating independently from the Trust, Atlas also offers a range of estates and facilities management services to other clients within the local healthcare economy.

Developing services, has allowed the Company, which has now successfully completed its third year of operation to continue to deliver a strong growth of turnover in the year of over 19% to £51,963,744 (2019: £43,506,482). In addition, by also seeking greater cost efficiencies, profit before tax has increased by 129% to £780,871 (2019: £341,453).

The Company recognises the need to operate as a financially and socially responsible organisation and aspires to deliver all services in a way that eliminates harmful environmental impacts where possible. As part of our carbon footprint and energy awareness campaign, the Company was successful in securing funding from NHS Improvement on behalf of the Trust, to implemented changes in the use of Light–Emitting Diode (LED) lighting within the Trust's Victoria Hospital site. The funding allowed for the successful installation of 20 LED lighting schemes, significantly reducing energy consumption and providing for savings of over £20,000 and delivering 84,500 tonnes of carbon reduction per year.

By the end of March 2020, the last month of the financial year, the country was in the grip of COVID 19, the ongoing pandemic of the coronavirus disease, which, like many organisations has significantly impacted on company business in several ways.

The fully managed healthcare facility service provided to the Trust includes property maintenance services, domestic cleaning services and catering services and the Board has been very proud that through these extremely challenging times, where demand has been high, our employees have risen to the challenge to ensure that the Company continues to fulfil a vital support service to help keep Trust services operational. This has included increased medical gas support, to ensure oxygen supplies are maintained and increased domestic services.

This support has been recognised in the customer services survey:

"Thank you very much for all you have done for us on High Dependency Unit (HDU), we really appreciate you are the unsung heroes of the hospital and without you we could not treat patients."

It is also reflected in employee feedback, which indicates that 87% of staff agree with the statement: "Atlas is extremely focused on its customers' needs", which is an increase of 2% from 2019 (85%) and 100% of staff agree with the statement: "I take pride in my work", an increase of 2% from 2019 (98%).

Performance Report

Overview of Performance

The purpose of this overview is to provide sufficient information for a reader to understand the Organisation, its purpose, the key risks to the achievement of its objectives and how it has performed over the last year.

Chief Executive's Statement on Performance of the Trust

I would like to pay tribute to all our staff and volunteers who continue to work tirelessly to develop services for our patients and to improve the patient experience.

A total of 3,150 staff members took part in this year's national NHS Staff Survey. The results for 2019 indicate a significant increase compared to those of 2018. Nationally the results highlight continued pressure on NHS staff and indeed the service, but also progress on certain key issues. The survey has identified some areas for improvement, no significant areas of concern were found, in comparison with other Combined Acute & Community Trust's average.

Detailed analysis is currently being undertaken by division and occupational groups to identify key differences within the data to enable targeted approaches to be taken in addressing concerns. Big Conversation sessions are being arranged to share the results with divisions and departments to ensure that staff identify the areas for improvement which will make the most difference to them. This information will be used by divisional management supported by Workforce Business Partners to update their improvement plans.

A Corporate Improvement Plan was developed for the key themes overall arising from the Staff Survey and these have been integrated into the Great Place to Work improvement action plan. This plan is monitored bi-monthly by the Great Place to Work Group. A communication plan is being developed to provide feedback to staff on the outcome of the Staff Survey in respect of a 'Together We Did',` which will be aligned to the Workforce Transformation Strategy.

Staff engagement is vitally important to the Organisation, so the Trust will continue to undertake activities to maintain an engagement score above 7 out of 10. The Trust will do this by continuing to run the Great Place to Work sessions, which are designed to give staff at all levels a voice. The Trust will also continue to survey staff to test the current climate and what it feels like for them to work for the Organisation.

Our actions for improvement are contained within the Great Place to Work action plan and we will continue to implement these actions in a timely way. The key priorities contained within the plan include recognition (the extent to which staff receive recognition and perceive their contributions are valued); influence (the extent to which staff are involved in wider decisions that may impact on them) and personal development (the extent to which staff perceive opportunities for personal growth).

In terms of performance, the Trust can report on a number of developments including:

- 96% of patients in 2019/20 were likely to recommend the Trust to a family member or friend;
- Increase in patient safety incident reporting demonstrating positive culture of safety;
- 97.8% of patients received Harm Free Care;
- Staff survey response rates for 2019 was significantly higher than in 2018.
- 59.7% reduction in falls resulting in a harm.

However, the Trust recognises the challenges it has faced this year, resulting in NHS Improvement

(NHSI) enforcement, in relation to Accident & Emergency (A&E) waiting time targets, cancer 62-day targets and continuing to be an outlier within mortality performance and the reduction in 10 stroke beds within 2019/20, as part of governance actions taken by the Trust due to an ongoing criminal investigation.

The Trust was inspected by the Care Quality Commission in June 2019 and was rated as 'inadequate' for well-led. Following the inspection, the Trust has made new appointments to the Executive Team and due to natural succession planning, there was one new Non-Executive Director (NED) appointment during financial year and a second appointment after the financial year.

The Trust has developed a System Improvement Plan (SIP) with partners to address the concerns in the CQC report and the NHS Improvement's Enforcement Letter which is monitored by the Blackpool System Improvement Board. Both these communications are publicly available on the websites of the respective regulators.

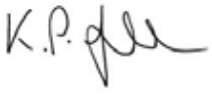
The Trust has also faced considerable challenges with the COVID-19 pandemic. This has led to huge pressures on the Trust and the NHS as a whole and the pressures will no doubt continue throughout the next 12 months with the restoration of services post COVID-19 being a real challenge for everyone.

The Directors are responsible for the preparation of this Annual Report and Accounts to provide a fair, balanced and understandable analysis of the Trust, providing the information necessary for patients, regulators and stakeholders to assess Blackpool Teaching Hospitals NHS Foundation Trust's performance, business model and strategy.

After making enquiries, the Directors have a reasonable expectation that Blackpool Teaching Hospitals NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Trust is adopting the going concern basis in the preparation of the accounts (refer to page 17).

The accounts have been prepared under a direction issued by NHS Improvement (formerly Monitor) under the National Health Service Act 2006.

This Performance Report was approved by the Board of Directors.

Signed: 

Date: 25th June 2020

Kevin McGee

CHIEF EXECUTIVE

History of the Trust

Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust was established on 1 December 2007 under the National Health Service Act 2006. In October 2010, the Trust was awarded teaching hospitals status and changed its named to Blackpool Teaching Hospitals NHS Foundation Trust in recognition of this.

On 20 March 2017, the Trust's subsidiary company BFW Management Limited (Atlas) began trading to provide the Trust's Estates Services.

The Trust is situated on the west coast of Lancashire and operates within a regional health economy catchment area that spans Lancashire and South Cumbria, supporting a population of 1.7 million. The Trust is a provider of specialist tertiary care for cardiac and haematology services across this region. The Trust does not operate outside of the United Kingdom.

The Trust provides a range of acute and community health services to the 352,000 population of the Fylde coast health economy and the estimated 18.2 million visitors a year.

The Trust also hosts the National Artificial Eye Service, which provides services across England.

During 2019/20, the Trust services have been provided from the following main sites:

- Blackpool Victoria Hospital;
- Clifton Hospital;
- Fleetwood Hospital;
- Whitegate Health Centre;
- Lytham Road Primary Care Centre;
- South Shore Primary Care Centre;
- Fleetwood Primary Care Centre;
- Moor Park Health & Leisure Centre;
- National Artificial Eye Service.

The Trust provides services across the Blackpool, Fylde and Wyre communities and the wider Lancashire area from a multitude of locations. A number of these locations are provided by NHS Property Services Ltd (http://www.property.nhs.uk/).

The Trust's main commissioners are:

- Blackpool Clinical Commissioning Group;
- Fylde and Wyre Clinical Commissioning Group;
- Morecambe Bay Clinical Commissioning Group;
- Blackpool Council – Public Health;
- Lancashire County Council – Public Health;
- NHS England.

NHS Improvement is the Trust's regulator.

Purpose and Activities of our Trust

As well as providing the full range of district hospital services and community health services, such as adult and children's services, health visiting, community nursing, sexual health and family planning, stop smoking and palliative care services. The Trust also provides tertiary cardiac, haematology and adult cystic fibrosis services to a 1.7 million population catchment area covering Lancashire and South Cumbria.

The Trust provides a comprehensive range of acute hospital services to the population of the Fylde coast, as well as the millions of holidaymakers that visit each year. The Trust employs 7,149 staff (excluding Executive Directors and Non-Executive Directors) and had a turnover (turnover includes operating income from patient care activities and other operating income) of circa of £457m in 2019/20 (£425m in 2018/19 - restated).

Between 1 April 2019 and 31 March 2020, the Trust treated 108,249 day cases and inpatients (elective and non-elective), 406,896 outpatients and had 75,214 A&E attendances.

Clinicians from Lancashire Teaching Hospitals NHS Foundation Trust provide onsite services for vascular, renal, neurology and oncology services.

Our Vision and Values

The Trust's mission is "Together We Care…", which encompasses the strategic vision for 2020

of operating as a high performing organisation within an Integrated Care System (ICS), which provides quality, safe and effective care. This will be achieved in a financially sustainable way, through our values-driven, skilled and motivated workforce.

The Trust's Values are:

- **People-centred** – serving people is the focus of everything we do;
- **Excellence** – continually striving to provide the best care possible;
- **Compassion** – always demonstrating we care;
- **Positive** – having a "can do" response whatever the situation.

Our Values are drivers for the behaviours that all of our staff strive to demonstrate. The values and behaviours have been and continue to be embedded and communicated across the Organisation via a number of initiatives including our recruitment processes, corporate induction, team briefings, meetings, appraisals and our annual awards ceremony.

Five Year Strategic Plan

Blackpool Teaching Hospitals NHS Foundation Trust

During 2015/16, the Trust worked with partner organisations to undertake an in-depth strategic review across all aspects of its care provision, led by senior clinicians from across the Organisation and wider Fylde coast health and care economy. This resulted in the creation and launch of our Five Year Strategy and 2019/20 has been the fourth year of its implementation.

Our Five Year Strategy is focused around the delivery of six strategic ambitions:

- To achieve our lowest level of mortality, reducing the Summary Hospital-level Mortality Indicator (SHMI) to within the 'expected' range;
- To achieve our highest levels of patient satisfaction;
- To reduce lengths of stay, whilst at the same time maintaining high quality care;
- To achieve our highest levels of staff satisfaction;
- To significantly reduce our clinical vacancy rate, based on future workforce numbers;
- Delivery of sustainable surpluses.

Blackpool Teaching Hospitals NHS Foundation Trust, along with the wider NHS, is facing significant challenges in the years ahead - an ageing population, increasing numbers of people living with complex, long-term health and social care needs, rising expectations about quality of life and the range of services that are provided, together with increasing costs of providing care for our patients. Nationally, NHS England has set out its expectations for the future of the NHS through

the publication of the NHS Long Term Plan. This describes a number of ambitions around changes to the way in which care is provided, many of which aim to reduce unnecessary admissions to hospital and improve the coordination of care for patients who have multiple, complex health and social care needs.

The Trust's aim is to embrace these challenges, seeing them as a real opportunity to reshape the way in which healthcare services are provided to our patients, with care and treatments that are better designed to meet the needs of individuals and their families.

The response of the health and care system to the COVID-19 pandemic is not only critical to how we deal with the current situation but will also shape the way we deliver services in the future. At this stage it is too early to say exactly what these changes will involve but we will almost certainly want to review our strategy in the coming months in the light of our response.

Working in Partnership across Lancashire and South Cumbria

It is clear that these challenges can only be addressed through working in close partnership with the Trust's health and care partners across the Fylde coast and Lancashire and South Cumbria. The Trust is part of the Fylde Coast Integrated Care Partnership which brings NHS and Council organisations together to improve health and care for people living in Blackpool, Fylde and Wyre. This partnership is known as "Healthier Fylde Coast" and we are working together to a common vision: "Improving health and care together".

In 2019/20, we have been working together closely with our Healthier Fylde Coast partners to develop a new five year health and care strategy for the Fylde coast. Our plans for the next five years are guided by:

- the challenges facing us on the Fylde coast and the things our residents and staff have told us are important to them;
- the Lancashire and South Cumbria Integrated Care System;
- the NHS Long Term Plan.

Thinking about the NHS Long Term Plan, the local challenges we are facing and what staff and the public have told us is important, has helped us shape our key areas of focus as an Integrated Care Partnership over the next five years:

A series of strategy engagement sessions have been undertaken throughout March for Clinical Commissioning Group and Trust staff, Local Authority Staff, public roadshows, patient groups, and the Voluntary, Community and Faith Sector (VCFS).

This strategy will inform the development of more detailed operational plans over the next few years. These plans – which will contain measurable targets and financial information – will be continually updated as part of our annual planning process. This will ensure that a 'golden thread' runs through the NHS Long Term Plan, the Healthier Fylde Coast plan and the Trust's operational one year plans.

Risks and Uncertainties

The NHS is changing rapidly and this provides many opportunities, as well as uncertainty, for the Trust.

During 2019/20, the Board of Directors has reviewed the Board Committee structure and introduced further two committees; Clinical Effectiveness Committee and Performance and Operations Committee, to complement the existing Audit Committee, Finance and Information Management Technology (IMT) Committee, Quality Committee and Workforce Transformation Committee. These committees were introduced to gain assurance on the actions taken to address the concerns raised in the CQC Report and the NHSI Enforcement Undertakings Letter and monitor the System Improvement Plan.

The Board of Directors has identified a number of strategic risks facing the Organisation on the Board Assurance Framework (BAF) and many high-level operational risks on the Corporate Risk Register (CRR). All these risks will continue to impact the Organisation throughout 2020/21, along with the management of Coronavirus (COVID-19). However, mitigations are in place and are monitored by the Board Committees and the Board of Directors. These plans are dependent upon changes taking place across the whole health system. The current risks are predominately financial, workforce and quality-centred and are contained within the Annual Governance Statement in the table in section 4.3.

In order to allow a prompt response to COVID-19, the Trust has established an Incident Coordination Centre (ICC) that manages and oversees all decision making on COVID-19 and reports to the Executive Directors. The Board of Directors and Audit Committee are meeting virtually to conduct urgent core business and to review urgent matters of the Board Committees. The Audit Committee receives reports in relation to significant control issues. In year, apart from the issues identified by the Internal Auditors in the Head of Internal Audit Opinion (HIAO), no further issues were reported to the Audit Committee.

During the year, the Foundation Trust has also closely monitored the risk of Brexit, the potential impact on the United Kingdom (UK) economy and specifically the implications for the Foundation Trust, both in the near term and further out. How the risks were identified and monitored formed part of the Foundation Trust's risk management process. The Foundation Trust accepted that the effect of an European Union (EU) exit, and in particular leaving the EU market with no deal, was a significant risk. The potential challenges identified included, delays or failures to procure and receive goods (including drugs) and services, and staffing from the EU. In order to mitigate these risks a number of reviews were undertaken, for example, business continuity plans and review of capacity. Actions required for data protection and a financial impact analysis were also put in place. Government guidance on the planning of a no-deal Brexit informed the Foundation Trust plans.

Emergency Planning

As a major provider of healthcare services, the Trust is prepared and able to respond in the event of a major incident, working within national legislation and guidance, such as, the Civil Contingencies Act (2004) and the NHS Emergency Preparedness, Resilience and Response (EPRR) Framework.

The Trust has an Accountable Emergency Officer, who is the Director of Operations for Unscheduled Care. The Trust has an EPRR team, consisting of and Emergency Planning Manager and Emergency Planning Officer, providing a shared service between Blackpool Teaching Hospitals and Blackpool Council. Through engagement during planning and exercises via the Lancashire Resilience Forum and Local Health Resilience Partnership, the Trust works closely with its partners to ensure there is a joined up approach to emergency planning. The shared service is a key enabler for working with multi-agency partners via the Lancashire Resilience Forum.

The Trust has detailed plans for responding to the increased demands that a major incident would make on our services, while continuing to provide care for existing patients. The Trust plans aim to satisfy the EPRR Core Standards and include a suite of plans for a range of emergencies, such as pandemic influenza, major incidents for receiving casualties and a Trust-wide Business Continuity Plan. These are ratified at Board level. In addition, several other plans are ratified by the Emergency Planning Steering Committee, including the Severe Weather Plan, High

Consequence Infectious Diseases Procedure and Decontamination Plan. These documents define the key management systems and responsibilities of staff. The Trust-wide Business Continuity Plan incorporates a number of departmental/service level plans covering all the divisional areas with operational information on alternative options to deliver their services, should the need arise.

To improve patient outcomes following contamination with hazardous materials or substances (HAZMAT) in quantities or forms that may pose a reasonable risk to health, property, or the environment, or a Chemical, Biological, Radiological or Nuclear (CBRN) Incident, ongoing training is provided for decontamination by the A&E Department for their staff on how to use personal protective equipment (PPE) and respond to such an incident. The Trust has a trained trainer, who provides this practical training. The EPRR team work closely with the lead A&E Consultant with responsibility for emergency planning in the department and they jointly provide training with regard to major incidents to staff.

The Emergency Planning Team undertake group training sessions to enhance internal management of major incidents for the on call duty staff, this includes On Call Directors, corporate On Call Managers (including from the Acute and Adults and Long Term Conditions Division (ALTC)), members of the Acute Response Team and Senior Nurses covering bleep 002.

During the last year, a significant amount of time has been spent planning and preparing for the UK's EU Exit. A task and finish group was established from various disciplines across the Trust to manage the requirements provided from NHS England and NHS Improvement (NHSI&E) and the Department for Health and Social Care.

Whilst the Trust has trained staff to respond to High Consequence Infectious Diseases, we have recently been required to increase preparedness for responding to the Coronavirus outbreak. This has involved introducing a Priority Assessment Pod with supporting processes that links it to the 111 system ensuring it meets national guidance. This situation is constantly under review and the Trust is proactive in planning, as new guidance is produced from NHSI&E and Public Health England.

The Trust has undertaken an annual self-assessment against the NHS Core Standards for EPRR and it was determined that the Trust was "Substantially Compliant" against the standards. A work plan has been put in place to address gaps identified. The work plan is monitored via the Emergency Planning Steering Committee which is chaired by the Trust's Accountable Emergency Officer.

Going Concern

The management of risk is a key function of the Board of Directors. We seek to minimise all types of service, operational and financial risk through the Board Assurance Framework, which is subject to regular review and audit.

Prior to the onset of the COVID-19 pandemic, the Trust was finalising an operational and financial plan that encompassed the financial impact of:

a) The System Improvement Plan;
b) Further investments and cost pressures in relation to Quality and Safety no included in the SIP;
c) Shortfall in the historical recurrent delivery of the Cost Improvement Plan (CIP);
d) The gross impact of the 2020/21 Inflationary pressures;
e) Loss of the Marginal Rate Emergency Tariff (MRET); and
f) The costs of delivering the Operational Planning Requirements; and
g) Offset by a Quality and Safety Efficiency requirement of 3%.

The resultant impact of these elements was a financial deficit of £58.0m for 2020/21.

With the onset of the COVID-19 Pandemic, NHSE&I suspended the 2020/21 Operational Planning process and published updated financial guidance in March covering the period April 2020 to July 2020 in response to the pandemic. The key points from the recent financial guidance are:

- That providers will be funded on the 2019/20 forecast outturn (based on the deficit between April 2019 to December 2019) uplifted for the impact of inflation (including pay uplifts and

Clinical Negligence Scheme for Trusts (CNST) but excluding the efficiency factor;

- A national top-up payment will be paid to providers where the expenditure in the period is greater than the income received through the first bullet point. This will be calculated as the average monthly expenditure over the period November 2019 to January 2020 uplifted for inflation; and,
- Providers will be able to claim for additional costs where the payments in the first two items do not equal actual costs to reflect genuine reasonable marginal costs due to COVID-19.

In effect, the Trust will be funded to break-even in the first four months of the 2020/21 financial year including the ability to claim all genuine additional costs in relation to COVID-19.

In the absence of further financial and operational guidance for the period following July 2020, the Trust has approached budget setting and financial planning by adopting a hybrid approach taking into consideration the COVID-19 guidance and the draft financial plan.

At its meeting of 15 June 2020, the Audit Committee considered the 14 month cash trajectory taking into consideration the key elements. In the draft financial plan, the Trust planned for the requirement of Interim Revenue Support, which is still highly likely for the period up to June 2021.

Whilst there are factors in the 2020/21 financial plan that represent significant material uncertainties in the Trust's going concern assessment, the Directors, having made appropriate enquiries, still have a reasonable expectation that the Trust will have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts and the financial statements do not include the adjustments that would result if the Trust was unable to continue as a going concern.

Financial Performance Review

The Trust planned to deliver a £5.5m surplus inclusive of £17.5m non-recurrent resources from the commissioners and receipt of £10.5m of central resources in the form of Marginal Rate Emergency Tariff (MRET) and Provider Sustainability Funding (PSF) as part of the Annual Planning process for 2019/20.

Before the reporting of exceptional items the Group reported a deficit £37.1m for the year. After taking into account a net reversal of previous impairments following a revaluation of the Group's land and buildings at 31 March 2020, the Group reported a deficit of £29.3m for the year.

Full details of the Trust's financial performance are set out in the accounts for 01 April 2019 to 31 March 2020 that accompanies the Annual Report in Annex G.

Table 1 compares the 2019/20 actual performance to the 2019/20 plan.

Table 1	Plan £'m	Actuals £'m	Variance £'m
Total Income	459.2	457.0	(2.2)
Expenses	(439.5)	(480.2)	(40.7)
EBITDA*	**19.7**	**(23.2)**	**(42.9)**
Depreciation	(10.2)	(10.6)	(0.4)
Dividend**	(2.5)	(1.7)	0.8
Loss on Revaluation	0.0	7.8	7.8
Interest income	0.1	0.2	0.1
Interest expense	(1.5)	(1.6)	(0.1)
Corporation Tax	(0.1)	(0.2)	(0.1)
Surplus / (Deficit)	**5.5**	**(29.3)**	**(34.8)**

** Earnings before interest, tax, depreciation and loss on asset disposal and amortisation*
*** Public Dividend Capital*

At the end of March 2020, the Trust delivered a deficit of £29.3m against a planned surplus of £5.5m after exceptional items and is therefore worse than plan by £34.8m.

The key drivers of the year to date worse than planned performance are:

- Investments to address quality, safety and regulatory concerns costing £6.6m;
- Increase in Nurse agency costs to improve fill rates with net cost of £7.6m;
- Increased escalation to meet operational pressures of £1.0m;
- As notified by the Fylde Coast Commissioners, the reported position assumes only £10.0m of non-recurrent support in 2019/20 which is £7.5m lower than planned;
- CIP lower than planned by £6.8m which is predominantly the Planned Care theme.

The Trust undertook a full estate revaluation during the year which has returned an increase in property values and therefore improved the overall deficit position as a result of reversing previous year' impairments. Further information is provided within note 14 to the annual accounts (Annex G).

Cash Flow and Balance Sheet

The Trust's cash balance at the end of the financial year was £27.4m against a planned cash balance of £1.9m. The cash balance was £25.6m above the plan.

As a Foundation Trust, the Trust is required to ensure that it has enough liquidity to support its working capital requirements. During the year the Trust received net Interim Revenue Support loans totalling £40.9m from the Department of Health and Social Care (DHSC) to support the cash position following worse the than plan financial performance.

For further information on cash and liquidity expectations for 2020/21, see the Going Concern section on page 17, regarding the Trust's going concern assessment.

To comply with best practice the Trust is required to pay 95% of undisputed invoices within 30 days of receipt.

The table below summarises the performance for 2019/20.

Subject	Number 2019/20	£'000 2019/20	Number 2018/19	£'000 2018/19
Total Non-NHS trade invoices paid in the year	84,312	162,022	99,666	207,318
Total Non-NHS trade invoice within target	7,796	19,173	35,426	109,695
Percentage of Non-NHS trade invoices paid within target	9.2%	11.8%	35.5%	52.9%
Total NHS trade invoices paid in the year	3,003	25,648	3,469	23,958
Total NHS trade invoices paid within target	39	7,401	161	1,480
Percentage of NHS trade invoices paid within target	1.3%	28.9%	4.6%	6.2%

The payment performance which is lower than the Prompt Payment Code requirement is reflective of the Trust's strategy to maintain cash balances.

The Trust paid interest to suppliers under the late payment of Commercial Debts (Interest) Act 1998 of £175 during 2019/20 (2018/19: Nil).

The Trust invested over £19.6m in capital schemes during 2019/20 (£11.2m in 2018/19). Expenditure during the period included the following investments:

Table 8: Capital Expenditure 2019/20

	£'m
Medical Equipment	8.1
Electronic Information Projects	9.9
Building Infrastructure Projects	1.6

NHS Improvement's Oversight Framework

NHS England and NHS Improvement's Oversight Framework provides the framework for overseeing Foundation Trusts 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, Foundation Trusts are segmented from 1 to 4, where "4" reflects trusts receiving the most support, and "1" reflects Foundation Trusts with maximum autonomy. A Foundation Trust will only be in segments "3 or 4" where it has been found to be in breach or suspected breach of its licence.

Segmentation
Blackpool Teaching Hospitals NHS FT is in segment 3 (2018/19: segment 3).

NHSI Enforcement Undertaking Notice
The Trust was subject to an Enforcement Undertakings Notice in 2019 in relation to A&E waiting time targets, cancer 62-day targets and continuing to be an outlier within mortality performance. In response to the Notice and the subsequent CQC inspection in June 2019, the Trust developed a System Improvement Plan with partners to address the concerns. The Plan includes improved Nursing fill-rates, investment in ward based multi-disciplinary clinical teams (Junior Doctors and Advanced Nurse Practitioners), increased senior presence in the Emergency Department, introduction of a Same Day Emergency Care Service and increased diagnostic capacity for cancer patients. The System Improvement Plan is monitored by the Blackpool System Improvement Board co-chaired by NHSI's Regional Medical Director and the Chief Officer for the Lancashire and South Cumbria Integrated Care System.

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

	2019/20 Plan	2019/20 Annual Performance
Liquidity ratio	**-26.4**	**-18.4**
Capital Service Cover	**2.41**	**-2.63**
I&E Margin	**1.20%**	**-8.10%**
I&E Margin variance from plan	**0.00%**	**-9.30%**
Agency (variance against the ceiling)	**14.00%**	**167.00%**

The main drivers of the performance against the finance and use of resources theme are:

- Worse than planned financial performance explained above and shown in table 1 adversely impacting across all ratio's;
- Increased use of temporary staffing to address quality improvements and workforce shortages during the year;
- Better than planned liquidity performance is driven by an increase in cash balances arising from cash support from the Department of HEalth and Social Care (DHSC) where the corresponding liability is excluded from liquidity performance, which offsets the worse than plan financial performance.

Income Disclosures

As per Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012), the Board is not aware of any circumstances where market value of fixed assets is significantly different to carrying value as described in the Trust's financial statements. The Trust's Auditors have provided an opinion on our 2019/20 accounts, which is outlined at Annex F.

Blackpool Teaching Hospitals NHS Foundation Trust has met the requirement for the 2019/20 financial year that the income from the provision of goods and services for the purposes of the health service in England is greater than its income from the provision of goods and services for any other purposes.

Where Blackpool Teaching Hospitals NHS Foundation Trust has received income other than income from the provision of goods and services for the purposes of the health service in England, this other income and any associated expenditure has not had a detrimental impact on the provision of goods and services for the purposes of the health service in England and where appropriate has contributed to/supported the provision of goods and services for the purposes of the health service in England.

Cost Allocation and Charging

The Trust has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information Governance.

Important Events affecting the Trust since 31 March 2020

On 02 April 2020, the DHSC and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21, existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Given this relates to liabilities that existed at 31 March 2020, DHSC has updated its Group Accounting Manual to advise this is considered an adjusting event after the reporting period for providers. Outstanding interim loans totalling £67,907,086 as at 31 March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.

Accountability Report

Directors' Report

Board of Directors

The business of the Foundation Trust is managed by the Board of Directors which is collectively responsible for the exercise of the powers and the performance of the NHS Foundation Trust subject to any contrary provisions of the NHS Act 2006, as given effect by the Trust's Constitution. These changed slightly following the introduction of the Health and Social Care Act 2012.

The Board of Directors is responsible for providing strong leadership to the Trust and its responsibilities include:

- Setting strategic aims and objectives, taking into account the views of the Council of Governors;
- Ensuring that robust assurance, governance and performance management arrangements are in place to deliver identified objectives;
- Ensuring the quality and safety of healthcare services, education, training and research and applying the principles and standards of robust clinical and corporate governance;
- Ensuring compliance with its Provider Licence, as laid down by Monitor (now NHS Improvement) and other relevant contractual or statutory obligations;
- Ensuring compliance with the Trust's Constitution, Standing Orders, Reservation of Powers & Scheme of Delegation, Standing Financial Instructions and Terms of Reference which set out the types of decisions that are required to be taken by the Board of Directors. The Reservation of Powers & Scheme of Delegation identifies those decisions that are reserved by the Board of Directors and those that can be delegated to its Board Committees, Committees and Trust Managers. The Constitution and the Reservation of Powers & Scheme of Delegation also describe which decisions are to be reserved for the Council of Governors.

The Board of Directors comprises eight voting Non-Executive Directors (including the Chairman) and five voting Executive Directors (EDs) (including the Chief Executive) and two non-voting Executive Directors. As a self-governing Foundation Trust, the Board of Directors has ultimate responsibility for the management of the Trust but is accountable for its stewardship to the Trust's Council of Governors and Foundation Trust Members. In addition, the Trust's performance is scrutinised by NHS Improvement and the Care Quality Commission.

In order to understand the roles and views of the Council of Governors and the Foundation Trust Members, Board members undertake the following:

- Attend Council of Governors meetings – the meetings are chaired by the Trust Chairman and there are at least two Non-Executive Directors present at each meeting and there is also attendance by Executive Directors, including the Chief Executive;
- Attend meetings of the Nominations Committee – the Senior Independent Director (SID) NED attends at least one meeting of the Nominations Committee on an annual basis.

In addition, in order for the Council of Governors to understand the views of the Board of Directors, the Governors undertake the following:

- Attend, as observers, Board of Directors meetings held in public;
- Attend Board Committee meetings, i.e. Clinical Effectiveness Committee, Finance and IMT Committee, Performance and Operations Committee, Quality Committee and Workforce Transformation Committee;
- Attend service visits and formal patient safety walkabouts;
- Attend other Trust committees, for example, Charitable Funds Committee, Health Informatics Committee, Patient and Carer Experience & Involvement Committee.

The Non-Executive Directors are appointed by the Trust's Council of Governors and, under the terms of the Trust's Constitution, they must form the majority of the Directors.

Changes to the membership of the Board of Directors during 2019/20 were as follows (the changes has been addressed in the Chief Executive's Statement):

- The retirement of Wendy Swift, Chief Executive, in April 2019;
- The appointment of Kevin McGee, Interim Chief Executive, in May 2019 and substantive Chief Executive in October 2019;
- The appointment of Kevin Moynes, Interim Director of Human Resources and Organisational Development (HR & OR), in May 2019 and substantive Joint Executive Director of HR & OD in March 2020;
- The retirement of Marie Thompson, Director of Nursing and Quality, in July 2019;
- The appointment of Peter Murphy, Interim Director of Nursing & Quality, in July 2019 and substantive Executive Director of Nursing, Allied Health Professionals and Quality in October 2019;
- The retirement of Dr Mark O'Donnell, Medical Director, in July 2019;
- The appointment and resignation of Dr Nick Harper, Acting Medical Director, in August 2019;
- The appointment of Dr Grahame Goode, Acting Medical Director, in August 2019;
- The appointment of Janet Barnsley, Executive Director of Operations (Planned Care), in December 2019;
- The appointment of Berenice Groves, Executive Director of Operations (Urgent & Emergency Care, Families, Adult & Long Term Conditions, Unscheduled Care, Soft Facilities Management & Estates, Emergency Preparedness, Resilience and Response), in December 2019;
- The resignation of Dr Jim Gardner, Clinical Non-Executive Director, in December 2019 and appointment as Executive Medical Director in January 2020;
- The resignation of Michael Hearty, Non-Executive Director, in March 2020;
- The appointment of Sheena Bedi, Clinical Non-Executive Director, in March 2020.

Subsequent changes have been made to the membership of the Board of Directors since 01 April 2020 as follows:

- The appointment of Tony Warne, Non-Executive Director, in April 2020;
- The appointment of Nicki Latham, Executive Director of Strategic Partnerships, in June 2020.

In the event of any changes to the Executive Directors of the Board, appropriate deputising arrangements are put in place to ensure continuity.

The appointment and removal of the Chairman and Non-Executive Directors is undertaken in accordance with the procedures outlined in the Trust Constitution as follows:

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- The Council of Governors, at a formal meeting of the Council of Governors, shall appoint or remove the Chairman and Non-Executive Directors of the Foundation Trust;
- The removal of the Chairman or Non-Executive Directors shall require the approval of three-quarters of the total members of the Council of Governors.

Board of Directors' meetings have taken place in 2019/20 as follows:

- Formal Board Meetings in Public – 6;
- Confidential Board Meetings (Private/ Extraordinary) – 9;
- Informal Board Meetings - 4.

There have been amendments to the Committee Structure during the year with the addition of the Clinical Effectiveness Committee and the Performance and Operations Committee.

There are seven committees of the Board of Directors, two of which are statutory committees.

The two statutory committees are as follows:

- Audit Committee;
- Remuneration Committee.

The remaining five committees are as follows:

- Quality Committee;
- Finance and IMT Committee;
- Workforce Transformation Committee;
- Clinical Effectiveness Committee;
- Performance and Operations Committee.

In addition, there is a Corporate Trustee, which is a separate legal entity to the Board, and has the power to directly oversee the affairs of the Trust's registered Charity (Blues Skies Hospitals Fund) through setting policy and monitoring delivery and compliance. It is also responsible for ensuring that the funds within the Trust's registered Charity are managed in accordance with relevant legislation, regulations and specific Trust deeds where applicable. The Corporate Trustee has established a Charitable Funds Committee to manage operational aspects of the Charity on its behalf. The Charitable Funds Committee has been formally constituted by the Corporate Trustee with delegated responsibility to make and monitor arrangements for the control and management of the Trust's Charitable Fund and report to the meetings of the Corporate Trustee.

There have been four meetings of the Corporate Trustee during 2019/20.

Board Committees

Attendance at Board of Directors' meetings, Corporate Trustee meetings, Board statutory committee meetings and Board committee meetings is summarised in the following table:

Board Members	Board of Directors (Formal)	Corporate Trustee	Audit Committee	Remuneration Committee	Clinical Effectiveness Committee	Performance and Operations Committee	Finance & IMT Committee	Quality Committee	Workforce Transformation Committee
Number of Meetings	**6**	**4**	**5**	**7**	**3 (from 10/19)**	**5 (from 10/19)**	**11**	**11**	**5**
Pearse Butler	6	4	N/A	7	N/A	N/A	N/A	2 **	N/A
Michael Hearty *(until 31.03.20)*	5	3	5	6	N/A	N/A	N/A	5 *** (until 09/19)	N/A
Mark Cullinan	6	3	N/A	6	N/A	3	10	N/A	N/A
Mary Watt *(previously Whyham)*	5	4	3 *** (until 07/19)	6	N/A	N/A	N/A	5 *** (from 10/19)	5
Keith Case	5	4	N/A	4	N/A	N/A	10	1 **	N/A
Dr Jim Gardner (NED) *(until 31.12.19)*	4	2	N/A	3	2	N/A	N/A	6	N/A
James Wilkie	6	4	5	7	3	N/A	N/A	N/A	3 *** (from Oct 2019)
Mark Beaton	6	3	1 *** (from 10/19)	6	N/A	5	N/A	N/A	2 *** (until 07/19)
Sheena Bedi *(from 01.03.20)*	1	N/A	N/A	1	N/A	N/A	N/A	N/A	N/A
Wendy Swift *(until 30.04.19)*	N/A	1	1 ****	N/A	N/A	N/A	N/A	N/A	N/A
Kevin McGee *(from 01.05.19)*	6	3	N/A	1 *	N/A	N/A	N/A	N/A	N/A
Tim Bennett	6	4	5	N/A	N/A	4	10	N/A	N/A
Professor Mark O'Donnell *(until 31.07.19)*	1	1	N/A	N/A	N/A	N/A	N/A	2	N/A
Dr Jim Gardner (ED) *(from 01.01.20)*	2	1	N/A	N/A	1	N/A	2	2	N/A
Marie Thompson *(until 31.07.19)*	1	1	N/A	N/A	N/A	N/A	N/A	3	N/A
Peter Murphy *(from 01.07.19)*	4	2	N/A	N/A	3	N/A	N/A	8	N/A
Janet Barnsley	4	N/A	N/A	N/A	1	3	8	N/A	N/A
Berenice Groves	5	N/A	N/A	N/A	2	4	4	N/A	N/A
Kevin Moynes	6	4	N/A	5	N/A	N/A	N/A	N/A	3

**:* *required, upon request, to attend meetings for specific agenda items.*

***:* *attended as a deputy or an observer as part of the induction process.*

****:* *transferred to/from an alternative committee*

*****:* *required to attend at least one Audit Committee Meeting per year to present the Annual Governance Statement.*

Board Composition and Profile

Pearse Butler (Chair)

Term of Office from 25.06.18 to 24.06.21 (First Term)

Experience:

- Former Chair at University Hospitals Morecambe Bay Foundation Trust
- Former Director at Computer Sciences Corporation
- Former Chief Executive at Lancashire & Cumbria Strategic Health Authority
- Former Chief Executive at Royal Liverpool & Broadgreen University Hospital

Declarations of Interests:

- Interim Chair of Atlas (BFW Management Ltd)

Michael Hearty (Non-Executive Director)

Term of Office from 01.04.16 to 31.03.19 (First Term)
and from 01.04.19 to 31.03.22 (Second Term) – resigned 31.03.20

Experience:

- Former Finance and Corporate Services Director General with the Welsh Government.
- Former Finance Director and Finance and Corporate Services Director General with the Department for Children, Schools and Families
- Former Deputy Director with the Department of Work and Pensions

Declarations of Interests:

- Non-Executive Director/Interim Chair – Lancashire & South Cumbria Integrated Care System Board
- Independent Advisor – Public Health England
- Non-Executive Director – Her Majesty's Revenue and Customs
- Associate Member and Independent Adviser – Hywel DDA University Health Board
- Independent Adviser – Betsi Cadwaladr University Health Board

Mark Cullinan (Non-Executive Director and Deputy Chairman)

Term of Office from 01.07.16 to 30.06.19 (First Term)
and from 01.07.19 to 30.06.22 (Second Term)

Experience:

- Former Chief Executive of Lancaster City Council
- Former Director of Social Services (Children's Services and Adult Social Care) of Wakefield City Council
- Former Chair of the Lancashire Children and Young Person's Trust
- Chair at Impact Housing Association, Cumbria
- Non-Executive Director at Riverside Housing Charitable Foundation
- Deputy Chair of Trustees at St Johns Hospice, North Lancashire and South Cumbria

Declarations of Interests:

- Chair – Impact Housing Association, Cumbria
- Shareholder – Impact and Riverside Housing Associations
- Trustee – St John's Hospice, Lancaster

Mary Watt (previously Whyham) (Non-Executive Director)

Term of Office from 01.12.16 to 30.11.19 (First Term)
and from 01.12.19 to 30.11.22 (Second Term)

Experience:

- Former Chair of North West Ambulance Service NHS Trust
- Former Assistant Chief Officer, National Probation Service Lancashire
- Former Independent Panel Member for the Judicial Appointments Commission.
- Former Chair Healthwatch Blackpool.

Declarations of Interests:

- Governor – Singleton Church of England Primary School

Keith Case (Non-Executive Director)

Term of Office from 01.08.17 to 31.07.20 (First Term)

Experience:

- Former Director and Management Consultant (Keith Case Limited)
- Former Commercial Director at AMEC plc
- Former Commercial Director (Keith Case Limited)
- Former Director of Procurement at Southern Water
- Former Procurement Consultant (Keith Case Limited)
- Former Head of Procurement, Finance and Assurance (Nuclear Science and Technology Services) at British Nuclear Fuel Ltd (BNFL)
- Former Commercial Manager at National Grid plc

Declarations of Interests:

- Chair – BFW Management Ltd (from 03.12.18 – 14.01.20)
- Stocks and Shares ISA plus Self Invested Personal Pension

Dr Jim Gardner (Non-Executive Director)

Term of Office from 01.09.18 to 31.08.21 (First Term)
– resigned 31.12.19

Experience:

- Deputy Head of the School of Medicine – University of Central Lancashire
- GP and Consultant – Helium Healthcare
- Trustee and Chair of the Care, Quality and Services Committee – St John's Hospice
- Group Medical Director – One Medical Group
- Medical Director – Lancashire Area Team, NHS England
- GP Partner – Captain French Lane Surgery

Declarations of Interests:

- Deputy Head of the School of Medicine – University of Central Lancashire
- Board Trustee – St John's Hospice, Lancaster
- Helium Healthcare Ltd

James Wilkie (Non-Executive Director)

Term of Office from 01.02.19 to 31.01.22 (First Term)

Experience:

- Former Non-Executive Director – Countess of Chester Hospital
- Former Chief Executive – Wirral Council
- Former Deputy Chief Executive & Director of Corporate Services – Wirral Council
- Former Director of Planning & Economic development – Wirral Council

Declarations of Interests:

- Chair – Lancaster Vision
- Daughter – employed by the British Pregnancy Advice Service
- Daughter – employed by Lancashire Teaching Hospitals NHS Foundation Trust
- Shareholder – stocks and shares ISA and collective retirement fund

Mark Beaton (Non-Executive Director)

Term of Office from 25.02.19 to 31.01.22 (First Term)

Experience:

- Former Senior Managing Director Operations/Cloud – Accenture
- Leader in the Consulting, Outsourcing and Technology business for 30 years
- Specialised in the Public Sector for 10 years
- Worked in a wider industry portfolio including Financial Services, Retail, Communications, Technology and Media Sectors
- Member of several Boards, both in the UK and Internationally
- Senior Executive personally responsible for several businesses with 20,000+ people.
- Executive Sponsor for a business with 176,000 people spread across 100 countries.

Declarations of Interests:

- Shareholder - Accenture
- Non-Executive Director – Stockport NHS Foundation Trust (until 31.03.20)

Dr Sheena Bedi (Non-Executive Director)

Term of Office from 01.02.20 to 31.01.23 (First Term)

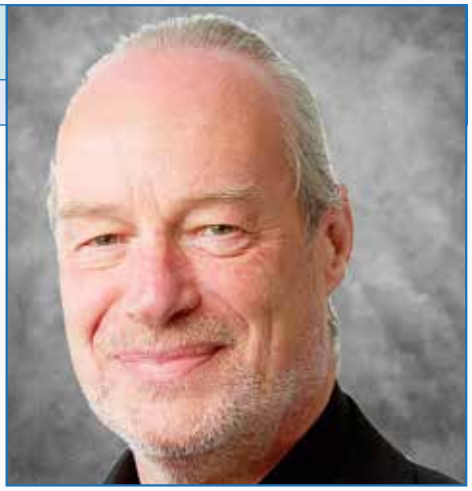
Experience:

- 30 years' experience working in the NHS
- Clinical Director and GP - Salford Health Matters CIC, Salford
- Founder, CEO & Medical Director - ABL Health Ltd, Bolton
- Neighbourhood Primary Care Lead - Salford Primary Care Together (SPCT), Salford

Declarations of Interests:

- Trustee – Smart Works Board, Greater Manchester (Registered Charity)
- Non-Executive Director – ABL Health Limited (until 17.04.20)

Professor Tony Warne (Non-Executive Director)



Term of Office from 01.04.20 to 31.03.23 (First Term)

Experience:

- 40 years' experience working in and with NHS organisations.
- Professor in Mental Health Care - The Centre for Nursing, Midwifery, Social Work and Social Sciences Research
- Associate Dean Research and Innovation - College of Health and Social Care
- Dean of School - School of Nursing, Midwifery, Social Work & Social Sciences, Salford University (formerly Head of School).
- Professor; Associate Pro Vice-Chancellor; Programme Director - Industry Collaboration Zones (ICZs)

Declarations of Interests:

- Non-Executive Director – Wrightington, Wigan and Leigh NHS Foundation Trust

Kevin McGee (Chief Executive)

Appointed on 01.05.19 (interim) and 01.10.20 (substantive)

Experience:

- Chief Executive at East Lancashire Hospitals Trust
- Former Chief Executive at George Eliot Hospital NHS Trust
- Former Chief Executive at Heart of Birmingham Primary Care Trust
- Former Director of Finance and Chief Operating Officer in large acute hospitals
- Former Director of Commissioning & Performance Management at a Teaching Primary Care Trust
- 34 years' experience working in healthcare (22 years at executive level)
- Qualified Accountant

Declarations of Interests:

- Honorary Fellow – University of Central Lancashire
- Spouse – Director of Finance and Commercial Development at Warrington and Halton Hospitals NHS Foundation Trust

Wendy Swift (Chief Executive)

Appointed in June 2017 - retired on 30.04.19

Experience:

- Former Interim Chief Executive of Blackpool Teaching Hospitals NHS Foundation Trust
- Former Deputy Chief Executive of Blackpool Teaching Hospitals NHS Foundation Trust
- Former Chief Executive of Blackpool Primary Care Trust
- Former Deputy Chief Executive of Blackpool Wyre and Fylde Community Health Services NHS Trust
- Former Director of Planning and Operations in East Lancashire Hospitals
- Extensive experience of working in Acute, Community and Primary Care Services

Declarations of Interests:

- Trustee/Director - Blackpool Football Club Community Trust

Tim Bennett (Deputy Chief Executive/ Director of Finance, Performance & Information Communications Technology (ICT))

Appointed in February 2016

Experience:

- Former Director of Finance & Performance at Blackpool Teaching Hospitals NHS Foundation Trust
- Former Director of Finance and Deputy Chief Executive at University Hospitals of Morecambe Bay NHS Foundation Trust
- Former Director in a Primary Care Trust
- Former Director in a large Health Authority.
- Former Chair of the Healthcare Financial Management Association (North West)
- Former Chairman of the student conference of the Finance Skills Development Association

Declarations of Interests:

- None

Professor Mark O'Donnell (Medical Director)

Appointed in April 2012 – retired on 31.07.19

Experience:

- Consultant Physician in Stroke Medicine at Blackpool Teaching Hospitals NHS Trust.
- Former Consultant Physician in Care of the Elderly and General Internal Medicine at Blackpool, Fylde and Wyre Hospitals NHS Trust
- Former Clinical Director for Medicine at Blackpool, Fylde and Wyre Hospitals NHS Trust
- Former Trust Training Lead for Medical Specialties
- Former Clinical Lead – Lancashire & Cumbria Cardiac & Stroke Network

Declarations of Interests:

- Honorary Professor of Clinical Medicine – University of Buckingham
- Clinical Lead for Stroke – South Cumbria and Lancashire Integrated Care System

Marie Thompson (Director of Nursing and Quality)

Appointed in February 2009 – retired 31.07.19

Experience:

- Registered General Nurse
- Over 30 years' experience in a variety of clinical, practice development and managerial roles
- Former Deputy Director of Nursing & Governance – Wrightington, Wigan & Leigh NHS FT
- Former Deputy Director of Nursing – East Lancashire Hospitals NHS Trust

Declarations of Interests:

- Non-Executive Director – Blackpool Coastal Housing

Janet Barnsley (Executive Director of Operations - Planned Care) (non-voting)

Appointed on 01.01.18 (interim) and 01.12.19 (substantive)

Experience:

- Former Director of Performance and Delivery at Blackpool Clinical Commissioning Group
- Former Service Director for Midlands and Lancashire Commissioning Support Unit
- Former Associate Director of Contracting and Procurement at Blackburn with Darwen Care Trust Plus
- Extensive experience in performance, contracting and business intelligence in acute organisations
- Extensive experience of both NHS provision and commissioning

Declarations of Interests:

- Husband – Chief Finance Officer at Blackburn with Darwen Clinical Commissioning Group
- Father-in-law – Chair of East Lancashire Hospice

Berenice Groves (Executive Director of Operations - Urgent & Emergency Care, Families, Adult & Long Term Conditions, Unscheduled Care, Soft Facilities Management & Estates, Emergency Preparedness, Resilience and Response) (non-voting)

Appointed on 01.06.18 (interim) and 01.12.19 (substantive)

Experience:

- Qualified Paramedic with current registration
- 34 years' NHS experience
- Former Deputy Director of Commissioning – Durham and Darlington Primary Care Trust
- Former National Head of Improvement – Emergency Care Intensive Support Team NHS England
- Former Director of Operations – South Tees NHS Foundation Trust

Declarations of Interests:

- Chair of Board of Trustees – Charlotte Straker Care/Nursing Home

Kevin Moynes (Joint Executive Director of HR & OD)

Appointed on 01.10.18 (interim) and 01.03.20 (substantive)

Experience:

- Director of HR and OD at East Lancashire NHS Hospital Trust

(current joint post)

- Former Director of HR and OD at the Greater Manchester PCT Cluster

(10 PCTs)

- Former Director of HR and OD at Stockport PCT
- Former Associate Director of Strategic HR and OD, Greater Manchester SHA
- Qualified RGN and RSCN

Declarations of Interests:

- Joint Director of HR & OD – East Lancashire Hospitals Trust
- Spouse – Very Senior Manager at Health Education England (HEE)

Peter Murphy (Executive Director of Nursing, Allied Health Professionals (AHP's) and Quality)

Appointed on 01.07.19 (interim) and 04.10.19 (substantive)

Experience:

- Former Director of Nursing, Quality & Governance at Salford Royal NHS Foundation Trust
- Former Deputy Director of Nursing, Quality & Governance at Salford Royal NHS Foundation Trust
- Former Governing Body Board Member at Knowsley CCG
- Qualified Register Nurse (RN)

Declarations of Interests:

- None

Dr Jim Gardner (Executive Medical Director)

Appointed in January 2020

Experience:

- Former Non-Executive Director at Blackpool Teaching Hospitals NHS Foundation Trust
- Deputy Head of the School of Medicine at the University of Central Lancashire
- GP and Consultant at Helium Healthcare
- Trustee and Chair of the Care, Quality and Services Committee at St John's Hospice
- Group Medical Director at One Medical Group
- Medical Director at Lancashire Area Team, NHS England
- GP Partner at Captain French Lane Surgery

Declarations of Interests:

- None

Dr Nick Harper (Acting Medical Director)

Appointed on 01.08.19 – stepped down from post on 21.08.19

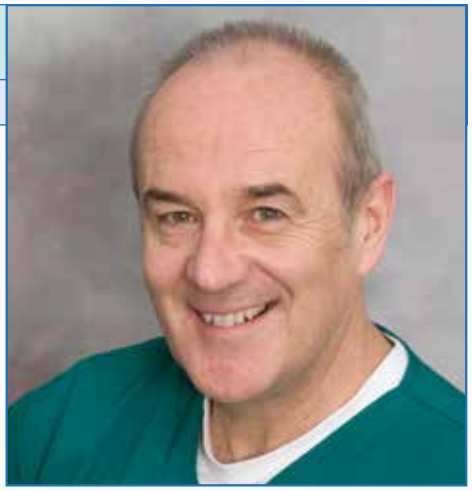
Experience:

- Consultant Anaesthetist at Blackpool Teaching Hospitals NHS Foundation Trust
- Former Deputy Medical Director at Blackpool Teaching Hospitals NHS Foundation Trust
- Former Director of Infection Prevention and Control
- Former Clinical Director in the Department of Anaesthetics and Theatres at Blackpool Teaching Hospitals NHS Foundation Trust

Declarations of Interests:

- None

Dr Grahame Goode (Acting Medical Director)



Appointed on 21.08.19 (until 31.12.19)

Experience:

- Director of Clinical Effectiveness/Deputy Medical Director at Blackpool Teaching Hospitals NHS Foundation Trust
- Consultant Cardiologist at Blackpool Teaching Hospitals NHS Foundation Trust
- Former Divisional Director (Unscheduled Care Division) at Blackpool Teaching Hospitals NHS Foundation Trust
- Former Head of Department of Cardiology at Blackpool Teaching Hospitals NHS Foundation Trust
- Former Cardiac Divisional Director at Blackpool Teaching Hospitals NHS Foundation Trust
- Former Cardiology Clinical Director at Blackpool Teaching Hospitals NHS Foundation Trust

Declarations of Interests:

- Advisor/Educator – Medtronic inc
- Sponsored Research – PI Boston Scientific Study (SMART)
- Clinical Private Practice – SPIRE Fylde Coast Hospital

Nicki Latham (Deputy Chief Executive/Director of Strategic Partnerships)

Appointed on 01.06.20

Experience:

- Former Improvement Director at NHS Improvement
- Former Executive Director of Performance and Development at Health Education England (HEE)
- Former Chief Operating Officer for the NHS National Institute for Health Research
- 15 years' experience in Higher Education holding several senior management posts and experience as a lecturer and researcher

Declarations of Interests:

- Governor – Leeds Beckett University

All existing members of the Board of Directors are voting members, with the exception of the Executive Director of Operations (Planned Care) and the Executive Director of Operations (Urgent & Emergency Care, Families, Adult & Long Term Conditions, Unscheduled Care, Soft Facilities Management & Estates, Emergency Preparedness, Resilience and Response).

NHS Improvement's Well-Led Framework Overview

The Trust was inspected by the CQC in June 2019 and the Trust was rated as 'inadequate' for well-led. In response, the Trust has made new appointments to the executive team and developed a System Improvement Plan with partners to address the concerns in the CQC report and the NHS Improvement's Enforcement Letter which is monitored by the Blackpool System Improvement Board.

Monitoring Improvements in Quality of Healthcare/Performance against Key Healthcare Targets and National and Local Targets

Key quality improvements and service developments are driven from external reviews such as, CQC inspections, agreed targets set with commissioners within the quality contract schedule, feedback from staff/patients surveys, information from concerns raised, lessons learned from internal investigations, peer reviews through national quality surveillance team, audit findings and requirements set from national guidance or directives.

For detailed information on the above see the Performance Report section of the Annual Report and section 7 of the Annual Governance Statement at Annex E.

Stakeholder Relations and New Services

The Trust develops its services partly based on suggestions in patient/carer feedback and the Trust's Influence Panel. The Influence Panel comprises of 20 members of the public, patients and carers, who meet monthly to discuss Trust transformation projects. They offer their ideas to help us make patient centred and carer centred improvements to the way we provide our services.

The Trust also works in close partnership with a number of external organisations, to improve mutual understanding of what we do and what we deliver for patients and those close to them.

External partners include:

- Healthwatch Blackpool and Lancashire (the independent national champion for people who use health and social care services);
- N-Vision (a local independent charity providing services and support to anyone with reduced vision living in the Blackpool, Fylde & Wyre Society area);
- Blackpool Carers Centre (an independent, local charity providing support and enhancing the lives of unpaid carers of all ages throughout Blackpool and the Fylde coast);
- N-Compass (a not-for profit organisation determined to improve the lives of vulnerable people across the region); and
- Patient Engagement Teams in the Integrated Care System (ICS).

Working with these external partners during 2019/20 has involved survey work, as well as participation at Trust events and workshops hosted by the Patient Experience Department. The Trust has developed a Patient and Carer Involvement Strategy 2019-22, which is a three year plan that enables the Trust to enhance personalised care for patients and carers. In order for the Trust to deliver this, the Patient and Carer Involvement Strategy has three main work streams:

- Accessibility;
- Feedback from patients and carers; and
- Consulting with patients and carers.

As a Trust, we have also established close working relationships with colleagues in NHSE&I and the Care Quality Commission, in addition to local Clinical Commissioning Groups and other partners within the Lancashire and South Cumbria Integrated Care Partnership (ICP) and Integrated Care System.

Patient Care & Service Development

In order for the Trust to deliver patient centred and carer centred improvements, it always considers innovative ways of working and introduce service developments and service improvements. The following service developments, service improvements and innovative ways of working,

some of which are in early stages of trialling or development, enable to deliver on this:

The Anticipatory Care Plan Project
The Anticipatory Care Plan Project is a three month project planned to support Care Home staff to feel empowered when responding to a resident's individual needs and then to appropriately refer on when identified. The Fylde & Wyre Care Home team is not a new service, but the project is new and has been launched by the team collaboratively working with key stakeholders including Trust and CCG community teams, care home staff and primary care networks. By supporting and training staff to use observational equipment, recognise deterioration, escalate concerns timely and appropriately the programme is planned to:

1) Reduce pressure damage;
2) Reduce avoidable admissions;
3) Reduce GP call outs;
4) Increase competencies and confidence;
5) Improve resident and staff experience;
6) Reduce ambulance call outs;
7) Achieve better staff retention, and;
8) Reduce number of safeguarding alerts.

Feedback from care homes; "have reflected for our residents, it has helped the staff to feel empowered, listened to and we have protected residents from becoming seriously ill".

Agile Working
Deployment of 4G enabled laptop computers, through support of the Information Communications Technology (ICT) Capital PC replacement fund, has taken place throughout 2019/20 for teams who travel from place to place. This includes a significant majority of the Trust's clinical, patient facing services within the Adult & Long Term Conditions Division.

These teams have benefited from the ability to work remotely in patients' homes with live access to the full community clinical patient record, including patients' GP records. This has enabled the teams to update records in real time and ensure that patient notes are up to date.

The digital enabler supports teams to maximise their productivity by reducing duplication and the need to travel back to their team base to update patient notes. This has supported the teams to manage expanding demand and continue to be responsive to patients' needs.

Patients benefit from this enhancement, as their clinical contact takes place with full access to their personal record and staff report more informed decision in a timely way which expedites the care of patients and impacts positively on their future recovery.

Cardiothoracic Services expansion
In the last year, specialist commissioners and the Board of Directors supported the expansion of Cardiothoracic Services achieving this capacity through an expansion of the staff's working week. This has been implemented due to the number of complaints received in relation to waiting times and this development enables the department to increase cardiac and thoracic surgical procedures with the benefit of reducing waiting times for patients to within the 18-week and 62-week cancer targets. Performance within these targets are expected to significantly improve during Quarter 2 of the next reporting year.

Prostatic Urethral Lift
Trans-Urethral Prostectomy is a procedure typically performed under a general or spinal anaesthetic and generally takes about 60 to 90 minutes of theatre time. Despite generally being considered the gold standard for the surgical treatment of lower urinary tract symptoms, Trans-Urethral Prostectomy can be associated with significant morbidity and even mortality, with adverse outcomes, including blood-transfusion, prolonged length of stay in hospital, post-operative complications, re-intervention, and perioperative mortality.

It is estimated that around 30% of men undergoing surgery for lower urinary tract symptoms would be clinically eligible for a Prostatic Urethral Lift procedure as an alternative. The Trust therefore agreed trialling the Prostatic Urethral Lift procedure, using the Urolift system, which has been approved by the National Institute for Health and Care Excellence (NICE) as an alternative to a Trans-Urethral Prostectomy or a laser procedure.

Prostatic Urethral Lift is a proven, day case minimally invasive procedure, which offers

improved clinical outcomes for men considering surgery to treat lower urinary tract symptoms. Considerable patient and cost benefits can be realised by performing a Prostatic Urethral Lift procedure including:

- Rapid and sustained improvement in symptoms and flow;
- Improved safety and side effect profile compared with current surgical treatments;
- Preservation of sexual function;
- Significantly reduced post-operative complications, and;
- More rapid return to daily living compared with TURP.

In addition, to the important patient benefits, this new procedure has wide-ranging benefits to the NHS, particularly around relieving pressures around 18-week targets through reduced length of stay, improved theatre capacity, reduced re-admission rates and reduced burden on community care resulting from post-operative complications.

It is important to note that the above services developments were either developed without additional funding (where possible to do so) or with help from funding made available by the Trust, funding made available by NHSE&I, Commissioners, Specialist Commissioners, or via charities, such as the Trust's Blue Skies Hospitals Fund, Cancer Alliance and Rosemere Cancer Foundation.

Tovertafel Magic Tables
With funding from the Trust's Blue Skies Hospitals Fund, Wards 23, 25 and 26 have implemented 'Tovertafel Magic Tables' for patients with cognitive impairment. These tables use a projector, which projects interactive games onto a table to help patients reminisce, engage and allow staff, patients and relatives to interact. This development helps to support the Trust's dementia strategy and improve patient experience. The use of 'Tovertafel Magic Tables' supports and encourages engagement with patients, staff and families; it also encourages patient mobility away from the bedside, which in turn supports the campaign #endPJparalysis (a global movement embraced by nurses, therapists and medical colleagues; its aim is to value patients' time and help more people to live the richest, fullest lives possible by reducing immobility, muscle deconditioning and dependency, at the same time as protecting cognitive function, social interaction and dignity).

Electronic Learning for Acute Kidney Injury
The Trust has developed a sustainable electronic learning package, to raise awareness with staff and educate regarding patient risks of Acute Kidney Injury and the importance of effective fluid balance monitoring.

The Unscheduled Care Division, Scheduled Care Division and Adults and Long Term Conditions Division agreed for the training to be a required competency of clinical staff in appropriate roles and over 1,300 staff have now completed the training. The increased awareness has helped improve the fluid balance monitoring component of the Acute Kidney Injury pathway and the overall compliance of the pathway. The project was recognised nationally and was a finalist in the Nursing Times Awards improving patient safety category.

Handover from Ambulances in the Accident and Emergency Department
The North West Ambulance Service and the Accident and Emergency Department have shared best practice to improve the handover process in the Accident and Emergency Department.

The Accident and Emergency Department and the North West Ambulance Service have worked collaboratively to support:

- Paper Handovers;
- Encouraging Fit to Sit;
- Standardising handovers, and;
- Timely pinning out after handover.

The result of this project reduced time spent in the Accident and Emergency Department allows the North West Ambulance Service crews to be released back into the community, to see the next patient.

Complaints

The Patient Relations Team's role is to address, investigate and respond to informal concerns, general enquiries and formal complaints on behalf of the Trust's patients and their relatives. The team managed 5,424 individual cases for the year 2019/20 – an increase of 7% from 2018/19 when 5,089 cases were received.

3,850 of the individual cases from 2019/20 were general enquiries (3,685 : 2018/19), and 1,067 were informal concerns (177 : 2018/19), a 37% increase in informal cases from 2018/19. The increase in informal concerns is due to delays with elective pathways including the administration and management of outpatient appointments, procedures or treatments. Access and availability to paediatric and allied health professionals, such as speech and language therapists, was also a predominant concern throughout the year.

The number of formal complaints registered by the Patient Relations Team from April 2019 to March 2020 was 507 (529 : 2018/19), a 4% decrease from the previous year. The Trust saw a decline in the percentage of complaints that were responded to within 25-40 working day timeframe. Only 54% (68% : 2018/19) of complaints were responded to within 25-35/40 working days, a 14% decrease from the previous year.

Of the 507 formal complaints registered, 31% of them from 2019/20 were not upheld, 13% were upheld and 43% were partially upheld. The themes and issues were predominantly around treatment issues, with 52% of patients having cause to complain about techniques used when receiving care, adverse incidents, poor treatment outcomes or treatment outcomes simply not meeting the patient's expectations.

During the financial year, no political donations were made by Blackpool Teaching Hospitals NHS Foundation Trust.

All Board members and Governors have declared their relevant and material interests and all Non-Executive Directors are considered independent. The Register of Directors' Interests and Register of Governors' Interests are available for inspection by members of the public via the Corporate Governance Team at the following address:-

Address: Trust Headquarters
Victoria Hospital
Whinney Heys Road
Blackpool
FY3 8NR

Email: bfwh.corporate.meeting@nhs.net

Council of Governors Report

The Council of Governors was formed on 01 December 2007 in accordance with the NHS Act 2006 and the Trust's Constitution. The Council of Governors is responsible for representing the interests of NHS Foundation Trust Members and partner organisations in the local health economy.

The Council has the following three main roles:

i) **Advisory** – to communicate with the Board of Directors in respect of the views of members of the Trust and the wider community;
ii) **Guardianship** – to ensure that the Trust is operating in accordance with its Constitution and is compliant with its Provider Licence; and
iii) **Strategic** – to advise on a longer-term direction to help the Board effectively determine its policies.

The essence of these roles is elaborated on within the document entitled "Your Statutory Duties – A Reference Guide for NHS Foundation Trusts Governors" published by Monitor (now NHS Improvement). This document has been provided to all Governors.

The specific statutory powers and duties of the Council of Governors, which are to be carried out in accordance with the Trust's Constitution and the Foundation Trust's Provider Licence, are as follows:

- To appoint or remove the Chairman and other Non-Executive Directors.
  This duty was exercised during 2019/20.
- To approve the appointment (by the Non-Executive Directors) of the Chief Executive.
  This duty was exercised during 2019/20.
- To decide the remuneration and allowances, and the other terms and conditions of office, of the Non-Executive Directors.
  This duty was exercised during 2019/20.
- To appoint or remove the Foundation Trust's External Auditor.
  This duty was exercised during 2019/20, by extending the current contract for a six month period.
- To appoint or remove any other External Auditor appointed to review and publish a report on any other aspect of the Foundation Trust's affairs.
  This duty was not exercised during 2019/20.
- To be presented with the Annual Accounts, any report of the External Auditor on the Annual Accounts and the Annual Report.
  This duty was exercised during 2019/20 in relation to the 2018/19 report.
- To provide the Governors' views to the Board of Directors when the Board of Directors is preparing the document containing information about the Foundation Trust's forward planning.
  This duty was not exercised during 2019/20.
- To respond as appropriate when consulted by the Board of Directors in accordance with the Constitution.
  This duty was exercised during 2019/20.
- To undertake such functions as the Board of Directors shall from time to time request.
  This duty was not exercised during 2019/20.
- To prepare, and from time to time review, the Foundation Trust's Membership Strategy and its policy for the composition of the Council of Governors and the composition of the Non-Executive Directors and, when appropriate, to make recommendations for the revision of the Trust's Constitution.
  This duty was not exercised during 2019/20.

The Council of Governors and the Board of Directors continue to work together to develop an effective working relationship. Board members attend Council of Governors Meetings to ensure that members of the Board develop and gain an understanding of the Governors' and Members' views about the Trust.

In the event of there being unresolved concerns on the part of the Council of Governors, the Senior Independent Director (SID) has a vital role in intervening to resolve the issues of concern. Such circumstances could be in relation to the following:

- Chairman's performance;
- Where the relationship between the Chairman and Chief Executive is either too close or not sufficiently harmonious;
- Where the Foundation Trust's Strategy is not supported by the whole Board;
- Where key decisions are being made without reference to the Board;
- Where succession planning is being ignored.

The Senior Independent Director is a Non-Executive Director appointed by the Board of Directors as a whole, in consultation with the Nominations Committee of the Council of Governors, to undertake the role. The SID will be available to Foundation Trust Members and to Governors if they have concerns which, contact through the usual channels of the Chairman, Chief Executive, Deputy Chief Executive/Director of Finance, Performance & ICT and the Foundation Trust Secretary, have failed to resolve or where it would be inappropriate to use such channels.

During the year, the Council of Governors has formally approved a number of changes to the Trust Constitution:

- To remove the Community Health Services (North Lancashire Constituency) due to the services being transferred to the University of Morecambe Bay Hospitals NHS Foundation Trust;
- To remove the Governor eligibility criteria that restricts a Governor being a Governor at more than one Trust;
- To change the Board Composition to allow 'not less than four but more than seven directors to be the composition of the Board' rather than between five and seven.

Following the above mentioned changes, the Council of Governors now comprises a total of 28 Governors, including 16 Public Governors (elected from the constituencies of Blackpool, Fylde, Wyre and North West Counties), five Staff Governors (elected from the staff groups of Medical & Dental, Nursing & Midwifery, Clinical Support and Non-Clinical Support) and seven Appointed Governors (from a range of key stakeholder organisations).

The initial Public Governors and Staff Governors were appointed in December 2007 for either two years or three years. All Public Governors are eligible for re-election at the end of their initial term of office for a further six years, i.e. two terms of office, however, they are not eligible for subsequent re-election, i.e. in excess of nine years.

The Appointed Governors are appointed for three years and are eligible for re-appointment at the end of their three year term for a further six years, i.e. two further terms of office, however, they are not eligible for further re-appointment following three terms of office, i.e. in excess of nine years.

Composition of the Council of Governors

The Trust's Constitution sets out the composition for the Council of Governors as follows:-

APPOINTED GOVERNORS	ROLE
Principal Local Councils – 2: Blackpool Council Lancashire County Council	To represent key local non-NHS Local Health Economy partners.
Principal Universities – 4*: University of Central Lancashire* University of Lancaster* University of Liverpool University of Buckingham	To ensure strong teaching and research partnership and to represent other University interests.
Lancashire Care Foundation Trust – 1	To engage and assist the Trust in identifying the needs of the local community.
Local College or School Representative – 1	To engage and assist the Trust in dialogue with the younger catchment population.
Blackpool Carers Centre – 1 (CURRENTLY VACANT)	To engage and assist the Trust in identifying the needs of the local community.
Total Appointed Governors – 7	

**Two of the four universities will be full Council of Governors members.*

ELECTED STAFF GOVERNORS	ROLE
Class 1 – Medical & Dental – 1	To assist the Trust in developing its services and ensure active representation from those who deliver the services.
Class 2 - Nursing & Midwifery – 2	As above.
Class 3 - Clinical Support Staff – 1	As above.
Class 4 - Non-Clinical Staff – 1	As above.
Total Elected Staff Governors – 5	

ELECTED PUBLIC GOVERNORS To represent:-	ROLE
Area 1 - Blackpool – 8	To represent patients who are resident in Blackpool.
Area 2 - Wyre – 4	To represent patients who are resident in Wyre.
Area 3 - Fylde – 3	To represent patients who are resident in Fylde.
Area 4 - North West Counties – 1	To represent patients who are resident in the wider environs of Cumbria and Lancashire.
Total Elected Public Governors – 16	

TOTAL MEMBERSHIP OF COUNCIL OF GOVERNORS
Appointed Governors (nominated) – 7
Staff Governors (elected) – 5
Public Governors (elected) – 16
Total membership of Council of Governors – 28

An election to the Council of Governors took place during 2019/20 and the results were as follows: (Please note – in each election year , not all Governors (Public and Staff) would stand for election. Only those that come to the end of their first tenure). Thus the figures below are correct.

Public Governors:

Blackpool Constituency
Jeanette Beckett (newly elected)
Graham Curry (newly elected)
Zacky Hameed (re-elected)
Lisa Robbins (newly elected)

Fylde Constituency
Steven Gratrix (newly elected)

Wyre Constituency
Sue Crouch (re-elected)
Patricia Greenhough (newly elected)
Ian Owen (re-elected)

Staff Governors:

Clinical Support Constituency
Jennifer Gavin (elected unopposed)

Nursing and Midwifery
Sharon Vickers (re-elected)

All elections to the Council of Governors have been conducted in partnership with Civica Election Services (formerly Electoral Reform Services) on behalf of the Trust and in accordance with the Model Election Rules.

There is currently one vacancy on the Council of Governors (an Appointed Governor from the Blackpool Carers Centre).

The next elections to the Council of Governors were due to take place in August 2020, but due to the COVID-19 pandemic have been postponed.

Membership of the Council of Governors

Membership of the Trust's Council of Governors is set out below:

Name	Constituency/Organisation
George Holden***	Blackpool
Adele DeVito**	Blackpool
Zacky Hameed*	Blackpool
Camilla Hardy**	Blackpool
Patricia Roche**	Blackpool
Heather O'Hara (until 16 September 2019)	Blackpool
Beverley Clark (until 16 September 2019)	Blackpool
Robert Hudson (until 16 September 2019)	Blackpool
Graham Curry* (from 16 September 2019)	Blackpool
Jeannette Beckett* (from 16 September 2019)	Blackpool
Lisa Robbins* (from 16 September 2019)	Blackpool
Graham Stuart**	Fylde
Anthony Winter (until 16 September 2019)	Fylde
Sheila Jefferson***	Fylde
Steven Gratrix* (from 16 September 2019)	Fylde
Christina McKenzie-Townsend	Wyre
Sue Crouch*	Wyre
Ian Owen*/**	Wyre
Pat Greenhough* (from 16 September 2019)	Wyre
Stephen Cross* (from 16 September 2019)	North West Counties
Dr Ranjit More**	Medical and Dental
Sharon Vickers*	Nursing and Midwifery
Peter Farrington**	Nursing and Midwifery
Tina Daniels**	Non-Clinical Support
Jennifer Gavin*	Clinical Support
Councillor Martin Mitchell**	Blackpool Council
Cllr Charles Edwards	Lancashire County Council
Paul Bibby	Lancashire Care NHS Foundation Trust
Dr Deborah Kenny**	University of Central Lancashire
Margaret Bamforth	Local College/ School Representative
Dr Amelia Hunt	Lancaster University
VACANT	Blackpool Carers Centre

* *Elected/re-elected or appointed in 2019/20*
** *Due for re-election/re-appointment in 2020/21*
*** *Not eligible for re-election in 2020/21*

In 2019/20, there were four Formal Meetings of the Council of Governors and they took place on the following dates:

- 14 May 2019;
- 11 September 2019;
- 12 November 2019;
- 11 March 2020.

There were two Extraordinary Meetings held on the following dates:

- 16 September 2019;
- 09 January 2020.

The Chief Executive, Deputy Chief Executive/ Director of Finance, Performance & ICT, Executive Director of Operations (Planned Care) and the Executive Director of Operations (Urgent & Emergency Care, Families, Adult & Long Term Conditions, Unscheduled Care, Soft Facilities Management & Estates, Emergency Preparedness, Resilience and Response) routinely attend meetings of the Council of Governors. Attendance of the remaining Executive Directors is organised as appropriate. The Non-Executive Directors continue to attend the Council of Governors meetings on a rotational basis.

During 2019/20, the Council of Governors received regular reports/updates from the Chief Executive/ Executive Directors plus regular strategic, finance, performance and membership reports.

The "Board Committee Feedback" format continued during 2019/20, which allowed Governors to challenge and hold the Non-Executive Directors to account in monitoring the Trust's affairs and, in particular, to obtain assurance from the Board Committee Chairs.

Presentations/reports were also given to Governors in respect of the following:

- Chairman's and Non-Executive Directors'; Appraisals/Objectives/ Remuneration;
- Chair and Non-Executive Director Recruitment Updates;
- Executive Director Recruitment Updates;
- Chair's Updates;
- NHSI Enforcement Update;
- Board Assurance Review;
- Governors Declarations - Fit and Proper Persons Test, Interests, Gifts and Hospitality;
- CQC Inspection Updates;
- Information Governance Mandatory Training;
- Annual Members Meeting 2018/19;
- Annual Report & Accounts 2018/19;
- Quality Accounts 2018/19;
- Financial Statements Audit 2018/19 & Quality Accounts Review 2018/19 (PricewaterhouseCoopers LLP (PwC));
- Patient Experience;
- Winter Planning;
- Atlas (BFW Management Ltd) Update;
- Domestic Services Update;
- Trust Constitution;
- Governors Induction Manual;
- Role Specifications (Governor, Lead Governor and Deputy Lead Governor);
- Non-Executive Directors Terms of Office/Re-Appointments;
- Membership Committee Terms of Reference;
- Governor Involvement in Board Committees;
- Freedom to Speak Up Update;
- Governor Training;
- Governor Elections;
- Provision of External Audit Services;
- COVID-19 Pandemic;
- Stroke Unit.

The Governors Strategic Focus Group continued to be actively involved in the strategic direction of the Trust and meetings took place as follows:

- 09 April 2019;
- 06 August 2019;
- 08 October 2019;
- 04 February 2020.

Governors have also been involved in the following meetings/events:

- Board Meetings held in Public (attendance as observers);
- Board Committees – Finance & IMT, Quality, Workforce Transformation, Clinical Effectiveness, Performance & Operations (attendance as observers);
- Nominations Committee;
- Membership Committee;
- Governors' Informal Meetings;
- Governors' Sub-Group (Annual Report);
- Charitable Funds Committee;
- Workforce Transformation Committee;
- Health Informatics Committee;
- Patient-Led Assessment of the Care Environment Committee;
- Patient and Carer Experience and Involvement Committee;
- Equality, Diversity and Inclusion Committee;
- Bereavement Committee;
- Voluntary Services Committee;
- Formal Patient Safety Walkabouts;
- Celebrating Success Awards Judging Panel;
- Fylde Coast NHS Health Event and Annual Meeting;
- NHSI Patient Experience Framework Workshop;
- Youth Health Leaders Event.

In addition, Governors have participated in the NHS Providers Governor Focus Conference.

Governor Attendance at Council of Governors Meetings:

Governors	Number of Meetings (4)
George Holden	4
Adele DeVito	3
Zacky Hameed	3
Camilla Hardy	3
Patricia Roche	3
Heather O'Hara (until 16 September 2019)	0
Beverley Clark (until 16 September 2019)	1
Robert Hudson (until 16 September 2019)	0
Graham Stuart	4
Sheila Jefferson	3
Tony Winter (until 16 September 2019)	0
Ian Owen	1
Sue Crouch	4
Christina McKenzie-Townsend	2
Dr Ranjit More	3
Sharon Vickers	3
Peter Farrington	3
Jenny Gavin	4
Tina Daniels	2
Councillor Martin Mitchell	2
Dr Amelia Hunt	2
Dr Debbie Kenny	3
Margaret Bamforth	1
Councillor Charles Edwards	0
Paul Bibby	1
Jeanette Beckett*	2
Graham Curry*	1
Lisa Robbins*	2
Steven Gratrix*	2
Stephen Cross*	0
Patricia Greenhough*	2

**elected to/appointed to, the Council during 2019/20*

Board of Directors Attendance at Council of Governors Meetings:

Board of Directors	Number of Meetings (4)
Pearse Butler	4
Keith Case*	0
Michael Hearty*	2
Mark Cullinan*	1
Mary Watt*	1
Dr Jim Gardner*/** (until 31 December 2019) (Non-Executive Director)	0
James Wilkie*	1
Mark Beaton*	2
Dr Sheena Bedi*/**	1
Kevin McGee** (from 01 May 2019)	1
Wendy Swift ** (until 30 April 2019)	0
Tim Bennett	0
Professor Mark O'Donnell*** (until 31 July 2019)	0
Marie Thompson*** (until 30 June 2019)	0
Janet Barnsley**	0
Berenice Groves**	0
Kevin Moynes**/***	0
Peter Murphy**/***	0
Dr Jim Gardner**/*** (from 01 January 2020) (Executive Medical Director	0
Mr Kevin Moynes**/*** (from 1st October 2018)	0

** NEDs attend at least one meeting per year (where possible)*
***Resigned from, or appointed to, the Board during 2019/20*
****EDs attended as required.*

Governor Attendance at Nominations Committee Meetings:

Committee Members (8)	Number of Meetings (5)
Pearse Butler – Trust Chair	4
Camilla Hardy – Elected Public Governor (Blackpool Constituency)	4
Sue Crouch – Elected Public Governor (Wyre Constituency)	5
George Holden – Elected Public Governor (Blackpool Constituency)	5
Pat Roche – Elected Public Governor (Blackpool Constituency)	3
Tony Winter – Elected Public Governor (Fylde Constituency) (until 16 September 2019)	0
Tina Daniels – Elected Staff Governor (Non-Clinical Support Constituency)	1
Councillor Martin Mitchell – Appointed Governor (Blackpool Council)	2

Council of Governors – Statutory Committees

There are currently two Governor statutory committees, namely the Nominations Committee and the Membership Committee.

Governor Attendance at Membership Committee Meetings:

Committee Members (8)	Number of Meetings (4)
Ian Owen (Chair) – Elected Public Governor (Blackpool Constituency)	1
Margaret Bamforth – Elected Public Governor (Blackpool Constituency)	4
Zacky Hameed – Elected Public Governor (Blackpool Constituency)	2
Sheila Jefferson – Elected Public Governor (Blackpool Constituency)	1
Patricia Roche – Elected Public Governor (Blackpool Constituency)	3
Sharon Vickers – Elected Staff Governor (Nursing & Midwifery Constituency)	4
Tina Daniels – Elected Staff Governor (Non-Clinical Support Constituency)	3
Robert Hudson - Elected Public Governor (Blackpool Constituency) (until 16 September 2019)	0
Heather O'Hara - Elected Public Governor (Blackpool Constituency) (until 16 September 2019)	1
Beverley Clark - Elected Public Governor (Blackpool Constituency) (until 16 September 2019)	2
Stephen Cross* - Elected Public Governor (Blackpool Constituency) (from 16 September 2019)	0

** elected to the Council during 2019/20*

Nominations Committee Report

The Nominations Committee is a formally constituted committee of the Council of Governors.

The membership of the Nominations Committee comprises the Trust Chairman (Chair of the Committee) and seven Governors (five Public Governors, one Staff Governor and one Appointed Governor).

Membership of the Nominations Committee:

Pearse Butler – Trust Chairman (Chair)
Sue Crouch – Elected Public Governor (Wyre Constituency)
Camilla Hardy – Elected Public Governor (Blackpool Constituency)
George Holden – Elected Public Governor (Blackpool Constituency)
Pat Roche – Elected Public Governor (Blackpool Constituency)
Tina Daniels – Elected Staff Governor (Non-Clinical Support Constituency)
Councillor Martin Mitchell – Appointed Governor (Blackpool Council)

There have been five meetings of the Nominations Committee during 2019/20.

The Nominations Committee has the following responsibilities:

Recruitment and Appointment of Non-Executive Directors:-

To determine if Governor Recruitment Working Groups are needed to support the Nominations Committee.

To implement the recruitment plans approved by the Council of Governors in the 'Composition and Recruitment of the Trust Chairman and Non-Executive Directors Policy' for the Chairman and Non–Executive Directors.

To recommend the recruitment plans in line with the 'Composition and Recruitment of the Trust Chairman and Non-Executive Directors Policy' to the Council of Governors for approval of the Chairman.

To recommend, if appropriate, the appointment of a recruitment company to the Council of Governors for approval.

To approve the Advert, Job Description and Personal Specification for posts and to approve the questions for review by the Appointments Panel.

To decide whether to psychometric test candidates.

To approve the longlist and shortlist of Candidates (not more than five for each vacancy), identified through a process of open competition.

To inform the Council of Governors of the shortlisted candidates.

To determine the members for each Appointments Panel including the identification of an appropriate independent assessor.

- Chair Recruitment – the Nominations Committee will select the Governors on the Appointments Panel (ensuring there is a balance of three Public Governors, one Staff Governor and one Appointed Governor) plus the Committee Chair and an Independent Assessor. Only the Governors will be entitled to vote.

- NED Recruitment – the Nominations Committee will select the Governors on the Appointments Panel (ensuring there is a balance of three Public Governors, one Staff Governor and one Appointed Governor) plus the Chairman and an Independent Assessor. Only the Governors and the Chairman will be entitled to vote.

To recommend the preferred candidates for appointment for decision by the Council of Governors.

Terms and Conditions – Trust Chairman and Non-Executive Directors:-

To recommend salary arrangements and related terms and conditions for the Trust Chairman and Non-Executive Directors for agreement by the Council or Governors.

Performance Management and Appraisal:-

To agree a mechanism for the evaluation of the Trust Chairman, which will be led by the Senior Independent Director and will involve the Lead Governor.

To agree a process for setting objectives for Non-Executive Directors, subsequent appraisal by the Trust Chairman and feedback to the Council of Governors.

To address issues relating to Board development and to ensure that plans are in place for succession to posts as they become vacant so that a balance of skills and experience is maintained.

Membership Report

Public Members

All members of the public who are aged 12 or over and who live within the boundaries of Blackpool, Fylde and Wyre Borough Councils, or the wider catchment area of North West Counties for which we provide tertiary cardiac and haematology services, are eligible to become members. Other members of the public who do not fall into these categories, either due to age or place of residence, are eligible to become affiliate members of the Trust.

Staff Members

Staff who work for the Trust automatically become members unless they choose to opt out. These include:

- Staff who are employed by the Foundation Trust under a contract of employment which has no fixed term or has a fixed term of at least 12 months, and;

- Staff who have been continuously employed by the Foundation Trust under a contract of employment.

Trust volunteers are eligible to become members under the Public Constituency.

Membership Numbers

The number of public members has decreased over the last 12 months. The Trust's public membership stands at 4,841 as of 31 March 2020 (4,931: 2019). A total of 62 members have been recruited, with 152 members who have been removed from the membership who have either died or have been made inactive (e.g. people who have moved away from the area, have not responded to Trust correspondence or have chosen to opt out).

The total number of staff members has increased over the year. The Trust's staff membership stands at 7,127 (7,070: 2019).

Membership Report 01 April 2019 to 31 March 2020

Membership size and movements	
Public constituency	**Last year (2019/20)**
At year start (01 April 2019)	4,931
New members	62
Members leaving	152
At year end (31 March 2020)	4,841

Staff constituency* **	**Last year (2019/20)**
At year start (01 April 2019)	7,070
New members	134
Members leaving	77
At year end (31 March 2020)	7,127

Analysis of current membership	
Public constituency	**Number of members**
Age (years):*/**	
0-16	13
17-21	59
22+	4,123

Ethnicity:*/**	
White	3,623
Mixed	17
Asian or Asian British	70
Black or Black British	12
Other	0

Socio-economic groupings: */**	
AB	1,253
C1	1,422
C2	1,071
DE	1,079

Gender analysis:*/**	
Male	2,216
Female	2,524

**The dates reflect data from the 01 April 2019 to 31 March 2020.*
***Due to members opting not to disclose this information, the figures will not reflect the total Trust membership, therefore this analysis excludes: 646 public members with no stated dates of birth; 1,119 members with no stated ethnicity; and 101 members with no stated gender.*
****Staff have the option to opt out of being a member, which means total figures may vary to headcount figures within this Annual Report.*

Recruitment of Members

In order to improve the quality of our membership, we have implemented/continued various initiatives over the past year. These include:

- Use of the Trust's Facebook social network site to engage with, and inform, members and the wider public of developments, seminars and events at the Trust;
- Use of the Trust's Twitter social network page to attract new members (the Trust has over 10,300 followers);
- Continuation of the Youth Health Leaders Project, which is now within 12 local schools. A fourth open day was held on site at Blackpool Victoria Hospital on 11 November 2019;
- A dedicated Membership and Governors Officer who acts as a link between the members, Council of Governors and the Trust;
- A dedicated membership email address (bfwh.members@nhs.net) and telephone line (01253 956673).

Membership Representation

The Trust recognises that during 2019/20 engagement with members had decreased. Although, the Trust has continued work to improve areas where it is under-represented, such as younger people and diversity, working with Victoria's Voice and the Youth Health Leaders project. The Trust continued to work on recruiting members from ethnic minority groups with the insight of the Lead Champion for Diversity. During 2020/21, the Trust will continue to address areas that are under-represented to improve our engagement with new and existing members, using their skills and knowledge to add value to the services the Trust offers across the whole community which we serve.

Cost Allocation and Charging Guidance

For detailed information on this section please refer to the Financial Performance Review section on page 21.

Better Payment Practice Code

For detailed information on this section please refer to the Financial Performance Review section on page 18.

Income Disclosures

For detailed information on this section please refer to the Financial Performance Review section on page 21.

Quality Governance Framework

Quality Governance provides a framework for the Trust to ensure the delivery of safe, effective and high quality healthcare for all patients and those close to them. Its purpose is to help the Trust to monitor, develop and improve standards of care, through a combination of organisational structures, systems and processes. Monitoring of and reporting on agreed Quality Standards supports the Trust and its Board to ensure high quality performance standards are being achieved in line with regulatory requirements. Quality Governance requires the Board to have the necessary leadership, skills and knowledge to ensure delivery of the quality agenda and, through this, the Board promotes a quality focused culture throughout the Trust.

The Trust is regulated by the CQC and engages with the CQC to ensure our services provide people with safe, effective, caring, responsive care, through good leadership. The Trust underpins its Quality Governance Framework by adhering the Fundamental Standards and delivering care based on the CQC's five key questions, to ensure its services are:-

- **Safe** - patients are protected from abuse and avoidable harm;
- **Effective** - care, treatment and support achieves good outcomes, helps patients to maintain quality of life and is based on the best available evidence;
- **Caring** - staff involve and treat patients with compassion, kindness, dignity and respect;

- **Responsive** - services are organised so that they meet patients' needs;
- **Well-led** - the leadership, management and governance of the Organisation make sure it's providing high-quality care that's based around your individual needs, that it encourages learning and innovation, and that it promotes an open and fair culture.

The Trust was inspected by the CQC (June 2019) and the inspection report published 17 October 2019 outlines that the Trust is rated as follows:

• Are services safe?	Requires Improvement →← (2017: Requires Improvement).
• Are services effective?	Requires Improvement ↓ (2017: Good).
• Are services caring?	Good →← (2017: Good).
• Are services responsive?	Requires Improvement →← (2017: Requires Improvement).
• Are services well led?	Inadequate ↓↓ (2017: Good).

Although the overall rating for the Trust remained the same (Requires Improvement), the lack of improvement in patient safety and the deterioration of quality standards in 'Effective' and 'Well Led' (both at service level and Trust level) in particular was, of course, extremely disappointing.

In response to the CQC inspection and the publication of the inspection report, the new Executive Team, which has been instated since the inspection, rapidly developed a Trust Improvement Plan that identified immediate actions and longer term strategies, to support organisational focus on getting the basics right, stabilising services and creating the right conditions to drive continues improvement, with the ultimate aim to transform care delivery to deliver safe, high quality patient care. The Trust recognises that Quality Governance and Quality Improvement are inseparable components that are pertinent to delivering high quality care. Therefore, the Trust's aim is to put Quality Improvement at the heart of everything it does and has subsequently developed a portfolio of Quality Improvement projects to achieve this overall ambition. Across our hospitals and community services, our staff, patients and partners are empowered and supported to provide high quality and safe care for all, via a Quality Improvement Programme with the aim to reduce harm and mortality.

The Trust has developed a three-year Quality Improvement Strategy to achieve these goals:

- We will deliver a programme of quality improvement projects, which will help staff make changes to provide high quality, safe and effective personal care to every patient, every time, and;
- We will focus our efforts on a targeted portfolio of three projects, which we believe will have a significant impact on unintentional patient harm and mortality. These projects are:

  1) Reduce preventable deaths;
  2) Reduce avoidable harm, and;
  3) Improve the last 1,000 days of life.

These three projects, which put Quality Improvement at the heart of everything the Trust does, are strongly linked to all Fundamental Standards, in particular Regulation 9, Regulation 10 and Regulation 12 of the Health and Social Care Act 2008. Regulated Activities Regulations 2014, are what the Care Quality Commission (CQC) regulates and inspects the Trust against.

Quality Performance Review

The Trust is committed to patient safety and the delivery of high quality care and operates a robust Quality Governance Framework to support staff in delivering high quality care. In order to provide assurance on:

a) Compliance with Fundamental Standards;
b) Delivery of care that is safe, effective, caring, responsive and well-led, and;
c) Delivery on the three quality improvement projects (reducing preventable deaths, reducing avoidable harm and improving the last 1,000 days of life), the Trust has got the following high level quality assurance infrastructure in situ:

Board of Directors
The Board of Directors is committed to supporting Quality Initiatives that meet the two key aims, reducing preventable deaths and reducing avoidable harm. This support will be shown directly to our front-line staff, devoting the first part of the Trust Board for our staff to present and update them regarding their improvement projects. Members from the Quality Improvement Directorate will be there to support our staff and be responsible for ensuring that all the correct documents are submitted to the Board of Directors.

Quality Committee
The Quality Committee is authorised by the Board to oversee quality activities within the scope of its Terms of Reference, for assuring and delivering quality care across the Trust. The Quality Committee predominantly oversees quality standards that fall under the safe, effective, caring, responsive and well-led domains, such as: Serious Incidents, Duty of Candour, Infection Prevention & Control, Venous Thromboembolism (VTE), Patient Experience and safe staffing for all professional groups. The Quality Committee will support and routinely monitor outcomes and ensure feedback on work streams that fit its remit. These include projects that focus on pressure ulcers and care of deteriorating patients. The Quality Committee is also accountable for delivering on specific CQC actions and improvement notices and will develop new work streams in response.

Clinical Effectiveness Committee
The Clinical Effectiveness Committee will support and routinely monitor outcomes and ensure feedback on work streams that fit its remit. These include projects that focus on learning from deaths, mortality Getting It Right FIrst Time (GIRFT) and VTE. The Clinical Effectiveness Committee will also be accountable for delivering on mortality reviews, upholding royal college standards and delivering on specific CQC actions. The Committee will be able to develop new work streams in response to these.

Quality Improvement Work Streams
These are the individual work streams or improvement projects which are led by our staff including anyone from a ward clerk to a clinician or volunteer. The Trust will train these staff in its chosen Quality Improvement Methodology and they will receive support from the Trust's Quality Improvement Directorate. Each project will identify a team to work together and be responsible for updating the Trust Board on their progress.

Quality Improvement Directorate
This is the Trust's new directorate, who will be there to support improvement teams from concept to delivery of outcomes. They will help teams develop project initiation documents, project plans and risk logs and coordinate the tracking of quality improvements. Not all of the projects embarked upon will result in the expected benefits, so the Quality Improvement team will track lessons learned, so the Trust can continuously improve as it rolls out its Quality Improvement Programme.

Integrated Care Partnership and Integrated Care Systems Boards
The Trust recognises that some of the quality improvement projects cannot be done alone or in isolation. Working with our system partners the Trust will develop system-wide projects to deliver benefits across our ICP and ICS footprint. The Board of Directors will report progress on supporting patients in their last 1,000 days to the ICP Board.

Divisional and Departmental Structures
The principles of good Quality Governance, with a clear focus on patient safety in particular, are also embedded within the Divisional and Departmental structures of the Trust. The Divisional Triumvirates (comprising a Divisional Director, an Associate Chief Nurse and a Divisional Director of Operations), supported by a Quality Manager, oversee Divisional and Departmental Quality Governance arrangements and performance, and report compliance on agreed Quality Standards, both set locally and externally by the CQC and NHSE&I at monthly Divisional Performance Boards with Executive Directors.

Sub-committees
The Trust operates a number of sub-committees, which report to the Executive Team. For example, to facilitate the ongoing development of safety and quality initiatives, the Trust continually reviews and monitors the implementation of NICE guidance standards and participates in National Audits to ensure ongoing learning and development is implemented, so to deliver high quality care within best practice guidelines. This is monitored through the Trust's Clinical Effectiveness Committee and the Audit Committee respectively; assurance is provided through these committees to the Executive Team on compliance with national standards and guidance.

The Learning from Incidents and Risks Committee is a sub-committee of the Quality Committee and reports directly to it. It is responsible for the analysis and interpretation of patient safety incidents, formal complaints, informal concerns and litigation. The Committee oversees the achievement of lessons learned in line with the CQC key lines of enquiry, specifically 'Safe' S6 – 'Are lessons learned and improvements made when things go wrong?' The Committee promotes the reporting of all incidents ensuring they are investigated appropriately and proportionately and that lessons are learned and shared across the Organisation. The Committee also oversees compliance against national standards and frameworks in relation to incident reporting, learning from incidents and compliance with Duty of Candour Regulation 20.

Other Quality Governance Arrangements

The Trust has a quality contract in situ with local commissioners with agreed key performance indicators that reflect national and local key health care targets, including agreed Commissioning for Quality and Innovation (CQUIN) requirements. Progress within performance against the indicators within the quality contract are monitored through the Contract Group and on a monthly basis with commissioners at a formal Quality Review Board, where key quality improvements are also tabled and priority areas for development agreed.

Statement as to Disclosure to Auditors

The Board of Directors is not aware of any relevant audit information that has been withheld from the Trust's Auditors. Each individual member of the Board has taken all necessary steps they ought to have taken, as a Director, in order to make themselves aware of any relevant audit information and to establish that the Trust's Auditor is aware of said information, by making such enquiries of their fellow Directors and the Trust's Auditors for said purpose and exercising reasonable care, skills and diligence.

Remuneration Report

Annual Statement on Remuneration by the Chair of the Remuneration Committee

The membership of the Trust's Remuneration Committee comprises all Non-Executive Directors, including the Trust Chairman.

Senior Managers' Remuneration Policy

Future Policy Table

Element	Purpose and link to strategic objectives	Operation	Maximum opportunity	Performance metrics
Base salary	• Provides fixed remuneration for the role which reflect the size and scope of the Director/Snr managers responsibilities • Attracts and retains the talent necessary to deliver the Trust's strategy	• Salaries are paid monthly and are reviewed annually via the Remuneration Committee • Consideration is given to the size and scope of responsibilities; performance and experience; typical pay levels for comparable roles in similar Trusts	• Current salaries are disclosed on page 62 • Increases are normally in line with the national increases implemented for other staff groups	Through achievement of agreed individual and corporate performance objectives
Retirement benefits	• Provides competitive post-retirement benefits • Attracts and retains the talent necessary to deliver the Trust's strategy	• Membership of the NHS Pension Scheme • Includes range of benefits e.g. life insurance	• Pension Contribution rates are defined in the NHS Pension Scheme rules, the employer contributes 14.3% of pensionable earnings (see page 64)	None

Element	Purpose and link to strategic objectives	Operation	Maximum opportunity	Performance metrics
Benefits	• Ensures the overall package is competitive • Retains the talent necessary to deliver the Trust's Strategy	• Access to a range of salary sacrifice schemes (child care, car lease, computer, cycles) • Car allowance	None	None
Annual bonus	None	None	None	None
Chairman and Non-Executive Director fees	• To reward individuals for fulfilling the relevant role • Attracts and retains individuals with the skills, experience and knowledge to contribute to an effective Board	• The Nominations Committee determines the fees for the Chairman and NEDs • All NEDs are paid the same, with an additional allowance for the Chair of the Audit Committee	These are set at a level which: • Reflects the commitment and contribution that is expected from the Chairman and NEDs comparable with other similar NHS trusts	None

This is the annual basic pay based on market rates and approved by the Remuneration Committee. The Trust does not pay any additional remuneration to its Directors, Senior Managers or Non-Executive Directors in the form of bonuses. Pay awards are dependent on performance in the role and have been determined in line with the prevailing approach taken for other groups of staff who are subject to national pay bargaining arrangements.

Following guidance from NHS Improvement 2019/20 annual pay increase recommendation 1/32% consolidated increase plus a one off non-consolidated cash lump sum of 0.77% which is commensurate with the percentage increase paid to these at the top of pay point of AFC Band 9 for 2019/20.

All Employees on Agenda for Change pay rates received a pay award on 01 April 2019, Employees on Medical and Dental terms and conditions received a pay award on 01 April 2019, 2.5% for Medical and Dental Consultants, 2% for doctors in training and Staff and Associate Specialist receiving 2.5%.

In 2019/20, the Chief Executive and Medical Director salaries are above the £150,000 threshold. This was based upon NHSI's 'Established Pay Ranges in Acute NHS Trusts and Foundation Trusts (Annex A)'.

The Chief Executive salary is in the upper quartile percentage for Chief Executive Pay based on Very Large Trust due to being responsible for two large acute Trusts and the Medical Directors salary in the upper quartile percentage for Medical Directors in a large acute Trust.

Service Contracts Obligations

The employment contracts for Directors and Senior Managers include provision for six months' notice period. This is in line with DHSC guidelines contained in the Very Senior Managers' (VSM) pay arrangements that notice periods should not exceed six months.

The employment contract contains provision for payment in lieu of notice to be made at the discretion of the Trust. The employment contract also includes provision for summary dismissal without compensation, for example following disciplinary action.

The employment contract for Directors and Senior Managers includes a clause which allows for recovery of any overpayments made to the individual. This covers circumstances where there has been, for any reason whatsoever, an overpayment of remuneration, expenses or other emoluments or any other payments in excess of their contractual entitlement or in the case of expenses the amount of reimbursement due to the individual.

Policy on Payment for Loss of Office

The notice period in Directors and Senior Managers contracts is in line with national guidelines, and is set at a level to ensure continuity of service should a director resign.

Any payments for loss of office due to redundancy would be in line with the national scheme in operation at the time. There is no alternative scheme in place for the Directors or Senior Managers. Redundancy payments are currently calculated on a month's pay for every year of service up to a maximum of two years' pay and additional pension contributions are made for those staff over 50 years of age. New regulations governing public sector exit payments which were expected to be in force in Spring 2017 are yet to be implemented, consultation concluded July 2019 and being debated in Parliament on 11 September 2020. Although we understand that it is still the Government's intention to bring them into force, there is still no date for their implementation. These changes will cap exit payments at £95,000 and introduce a repayment rule for redundancy payments over £80,000 where the employee returns to other public sector employment. Additional changes will reduce the calculation for redundancy pay to three weeks' pay for every year of service up to a maximum of 15 months and a taper on any lump sums.

The Trust's Constitution contains provision for the removal of the Chairman and other Non-Executive Directors.

Statement of Consideration of Employment Conditions elsewhere in the Foundation Trust

The Trust offers the same package of benefits to all staff in terms of basic salary, NHS pension scheme benefits and access to the child care vouchers and lease car scheme/car allowance. There are no additional payments made to Directors and Senior Managers. Changes to Her Majesty's Revenue and Customs (HMRC) legislation came into effect on 06 April 2017, which meant that the tax and national insurance contributions advantages where benefits are provided through arrangements under which the employee gives up the right to an amount of earnings in return for a benefit are largely withdrawn. This has been incorporated into our salary sacrifice schemes and any new schemes started from April 2017 are in line with the revised legislation.

All other staff in the Trust are paid in line with national terms and conditions which are either Agenda for Change (AfC) or Medical and Dental.

The salary scale for Directors is based upon current market rates and is externally benchmarked. The Committee has utilised the 'Established Pay Ranges in Acute NHS Trusts and Foundation Trusts (Annex A)' 2020 provided by NHSI. The data published for 2019/20 indicates that in Foundation Trusts the median salary for a Chief Executive is £225,000 with the median salary for Directors ranging from £105,000 to £205,000. NB: The Chief Executive and the Director of HR & OD are joint appointments and their salaries reflect salaries for Very Large Acute and Foundation Trusts (£500m+) rather than Large Acute Trusts and Foundation Trusts (£400-500m).

The salary scale for Senior Managers is reflective of Bands 8b to Band 9 in AfC. The pay of Directors and Senior Managers is dependent on assessment of their performance through the annual appraisal process. Directors and Senior Managers will have agreed objectives and performance against these will form part of their appraisal. Any pay award would be subject to a satisfactory appraisal. This is also in line with staff employed under AfC terms and conditions where annual progression through the incremental scale is subject to satisfactory performance. This approach to pay progression is contained in the Trust's Appraisal Policy.

Annual Report on Remuneration

Service Contracts

For full details please refer to the Board Composition and Profile section of this report on page 26.

Single Total Figure Table 2019/20

(The following table has been subject to audit)

2019/20							
Senior Manager	Salary & Fees (bands of £5,000)	Taxable Benefits to the nearest £100	Annual Performance related bonuses (bands of £5,000)	Long-term performance-related bonuses (bands of £5,000)	Pension-related benefits (bands of £2,500)	Loss of Office (bands of £5,000)	Total (bands of £5,000)
W Swift - Chief Executive (To 30 April 2019)***	130 - 135	-	-	-	-	-	130 - 135
K McGee - Chief Executive (From 1 May 2019)**	105 - 110	-	-	-	40 -42.5	-	145 - 150
M Thompson - Director of Nursing and Quality (To 31 July 2019)	45 - 50	-	-	-	-	-	45 - 50
M O'Donnell - Medical Director (To 31 July 2019)* / ***	215 - 220	-	-	-	-	-	215 - 220
N Harper - Acting Medical Director (1 August 2019 - 20 August 2019)	10 - 15	-	-	-	0 - 2.5	-	10 - 15
G Goode - Acting Medical Director (21 August 2019 - 31 December 2019)	85 - 90	-	-	-	97.5 - 100	-	185 - 190
T Bennett - Deputy Chief Executive/Director of Finance, Performance and ICT	150 - 155	-	-	-	25 - 27.5	-	175 - 180
P Murphy - Director of Nursing, Quality & AHP	120 - 125	-	-	-	155 - 157.5	-	275 - 280
B Groves - Interim Director of Operation for Unscheduled & Emergency Care	120 - 125	3,300	-	-	75 - 77.5	-	200 - 205
J Barnsley - Interim Director of Planned Care (From 1 April 2018)	115 - 120	-	-	-	0 - 2.5	-	115 - 120
J Gardner - Medical Director	45 - 50	-	-	-	-	-	45 - 50
K Moynes - Joint Director of HR & OD**	75 - 80	-	-	-	47.5 - 50	-	120 - 125
P Butler - Chairman	45 - 50	-	-	-	-	-	45 - 50
M Hearty - Non Executive (To 31/03/20)	15 - 20	-	-	-	-	-	15 - 20
M Cullinan - Non Executive	10 - 15	-	-	-	-	-	10 - 15
M Watt (Was Whyham) - Non Executive	10 - 15	-	-	-	-	-	10 - 15
K Case - Non Executive	10 - 15	-	-	-	-	-	10 - 15
J Gardner - Non Executive (To 31 December 2019)	5 - 10	-	-	-	-	-	5 - 10
J Wilkie - Non Executive	10 - 15	-	-	-	-	-	10 - 15
M Beaton - Non Executive	10 - 15	-	-	-	-	-	10 - 15
S Bedi - Non Executive (From 1 March 2020)	0- 5	-	-	-	-	-	0- 5

**figures are inclusive of Medical Director's Consultant salary*
***Kevin Moynes and Kevin McGee are employed by East Lancashire Hospitals NHS Trust, and have worked for Blackpool Teaching Hospitals NHS Foundation Trust under a shared agreement. The figures in the above table represent costs attributable to their work for this Trust only.*
****The Salary & fees above for Wendy Swift and Mark O'Donnell include payments made in respect of annual leave not taken and contractual payments in lieu of notice period.*

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

This value derived does not represent an amount that will be received by the individual. It is a calculation that is intended to provide an estimation of the benefit being a member of the pension scheme could provide. The pension benefit table provides further information on the pension benefits accruing to the individual.

BFW Management Ltd (Atlas) Remuneration Report

The subsidiary has a Remuneration Committee which comprises of all three Non-Executive Directors. Details of the Renumeration for the Senior Managers and Board Members in the Subsidiary Accounts and Annual Report.

Single Total Figure Table 2018/19

(The following table has been subject to audit - restated)

2018/19							
Senior Manager	Salary & Fees (bands of £5,000)	Taxable Benefits £'000	Annual Performance related bonuses (bands of £5,000)	Long-trem performance-related bonuses (bands of £5,000)	Pension-related benefits (bands of £2,500)	Loss of Office (bands of £5,000)	Total (bands of £5,000)
P Butler - Chairman (From 25 June 2018)	35 - 40	-	-	-	-	-	35 - 40
W Swift - Chief Executive	155 - 160	-	-	-	-	-	155 - 160
T Bennett - Deputy Chief Executive/Director of Finance and Performance	145 - 150	-	-	-	152.5 - 155	-	300 - 305
P Oliver - Director of Operations (To July 2018)	40 - 45	-	-	-	-	-	40 - 45
M O'Donnell - Medical Director *	230 - 235	-	-	-	-	-	230 - 235
B Groves - Interim Director of Operation for Unscheduled & Emergency Care (From 1 October 2018)	100 - 105	-	-	-	2.5 - 5	-	105 - 110
J Barnsley - Interim Director of Planned Care (From 1 April 2018)	100 - 105	-	-		-	-	100 - 105
P Renshaw - Director of Workforce (To 31 July 2018)	65 - 70	-	-	-	-	-	65 - 70
K Moynes - Joint Director of HR & OD (From 1 October 2018) **	25 - 30	-	-		20 - 22.5	-	45 - 50
M Thompson - Director of Nursing and Quality	135 - 140	-	-	-	-	-	135 - 140
M Whyham - Non Executive	10 - 15	-	-	-	-	-	10 - 15
M Hearty - Non Executive	15 - 20	-	-	-	-	-	15 - 20
M Cullinan - Non Executive	15 - 20	-	-	-	-	-	15 - 20
K Crowshaw - Non Executive (To 31 May 2018)	0 - 5	-	-	-	-	-	0 - 5
A Roff - Non Executive (To 31 August 2018)	5 - 10	-	-	-	-	-	5 - 10
S Finnigan - Non Executive (To 31 January 2019)	10 - 15	-	-	-	-	-	10 - 15
J Gardner - Non Executive (From 1 September 2018)	5 - 10	-	-	-	-	-	5 - 10
J Wilkie - Non Executive (From 1 February 2019)	0 - 5	-	-	-	-	-	0 - 5
M Beaton - Non Executive (From 25 February 2019)	0 - 5	-	-	-	-	-	0 - 5
K Case - Non Executive	10 - 15	-	-	-	-	-	10 - 15

**figures are inclusive of Medical Director's Consultant salary.*
***Kevin Moynes is employed by East Lancashire Hospitals NHS Trust, and has worked for Blackpool Teaching Hospitals NHS Foundation Trust for two days per week since 01 October 2018. The figures in the above table represent costs attributable to his work for this Trust only.*

The pension-related benefits have been restated to reflect the correct use of the formula per the Foundation Trusts Annual Reporting Manual (FT ARM) guidance.

No directors or senior managers of the Trust have received non cash benefits as part of their remuneration package in 2019/20 (2018/19: Nil). During 2019/20, no compensation payments were made to directors for loss of office (2018/19: Nil).

Table of Salary and Pension Entitlements of Senior Managers

(The following table has been subject to audit)

Name and title	Real increase in pension at pension age (bands of £2500)	Real increase in pension lump sum at pension age (bands of £2500) £000	Total accrued pension at pension age 31st March 2020 (bands of £5000) £000	Lump sum at pension age related to accrued pension at 31st March 2020 (bands of £5000) £000	Cash Equivalent Transfer Value at 1st April 2019 £000	Real Increase in Cash Equivalent Transfer Value £000	Cash Equivalent Transfer Value at 31st March 2020 £000	Employer's contribution to stakeholder pension £000
K McGee - Chief Executive*	0 - 2.5	5 - 7.5	70 - 75	215 - 220	1,551	61	1,731	10
W Swift - Chief Executive	(10) - (7.5)	(5) - (2.5)	65 - 70	230 - 235	0	0	0	7
M Thompson - Director of Nursing and Quality	(22.5) - (20)	57.5 - 60	30 - 35	225 - 230	1,158	0	0	7
T Bennett - Deputy Chief Executive/Director of Finance, Performance and ICT	0 - 2.5	(2.5) - (0)	65 - 70	160 - 165	1,288	39	1,380	21
M O'Donnell - Medical Director	(10) - (7.5)	0 - 2.5	90 - 95	295 - 300	0	0	0	12
N Harper - Acting Medical Director**	0 - 2.5	0 - 2.5	55 - 60	145 - 150	1,129	2	1,222	2
G Goode - Acting Medical Director**	2.5 - 5	12.5 - 15	70 - 75	220 - 225	1,393	117	1,776	13
B Groves - Interim Director of Operation for Unscheduled & Emergency Care	2.5 - 5	5 - 7.5	50- 55	125 - 130	900	77	1,017	18
P Murphy - Director of Nursing, Quality & AHP	7.5 - 10	20 - 22.5	50 - 55	155 - 160	873	155	1,082	17
J Barnsley - Interim Director of Planned Care (From 1 April 2018)	0 - 2.5	5 - 7.5	35 - 40	85 - 90	624	21	674	16
K Moynes - Joint Director of HR & OD (From 1 October 2018)*	2.5 - 5	7.5 - 10	45 - 50	145 - 150	1,047	0	0	4

**Kevin Moynes and Kevin McGee are employed by East Lancashire Hospitals NHS Trust, and have worked for Blackpool Teaching Hospitals NHS Foundation Trust under a shared agreement. The figures in the above table represent costs attributable to their work for this Trust only.*

***Nicholas Harper and Grahame Goode were employed by the Trust for the full year in 2019/20, however only held a senior manager role for the times shown in the above table, the real increase values displayed above represent the time they were in the Acting Medical Director role only.*

****Dr Jim Gardner does not contribute to the NHS pension scheme.*

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

As Non-Executive Directors do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive Directors.

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

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

The method used to calculate CETVs changed, to remove the adjustment for Guaranteed Minimum Pension (GMP) on 08 August 2019. If the individual concerned was entitled to a GMP, this will affect the calculation of the real increase in CETV. This is more likely to affect the 1995 Section and the 2008 Section.

Fair Pay Multiple

(This section has been subject to audit)

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

The banded remuneration of the highest paid director in Blackpool Teaching Hospitals NHS FT in the financial year 2019/20 was £200,000-£205,000 (2018/19: £230,000-£235,000). This was 8.34 times (2018/19: 9.7) the median remuneration of the workforce, which was £24,214 (2018/19: £23,951).

The reduction in the highest paid director is a result of change in office in the post of medical director.

In 2019/20, 15 (2018/19:4) employees received remuneration in excess of the highest paid director. Remuneration ranged from £200,000 - £350,000 (2018/19: £240,000 - £395,000).

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

There have been no additional payments other than salary increases which have been made in line with the process set out above.

Executive Directors' Expenses

Five of 12 Directors submitted expense claims in 2019/20 (2018/19: 6/9). The total amount of expenses paid to Directors in 2019/20 was £12,018.83 (2018/19: £17,419.44).

Non-Executive Directors' Expenses

Two of nine Non-Executive Directors submitted expense claims in 2019/20 (2018/19: 6/11). The total amount of expenses paid to Non-Executive Directors in 2019/20 was £3,851.46 (2018/19: £7,959.05).

Governor Expenses

Seven of 31 Governors submitted expense claims in 2019/20 (2018/19: 6/30). The total amount of expenses paid to Governors in 2019/20 was £473.21 (2018/19: £864.18).

Membership of the Remuneration Committee

Pearse Butler – Chair of the Committee
Michael Hearty
Mark Cullinan
Mary Watt
Keith Case
James Wilkie
Mark Beaton
Dr Sheena Bedi

Seven meetings of the Committee took place during 2019/20 with attendance as follows:

Committee Members (8)	Number of Meetings (7)
Mary Watt (previously Whyham) (Committee Chair)	6
Pearse Butler	7
Michael Hearty	6
Mark Cullinan	6
Keith Case	4
Dr Jim Gardner (until 31.12.19)	3
James Wilkie	7
Mark Beaton	6
Dr Sheena Bedi (from 01.03.20)	1

Mr Kevin McGee (Chief Executive), Mr Kevin Moynes (Director of HR & OD) and Mrs Angela Bosnjak-Szekeres (Director of Corporate Governance) provided advice, upon request of the Committee, that materially assisted the Committee in their consideration of matters.

The Committee satisfied itself that the advice received was objective and independent, by ensuring the Executives do not partake in discussions regarding their respective roles and do not participate in the decisions.

There was no fee or other charge paid by the Foundation Trust for the remuneration advice received.

Signed: 

Date: 25th June 2020

Kevin McGee

CHIEF EXECUTIVE

Staff Report

Analysis of Staff Costs

(The following table has been subject to audit)

Employee Benefits	2019-20	2018-19
	£'000	£'000
Salaries and wages	**238,044**	228,123
Social security costs	**22,846**	21,598
Apprenticeship levy	**1,234**	1,099
Employer's contributions to NHS pensions	**25,740**	25,267
Employer's contributions paid to NHSE on providers behalf (6.3%)	**11,053**	0
Pension cost - other	**95**	55
Temporary staff (including agency)	**32,106**	14,633
Total employee benefits including capitalised staff costs	**331,118**	**290,775**
Less costs capitalised as part of assets	**(1,300)**	(434)
Total employee benefits excluding capitalised staff costs	**329,818**	**290,341**

The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 01 April 2019. For 2019/20, NHS providers continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost of £11.053m and related funding have been recognised in the Trust's accounts.

Analysis of Staff Numbers

(The following table has been subject to audit)

Average number of persons employed	Year ended 31 March 2020		Year ended 31 March 2020		Year ended 31 March 2020		Year ended 31 March 2019
	Permanently employed		Other Staff		Total		Total
	WTE		WTE		WTE		WTE
Medical and Dental	**564**		**95**		**659**		603
Administration and estates	**1,179**		**27**		**1,206**		1,218
Healthcare assistants and other support staff	**1,962**		**1**		**1,963**		1,870
Nursing, midwifery and health visiting staff	**1,874**		**122**		**1,996**		2,013
Nursing, midwifery and health visiting learners	**0**		**0**		**0**		13
Scientific, therapeutic and technical staff	**658**		**11**		**669**		643
Healthcare science staff	**185**		**5**		**190**		193
Other	**8**		**0**		**8**		4
Total Average Numbers	**6,430**		**261**		**6,691**		**6,557**
Of which:							
Number of employees (WTE) engaged on capital projects	**39**		**0**		**39**		19

**Blackpool Teaching Hospitals NHS Foundation Trust (the Group) host services for the North West Leadership Academy, and Healthier Lancashire and South Cumbria. In previous years the Trust has accounted for these as the principal, a review of the role of the Group in hosting these services has concluded that the Group is acting in the capacity of an agent and consequently income and expenditure should have be reported on a net basis. As a result the staff number have been restated to remove the Whole Time Equivalent (WTE) related to these entities.*

Workforce Statistics

From analysis carried out between data collated on the makeup of the local community and that of staff employed, the Trust is reflective of the community it serves. The following table identifies the breakdown of staff groups for April 2019 to March 2020.

Organisation	Ethnic Origin	Full Time Equivalent (FTE)	Headcount*
LF Blackpool Teaching Hospitals NHS Foundation Trust	0 White	3.28	4
	4 Indian	3.00	3
	5 Pakistani	1.00	1
	7 Chinese	4.42	5
	9A White – British	4857.05	5552
	B White – Irish	31.63	35
	C White - Any other White background	109.76	119
	C2 White Northern Irish	1.00	1
	C3 White Unspecified	0.46	1
	CA White English	28.49	32
	CB White Scottish	8.88	11
	CC White Welsh	2.73	3
	CF White Greek	2.00	2
	CK White Italian	8.27	9
	CP White Polish	17.89	20
	CQ White ex-USSR	0.80	1
	CR White Kosovan	1.00	1
	CX White Mixed	1.00	1
	CY White Other European	25.41	27
	D Mixed - White & Black Caribbean	17.78	19
	E Mixed - White & Black African	7.00	7
	F Mixed - White & Asian	10.41	12
	G Mixed - Any other mixed background	11.92	13
	GC Mixed - Black & White	1.63	2
	GE Mixed - Asian & Chinese	0.60	1
	GF Mixed - Other/Unspecified	2.53	3
	H Asian or Asian British – Indian	177.16	187
	J Asian or Asian British – Pakistani	40.09	43
	K Asian or Asian British – Bangladeshi	5.92	8
	L Asian or Asian British - Any other Asian background	53.29	56
	LA Asian Mixed	3.00	3
	LB Asian Punjabi	0.59	1
	LE Asian Sri Lankan	1.00	1
	LF Asian Tamil	2.00	2
	LH Asian British	4.00	4
	LK Asian Unspecified	1.00	1
	M Black or Black British – Caribbean	9.53	10
	N Black or Black British – African	32.64	34
	P Black or Black British - Any other Black background	1.00	1
	PB Black Mixed	0.91	1
	PC Black Nigerian	1.00	1
	PD Black British	1.00	1
	R Chinese	13.57	14
	S Any Other Ethnic Group	52.36	58
	SC Filipino	94.38	96
	SD Malaysian	3.00	3
	SE Other Specified	3.80	5
	Unspecified	46.87	51
	Z Not Stated	541.58	678
	(blank)	0.87	1
	Grand Total	**6250.50**	**7145**

**The figures are based on the number of assignments by Ethnic Origin*

Breakdown of Staff

As at year end the breakdown of directors, other senior managers and employees by male and female categories is indicated in the table below:

Breakdown of Staff as at 31 March 2020		
	Male	Female
Directors and other senior managers*/**	12	4
Employees**	1,495	5,654

**Directors and senior managers comprises Executive Directors and Non-Executive Directors in post at 31 March 2020 as disclosed in the Remuneration Report.*
***The figures represent the actual number of people working in the Organisation.*

Sickness Absence

Sickness has ended the year at 5.41% for the rolling 12 month period (April to March) which is above the Trust target of 4% and adverse when compared to the same result last year which was 4.90%.

A physically and mentally healthy workforce is essential to provide the best care for our patients. The focus for the Staff Health and Wellbeing for the next five years is around the preventative agenda, as well as managing health issues in the workforce. The ageing workforce is one area of attention with measures being put in place to support older workers in their chosen professions, or supporting them to find alternative professions if this is not possible.

Occupational Health continues to support all staff and there has been a lot of work done this year looking at staff environments and what advice can be done with staff in their areas of work.

There are a number of other personal development sessions that staff can access such as stress management and resilience, mindfulness and improved sleep. All of the programmes that have been run previously are continuing, with new programmes being added all of the time.

All staff, and their close family, have access to the Employee Assistance Programme (EAP) that can give staff access to counselling, legal and financial advice as well as a wealth of wellbeing resources.

Interventions in Place

Employee Assistance Programme
The Trust has an EAP that all staff can access. This is an employee benefit that is designed to help staff deal with any personal or professional problems which could be impacting on their general health and well-being. The service operates 24/7 across the whole year and provides counselling, bereavement support; legal and financial advice.

Flu Campaign
The Trust supports its staff with the annual flu campaign, which is launched in October and runs until February.

Health Check Events
The Health and Wellbeing team offer regular health check events for staff, including Body Mass Index (BMI), cholesterol and blood pressure checks. These health check appointments are run as individual appointments within the Occupational Health Department and as promotional events throughout the calendar year. Other annual events and promotions are being held, in-line with the World Health Organisation (WHO) health calendar, such as world hepatitis day and world sleep day.

Musculoskeletal Awareness
The Physiotherapist Service continues within Occupational Health with the support of the Moving and Handling Advisor. As well as delivering training, the Advisor looks at incidents and 'hot spots' around the Trust so that advice can be given and risk assessments undertaken so as to prevent further issues. The Advisor also carries out Display

Screen Equipment assessments so that we can:

a) Ensure any potential problems are highlighted before they become issues; and,
b) Any staff who do need adjustments within the workplace get the right equipment for their need.

The Moving and Handling advisor is also involved in the purchase of any new equipment relating to moving and handling patients. This has led to new, innovative equipment being purchased within the Trust.

Resilience Training
The portfolio of training courses for staff is being developed along the brain-based leadership model, and includes stress management and resilience training for all staff. The training is being taken to a multi-platform delivery model, with face to face and webinar training available. The Organisational Development team have established programmes, and bespoke courses depending on need.

The Health and Wellbeing Team
The Health and Wellbeing team have become an integral part of the Engagement Team within HR and OD. The team coordinates the health check events and organises other activities for staff to take part in. This includes pilates, yoga and fun runs. There is a newsletter produced by the Health and Wellbeing team that details all of the offers available for staff. This also includes a monthly health and wellbeing calendar for staff to follow.

Overall Trust Sickness Absence Rates	
Year	**Sickness Absence Results**
2014/15	4.47%
2015/16	4.25%
2016/17	4.78%
2017/18	4.67%
2018/19	4.90%
2019/20	5.41%

The table below details sickness absence data for Blackpool Teaching Hospitals Foundation Trust and also a national average. The figures given are for the 2019 calendar year.

Statistics Produced by NHS Digital*/Department of Health and Social Care (**based on Jan-Dec 2019)					
National Average of 12 Months (Jan-Dec 2019)* **	**National Average for last quarter of 2019 (Oct-Dec)** **	**BTH Average FTE 2019 ** **	**BTH FTE-Days Available * **	**BTH FTE-Days Lost to Sickness Absence* **	**BTH Average Sick Days per FTE ** **
4.36%	4.73%	6,116	2,232,340	147,871	24.18

*based on figures converted by DHSC to best estimates of required data items
** based on statistics published by NHS Digital from Electronic Staff Record (ESR) Data Warehouse
***this is the latest annual figure available. NHS Digital will not publish the full 2019 calendar year figure until July 2020.

Further information is published by NHS Digital and can be accessed via the link below:-
https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates

Promoting Equality and Diversity

Equality Diversity and Inclusion (ED&I) continues to be an important part of the Trust's overall work to improve service provision and employment. The Trust's Equality Objectives continue to be part of the overall business objectives, showing the commitment being given to equality and diversity across the Trust. The Public Sector Equality Duty (PSED) expects all public sector organisations to promote equality and diversity by:

- Eliminating discrimination, harassment and victimisation;
- Advancing equality of opportunity;
- Fostering good relations between people who share a protected characteristic and those who do not share it.

Some of our ongoing work includes:

- Working with the local Low Vision Group to improve Trust communications;
- Working with a Lancashire based Deaf association to improve awareness, understanding and communications;
- Further improve the Trust's work around the Accessible Information Standard;
- Dementia Project to assist patients with Dementia during their stay on a ward;
- Reviewing mechanisms to support patients in hospital with a Learning Difficulty (LD) by having LD Passports;
- Mental Health First Aiders to be trained to support staff;
- Understanding the needs of minority/hard to reach groups to make healthcare accessible;
- Supporting In-Patients and staff who have an assistance dog;
- Improving translation and interpreting for patients including Easy Read documents;
- Disability Confident Scheme – Employer level achieved and working towards Leader level;
- Signed the Step into Health scheme to assist ex-military gain work experience in the NHS;
- Working with the Ministry of Defence (MoD) Career Transformation Programme team to assist ex-military;
- Achieved the Silver Award of the NHS Employers and MoD Employers Recognition Scheme;
- Closer partnership working with CCG's, Councils and third party organisations;
- Working to gain the NHS Veteran Hospital Scheme for supporting Veterans and Reservists working in the Trust.

The Trust continues to review how best to support all patients and service users, irrespective of any protected characteristic they may have to ensure we meet their needs. Work is ongoing in meeting the Accessible Information Standard (AIS), introduced in July 2016. A proposal is going to the Board of Directors to implement a new system which will allow for written communications in extended various formats to fully meet the requirements of the AIS. The new Patient Administration System (PAS) will further assist the Trust in meeting these standards.

The Trust's current Equality Objectives are:

- Improve accessibility and information, and deliver the right services that are targeted, useful and useable and in order to improve patient experience;
- Improve recruitment and selection across all staffs groups to create a more diverse workforce.

The objectives are monitored by the Trust's Equality Diversity and Inclusion Implementation (ED&II) Group. Following the outcome of the last Equality Delivery System2 (EDS2) public consultation and engagement event, which has been postponed due to the COVID-19 pandemic, these objectives will be reviewed at the next EDS2 event. By maintaining the two equality objectives it provides the ideal opportunity for the Trust to further improve in these areas. EDS2 continues to assist the Trust to meet the following requirements:

- Compliance with the Public Sector Equality Duty;
- Deliver on the NHS Outcomes Framework;
- NHS Constitution for Patients and Staff;
- CQC Essential Standards.

The Trust was due to hold its Equality Delivery System 2 public consultation and engagement event in March 2020, but due to the COVID-19 pandemic this was cancelled. Therefore we are currently working with last year's report which identified:

- Further evidence was required in relation to work carried out with community teams;
- To improve service user involvement in policy development;
- Disability Awareness training
- Visual Impairment Awareness training;
- Trans Gender Awareness training;
- Information about Link Nurses to be more readily available;
- To better understand the needs of veterans and promote the Military Covenant;
- More evidence required across all protected characteristics in service provisions and delivery of healthcare preferably via a presentation from a representative from relevant area(s);
- Improve the evidence to show complaints are handled efficiently and with respect.

Equality and Diversity is part of the Trust's mandatory training programmes to maintain awareness and emphasise the importance of E&D in all aspects of employment and service provision. A review of the topics included within the training identified the need to include awareness around Gypsy Roma Travellers and Armed Forces. To support this, the Trust has a number of policies which underpin our approach to supporting equality and diversity for our staff:

- Equality, Diversity and Human Rights Strategy;
- Recruitment and Selection (Disability Confident);
- Creating a diverse workforce – supporting staff with a disability (including access to a consultant led Occupational Health service for advice on reasonable adjustments);
- Gender Reassignment support in the workplace;
- Supporting Patients who have an Assistance Dog;
- Supporting Staff who have an Assistance Dog;
- Religious and Cultural Beliefs;
- Accessible Information Policy;
- Reasonable Adjustment Guide;
- Priority Treatment for Ex-Service Personnel (inc. Veterans) with Service Related Health Conditions.

The Trust has a 'Creating a Diverse Workforce Policy' for supporting staff with a disability. This policy applies to all staff employed under a contract of service by Blackpool Teaching Hospitals, NHS Foundation Trust.

The Recruitment Team advise managers on the implementation of this policy and should be involved with the recruiting manager when it is known there is an applicant with a disability for a vacancy.

When an applicant advises the Trust that they have additional needs, the Manager responsible for the recruitment investigates and implements as fully as possible reasonable adjustments, taking advice from:

- The person with the disability;
- The Workforce Advisory Team;
- Occupational Health;
- Health and Safety representatives;
- Access to work;
- The Equality and Diversity Lead.

For any hidden disability or long term health condition evidence of need might be requested prior to undertaking adjustments (such as medical confirmation or an Educational Psychologist's report in the case of Dyslexia or other learning difficulty).

The Trust has also achieved the Disability Confident Employer Level of the scheme, which encompasses the previous 'Two Ticks' and 'Mindful Employer' schemes plus the Guaranteed Interview process. Adjustments are made at the stage interview to ensure interviewees are not disadvantaged in any way.

The Trust will not discriminate against a person with a disability whom it employs:

- in the terms of employment afforded to the employee;

- the opportunities afforded for promotion, development or receiving any other benefit or by refusing to afford any such opportunity;
- by ensuring that policies and procedures are legally compliant.

The above is also followed should an employee become disabled during their employment with the Trust. Where an employee has become disabled, or has a disability which has worsened, the Trust will actively explore the potential for retention in their existing employment field. Alternatively the Trust and employee may consider alternative types of employment with or without reasonable adjustment.

The Trust introduced a Health & Wellbeing Passport last year that can be used for any member of staff who feels that they may need some additional support at work, for example a member of staff with a disability or long term health condition.

Gender Pay Gap

Background

The Government introduced legislation that made it a statutory requirement for public organisations to report annually on their gender pay gap, further information can be found at:- https://gender-pay-gap.service.gov.uk/. As a Public Sector organisation, the Trust is covered by the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017, which came into force on 31 March 2017. The Trust's Gender Pay Gap report published in March 2020 (based on 2019 figures) shows the median pay gap as 4.92% a slight increase compared with the March 2019 report (based on 2018 figures) which shows the median had reduced to 4%. The Trust remains below the national figure of 8.9% (Office for National Statistics (ONS)).

This year's figure (based on 2019 figures) shows a small increase of 0.9% to 4.9% from last year but remains below the national figure of 8.9%. Since reporting began there has been a decrease albeit small in the: 'average gender pay gap as a mean' from 25.0% in 2017 to 23.7% in the current report.

For the: 'average pay gap as a median average' the Trust recorded a slight increase from 4% in 2018 and 4.92% in 2019.

The staff group identified as receiving a 'bonus' are Medical and Dental staff. This group has 462 staff that are predominantly male however, this year's mean average of -4.9% indicates that more females than males in this group have been awarded Clinical Excellence Awards than the previous year. Yet the median figure of 10.42% shows more males than females receiving a bonus.

Gender pay gap reports are published on the Trust's website. The gender pay gap shows the difference in average pay between all men and women in the workforce. The gender pay gap is different from equal pay. Equal pay deals with the pay differences between men and women who carry out the same jobs, similar jobs or work of equal value.

Current Position

There are three types of salaries at the Trust; Very Senior Managers, Medical and Dental (M&D) and Agenda for Change (AfC).

The majority of the workforce is employed under AfC terms and conditions, with the salaries decided by a job evaluation scheme. The AfC process evaluates the job and not the post holder and makes no reference to gender or any other personal characteristics of existing or potential job holders.

M&D salaries are decided by the DHSC and evaluate the level, knowledge and skills as well as the responsibility of the post/grade.

VSM salaries are negotiated annually and recommendations made by NHS Improvement and NHS England, which are then agreed by the Trust's own Remuneration Committee, there is no reference to gender or other personal characteristics of existing or potential job holders.

The Trust has a 4.92% gender pay gap which is below the national average of 8.9%.

Modern Slavery Act 2015

We are continuing to raise the profile of modern slavery and human trafficking across all services.

We contribute to the NHS Safeguarding Modern Slavery and Human Trafficking (MSHT) network and work in collaboration with our partners including the police.

Staff Communication on Matters of Concern and Performance

The Trust has continued working with staff to communicate and engage on our Strategic Vision and our ambitions and has used the appraisal process as the main vehicle to do this.

Training is provided to both managers and employees to help them link their own performance objectives with the achievement of Trust ambitions.

Delivery of the Trust's vision and ambitions has been embedded into the 'Senior Collaborative Leadership' Development Programme. This programme is attended by senior clinical and non-clinical leaders who have been identified through the Trust's succession planning process. New managers also have the opportunity to take part in a development day which focuses on topics such as staff engagement and publicise the Freedom To Speak Up Service.

Members of staff were recognised for their hard work and dedication through the Trust's annual Celebrating Success awards which saw the highest number of entries ever received and more than 500 people attending the evening at the Winter Gardens.

The Communications Team continues to champion the good work that goes on throughout the Trust by securing positive coverage within a wide spectrum of media and through its own publications such as 'Weekly News', 'Health Matters' and its extensive links with the local media. There has also been a large increase in the use of video technology to get over messages to staff and to the general public. This has proved to be an extremely popular development and the aim is to further maximise this form of media in the coming year.

This year has a major increase in the use of social media with more than 10,300 followers on Twitter and an ever growing audience on Facebook and Instagram. The team has also developed a Staff App which was originally distributed as a pilot and has now been rolled out across the Organisation. The App now has more than 6,000 staff members signed up to it and has become a vital way of distributing information from the Trust to staff.

The Trust's Vision and Values are reflected throughout all our publications. 'Our Team Brief' highlights the strategic ambition and our staff publications constantly refer to work being undertaken to achieve our ambitions.

The team has also continued its Lessons Learned newsletter which is distributed to all staff to highlight areas for learning in clinical settings to promote safe care.

There has been a growing emphasis on recognising the work of staff and rewarding them for their commitment and loyalty. The 'Going the Extra Mile' recognition scheme was launched and more 2,450 staff have been recognised and thanked for their contribution. Staff were also recognised for their length of service to the Trust and wider NHS along with colleagues who had achieved a professional or academic qualification.

Freedom to Speak Up Service

The Trust formally launched its Freedom to Speak Up Service in 2017 and appointed Terri Vaselli as their Freedom to Speak Up Guardian with support from, Kevin Moynes, Executive Lead, and Michael Hearty, Non-Executive Lead. The need to establish a national Freedom to Speak Up Guardian was identified as part of the Francis Review findings in 2015 where it identified that patients could be at risk of harm because concerns were not being raised routinely by NHS staff.

Since launching the Service, over 300 concerns have been raised by colleagues and volunteers

working across the Trust and Community Sites. The Guardian continues to promote the Service at inductions and across Divisions and is also the appointed Freedom to Speak Up Guardian for Trinity Hospice and Brian House. The Service continues to develop embedding key learning across the Trust and working in line with National Guidance from the National Guardian's Office.

Terri Vaselli is the North West Regional FTSU Chairperson working with Guardians across the region and is also a 'panel member' of the Whistle-blowers' Support Scheme.

Health and Safety Performance

The dedication to the delivery of a safe environment continues to be a critical factor to the delivery of the highest possible standards of clinical care and our Trust remains committed to improving its environment and sense of overall personal security for those who access our services and for those who provide those services.

The Trust has a focus on the requirement for effective leadership and the Director of Nursing and Quality as the nominated Security Management Director (SMD), together with the Trust's Local Security Management Specialist (LSMS) worked throughout 2019/20 towards providing the Trust's security priorities to give the assurance that the Trust has a proficient, competent and capable security provision.

The Trust's CCTV/Body Cameras continue to provide both a deterrent and detection of crime by increasing the probability of any persons committing any criminal offence being caught.

One of the key areas of work for the Trust is working to reduce violence against NHS staff and a key part of this is to constantly measure the scale of the problem. This year the Trust has been working in partnership with other agencies and organisations, such as Lancashire Police and the Local authority, to try to reduce aggressive incidents against staff.

All staff are encouraged to report any security incidents, including risks around the protection of Trust's property assets to enable improvements to be driven forward helping to deliver an environment that is safe and secure for both patients and staff through action planning, risk assessment and ongoing monitoring,

The Trust has taken the approach of identifying gaps and risks associated with any of the Health & Safety regulations which benefits the Trust in gaining a wider picture of Health & Safety compliance. This is reflected in the diversity of our achievements this year. Our Health & Safety Officer regularly assists staff with Displayed Screen Equipment (DSE) assessments, Control of Substances Hazardous to Health (COSHH), Pregnancy, and building, environmental workplace risk assessments.

The Trust is compliant with the Reporting of Injuries Diseases and Dangerous Occurrences, Regulations 2013, (RIDDOR). All RIDDOR incidents are investigated within reporting timeframes. RIDDOR reportable incidents for April 2019 to 31 March 2020 shows the Trust reported 13 patients, 25 staff and two visitor RIDDORs.

The Health and Safety team continues to work towards providing a Trust-wide risk profile, ensuring a safe site, safe plant and equipment for our staff and service users.

Table of Number of Verbal/Aggressive Incidents

No. of Violent / Abusive Incidents	2018/19	2019/20	% of Reduction
Verbal	324	320	-1.2%
Physical	182	206	+13.1%

Counter Fraud and Bribery

NHS Counter Fraud Authority (NHS CFA) is a special health authority that provides the framework to minimise losses through fraud. The Trust's local policy complements the national and regional initiatives and sets out the rationale for reporting alleged fraudulent activity and ultimately eliminating fraud in the NHS.

The Deputy Chief Executive/Director of Finance, Performance & ICT is nominated to make sure that the Trust's requirements are discharged and is aided by a Local Counter Fraud Specialist (LCFS). The Trust has also appointed a counter fraud "Champion", to support the Trust's delivery of the Counter Fraud Strategic Plan. The Trust has invested in a full time "in house" LCFS who has developed a Counter Fraud Plan that is risk based and aims to proactively reduce fraud and enhance an anti-fraud culture, whilst simultaneously supported by appropriate deterrence and prevention measures.

The Trust's investment in a full time LCFS enables the anti-fraud culture to become embedded and tackle fraud, bribery and corruption in accordance with an annual work plan which dictates the counter fraud work that will be conducted under four subject headings:

- Strategic Governance;
- Inform and Involve;
- Prevent and Deter;
- Hold to Account.

The LCFS has developed an anti-fraud culture across the Trust by:

- Applying a strategic, co-ordinated, intelligence-led and evidence based approach to all aspects of counter fraud work;
- Working in partnership with key stakeholders, such as the Police, Crown Prosecution Service, UK Border Agency (UKBA), Local Authorities and professional organisations to provide the opportunity to coordinate the delivery of counter fraud work;
- Ensuring robust policies and/or processes are in place to protect NHS assets;
- Ensuring the highest standard of work is achieved by means of a clear professional and ethical framework that is consistently used throughout the counter fraud field of work;
- Preventing and deterring fraudulent acts throughout the Trust, by promoting successful counter fraud work;
- Conducting fraud detection exercises into areas of risk;
- Investigating all allegations of suspected fraud;
- Obtaining, where possible, appropriate sanctions and redress.

Progress against the plan is regularly reported to the Audit Committee. The LCFS completes an annual assessment, which is monitored by NHS CFA and reviewed at a local level, to ensure existing controls continue to mitigate the risk of fraud, bribery and corruption.

NHS Staff Survey Results

Staff Engagement - Vision and Values Strategy for 2020

Staff engagement is vitally important to the Organisation so the Trust will continue to undertake activities to maintain an engagement score above 7.1 out of 10 (we do not have a target for engagement). The score has increased slightly from 2018 from 7 to 7.1). The Trust will do this by continuing to run the Great Place to Work sessions which are designed to give staff at all levels a voice. The Trust will also continue to survey our staff to test the current climate and what it feels like for them to work here at Blackpool Teaching Hospitals. This year, the Trust established a series of Big Conversation, listening into action sessions. These were chaired by senior clinical and non-clinical divisional leaders.

Our actions for improvement are contained within the Great Place to Work action plan and we will continue to implement these actions in a timely way. The key priorities contained within the plan include recognition (the extent to which staff receive recognition and perceive their contributions are valued); influence (the extent to which staff are involved in wider decisions that may impact on them and personal development (the extent to which staff

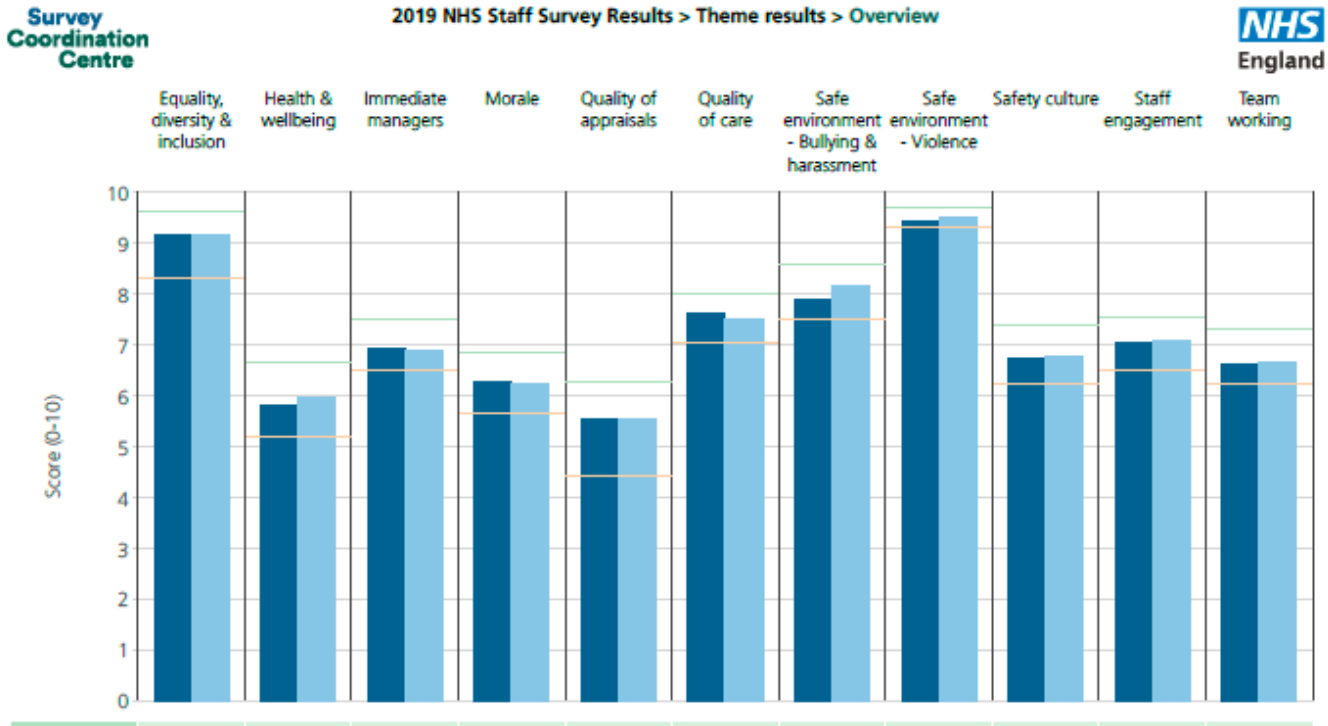
perceive opportunities for personal growth). The results of the 2019 staff survey are as follows:

- 19% of staff state that the appraisal/review helped them to improve their job (Q19b);
- 30% of staff state the appraisal helped them agree clear objectives for their work (Q19c);
- 31% of staff state that the appraisal left them feeling that their work was valued by the Organisation (Q19d);
- 36% of staff state that the values of the Organisation were discussed as part of the appraisal process (Q19e).

NHS Staff Survey

The NHS Staff Survey is conducted annually. The results from questions are grouped to give scores in ten indicators. The indicator scores are based on a score out of 10 for certain questions with the indicator score being the average of those.

The response rate to the 2019 survey among Trust staff was 47% (2018: 35%). Scores for each indicator together with that of the survey benchmarking group (Combined Acute & Community Trusts) are presented below:-



	Equality, diversity & inclusion	Health & wellbeing	Immediate managers	Morale	Quality of appraisals	Quality of care	Safe environment - Bullying & harassment	Safe environment - Violence	Safety culture	Staff engagement	Team working
Best	9.6	6.7	7.5	6.8	6.3	8.0	8.6	9.7	7.4	7.6	7.3
Your org	9.2	5.8	6.9	6.3	5.5	7.6	7.9	9.4	6.7	7.0	6.6
Average	9.2	6.0	6.9	6.2	5.5	7.5	8.2	9.5	6.8	7.1	6.7
Worst	8.3	5.2	6.5	5.7	4.4	7.1	7.5	9.3	6.2	6.5	6.2
Responses	3,081	3,100	3,100	3,039	2,691	2,767	3,066	3,073	3,071	3,139	3,094

The Trust's best and worst scores from the benchmarking group are presented below:-

	Top 5 scores (compared to average)
70%	Q17d. Staff given feedback about changes made in response to reported errors/near misses/incidents
49%	Q10c. Don't work any additional unpaid hours per week for this organisation, over and above contracted hours
58%	Q23b. I am unlikely to look for a job at a new organisation in the next 12 months
56%	Q4c. Involved in deciding changes that affect work
64%	Q23c. I am not planning on leaving this organisation.

	Bottom 5 scores (compared to average)
63%	Q21d. If friend/relative needed treatment would be happy with standard of care provided by organisation
60%	Q10b. Don't work any additional paid hours per week for this organisation, over and above contracted hours
67%	Q16b. In last month, have not seen errors/near misses/incidents that could hurt patients/service users
42%	Q6c. Relationships at work are unstrained
77%	Q13c. Not experienced harassment, bullying or abuse from other colleagues

Commentary

The response rate has significantly improved compared to 2018 (2,307 completed); with an additional 843 staff completing the survey in 2019 (3,150 completed).

The Trust survey responses were better than average for: Morale and Quality of Care; the same as the average for Equality, Diversity & Inclusion, Immediate Managers and Quality of Appraisals. Slightly worse than average for: Health and Wellbeing, Bullying and Harassment, Safe Environment – violence, Safety Culture, Staff Engagement and Team Working.

The Trust's areas of improvement and deterioration from the 2018 survey are presented below:-

	Most improved from last survey
40%	Q19e. Appraisal/performance review: organisational values definitely discussed
55%	Q4f. Have adequate materials, supplies and equipment to do my work
35%	Q19d. Appraisal/performance review: definitely left feeling work is valued
53%	Q19g. Definitely supported by manager to receive training, learning or development identified in appraisal
76%	Q5e. Satisfied with opportunities to use skills

	Least improved from last survey
60%	Q10b. Don't work any additional paid hours per week for this organisation, over and above contracted hours
73%	Q28b. Disability: organisation made adequate adjustment(s) to enable me to carry out work
83%	Q12a. Not experienced physical violence from patients/service users, their relatives or other members of the public
80%	Q9a. I know who senior managers are
61%	Q4i. Team members often meet to discuss the team's effectiveness

Summary of Performance

The staff survey response rates for 2019 have significantly improved compared to those of 2018. Although the survey has identified some areas for improvement no significant areas of concern were found. In comparison with other Combined Acute & Community Trusts average, the Trust performed significantly better in 31 responses, out of 90 questions and significantly worse in 16 responses.

Future Priorities and Targets

Detailed analysis is currently being undertaken by division and occupational groups to identify key differences within the data to enable targeted approaches to be taken in addressing concerns. 'Big Conversation' (listening into action) sessions will continue to be arranged to share the results with divisions and departments, to ensure that staff identify the areas for improvement which will make the most difference to them. This information will be used by divisional management (supported by Workforce Business Partners) to update their improvement plans.

A corporate improvement plan was developed for the key themes overall arising from the staff survey and these have been integrated into the 'Great Place to Work' improvement action plan. This plan will be monitored quarterly by the newly established Employee Engagement Sponsor Group, which will be chaired by the Chief Executive. A communication plan is being developed to provide feedback to staff on the outcome of the staff survey in respect of a 'Together We Did' which will be aligned to the Workforce Transformation Strategy.

Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 implements the requirement for the Trust to report annually on paid time off provided to trade union representatives directly for trade union duties and activities.

- **Blackpool Teaching Hospitals NHS Foundation Trust**
  01 April 2018 to 31 March 2019
- **Employees in your Organisation**
  5,001 to 9,999 employees
- **Trade union representatives and full-time equivalents**
  Trade union representatives: 53
  FTE trade union representatives: 53
- **Percentage of working hours spent on facility time**
  0% of working hours: 26 representatives
  1 to 50% of working hours: 24 representatives
  51 to 99% of working hours: 3 representatives
  100% of working hours: 0 representatives
- **Total pay bill and facility time costs**
  Total pay bill: £293,208,198.00
  Total cost of facility time: £90,507.00
  Percentage of pay spent on facility time: 0.03%
- **Paid trade union activities**
  Hours spent on paid facility time: 6,300
  Hours spent on paid trade union activities: 500
  Percentage of total paid facility time hours spent on paid TU activities: 7.94%

Expenditure on Consultancy

During 2019/20, the Trust incurred £3.126m on external consultancy costs* (2018/19: £4.265m – restated.)

**Blackpool Teaching Hospitals NHS Foundation Trust (the Group) host services for the North West Leadership Academy, and Healthier Lancashire and South Cumbria. In previous years the Trust has accounted for these as the principal, a review of the role of the Group in hosting these services has concluded that the Group is acting in the capacity of an agent and consequently income and expenditure should have be reported on a net basis.*

Off-Payroll Engagements

As part of the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, Foundation Trusts are required to publish information in relation to the number of off-payroll engagements.

During the year, the Trust has introduced controls over the use of off-payroll engagements for highly paid staff (those staff earning more than £245 per day). All new engagements require the authorisation of an executive member of the Board of Directors prior to commencement of the engagement. Staff employed under such engagements are required to provide confirmation of their employment status and assurance of their taxation arrangements.

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

Number of existing engagements as of 31 March 2020	0
Of which...	
Number that have existed for less than one year at time of reporting	0
Number that have existed for between one and two years at time of reporting	0
Number that have existed for between two and three years at time of reporting	0
Number that have existed for between three and four years at time of reporting	0
Number that have existed for four or more years at time of reporting	0

Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 01 April 2019 and 31 March 2020, for more than £245 per day and that last for longer than six months

Number of new engagements, or those that reached six months in duration, between 01 April 2019 and 31 March 2020	0
Of which:	
Number assessed as caught by IR35	0
Number assessed as not caught by IR35	0
Number engaged directly (via PSC contracted to the entity) and are on the entity's payroll	0
Number of engagements reassessed for consistency / assurance purposes during the year	0
Number of engagements that saw a change to IR35 status following the consistency review	0

Table 3: For any off-payroll engagements of Board members, and/or senior officials with significant financial responsibility, between 01 April 2019 and 31 March 2020.

Number of off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
Number of individuals that have been deemed "Board members and/or senior officials with significant financial responsibility". This figure should include both off-payroll and on-payroll engagements.	21

Exit Packages

(This section has been subject to audit)

Exit package cost band	Compulsory redundancies	Other departures agreed	Total
	Number	Number	**Number**
<£10,000	0 (0)	0 (0)	**0 (0)**
£10,000 - £25,000	0 (0)	0 (0)	**0 (0)**
£25,001 - £50,000	0 (0)	0 (1)	**0 (1)**
£50,001 - £100,000	0 (0)	0 (0)	**0 (0)**
£100,001 - £150,000	0 (0)	0 (0)	**0 (0)**
Total number of packages by type	0 (0)	0 (1)	**0 (1)**
	£000	£000	**£000**
Total resource cost - 2019/20	0	0	**0**
Total resource cost - 2018/19	0	45	**45**

Exit packages: Non-compulsory departure payments	2019/20		2018/19	
	Agreements	**Value**	Agreements	Value
	Number	**£000**	Number	£000
Voluntary redundancies including early retirement contractual costs	**0**	**0**	0	0
Exit payments following employment tribunals or court orders	**0**	**0**	1	45
Non-contractual payments requiring HMT approval	**0**	**0**	0	0
Total	**0**	**0**	1	45
Of which: Non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months of their annual salary	**0**	**0**	0	0

Details of exit packages agreed for Non-Executive Directors and Executive Directors of the NHS Foundation Trust can be found in the Remuneration Report.

NHS Foundation Trust Code of Governance

The creation of Foundation Trusts has led to the requirement for a framework for corporate governance, applicable across the Foundation Trust Network. This is to ensure that standards of probity prevail and that Boards operate to the highest levels of corporate governance.

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

The Corporate Assurance Department has undertaken a review of the Trust's performance against the NHS Foundation Trust Code of Governance on the "comply" or "explain" basis. The Trust has undertaken a self-assessment in which the Trust complied with the provisions.

NHS Oversight Framework

For detailed information on this section please refer to the Financial Performance Review section on page 20.

Statement of Accounting Officer's Responsibilities

For detailed information on this section please refer Annex D on page 90.

Annual Governance Statement

For detailed information on this section please refer to Annex E on page 92.

Disclosure of Public Interest

The Trust has not held any public consultations between 01 April 2019 – 31 March 2020.

Disclosures from the Audit Committee

Role and Composition

The primary function of the Audit Committee is to provide the Board of Directors with an independent assurance over the establishment and maintenance of an effective system of integrated governance, risk management and internal control across the whole of the Organisation's activities with the aim of supporting the achievement of the Trust's objectives.

It considers reports from the Trust's Executive Directors, Non-Executive Directors and the Internal and External Auditors and provides assurance reports to the Board on the independence and effectiveness of both external and internal audit and the effectiveness of actions in relation to internal control and audit recommendations taken by the executive function of the Trust. It ensures that standards are set and that compliance is monitored in all areas of the Trust that fall within the remit of the Committee. The Audit Committee takes the lead in reviewing the integrity of the Annual Report and Financial and Quality Accounts and the related External Auditor's Reports. It also reviews the Annual Governance Statement prepared by the Chief Executive in his role as the Accountable Officer.

The Committee has the oversight of risk management and provides assurance to the Board of Directors, whilst gaining assurance on the implementation of the Trust Strategy and associated transformation through the assurance reporting from Committee Chair's.

The Committee was chaired by Mr Michael Hearty, who joined the Trust in April 2016 (resigned 31.03.20). The Board considers Mr Hearty to have the relevant financial experience as a qualified accountant with the Chartered Institute

of Public Finance and Accountancy (CIPFA). Mr Hearty has extensive experience of strategic and operational leadership in two large and complex UK Government Departments; the Department for Work and Pensions and the Department for Children Schools and Families (now the Department for Education), and with the Welsh Government holding Board level positions with the latter two organisations. Following Mr Hearty's resignation from the Trust, the Committee has been chaired by Mr Mark Cullinan.

The Committee's membership consists of three NEDs. In addition to the Committee members, standing invitations are also extended to the Deputy Chief Executive/Director of Finance, Performance & ICT, External and Internal Audit representatives, the Local Counter Fraud Specialist and members of the Corporate Assurance Team. Other officers have been invited to attend the Audit Committee where it was felt that to do so would assist the Committee to fulfil its responsibilities effectively. The Chief Executive also has a standing invitation to the Committee, in particular for matters involving the Annual Governance Statement, Draft Internal Audit Plan and Annual Report and Accounts. Other Non-Executive Directors have been invited and have attended as Chairs of Board Committees.

The Committee has met on five occasions during the year ended 31 March 2020. Each meeting has complied with the criterion for frequency of attendance and been quorate as set out in the Audit Committee's Terms of Reference.

The Remit of the Internal and External Auditors

Internal Audit

KPMG has provided the Trust's internal audit service since 01 October 2012. The core members of the Internal Audit Team are; the Head of Internal Audit and the Internal Audit Manager. In addition to these core members the team will draw on other specialists within KPMG to complete reviews. These staff report to the Head of Internal Audit to ensure that their work is co-ordinated and to provide a seamless delivery. The team are a mixture of Association of Chartered Accountants (ACA) Association of Chartered Certified Accountants (ACCA) qualified staff.

The role of Internal Audit is to assist all levels of management and the Audit Committee in the effective discharging of their responsibilities relating to risk management and internal control by providing the Trust with appraisals, recommendations and other relevant information concerning the activities of the Trust. The Internal Audit Team aim to promote effective internal control to facilitate the risk management process throughout the Trust and help embed this process with the support of the Deputy Chief Executive/Director of Finance, Performance & ICT where needed for resolution within the Trust. In addition KPMG have responsibilities as the Head of Internal Audit.

Under the terms of the contract the Internal Audit Team are required to:

- Develop an annual Internal Audit Plan;
- Produce reports for management that will outline the objectives and scope of their work, risks considered during their review, an assessment of the effectiveness of internal controls and considerations for performance improvements;
- Produce implementation plans;
- Undertake follow up work in subsequent periods to track the implementation of agreed recommendations;
- Present a Progress Report to each Audit Committee providing a summary of internal audit activities and progress on implementing agreed recommendations;
- Produce an annual internal audit report;
- Provide a Head of Internal Audit Opinion in respect of risk, control and governance arrangements.

The initial contract term with KPMG ended on 30 September 2016. The Audit Committee agreed to extend the contract for one year until 30 September 2017. Subsequently, the Audit Committee had approved a further one year extension on 04 July 2017 until 31 March 2020 and again on 28 January 2020 until 31 March 2021.

External Audit

PwC are currently the Trust's External Auditors and on 11 March 2020 the Council of Governors approved an extension of the contract until 30 September 2020. In 2019/20, PwC were paid £151,200 (including VAT) in respect of statutory audit fees. PwC were also paid £24,000 (excluding VAT) by BFW Management Ltd in respect of statutory audit on their Annual Accounts.

The Board maintains a policy on engaging its External Auditors for the provision of non-audit services, (other than the audit of the Quality Accounts) (The Use of External Auditors for Non-Audit Services - CORP/POL/257). This policy was reviewed and approved by the Audit Committee on 23 April 2019 and Board of Directors on 07 May 2019. This policy requires the approval of the Deputy Chief Executive/Director of Finance, Performance & ICT to retain the Trust's External Auditors for the supply on non-audit services and report non-audit services to the Audit Committee. In 2019/20, PwC did not provide any non-audit services to the Trust. However, provided audit services in relation the statutory audit on the BFW Management Ltd Annual Accounts and the statutory audit on the Charity Annual Accounts.

The Work of the Audit Committee in Discharging Its Responsibilities including Internal Control and Risk Management Systems

Throughout the year the Committee has received regular reports from both Internal and External Auditors in relation to the adequacy of the systems of internal control and also received regular reports on risk management, governance and fraud arrangements throughout the Trust.

The Committee has reviewed and considered the work and findings of Internal Audit by:

- Discussing and agreeing the nature and scope of the Annual Internal Audit Plan;
- Receiving and considering progress against the plan presented by the Head of Internal Audit and Internal Audit Manager;
- Receiving reports on the Core Financial Controls; Governance Arrangements, Risk Management and Board Assurance Framework; Data Security and Protection Toolkit and Data Quality.

The Committee also met in private with Internal Audit and External Audit representatives on 23 April 2019 to allow discussion of matters in the absence of Executive Officers.

At its meeting on 15 June 2020 the Committee received the Head of Internal Audit Opinion.

The Committee has reviewed and considered the work of the External Auditor at its meetings in the year from 01 April 2019 to 31 March 2020 by:

In relation to 2018/19;

Considering the Trust's Annual Governance Statement for 2018/19 at the meeting held on 22 May 2019.

In relation to 2019/20;

For completeness, and even though the discussions in relation to 2019/20 were not completed until June 2020, the following issues were reviewed and considered by the Audit Committee.

The Committee has reviewed the work and findings of the External Auditors by:

- Discussing and agreeing the scope and cost of the audit detailed in the Annual Plan for 2019/20;
- Consideration of a number of accounting treatments under International Financial Reporting Standards (IFRS) and the Group Accounting Manual and the impact thereon in relation to the Annual Accounts;
- Receiving and considering the Annual Audit Representation Letter at its meeting on 15 June 2020;
- The accounting treatment of Charitable Funds and their relationship with the Trust's accounts.

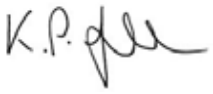
Other Matters

In addition to the matters outlined in this report, the following areas/issues were discussed and reviewed by the Committee as part of or during the year:

- Review of Trust strategies (Quality, Health Informatics and Workforce);
- Review of the Self- Review Tool (SRT) Quality Assessment Report;
- Consideration of Local Counter Fraud Specialist Reports and Annual Report;
- Review of performance at the Quality Committee;
- The identification and agreement of matters for consideration by the Board.

Conclusion

The Committee has continued to focus in 2019/20 on supporting the Trust's governance, risk and assurance arrangements. However, the Committee recognises the challenges the Trust has faced this year in addressing the NHSI enforcement actions and the CQC report. At the core of its discussions there has been a determination to promote sound principles of strategy, performance management and monitoring and of reporting with the intention of bringing greater clarity to the roles and accountabilities of the Trust's Executive Managers vis a vis the Board of Directors and its Committees. The aim continues to be to help the Trust provide excellent services to patients and to serve the public within a robust set of risk management arrangements and with overall efficiency and effectiveness.

Signed: 

Date: 25th June 2020

Kevin McGee

CHIEF EXECUTIVE

Signed: 

Date: 25th June 2020

Mark Cullinan

AUDIT COMMITTEE CHAIR

Annex A: Quality Account

Annex no longer required under the National Health Service (Quality Accounts) (Amendment) (Coronavirus) Regulations 2020.

Annex B: Statement of Directors' Responsibilities in Respect Of the Quality Account

Annex no longer required under the National Health Service (Quality Accounts) (Amendment) (Coronavirus) Regulations 2020.

Annex C: External Auditor's Limited Assurance Report on the Contents of the Quality Account

Annex no longer required under the National Health Service (Quality Accounts) (Amendment) (Coronavirus) Regulations 2020.

Annex D: A Statement of the Chief Executive's Responsibilities as the Accounting Officer

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

The NHS Act 2006 states that the Chief Executive is the Accounting Officer of the NHS Foundation Trust. The relevant responsibilities of the Accounting Officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the NHS Foundation Trust Accounting 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 Blackpool Teaching Hospitals NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Blackpool Teaching Hospitals NHS Foundation Trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

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

- observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make 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 them to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS Foundation Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Signed: 

Date: 25th June 2020

Kevin McGee

CHIEF EXECUTIVE

Annex E: Annual Governance Statement 2019/20

ANNUAL GOVERNANCE STATEMENT 2019/20
BLACKPOOL TEACHING HOSPITALS NHS FOUNDATION TRUST

1. Scope of Responsibility – Chief Executive's Statement

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

2. 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 Blackpool Teaching Hospitals NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Blackpool Teaching Hospitals NHS Foundation Trust for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts.

3. Capacity to Handle Risk

3.1 Leadership

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

The Trust has a Risk Assurance Committee to hold the Divisions to account for the management of risk within their areas of responsibility. The Committee ensures the Risk Management Policy is implemented and ensures the correct process is adopted for managing risk; controls are present and effective; and action plans are robust for those risks which remain.

The Board Committees monitor and review the Board Assurance Framework to ensure it is effective and report to the Board of Directors on the assurances.

- The Board of Directors has overall responsibility for setting the strategic direction of the Trust and managing the risks in delivering the strategy. All committees have risk management responsibilities reporting in to the Audit Committee and the Board of Directors. Some aspects of risk are delegated to the senior managers;

- The Chief Executive is responsible for the overall risk management policy and for ensuring that the policy is implemented and evaluated effectively;
- The Chief Information Officer is the nominated Senior Information Risk Owner (SIRO) for the Trust and has responsibility for information and cyber security risk including the annual review of the information risk assessment to support the statement of internal control;
- The Deputy Chief Executive/Director of Finance, Performance & ICT is responsible for financial risk, capital programme management, effective coordination of financial controls and monitoring performance;
- The Director of Nursing, Allied Health Professionals and Quality is the professional lead for nurses, midwives, health visitors and allied health professionals and is responsible for safeguarding and patient experience and has an additional specific responsibility as the Security Management Director within the Trust;
- The Director of Nursing, Allied Health Professionals and Quality and the Medical Director have a shared responsibility for clinical risk management;
- The Medical Director is the professional lead for all Doctors;
- The Medical Director has additional specific responsibilities as the Caldicott Guardian, Director of Infection Prevention & Control and the nominated Director for Health and Safety Management;
- The Director of Operations – (Planned Care) and the Director of Operations - (Unscheduled Care) are responsible for developing risk based operational key performance indicators and for monitoring performance and reporting to the Board of Directors;
- The Director of Operations - (Unscheduled Care) is also responsible for estate management including fire safety and facilities management and emergency planning;
- The Joint Director of Human Resources and Organisational Development is responsible for workforce planning, staffing issues, education and training.
- The Trust appointed a Director of Corporate Governance in October, who works closely with the Executive Team and the Board of Directors on strengthening the corporate governance function and building on the existing governance foundations.

All Deputy Directors, Divisional Directors, Heads of Departments, Associate Directors of Nursing, and ward/departmental managers have delegated responsibility for the management of risk in their areas. Risk is integral to their day-to-day management responsibilities. It is also a requirement that each individual division produces a divisional/directorate risk register, which is consistent and mirrors the Trust's Corporate Risk Register requirements and is in line with the Risk Management Policy.

Non-Executive Directors work alongside the Executive Directors as part of the unitary Board of Directors. They share responsibility for the decisions made by the Board of Directors and for the success of the Trust in leading the local improvement of healthcare services. Non-Executive Directors ensure that financial controls and risk management systems are robust and defensible and that the Board of Directors is kept fully informed through timely and relevant information.

Governors have an important role and represent the interests of members and influence the strategic direction of the Trust. The Council of Governors is responsible for holding the Non-Executive Directors, individually and collectively, to account for the performance of the Board of Directors. This is achieved by Governors attending Board Committee meetings, Board of Director meetings held in public and meetings of the Council of Governors.

3.2 Training

Staff are trained or equipped to manage risk in a way appropriate to their authority and duties. The Trust has in place, mandatory training with an annual update requirement, targeted training for trainee doctors, role specific training to support new roles, such as the Nursing Associates and ad-hoc targeted divisional training, as required, and a scheduled managers training programme. Each Division and Corporate Directorate has a responsibility to develop specific departmental local induction programmes, which include awareness of the Division/Directorate risk management arrangements.

The Trust has in place a core skills mandatory training programme and the Board of Directors has set out the minimum requirements for staff training required to control key risks and includes risk management processes such as health and safety, moving and handling, resuscitation, infection prevention, safeguarding patients, Prevent and information governance. A comprehensive training needs analysis has been kept under review which sets out the training requirements for all members of staff and includes the frequency of training in each case.

The Risk Management team is responsible for undertaking training for all staff on Risk Management and Incident Reporting. An overview of Clinical Governance and Risk Management, including incident reporting, consent and duty of candour, is provided to staff through training sessions, such as, Junior and Trainee Doctors' Induction. Specific training on incident reporting and managing incidents and root cause analyse is undertaken through a rolling programme of presentations available to all staff. Local training sessions are also arranged for individuals or groups upon request.

The results from the 2019 National Staff Survey show that staff report a continuing improvement in the feedback they receive about changes made in response to reported errors. The response to this question was highlighted in the Trust's top 5 five scores (compared to the national average).

National Staff Survey 2019 – Safety Culture improvements since 2016	**2016**	**2017**	**2018**	**2019**
Staff given feedback about changes made in response to reported errors	63%	67%	69%	70%

The Trust uses an integrated electronic risk management system, known as Safeguard, which is supplied by Ulysses. This system is used to record and manage incidents, risks, complaints, claims, safeguarding and information governance. The Corporate and Divisional Risk Registers and Board Assurance Framework are being transferred from a stand alone electronic system to the Safeguard system and will be reviewed and updated regularly. The risk management leads within each division and corporate directorate are responsible for coordinating the ongoing review and management of risks identified within their own areas, which are monitored via their governance structures. The Trust's Risk Assurance Committee has overview of the Divisional Risk Registers, Corporate Risk Register and Board Assurance Framework.

Employees, contractors and agency staff are required to report all adverse incidents and concerns. The Trust supports a learning culture through voluntary reporting, ensuring that an objective and proportionate investigation or review is carried out for each incident, to continually capture learning and identify required remedial actions. The Trust implemented a revised policy for the 'Management of Incidents, Incorporating Serious Incidents' in 2019, which streamlines the investigation process and clearly identifies for staff the different levels of investigations required dependent on nationally agreed levels of harm and the appropriate report templates to utilise. This new policy focuses on Divisional ownership of incidents, to enable immediate actions to be identified and for learning to be embedded through process and behavioural change.

Training is in place for all staff to access for incident reporting, managing incidents and carrying our effective investigations. Through the above training, staff are provided with examples highlighting the importance of taking responsibility for risk management and how we share learning from incident reporting, investigations, risk assessments and identifying areas for quality improvement. This training helps to support the continuous improvement of our services and ultimately improves patient and staff safety.

The Risk Assurance Committee meets on a bi-monthly basis to ensure concerns identified from incidents, complaints, audit outcomes and claims are reviewed, with lessons learnt being used as a method of improvement and sharing of good practice. Learning from incident trends and themes and serious incident investigations is shared across the Organisation through data reports, articles published in Trust newsletters, Safety Notices and organisational and divisional Lessons Learned posters and the Trust's Lessons Learned Newsletter.

All finalised Serious Incident Investigation reports are available for staff to access through the Risk Management intranet site to use as a learning tool. More specific learning from serious incidents will be carried out through presentations and interactive sessions at Grand Round and other educational events.

Serious Incidents which meet the Strategic Executive Information System (StEIS) reporting criteria are reviewed through the Trust's Safety Panel process, which involves input from both the Trust's Executive Directors and the local Commissioners. Action plans from Serious Incidents are also audited on a six monthly basis through the Safety Panel. This enables the Trust to ensure that investigations are of a standard where the root causation has been clearly identified and that the appropriate recommendations, learning and actions have been put in place to prevent similar incidents occurring. The review of action plans ensures the robustness and outcomes from improvement actions.

In addition to the Trust reviewing all internally driven investigation reports, the Organisation also adopts an open approach to the learning derived from third party investigations, audits, and independent external reports. During 2019/20, the Trust has taken on board recommendations from a number of external investigations, including maternity reviews through Healthcare Safety Investigation Branch (HSIB), Police investigations, independent clinical reports, Care Quality Commission inspection reports and reviews, internal audits reports and Regulation 28 letters from the Coroner.

The Trust actively seeks to share learning points with other health organisations, and pays regard to external guidance issued. Accordingly, the Trust reviews any gaps against new guidance and adjusts systems and processes as appropriate in line with best practice and national guidance.

During 2019/20, the Trust provided a local induction/in-house training session for newly elected Governors. This training covered the core skills for Governors (including the statutory powers and duties of the Governor, the role of a Governor, membership duties and additional duties). Governors have also been offered NHS Providers Governwell training to assist them in their duties.

The courses offered are; a core skills module and specialist skills modules; Accountability, Effective Questioning & Challenge and Member & Public Engagement.

4. The Risk and Control Framework

4.1 Key Elements of the Risk Management Strategy

The Risk Management Policy was last ratified by the Board of Directors in March 2019 and it will be reviewed in 2020. The Risk Management Policy assigns responsibility for the ownership, identification and management of risks to all individuals at all levels in order to ensure that risks which cannot be managed locally are escalated through the Trust. The process populates the Board Assurance Framework and Corporate Risk Register, to form a systematic record of all identified risks. Risks are identified from operational pressures, strategic planning and the analysis of untoward incidents. The control measures, designed to mitigate and minimise identified risks, are recorded within the Board Assurance Framework, Corporate Risk Register and Divisional Risk Registers.

The Trust's vision and values identify the expected culture for the Trust; these are linked to the strategic objectives, from which the Board Assurance Framework has been developed, therefore supporting the risk management framework.

In order to allow a prompt response to COVID-19, the Trust has established an ICC that manages and oversees all decision-making on COVID-19 and reports to the Executive Directors. The ICC will be in operation until 31 March 2021. The Board of Directors and Audit Committee are meeting virtually to conduct urgent core business. The Trust is reporting significant control issues to the Audit Committee. The Trust is developing a longer term plan alongside the Integrated Care System, the Hospital Cell and the Out of Hospital Cell in order to build resilient services over the next two years.

Blackpool Teaching Hospitals NHS Foundation Trust Restoration Cell is being established which

will comprise six workstreams, each with a Senior Responsible Officer:-

- Emergency Preparedness, Resilience and Response;
- Trust Business As Usual;
- Trust Improvement;
- Clinical Harm Reviews;
- Data Cell;
- Strategy.

The Trust has discussed the post of a dedicated Risk Manager to assist with strengthening the risk management function across the whole Organisation and build and evolve the existing risk management infrastructure. A plan has been agreed for securing resources for this role and recruitment will commence imminently.

4.2 Key Elements of the Quality Governance Arrangements

The Trust was inspected by the CQC in June 2019 and the inspection report which was published on 17 October 2019 outlines that the Trust is rated as follows:

• Are services safe?	Requires Improvement → ← (2017: Requires Improvement).
• Are services effective?	Requires Improvement ↓ (2017: Good).
• Are services caring?	Good → ← (2017: Good).
• Are services responsive?	Requires Improvement → ← (2017: Requires Improvement).
• Are services well led?	Inadequate ↓ ↓ (2017: Good).

The overall rating for the Trust remained the same 'Requires Improvement'.

In response to the Care Quality Commission inspection and the publication of the inspection report, the new Executive Team, which has been instated since the inspection, rapidly developed a System Improvement Plan. This identified immediate actions and longer term strategies to support organisational focus on getting the basics right, stabilising services and creating the right conditions to drive continuous improvement, with the ultimate aim to transform care delivery to deliver safe and high quality patient care. Subsequently, the Board of Directors has adopted the following three projects:

1) Reducing preventable death;
2) Reducing avoidable harm; and
3) Improving the last 1000 days of life.

These three projects, which put Quality Improvement at the heart of everything the Trust does, are strongly linked to all Fundamental Standards, in particular Regulation 9, Regulation 10 and Regulation 12 of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014, against which the Care Quality Commission regulates and inspects the Trust.

The Board has delegated to the Quality Committee and the Clinical Effectiveness Committee, as Committees of the Board, the power to oversee the implementation of the Quality Improvement Strategy and policies for assuring and delivering quality and clinical effectiveness. The main priority for the Quality Committee is to provide assurance to the Board that the highest possible standards in quality of care and patient safety are set and achieved by the Trust as prescribed by the Care Quality Commission. The main priority for the Clinical Effectiveness Committee is to provide assurance to the Board that the highest level of clinical effectiveness is achieved by the Trust and to ensure that effective systems of clinical effectiveness and clinical audit are embedded within the Trust.

The Quality Committee is authorised by the Board to oversee quality activities within the scope of its Terms of Reference, for assuring and delivering quality care across the Trust. The Quality Committee predominantly oversees quality standards that fall under the safe, effective, caring, responsive and well-led indicators, such as: Serious Incidents, Duty of Candour, Infection Prevention & Control, Venous thromboembolism, Patient Experience and safe staffing for all staff groups. The Quality Committee will support and routinely monitor outcomes and ensure feedback on work streams that fit its remit. These include projects that focus on pressure ulcers and care of deteriorating patients. The Quality Committee is also accountable

for delivering on specific Care Quality Commission actions and improvement notices and will develop new work streams in response to these.

The Clinical Effectiveness Committee is authorised by the Board to oversee clinical effectiveness activities within the scope of its Terms of Reference and to recommend amendments to the Quality Improvement Strategy and the Board Assurance Framework. The Clinical Effectiveness Committee predominantly oversees the improvements in relation to Mortality, Learning from Deaths, Infection Prevention & Control and Getting It Right First Time.

Following the CQC inspection, the Trust also developed a comprehensive action plan, in order to respond to the 32 'MUST' actions (where the CQC had sufficient evidence that the Trust breached Regulation) and 86 'SHOULD' actions (where the CQC did not have sufficient evidence that the Trust had breached Regulation, but where the CQC believes that if the Trust does not make improvements, it will breach Regulation). The Trust has identified 245 local actions that are required to be taken to resolve the 32 MUSTs and 86 SHOULDs.

The Trust has developed a process for reviewing and updating the CQC action plan by the Divisions. Each separate element of the action plan is aligned to a specified Board Committee which receives regular progress reports, with the Quality Committee having the overall remit of monitoring the CQC action plan. The plan forms part of the System Improvement Plan which is regularly reported to the Trust Board and Blackpool System Improvement Board.

Data Security

The National Data Guardian review showed how having the right people engaged in senior data security and protection roles can make a significant difference. The Trust has a robust Information Governance Framework in place that identifies roles at a senior level that are key to effective data security, these include the:

- SIRO - acts as an advocate for information risk and provides written advice to the Accounting Officer on the content of the annual Statement of Internal Control (SIC) in regard to information risk

The SIRO ensures the Trust deploys technologies, processes and controls to protect against malicious (external) attacks and is responsible for approving the scope of the annual penetration testing of the Trust's systems.

- Caldicott Guardian - who is a senior person responsible for protecting the confidentiality of people's health and care information and making sure it is used properly;

- Data Protection Officer – informs, monitors and advises the Trust about complying with General Data Protection Regulation (GDPR) and other data protection laws.

The Trust continues to work towards achieving Cyber Essentials plus certification which will provide further assurance to our customers that the Trust takes data security seriously. Further information is available in Section 6.

4.3 Organisations Key Risks

The key organisational risks for the year were identified from the strategic objectives forming the Board Assurance Framework, these are included in the table below. The Trust has developed a System Improvement Plan to address the recommendations from the NHS Improvement Enforcement Undertakings Letter and the Care Quality Commission Report and these are referenced in the Board Assurance Framework.

In Year 2019/20 (Taken from BAF July 2019)	Future 2020/21 (Taken from BAF March 2020)	Actions
National Compliance Requirements - Single Operating Framework and Care Quality Commission Regulations		
• Failure to meet planned care performance targets within the Single Oversight Framework - RTT - Cancer - Diagnostics Could lead to the provision of suboptimal care to patients and damage the reputation of the Trust • Failure to meet Emergency Department 4 hour performance standard within the Single Oversight Framework could lead to the provision of suboptimal care to patients and damage the reputation of the Trust • Failure to maintain the CQC Standards could lead to the provision of suboptimal care to patients and incur reputational damage to the Trust • Risk to the normal functions of the Trust due to the COVID-19 pandemic	• Failure to meet planned care performance targets within the Single Oversight Framework - RTT - Cancer - Diagnostics Could lead to the provision of suboptimal care to patients and damage the reputation of the Trust • Failure to meet Emergency Department 4 hour performance standard within the Single Oversight Framework could lead to the provision of suboptimal care to patients and damage the reputation of the Trust • Failure to maintain the CQC Standards could lead to the provision of suboptimal care to patients and incur reputational damage to the Trust • On 10 January 2020, the Trust received its first briefing note from Public Health England that Wuhan Novel Coronavirus had been detected and identified within the province in China. Weekly national briefings were provided by Professor Keith Willets who became the Strategic Incident Commander for the NHS. The Trust was asked to commence daily reporting of any suspect cases to NHSE from the 28 January and the first formal situation report was received from PHE on 29 January. On the 06 February instruction was given for the Trust to set up a Pod in order to test people who were symptomatic of COVID-19. This was aimed at supporting the UK Government's containment phase. The Trust went live on 08 February with initial arrangements reducing the risk and impact to both the Organisation and visiting patients. Risks identified at this point were around Emergency Department staffing and resources, Infectious Disease capacity, decontaminations and equipment (continued...)	• System Improvement Plan has been developed including Cancer • Business case for thoracic surgery expansion has been approved • System Improvement Plan has been developed including ED performance • Winter Plan 2019/20 was implemented • CQC Action Plan has been developed to respond to the 2019 CQC Report • Implementation of the Quality Improvement Strategy • Risks continue to be assessed and mitigations implemented as required following national guidance where available

In Year 2019/20 (Taken from BAF July 2019)	Future 2020/21 (Taken from BAF March 2020)	Actions
National Compliance Requirements - Single Operating Framework and Care Quality Commission Regulations		
	...were all mitigated against. A full programme around Fit testing for masks commenced and purchasing of alternative testing equipment actioned to ensure staff were reliably covered • Given this was an evolving situation, the Trust was advised to treat the response based upon pandemic flu arrangements. Daily meetings were held within the Trust from 03 February with key stakeholders, however, this quickly grew to a daily full incident coordination meeting to address any issues and provide coordination. On 12 March a Pandemic was declared by WHO and the Trust was notified that the NHS had declared a level 4 major incident. An ICC was established and remains in place. Risks identified with regards to staffing, Personal Protective Equipment (PPE), additional equipment, social distancing, management of patient pathways, staff swabbing and antibody testing, staff welfare, bereavement support were, and will continue to be, addressed in realtime via the ICC and respective experts across the Trust and system (Hospital and Out of Hospital Cells). A clinical oversight group was set up to manage any change in clinical procedure and daily senior leadership meetings were also established. Multi-agency meetings led by the CCG in their capacity as an NHS tactical commander to provide shared situational awareness across the health economy commenced from 04 March. All these meetings continue albeit they may have reduced in frequency	
Strategic Ambition 1: QUALITY: Mortality – SHMI		
• Failure to reduce SHMI to within the expected range may indicate suboptimal standards of care and may damage the reputation of the Trust	• Failure to reduce SHMI to within the expected range may indicate suboptimal standards of care and may damage the reputation of the Trust	• Completed a Royal College of Physicians review on mortality • Established a Clinical Effectiveness Committee to focus on mortality

Strategic Ambition 2: QUALITY: Patient Experience: Friends and Family Test		
• Poor Patient Family and Friends Test score implies that patient care is not optimal. This will affect patient outcomes and may result in reputational damage	• Poor benchmarking of patient experience reports from the CQC identifies that patient care is not optimal. This will affect patient outcomes and may result in reputational damage	• Revised Complaints process
Strategic Ambition 3: OPERATIONS: Length of stay		
• Unnecessarily prolonged stays in hospital may adversely affect patient care and increase Trust costs	• Unnecessarily prolonged stays in hospital may adversely affect patient care and increase Trust costs	• Working with the Clinical Support Unit on a bed day reduction programme
Strategic Ambition 4: WORKFORCE: Vacancy rate		
• Due to national shortages in nursing, medical and support staff, the Trust may deliver suboptimal care	• Due to national shortages in nursing, medical and support staff, the Trust may deliver suboptimal care	• International recruitment conducted • Engaged in the Cohort 4 NHSI Retention Programme
Strategic Ambition 5: WORKFORCE: Staff Satisfaction: Friends & Family Test		
• Due to a lack of support and poor engagement, the Trust has poor retention levels and low levels of productivity	• Due to a lack of support and poor engagement, the Trust has poor retention levels and low levels of productivity	• Compassionate Leadership and Just Culture strategies in place • Actions are underway from the National Staff Survey • Implementation of new roles, such as Physicians Associates (PAs), Nurse Associates (NA), Advanced Clinical Practitioners (ACP)

Strategic Ambition 6: FINANCE: Finance		
• The Trust has a significant underlying deficit. Without mitigations this would mean insufficient working capital to meet day to day needs	• The Trust has a significant underlying deficit. Without mitigations this would mean insufficient working capital to meet day to day needs	• Costed System Improvement Plan has been developed, which has been shared with Commissioners and Regulators • A Medium Term Financial Strategy has been developed
Enablers Putting in place enablers such as improved use of information technology, making good use of our estate and enhancing our communications		

All the above risks have been assessed; mitigations have been put in place and are managed within impact scores ratified by the Board of Directors. The risks are monitored through the Board Committees and reported to the Board of Directors.

4.4 Principle Risks to the NHS Foundation Trust Provider Licence

During 2019/20, the Board of Directors has reviewed the Board Committee structure and introduced two additional committees; Clinical Effectiveness Committee and Performance and Operations Committee, to complement the existing Audit Committee, Finance and IMT Committee, Quality Committee and Workforce Transformation Committee. These committees were introduced to gain assurance on the actions taken to address the concerns raised in the CQC Report and the NHSI Enforcement Undertakings Letter and monitor the System Improvement Plan.

The Audit Committee undertakes the role of gaining assurance regarding the risk management and internal control function through several sources; internally from the Deputy Chief Executive/ Director of Finance, Performance and ICT and periodically via the Chairs of Board Committees. The Internal Auditors provide assurance through the Audit Plan including in-year progress via management responses and external assurance via the External Auditors. The Committee then reports to the Board of Directors on the level of assurance of aspects of governance, risk management and internal controls.

The Internal Auditors have undertaken a review of Risk Management and Board Assurance Framework as part of the Internal Audit Annual Plan which was agreed by the Chief Executive and the Audit Committee. The outcome for the review was 'partial assurance with improvements required'. *Please refer to the Head of Internal Audit Opinion.*

The Finance and IMT Committee has the remit to provide rigour and oversight with regards to the Trust's financial performance, whilst the Performance and Operations Committee provides oversight with regards to the Trust's operational performance. The new Clinical Effectiveness Committee has a focus on mortality and the Quality Committee has the remit to focus on the quality of services provided to patients, the CQC report and any serious incidents. The Workforce Transformation Committee gains assurance and monitors human resources and transformation requirements.

The Trust is implementing a System Improvement Plan to address the NHSI Enforcement Undertaking Letter and the actions and recommendations from the CQC Report. This has been shared with system partners and is being monitored by the management at the Blackpool System Improvement Board and is being reported to the relevant Board Committee by subject matter for assurance.

The Provider Licence requires the Trust to involve both patients and public stakeholders in the

governance agenda. This would have been achieved through engagement with stakeholders, however, due to changes under the National Health Service (Quality Accounts) (Amendment) (Coronavirus) Regulations 2020, this process has been postponed until October 2020.

The Trust has been carrying out Equality Impact Assessments (EIA) from 2007. Since their inception within the Trust, it has been a requirement to complete EIA for all policies, procedures and guidelines before being sent to the relevant committee for validation and ratification. Likewise, completion of an EIA is expected when there is a new service to be implemented, a change to a service or cessation of a service along with the relevant consultation and engagement with service users.

The Trust has a Patient and Carer Experience and Involvement Strategy in place to outline how staff must ensure they systematically listen to, capture and use the views and experiences of public stakeholders, groups and organisations in the delivery, evaluation, improvement and development of our services. Patient feedback is actively solicited through surveys and is reviewed on an ongoing basis with performance reports reviewed regularly by the Quality Committee and the Board of Directors.

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

The Foundation 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.

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.

5. Review of Economy, Efficiency and Effectiveness of the Use of Resources

The Trust has a Use of Resource Rating (UOR) of 4 (4 the lowest score and 1 the highest score). This is worse than the UOR of 3 in the Annual Plan submitted to NHS Improvement (NHSI).

The Trust is achieving NHSE&I's monthly (and other periodic) reporting and monitoring requirements on an ongoing basis.

In the most recent Use of Resources Assessment Report published in 2019 the Trust was rated as 'Requires improvement'.

The Trust agreed a planned surplus target for 2019/20 of £5.5m. The Trust did not achieve this target and recorded a deficit of £29.9m for the 2019/20 financial year. The Trust reported that they did not meet their target cost improvement plan (financial savings) of £17.5m which was underachieved by £6.8m for 2019/20.

With the onset of the COVID-19 Pandemic, NHSI&E suspended the 2020/21 Operational Planning process and published updated financial guidance in March covering the period April 2020 to July 2020 in response to the pandemic. The key points from the recent financial guidance are:

- That providers will be funded on the 2019/20 forecast outturn (as depicted by the deficit between April 2019 to December 2019) uplifted by the national tariff but excluding the efficiency factor;

- A national top-up payment will be paid to providers where the expenditure in the period is greater than the income received through the first bullet point. This will be calculated as the average monthly expenditure over the period November 2019 to January 2020; and
- Providers will be able to claim for additional costs where the payments referred to in the previous first two bullet points do not equal actual costs to reflect genuine reasonable marginal costs due to COVID-19.

In order to ensure control protocols are not reduced during this period, the Senior Finance Team along with other Corporate Departments has strengthened Business Continuity processes across all sections of the Finance Team.

As the Trust will be remunerated for the costs incurred due to COVID-19, the Trust has reviewed the delegated financial limits and has implemented a COVID-19 expenditure application process to ensure payments to suppliers minimise any fraud risks and continue to ensure value for money.

The Trust continues to ensure value for money initiatives are strengthened through:

- Ensuring value for money continues to be an important component of the Internal and External Audit plans providing assurances to the Trust regarding processes that are in place to ensure the effective use of resources;
- Reviewing in-year cost pressures and ensuring they are reviewed rigorously, challenged, and mitigating strategies considered;
- Continuing to benchmark spend with other Lancashire Acute Providers and utilising the Lord Carter review model hospital data sets to ensure that it continues to develop and identify opportunities to improve efficiency and strengthen its financial position;
- The Trust subscribes to Healthcare Evaluation Data (HED), (a national benchmarking organisation). This provides comparative information analysis on patient activity and clinical indicators. This informs the risk management process and identifies where improvements can be made;
- The Trust has a standard assessment process for future business plans to ensure value for money and to ensure that full appraisal processes are employed when considering the effect on the Organisation.

6. Information Governance

Information Governance (IG) relates to the way organisations 'process' or handle information. This covers personal information, i.e. relating to patients/service users and employees, and corporate information, e.g. financial and accounting records.

The Data Security Protection Toolkit (DSPT) is an online system which allows organisations to assess themselves or be assessed against Information Governance policies and standards. It also allows members of the public to view participating organisations' DSPT assessments.

The purpose of the assessment is to enable organisations to measure their compliance against the law and central guidance and to check whether information is handled correctly and protected from unauthorised access, loss, damage and destruction.

The Health Informatics Committee (HIC) is responsible for all aspects of Information Management, Information Governance and Information Communications Technology throughout the Trust known collectively as Information Management; this includes the identification and management of information and data security risks. The HIC is chaired by the Trust's Chief Information Officer who is also the Trust's Senior Information Risk Owner.

The reporting and investigation of incidents is an integral part of ALL employees' duties, and applies to all untoward events and near misses.

- **Information Security Incidents**

These are known as a 'Data Security and Protection Incidents'. Incidents fall in to one of two categories, Reportable or Non-Reportable. As a guide, this includes any incident which involves actual or potential failure to meet the requirements of the GDPR, the Data Protection Act 2018 and/or the Common Law Duty of Confidentiality.

All data breaches are assessed using the Confidentiality, Integrity and Availability (CIA) triad using guidance issued via the DSPT.

- **Definition of a breach using CIA**

Confidentiality - unauthorised or accidental disclosure of or access to personal data.
Integrity - unauthorised or accidental alteration of personal data.
Availability - unauthorised or accidental loss of access to, or destruction of, personal data.

- **Grading of a breach**

Likelihood - the significance of the breach and the serious consequences occurring.
Impact - on the individual or groups of individuals and not the organisation.

- **Audit reports**

The Trust was invited by the Information Commissioner to participate in a consensual audit in December 2018. The purpose of the audit is to provide the Information Commissioner and the Trust with an independent assurance of the extent to which the Trust is complying with data protection legislation. The scope of the audit focussed on:

- Governance & Accountability;
- Records Management;
- Requests for Personal Data.

The Trust received a final rating of reasonable assurance for all areas.

During January 2020, Klynveld Peat Marwick Goerdeler (KPMG) conducted an audit of the annual DSPT (2019/20 submission). Eighteen assertions were reviewed and the Trust received final rating of 'significant assurance with minor improvement opportunities'.

- **Data Security Protection Incidents**

The Trust had one reportable incident during 2019/20:

Date of incident	Nature of incident	Number affected	How patients were informed	Lessons learned
01/11/2019	Confidentiality: Unauthorised access/disclosure	1	Patient raised concerns with service.	Reinforced the importance of verifying and documenting patient details have been appropriately checked prior to disclosing information over the telephone. Patients provided with a password to enable them to receive information as an extra precaution.

7. Data Quality and Governance

Integrated Performance Reports are designed to support the Board of Directors to maintain oversight on the functioning of the Organisation, in line with the Provider License conditions set out by NHS England and NHS Improvement.

NHSI's Single Oversight Framework (2017) sets out to monitor the Trust's performance against five key themes:

1. Quality of Care – Safe, Effective, Caring & Responsive;
2. Finance & Use of Resources;
3. Operational Performance;
4. Strategic Change;
5. Leadership & Improvement Capability (Well Led).

In April 2019, Blackpool Teaching Hospitals NHS Foundation Trust received notice from NHSI of

Enforcement Undertakings against its Provider License based on Care Quality Commission inspection findings, mortality alerts, A&E performance and 62-day cancer performance. The need to ensure that the reporting at Board level provides the right level of data to ensure oversight and accountability, in line with regulatory requirements and that throughout the Organisation performance reporting, accountability frameworks and escalation routes interlink from floor to Board was paramount.

We set our Ambition to:

- Move to a CQC rating of "good", with a longer term ambition to become rated as "outstanding";
- Remove our Provider License Enforcement Undertaking from Segment 3 to Segment 1;
- Become an efficient and productive organisation by meeting all the national constitutional standards and any new standards developed as part of our commitments to the ICP and ICS.

In order to respond to our ambitions, we have reviewed the current Integrated Performance Report and developed a new version alongside improved management of reporting and accountability at Board, Committee and Operational level to support both day to day operations and executive oversight. To do this, we set up task and finish groups to oversee four key work streams: Functionality, Improvement and Transformation, Organisational Performance Reporting and Accountability, System Performance Reporting and Accountability.

In recognition of our system working being in the developmental stages and the release of a new NHS Oversight Framework in 2019/20, any updates and improvements to the reporting mechanism have become business as usual, led by the Head of Performance and reported to the Board of Directors accordingly.

Data quality policies and procedures are reflected in the national Information Governance Toolkit and all evidence is audited via the Information Governance Team and Internal Audit. Data quality reports are developed and submitted through the Health Informatics Committee, Divisional Performance Review Meetings and through to the Board of Directors.

The Board of Directors ensures that adequate systems and processes are maintained to measure and monitor the Trust's effectiveness, efficiency and economy as well as the quality of its healthcare delivery. The Board regularly reviews the performance of the Trust through its Board Committees who monitor performance against regulatory requirements, the Board Assurance Framework, the strategic measures and all associated approved plans and objectives.

All data that supports the performance dashboards, Integrated Performance Report and national returns is checked annually to ensure that compliance with the reporting standards criteria is met and activity conforms to the standard definitions.

Local internal assurance is also provided via;

- Analysis of data following local internally led audits in relation to nursing care indicators, analysis of data following incidents, analysis of complaints and claims data and safe nurse staffing;
- Quality and safety metrics performance data reporting for scrutiny to the Board on a bi-monthly basis through the Integrated Performance Report, and committees of the Board including the Quality Committee Assurance Report;
- Controlled processes for the provision of external information with control checks throughout the process with formal sign off procedures;
- Data reporting validation by internal and external control systems involving Clinical Audit, the Audit Commission, Senior Manager and Executive Director Reviews;
- Random check processes on pathways by the Trust's internal performance team;
- Monthly formal Divisional Boards held with Executive Directors to overall monitor financial, operational, governance and quality key performance indicators;
- Scrutiny of data provision to commissioners monitored at the Quality and Performance contract meetings;

- Peer review processes as part of the process for the provision of external information with control checks throughout the process. Formal National Quality Surveillance Programme;
- Data Quality assurance reports through Specialist Commissioner Quality Dashboard quarterly submission.

The Trust has fully controlled sign off processes of key performance indicators on data submitted through the Information Management Department and, in terms of sign off, within the Performance Department's processes.

The assurance on the performance of operational data that impacts on quality of care, such as elective waiting times, is monitored through the process of 'patient target list' meetings where all divisions are represented and their performance data presented and reviewed on a weekly basis. All data regarding operational performance included within the commissioning performance contract is monitored monthly with Commissioners at the Commissioning Contract Board. Random audits across the patient pathways at sub-speciality level are executed throughout the year. Results of these audits are used to generate any improvement plans required. Additionally we have introduced a team of validators which supports the Trust performance function by ensuring improved accuracy of recording mechanisms that are driven by audit findings.

8. Annual Quality Report

The Directors of the Trust are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations to prepare Quality Accounts for each financial year. However due to changes under the National Health Service (Quality Accounts) (Amendment) (Coronavirus) Regulations 2020, this process has been postponed until October 2020.

The Trust's vision, values and priorities have been developed through wide involvement and in consultation with patients, staff, Governors and external stakeholders. In our three-year Quality Improvement approach to reduce preventable deaths, reduce avoidable harm and improve the last 1000 days of life, the Trust's values outlined below stand central to delivering high quality, safe and effective personal care to every patient, every time:

People Centred	Excellence
Our plan is to train our staff in our chosen Quality Improvement approach. To support this, we will be developing a communications strategy to help raise awareness across staff, patients and key stakeholders.	We will benchmark ourselves against peers and measure the impact of our improvement projects, celebrating successes along the way and learning lessons from failures, always striving for continuous improvement.
Positive	**Compassion**
Each improvement project will be led by our frontline staff who will be developing Plan – Do – Study – Act (PDSA) cycles, learning from testing ideas and proactively making changes to improve the quality of care.	We know we will not always get things right and we cannot do this alone. During these times we will listen and learn and put plans in place to make our services a safer place for staff and patients.

Ongoing delivery and future developments of the Trust's Quality Improvement Strategy continues to be inclusive of partners and key stakeholders across the Fylde Coast, to ensure ongoing delivery of high quality care that is responsive to patients' needs.

The consultation of the Quality Accounts usually includes the process of external audit assurance. This year the two mandated indicators being:

1) Percentage of patients with a total time in A&E of our hours or less from arrival to admission, transfer or discharge; and,
2) Percentage of incomplete pathways within 18-weeks for patients on incomplete pathways at the end of the reporting period.

The Council of Governors also usually select an area for external audit assurance processes, however, due to the COVID-19 pandemic and the significant

impact this has had on the business of the Trust, regulators and external auditors, this assurance requirement has been removed.

A formal review process of the Quality Accounts has also been established, involving the submission of our draft Quality Accounts to our external stakeholders (Commissioners, Overview and Scrutiny Committees and Healthwatch), all of whom are invited to provide formal comments on the Quality Accounts. The draft Quality Accounts have also been shared with Governors, to provide formal comments, and have been formally reviewed through the Trust's internal governance arrangements: Quality Committee, Audit Committee and the Board of Directors.

- **Governance and Leadership**

The Board of Directors is committed to supporting Quality Initiatives that meet the two key aims, reducing preventable deaths and reducing avoidable harm. This support will be shown directly to our front-line staff, devoting the first part of the Trust Board for our staff to present and update them regarding their improvement projects. Members from the Quality Improvement Directorate will be there to support our staff and be responsible for ensuring that all the correct documents are submitted to the Board of Directors.

In the Quality Governance Framework, the Quality Committee is authorised by the Board to oversee quality activities within the scope of its Terms of Reference, for assuring and delivering quality care across the Trust. The Quality Committee predominantly oversees quality standards that fall under the safe, effective, caring, responsive and well-led domains. The Clinical Effectiveness Committee will support and routinely monitor outcomes and ensure feedback on work streams that fit its remit.

- **Policies and Procedural Documents**

Trust-wide policies and procedural documents support the delivery of high quality of care. Through adherence of these policies and procedural documents, standardisation and compliance with evidence-based and/or best practice standards achieves delivery of safe, high quality care to patients.

Data quality policies and procedures are reflected in the national Information Governance Toolkit and all evidence is audited via the Information Governance Team and Internal Audit. Data quality reports are developed and submitted through the Health Informatics Committee, Divisional Performance Review Meetings and through to the Board of Directors. Data quality staff provide training, provide advice, review and validate data and support the ongoing development of the Trust's Integrated Performance Report.

- **Systems and Processes**

The Board of Directors ensures that adequate systems and processes are maintained to measure, evaluate and monitor the Trust's effectiveness, efficiency and economy, as well as the quality of its healthcare delivery. The Board regularly reviews the performance of the Trust through its Board Committees, which monitor performance against regulatory requirements, the Board Assurance Framework and all associated approved plans and objectives.

- **People and Skills**

The Trust's Workforce Transformation Strategy 2019–2021 was updated in 2019 and it remains a key document. However, this new strategy is an overarching strategy to seven others:

- Compassionate Leadership and Just Culture;
- Employee Engagement;
- Health & Wellbeing;
- Equality, Diversity & Inclusion;
- Recruitment & Retention;
- Clinical Education;
- Apprenticeship.

These strategies bring together the Trust's processes to attract, develop, retain, support, engage and reward our staff to meet our strategic priorities. In order to meet the new challenges and opportunities of the future, the Trust recognises the need to have a flexible and dynamic workforce. The impact staff experience has on our patients and the delivery of high quality safe and effective care is recognised by the Board of Directors. All of these strategies have been approved by the Board of Directors.

The Board aims to create a great and safe place to work and the best place to receive care by ensuring that our staff experience compassion, excellence

and positivity and that as an organisation the Trust is putting people, patients and staff, at the centre of everything it does. Our strategy and ambitions for 2021 outline how we aspire to achieve this aim.

The monitoring of progress of the Trust Strategies, against the current core components for ensuring the quality of our workforce and achieving our mission of Together We Care, has provided the assurance to the Board that we have been able to provide quality and safety within the delivery of our working practices.

Key areas of policy which are central to providing this assurance in relation to our workforce are:-

- Safe staffing levels;
- Safe recruitment and induction practice;
- Compliance with mandatory training requirements;
- Staff being able to raise concerns (whistle-blowing);
- Effective systems of feedback;
- Engagement of staff;
- Optimising staff health and wellbeing;
- Revalidation of medical, nursing and dental staff.

The Trust's safe staffing governance is overseen by the Workforce Transformation Committee, which is a Committee of the Board, which meets on a bi-monthly basis. Also in attendance at Workforce Transformation Committee meetings are senior representatives from Nursing and Allied Health Professionals, Human Resources, Operations, Finance and Planning as well as Workforce Services representatives such as Talent Acquisition, Workforce Information, Electronic Staff Record, e-Rostering, Bank and Agency and other workforce operational teams. Staff side colleagues also attend the committee meetings.

As an Acute and Community Health provider we have fully rolled out e-Rostering for all staffing groups. At present we are in the process of rolling out Allocate Safecare for all inpatient areas. This will fully support the deployment of staff to safely meet the care hours required in line with national recommendations. In addition, we also now have access to NHSI's Safer Staffing tool kit which allows the appropriate calculation of Care Hours per Patient per Day in addition to professional judgement and the addition of Red Flags in line with the National Institute of Clinical Excellence guidelines. Currently safe staffing judgements are made on a bi-annual, monthly, weekly and daily basis in line with activity and demand, which is overseen by the Director of Nursing, AHP's and Quality who is supported by the Deputy Director of Nursing and Quality.

In addition, the deployment of annualised job plans, ward based rosters and activity management is being embedded across the Trust for all medical and dental staff. This is a more complex build than nurse rosters so is taking longer to complete.

Following a successful bid for NHSI funding, the Trust will be embedding e-job plans for non-medical and dental staff and an improved Medical and Dental Bank platform in line with the NHSI level of attainments.

The forecast demand for staffing for 2020/21 is captured in the Trust's annual workforce planning return which is collated with input from Human Resources, Finance, Nursing, Medical and Operational Managers. This ensures that the work is undertaken in a collaborative and more informative approach to workforce planning. A five year workforce plan is in operation which will be underpinned by a number of other strategies which support workforce with delivery dates and Key Performance Indicators, to achieve the workforce plan objectives and further develop work on new roles, recruitment & retention, and skills development for existing staff using Situation, Task, Action, Results (STAR) and Clinically Led Workforce & Activity Redesign (CLEAR) Health Education England methodology tools. We will continue to work collaboratively with other trusts to ensure our workforce plans are aligned across the wider Lancashire and South Cumbria Integrated Care System and Integrated Care Partnership across the Fylde Coast.

- **Improvement Plans**

In 2019 the Trust has worked with staff to identify the key areas of improvement. These are where we face operational and quality challenges, which are our key priorities. The changes we need to make will not happen overnight and may take several years to realise. Our key programmes of improvement are:

Urgent and Emergency Care
The aim of the Urgent & Emergency Care Improvement programme is to improve patient pathways to ensure, that, where possible patients can be treated outside the hospital environment, and where patients require urgent hospital treatment it is done so in the right environment and at the right time. Working with our health and social care teams in the community we will build on the opportunities for patients to receive continued care and treatment at home, or in a more appropriate setting than an acute hospital.

Planned Care
The aim of the Planned Care Improvement programme is to ensure our patients have timely access to the care they need, particularly for our sickest and more complex patients. Our aim is to reduce waiting times and to ensure that the services we deliver are of the highest quality and align to our commissioning requirements. We will develop our tertiary status and to do this we want to work with specialised commissioning to redesign pathways and services fit for the future.

Quality
We will be putting Quality Improvement at the heart of everything we do, developing a portfolio of Quality Improvement projects to achieve our overall ambition. Across our hospitals and community services our staff, patients and partners will be empowered and supported to provide high quality, safe care for all, via a new Quality Improvement strategy with the aim to reduce harm and mortality.

Clinical Effectiveness
The aim of the Clinical Effectiveness Improvement plan is to develop an organisational approach to improving outcomes both within the hospital and across the economy. To do this, we will focus on clinical effectiveness and work with our health and social care partners to develop a system-wide approach to learning from deaths. We will develop and improve governance and oversight across the Trust in the spirit of a true learning Organisation.

Each programme of improvement will be supported by key work programmes to enable the change to happen, these include:

- Workforce and OD;
- Finance;
- Digital;
- Governance and Assurance;
- Productivity and Efficiency.

These enablers will help identify cross cutting change initiatives to act as one as a programme and wrap around subject matter expertise to support and help embed a culture for change.

To make this change, we have worked with our senior leaders to put in place more control measures, such as workforce panels, and have changed our business case approvals to ensure any requests for funding align to the improvement plan.

As we make improvements we envisage that these will become business as usual and will be realigned into our Divisional accountability structure. For now, we have established a Trust Improvement Board, chaired by the Chief Executive, to oversee and deliver the improvement plan.

Whilst our improvement plan is ongoing, we are not sitting still, and are pushing ahead in our future ambitions to become a world class research and teaching facility, to build on our tertiary services and to become a digitally enabled organisation, fit for the future.

- **Quality Improvement Strategy**

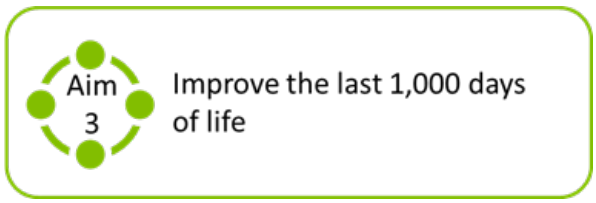
Our ambition over the next three years is to reduce our mortality rate to one that is below the national average, saving over 900 lives across the Fylde Coast.*
*(*Lives saved refer to additional lives that could be saved)*

The new Quality Strategy sets out our three-year Quality Improvement approach to achieve our goals.

- We will deliver a programme of quality improvement projects which will help staff make changes to provide high quality, safe and effective personal care to every patient, every time.
- We will focus our efforts on a targeted portfolio of projects which we believe will have a significant impact on unintentional patient harm and mortality.

Our two high level Trust aims over the next three years are to:

Our high-level System-wide aim over the next three years is to:



The Trust has invested in a Quality Improvement team to support this portfolio and work has commenced on the first safety collaborative to reduce avoidable harm.

9. Review of Effectiveness

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

In describing the process that has been applied in maintaining and reviewing the effectiveness of the system of internal control, I have detailed some examples of the work undertaken, which has involved the Board of Directors, Audit Committee, Finance and IMT Committee, Performance and Operations Committee, Quality Committee, Clinical Effectiveness Committee and Workforce Transformation Committee. My review has been informed by:

- The Board of Directors receiving Assurance Reports from the Chairs and minutes of the Audit Committee, Finance and IMT Committee, Performance and Operations Committee, Quality Committee, Clinical Effectiveness Committee and Workforce Transformation Committee;
- The Audit Committee receiving assurance on the performance of the Quality Committee through an item with the Committee Chair;
- The Audit Committee's monitoring of the Counter Fraud Service;
- The Internal Audit core reviews on:
  i) Governance Arrangements – Design of System Improvement Plan concluded 'significant assurance with minor improvement opportunities' and

Operating Effectiveness of key Governance Arrangements concluded 'partial assurance with improvements required';

ii) Risk Management and Board Assurance Framework concluded 'partial assurance with improvements required';

iii) Data Quality concluded 'partial assurance with improvements required';

iv) Core Financial Controls concluded 'significant assurance with minor improvement opportunities';

v) Data Security and Protection Toolkit concluded 'significant assurance with minor improvement opportunities'.

10. Conclusion

My review of the effectiveness of the systems of internal control has taken account of the work of the senior management team within the Trust, which has responsibility for the development and maintenance of the internal control framework within their discrete portfolios. I have noted the outcomes internal audit reports and the Head of Internal Audit Opinion of partial assurance on the overall adequacy and effectiveness of the Organisation's framework of governance, risk management and control. In line with the guidance on the definition of the significant internal control issues, I have identified that although the Trust's internal control framework can be evidenced as operating effectively in some areas, it is not the case for all areas, especially around the effectiveness at managing and implementing strategic change.

The internal auditors and our various external stakeholders have noted that the Trust's refreshed Executive Team has led substantial amounts of work during the year to respond to the findings of the CQC and address other performance issues within the Trust, however, considerable improvement in the design of plans and monitoring systems to drive and secure change largely came into effect during the latter half of the year. These efforts have resulted in a number of revised processes being put in place. We are continuing to work on these to ensure that they are properly implemented and embedded into the day-to-day working of the Organisation, so that they deliver sustained performance improvement in 2020/21 and in future years.

Signed: K.P. [signature]

Date: 25th June 2020

Kevin McGee

CHIEF EXECUTIVE

Annex F: Independent Auditors' Report To The Council of Governors

Independent auditors' report to the Council of Governors of Blackpool Teaching Hospitals NHS Foundation Trust

Report on the audit of the financial statements

Opinion

In our opinion, Blackpool Teaching Hospitals NHS Foundation Trust's Group and Foundation Trust financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and Trust's affairs as at 31 March 2020 and of the Group's income and expenditure and the Group's and Trust's cash flows for the year then ended; and
- have been properly prepared in accordance with the Department of Health and Social Care Group Accounting Manual 2019/20.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Group's and Trust's Statement of Financial Position as at 31 March 2020; the Statement of Consolidated Comprehensive Income for the year then ended; the Group's and Trust's Statement of Cash Flows for the year then ended; the Consolidated and Trust's Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the National Health Service Act 2006, the Code of Audit Practice and relevant guidance issued by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice"), International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty relating to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.2 to the financial statements concerning the Group's and the Trust's ability to continue as a going concern.

The Group and Trust recorded a deficit for 2019/20 and is also forecasting a deficit for both 2020/21 and 2021/22. The forecast is based on a number of assumptions and there is significant uncertainty in the financial plan for 2020/21 as a result of the Trust's ability to deliver the cost improvement programme and the additional cash flow requirements for which funding has not yet been confirmed.

The Group and Trust recognise that the deficit, combined with the assumptions made relating to likely levels of income and their ability to deliver against their Cost Improvement Programme, creates uncertainty over their future funding needs. The Group and Trust have assumed financial support will be received from the Department of Health and Social Care during the course of 2020/21 in order to meet ongoing liabilities where required and to continue to provide healthcare services. The extent and nature of the financial support from the Department of Health and Social Care, including whether such support will be forthcoming or sufficient, is currently uncertain, as are any terms and conditions associated with the funding.

These conditions, along with the other matters explained in note 1.2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Trust's ability to continue as a going concern. However, the assurance provided by the immediate continuing provision of healthcare services and improved access to funding through changes in the NHS financing regime significantly mitigates this. The financial statements do not include the adjustments that would result if the Group and the Trust were unable to continue as a going concern.

Explanation of material uncertainty

The Department of Health and Social Care Group Accounting Manual 2019/20 requires that the financial statements should be prepared on a going concern basis unless management either intends to apply to the Secretary of State for the dissolution of an NHS Foundation Trust without the transfer of the services to another entity, or has no realistic alternative but to do so.

The Trust had a current year deficit of £29.9m, which was behind its originally planned control target. The Trust is forecasting a deficit for 2020/21. This is in the context of the Trust having not agreed its control total, with commissioner funding for the remainder of 2020/21 currently uncertain. The extent, nature and availability of any financial support to meet its funding requirements from the Department of Health and Social Care has not yet been confirmed.

What audit work we performed

In considering the financial performance of the Group and Trust and the appropriateness of the going concern assumption in the preparation of the financial statements, we obtained the Group's and Trust's cash flow forecasts until the end of June 2021 and:

- examined the impact of cash flow sensitivities and assessed these against the Group's and Trust's ability to meet its liabilities as they fall due;
- sensitised the assumptions behind the Group's and Trust's financial forecasts by comparing them to historical performance; and
- read the disclosures regarding going concern included in the Annual Report.

Our audit approach

Context

The Trust is the main provider of acute emergency and scheduled healthcare in Blackpool and the Fylde Coast in Lancashire, operating from its the main site in Blackpool. It also provides community services from a number of different locations. It is funded predominantly by local Clinical Commissioning Groups ("CCGs") and NHS England.

NHS Improvement has placed the Trust in Segment 3 of its Single Oversight Framework as at 31 March 2020. NHS Improvement's Single Oversight Framework is the framework for overseeing providers and identifying potential support needs. Segment 3 is described by NHS Improvement as 'Providers receiving mandated support for significant concerns: there is actual or suspected breach of licence, and a Regional Support Group has agreed to seek formal undertakings from the provider or the Provider Regulation Committee has agreed to impose regulatory requirements'.

Our audit for the year ended 31 March 2020 was planned and executed having regard to the fact that the Group's and Trust's operations and financial stability were largely unchanged in nature from the previous year. In light of this, our approach to the audit in terms of scoping and key audit matters was largely unchanged, apart from the assessment of the impact of Covid-19. The Trust and BFW Management Limited are within the scope of our Group audit.

Our audit also involved forming a conclusion on the arrangements for securing economy, efficiency and effectiveness in the use of resources (the "3 Es"), in accordance with the Code of Audit Practice.

Overview

- Overall Group and Trust materiality: £9,139k (2019: £7,818k) which represents 2% of total income* (2019: 2% of operating income from patient care activities).

  *Total income is described as operating income from patient care activities and other operating income.

- The consolidated financial statements comprise the parent, Blackpool NHS Foundation Trust and its subsidiary (BFW Management Limited).

- All work was performed by a single audit team who assessed the risks of material misstatement, taking into account the nature, likelihood and potential magnitude of a misstatement and determined the extent of testing we needed to perform over each balance in the financial statements.

- The planning and interim work was conducted at the Trust's Headquarters in Blackpool Victoria Hospital, which is where the Trust's finance function is based and performed the majority of our audit of the financial information remotely as COVID-19 affected the working arrangements for staff,

- The Key Audit Matters identified were:
  - Management override of controls and the risk of fraud in revenue recognition - Group and Trust;
  - Impact of COVID-19 – Group, Trust and 3Es;
  - Valuation of land and buildings (including dwellings) – Group and Trust;
  - Going concern - Group and Trust (refer to Material uncertainty related to going concern above); and
  - Value for Money – Trust.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and the conclusion on the arrangements for securing economy, efficiency, and effectiveness in the use of resources, and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including 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, and any comments we make on the results of our procedures thereon, 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. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Management override of controls and risk of fraud in revenue recognition – Group and Trust *See note 1 to the financial statements for the directors' disclosures of the related accounting policies, judgements and estimates relating to the recognition of income and notes 3-5 for further information.* Under ISAs (UK) 240 there is a (rebuttable) presumption that there are risks of fraud in revenue recognition and management override of controls. We focused on this area because there is a heightened risk due to the Group and Trust being under increasing financial pressure. This includes consideration of the risk that management may override controls in order to manipulate the financial statements. For the current year this has included focusing on how the Trust has performed against its control total due to the added pressures and incentives of overstating performance in order to meet the requirements to receive sustainability funding. We considered the key areas to be: • recognition of revenue (existence assertion for all revenue streams, cut off for income from patient care activity only (excluding private patient income)); and • manipulation through journal postings to the general ledgers.	*Revenue* We evaluated and tested the accounting policy for revenue recognition to ensure that it is consistent with the requirements of the Department of Health and Social Care Group Accounting Manual 2019/20 and IFRS 15. *Income from patient activities* We tested a sample of income transactions and traced these to invoices and contracts where applicable from commissioners and other bodies. We agreed the income recognised in the year to correspondence between the Group and the other NHS bodies regarding over/under performance where applicable. We also traced them to cash payments where the amounts had been settled. We performed completeness testing on the Trust's interface between the patient record system and financial ledger. We also performed completeness testing on the patient record system by agreeing a sample of records back to patient files. We sampled invoices raised pre and post year end to assess whether they were recognised in the correct period. *Other operating income* We tested a sample of income transactions and traced these to invoices, contracts where applicable and cash payments where the amounts had been settled. We performed completeness testing by performing analytics on some revenue streams and on others, by selecting a sample of transactions from the source system where applicable and agreeing it to the revenue recognised in the year. We further tested a sample of invoices raised pre and post year end to assess whether they were recognised in the correct period. *Intra-NHS agreement of transactions and balances* To assist in addressing completeness for commissioners' income (including NHS England), we confirmed the value of debtors from these bodies to NHS Improvement (Monitor)'s mismatch reports, which provides the amounts recorded by NHS bodies as debtors and the corresponding creditors with NHS counterparties, to agree that the amounts matched. We investigated all mismatches above £300k and understood the rationale for the mismatch. *Manipulation through journal postings* We used data analysis techniques to select a sample of manual and automated journal transactions that had been recognised in revenue, focusing in particular on those with unusual characteristics. We performed other journal tests which were focused on identifying unusual account combinations. We traced the journal entries selected for testing to supporting documentation to check that the transaction was valid and could be supported. Our testing identified no issues that required further investigation.

COVID-19 – Group, Trust, and 3 Es

During the course of the audit, both management and the engagement team considered the impact that the ongoing COVID-19 pandemic has had on the activities, suppliers and wider economy of the Trust and the Group and its financial statements.

Management's assessment is that there has been no significant impact on the financial statements for the year ended 31 March 2020, as the pandemic only started to have a significant impact in the UK during the last three weeks of the financial year. However, due to the significance of the pandemic, the financial statements have detailed the impact as a narrative disclosure within the Annual Report.

As a result of this, we determined that the impact of COVID-19 should be a key audit matter.

We performed the following procedures to address the impact that COVID-19 has on the financial statements we:

- obtained an understanding of key expenditure controls the Group has put in place with regards to COVID-19;
- reperformed our assessment of audit risks and did not identify any additional risks. We incorporated our assessment of the potential impact of COVID-19 into our existing risks, for example, in the management override of controls, PPE valuation and going concern;
- evaluated and challenged management's assessment of the pandemic and its impact on valuations and going concern. This included using our own valuation experts to consider the assumptions underpinning the Trust's PPE valuation (see below). Our work on evaluating management's going concern assessment is described in the "Material uncertainty relating to going concern" section above;
- inspected items recognised as COVID-19 related costs to ensure the classification as being reimbursable was appropriate;
- assessed the disclosures made by management and ensured that the impact of the pandemic was reflected in the Annual Report, in the accounting policies and as a non-adjusting post balance sheet event in the financial statements; and
- held regular discussions with the Director of Finance to understand the impact of the COVID-19 pandemic on the Trust.

We determined that management's assessment and disclosure of the impact of COVID-19 pandemic on the financial statements and the arrangements for securing economy, efficiency and effectiveness in its use of resources is reasonable.

Valuation of land and buildings (including dwellings) – Group and Trust

Management's accounting policies, key judgements and use of experts relating to the valuation of the Trust's estate are disclosed in Note 1 to the financial statements.

We focused on this area because Property, Plant and Equipment (PPE) represents the largest balance in the Trust's statement of financial position. The PPE balance at 31 March 2020 is £184.9m (31 March 2019: 164.9m).

Land and buildings are measured at fair value based on periodic valuations. The valuations are carried out by a professionally qualified valuer in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual, and performed with sufficient regularity to ensure that the carrying value is not materially different from fair value at the reporting date.

A full valuation of the Trust's land and buildings was undertaken this year. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2017 and RICS UK National Supplement commonly known together as the Red Book, the valuer has declared a 'material valuation uncertainty' in the valuation report as a result of COVID-19.

We obtained the output of the valuation undertaken by Cushman and Wakefield. We checked and confirmed the valuer had a UK qualification, was part of an appropriate professional body and was not connected with the Trust.

We read the relevant sections of the valuation report and, using our own valuation expertise, we challenged the assumptions and methodology applied in the valuation exercise, specifically considering the use of Modern Equivalent Asset, which we found to be consistent with our expectations.

To check the accuracy of the underlying data (on which the valuation was based), we agreed the gross internal areas used by Cushman and Wakefield back to the Trust's estate team's records for a sample of land and buildings and found the valuation to be based on current information.

We physically verified a sample of assets to check their existence and, in doing so, considered whether there was any indication of physical obsolescence which would indicate potential impairment or affect the valuation of the property; our testing did not identify any such indicators.

We checked that the change in valuation was correctly reflected and appropriately disclosed in the financial statements.

In relation to the material valuation uncertainty, the valuer has confirmed that there has been no diminution identified in the public sector's ongoing requirement for these assets, nor a reduction in their ongoing remaining economic service potential.

Our testing noted no material changes in carrying value. Due to the uncertainty created by the COVID-19 pandemic regarding the valuation of the Trust's land and buildings, additional disclosures have been included in the financial statements to reflect the impact of COVID-19 on the valuation process as at 31 March 2020. This is disclosed in Note 14 of the financial statements.

Other than the matters noted in the 'Material Uncertainty relating to going concern' and 'Arrangements for securing economy, efficiency, and effectiveness in the use of resources' paragraphs, we determined that there were no further key audit matters relating to the financial statements of the Group or the Trust or to the Trust's arrangements for securing economy, efficiency, and effectiveness in the use of resources to communicate in our report.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Trust and the Group, the accounting processes and controls, and the environment in which the Group operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	*Trust financial statements*
Overall materiality	£9,139k (2019: £7,818k)	£9,000k (2019: £7,818k)
How we determined it	2% of total income* (2019: 2% of operating income from patient care activities) *Total income is described as operating income from patient care activities and other operating income.	2% of total income* (2019: 2% of operating income from patient care activities) *Total income is described as operating income from patient care activities and other operating income.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice, in the absence of indicators that an alternative benchmark would be appropriate.	We have applied this benchmark, a generally accepted auditing practice, in the absence of indicators that an alternative benchmark would be appropriate.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £1,000k to £9,000k. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £300k (Group audit) (2019: £300k) and £300k (Trust audit) (2019: £300k) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Performance Report and the Accountability Report, we also considered whether the disclosures required by the NHS Foundation Trust Annual Reporting Manual 2019/20 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) and the Code of Audit Practice require us also to report certain opinions and matters as described below.

Performance Report and Accountability Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Performance Report and Accountability Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2019/20.

In light of the knowledge and understanding of the Group and the Trust and their environment obtained in the course of the audit, we did not identify any material misstatements in the Performance Report or Accountability Report.

In addition, the parts of the Remuneration and Staff reports to be audited have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2019/20.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of the Chief Executive's responsibilities as the Accounting Officer, the directors are responsible for the preparation of the financial statements in accordance with the Department of Health and Social Care Group Accounting Manual 2019/20, and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and 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 directors either intend to liquidate the Group and Trust or to cease operations, or have no realistic alternative but to do so.

The Trust is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors' 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 auditors' 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 auditors' report.

We are required under Schedule 10 (1) of the National Health Service Act 2006 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report to you where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively. We have undertaken our work in accordance with the Code of Audit Practice, having regard to the criterion determined by the Comptroller and Auditor General as to whether the Trust has proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We planned our work in accordance with the Code of Audit Practice. Based our on risk assessment, we undertook such work as we considered necessary.

Use of this report

This report, including the opinions, has been prepared for and only for the Council of Governors of Blackpool Teaching Hospitals NHS Foundation Trust as a body in accordance with paragraph 24 of Schedule 7 of the National Health Service Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Arrangements for securing economy, efficiency and effectiveness in the use of resources

Under the Code of Audit Practice we are required to report, by exception, if we conclude we are not satisfied that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Adverse opinion

As a result of the matters set out in the Basis for adverse opinion and Key Audit Matter immediately below, we have concluded that the Trust has not put in place proper arrangements for securing economy, efficiency and effectiveness in the use of its resources for the year ended 31 March 2020.

Basis for adverse opinion and Key Audit Matter

The Trust agreed a planned surplus target for 2019/20 of £5.5m. The Trust did not achieve this target and recorded a deficit of £29.9m for the 2019/20 financial year. The Trust reported that they did not meet their target cost improvement plan (financial savings) of £17.5m which was underachieved by £6.8m for 2019/20. The Trust is also forecasting a deficit for 2020/21. The forecast is based on a number of assumptions and there is significant uncertainty in the financial plan for 2020/21 as a result of the COVID-19 pandemic and its impact. The Trust recognises that the deficit, combined with the assumptions made relating to likely levels of income and their ability to deliver against their Cost Improvement Programme, creates uncertainty over their future funding needs. The Trust has assumed financial support will be received from the Department of Health and Social Care during the course of 2020/21 in order to meet ongoing liabilities where required and to continue to provide healthcare services. The extent and nature of the financial support from the Department of Health and Social Care, including whether such support will be forthcoming or sufficient, is currently uncertain, as are any terms and conditions associated with the funding.

The Trust remains in breach of its license by NHSI/E in relation to quality and operational target breaches since 19 March 2019. The Trust continues to implement an action plan to address the concerns of the CQC inspection report however the CQC rating for the Trust remains at "Requires Improvement".

The Trust has a Use of Resource Rating (UOR) of 4 (4 the lowest score and 1 the highest score).

The Trust has been issued with a "Partial Assurance" internal audit report issue in 2019/20.

In considering the Trust's arrangements, the following procedures were performed:

- We read the Annual Governance Statement to identify any commentary with value for money implications;
- We considered formal notices issued by NHSI that the Trust was in breach its licence conditions;
- We considered the outcomes of regulatory findings including CQC inspections;
- We considered performance against requirements of NHS Improvement's Single Oversight Framework including segmented rating;
- We considered the financial performance and financial sustainability by reviewing 2019/20 outturn and achievement of cost improvement targets as well as the financial plans, include cashflows underpinning future financing needs out to June 2021; and
- We reviewed the internal audit opinion received for the 2019/20 year.

As a result of the work performed, we have concluded that these matters indicate weaknesses in arrangements for: applying the principles and values of sound governance; managing risks effectively; planning finances effectively; managing and utilising assets effectively; and planning, organising and developing the workforce effectively as defined by Auditor Guidance Note 03 issued by the National Audit Office.

Other matters on which we report by exception

We are required to report to you if:

- the statement given by the directors within the Statement of the Chief Executive's responsibilities as the Accounting Officer, in accordance with provision C.1.1 of the NHS Foundation Trust Code of Governance, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for patients, regulators, and other stakeholders to assess the Group's and Trust's performance, business model, and strategy is materially inconsistent with our knowledge of the Group and Trust acquired in the course of performing our audit.
- the section of the Annual report within Disclosures from the Audit Committee in the Staff Report, as required by provision C.3.9 of the NHS Foundation Trust Code of Governance, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2019/20 or is misleading or inconsistent with our knowledge acquired in the course of performing our audit. We have not considered whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.
- we have referred a matter to Monitor under Schedule 10 (6) of the National Health Service Act 2006 because we had reason to believe that the Trust, or a director or officer of the Trust, was about to make, or had made, a decision which involved or would involve the incurring of expenditure that was unlawful, or was about to take, or had taken a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.
- we have issued a report in the public interest under Schedule 10 (3) of the National Health Service Act 2006.
- we have not received all the information and explanations we require for our audit.

We have no exceptions to report arising from this responsibility.

Certificate

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

Rebecca Gissing (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
25 June 2020

Annex G: Accounts for the Period 01 April 2019 to 31 March 2020

FOREWORD TO THE ACCOUNTS
BLACKPOOL TEACHING HOSPITALS NHS FOUNDATION TRUST

These accounts for the year ended 31 March 2020 have been prepared by the Blackpool Teaching Hospitals NHS Foundation Trust stating accounts are prepared in accordance with paragraphs 24 and 25 of Schedule 7 to the NHS Act 2006 and are presented to Parliament pursuant to Schedule 7, paragraph 25 (4) (a) of the National Health Service Act 2006.

Signed: K.P. [signature]

Date: 25th June 2020

Kevin McGee

CHIEF EXECUTIVE

Statement of Consolidated Comprehensive Income for the year ended 31 March 2020

		Group	
			Restated
		2019/20	2018/19
	Note	**£000**	£000
Operating income from patient care activities	3	**425,173**	390,936
Other operating income	4	**31,797**	34,017
Operating expenses	6	**(483,004)**	(432,206)
Operating deficit from continuing operations		**(26,034)**	(7,253)
Finance income	7	**191**	149
Finance expenses	8	**(1,554)**	(1,255)
PDC Dividends payable		**(1,747)**	(2,505)
Net finance costs		**(3,110)**	(3,611)
Gains on disposal of assets	9	**24**	0
Losses arising from transfers by absorption	31	**0**	(57)
Corporation tax expense		**(156)**	(65)
Deficit for the year from continuing operations		**(29,276)**	(10,986)
Deficit for the year		**(29,276)**	(10,986)
Other comprehensive (expense)/income			
Will not be reclassified to income and expenditure:			
Revaluation losses on property, plant and equipment	14	**(171)**	(211)
Revaluation gains on property, plant and equipment	14	**2,976**	0
Total comprehensive expense for the year		**(26,471)**	(11,197)

The notes on pages A6 to A49 form part of these accounts.
All revenue and expenditure is derived from continuing operations.

In accordance with Section 408 of the Companies Act 2006, the Trust is exempt from the requirement to present its own income statement and statement of comprehensive income. The results of the Trust are included in note 10.

Statement of Financial Position as at 31 March 2020

	Note	Group		Trust	
			Restated		Restated
		31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
		£000	£000	**£000**	£000
Non-current assets					
Intangible assets	12	**5,972**	6,435	**5,866**	6,320
Property, plant and equipment	13	**186,716**	166,637	**184,874**	164,866
Receivables	17	**1,072**	391	**1,072**	391
Total non-current assets		**193,760**	173,463	**191,812**	171,577
Current assets					
Inventories	16	**8,888**	12,259	**6,189**	9,364
Receivables	17	**30,433**	30,583	**33,865**	32,182
Cash and cash equivalents	19	**27,449**	15,586	**23,024**	13,534
Total current assets		**66,770**	58,428	**63,078**	55,080
Current liabilities					
Trade and other payables	21	**(68,737)**	(56,457)	**(66,176)**	(53,507)
Borrowings	23	**(72,761)**	(4,407)	**(72,656)**	(4,315)
Provisions	24	**(383)**	(864)	**(383)**	(864)
Other liabilities	22	**(7,733)**	(10,998)	**(7,517)**	(10,855)
Total current liabilities		**(149,614)**	(72,726)	**(146,732)**	(69,541)
Total assets less current liabilities		**110,916**	159,165	**108,158**	157,116
Non-current liabilities					
Trade and other payables	21	**(1,516)**	(1,516)	**(1,500)**	(1,500)
Borrowings	23	**(33,428)**	(58,835)	**(31,769)**	(57,260)
Provisions	24	**(2,259)**	(1,202)	**(2,259)**	(1,202)
Other liabilities	22	**0**	0	**0**	0
Total non-current liabilities		**(37,203)**	(61,553)	**(35,528)**	(59,962)
Total assets employed		**73,713**	97,612	**72,630**	97,154
Financed by					
Public dividend capital		**150,008**	147,436	**150,008**	147,436
Revaluation reserve		**12,972**	10,445	**12,972**	10,445
Income and expenditure reserve		**(89,267)**	(60,269)	**(90,350)**	(60,727)
Total taxpayers' equity		**73,713**	97,612	**72,630**	97,154

The notes on pages A6 to A49 form part of these accounts.

The accounts on pages A1 to A49 were approved by the NHS Foundation Trust Board on 25 June 2020 and are signed on its behalf by:

Signed: K.P. [signature] **Date: 25th June 2020**

Kevin McGee
CHIEF EXECUTIVE

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

	Group			
	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2019 - brought forward	**147,436**	**10,445**	**(60,269)**	**97,612**
Deficit for the year	0	0	(29,276)	**(29,276)**
Other transfers between reserves	0	(278)	278	**0**
Impairments of property, plant and equipment (note 14)	0	(171)	0	**(171)**
Revaluation gains on property, plant and equipment	0	2,976	0	**2,976**
Public dividend capital received	2,572	0	0	**2,572**
Taxpayers' and others' equity at 31 March 2020	**150,008**	**12,972**	**(89,267)**	**73,713**

	Group			
	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2018 - brought forward	**146,026**	**10,852**	**(49,479)**	**107,399**
Deficit for the year	0	0	(10,986)	**(10,986)**
Other transfers between reserves	0	(196)	196	**0**
Impairments of property, plant and equipment (note 14)	0	(211)	0	**(211)**
Public dividend capital received	1,410	0	0	**1,410**
Taxpayers' and others' equity at 31 March 2019	**147,436**	**10,445**	**(60,269)**	**97,612**

The notes on pages A6 to A49 form part of these accounts.

Information on reserves

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

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

Other transfers between reserves: Where assets are depreciated that have been subject to an earlier upward revaluation and an amount is held within the revaluation reserve, a transfer is made to the income and expenditure reserve equivalent to the element of the depreciation charged on the revalued amount.

Income and expenditure reserve
The balance of this reserve is the accumulated surpluses and deficits of the NHS Foundation Trust.

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

	Trust			
	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2019 - brought forward	**147,436**	**10,445**	**(60,727)**	**97,154**
Deficit for the year	0	0	(29,901)	**(29,901)**
Other transfers between reserves	0	(278)	278	**0**
Impairments of property, plant and equipment (note 14)	0	(171)	0	**(171)**
Revaluation gains on property, plant and equipment	0	2,976	0	**2,976**
Public dividend capital received	2,572	0	0	**2,572**
Taxpayers' and others' equity at 31 March 2020	**150,008**	**12,972**	**(90,350)**	**72,630**

	Trust			
	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2018 - brought forward	**146,026**	**10,852**	**(49,661)**	**107,217**
Deficit for the year	0	0	(11,262)	**(11,262)**
Other transfers between reserves	0	(196)	196	**0**
Impairments of property, plant and equipment (note 14)	0	(211)	0	**(211)**
Public dividend capital received	1,410	0	0	**1,410**
Taxpayers' and others' equity at 31 March 2019	**147,436**	**10,445**	**(60,727)**	**97,154**

The notes on pages A6 to A49 form part of these accounts.

Information on reserves

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

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

Other transfers between reserves: Where assets are depreciated that have been subject to an earlier upward revaluation and an amount is held within the revaluation reserve, a transfer is made to the income and expenditure reserve equivalent to the element of the depreciation charged on the revalued amount.

Income and expenditure reserve
The balance of this reserve is the accumulated surpluses and deficits of the NHS Foundation Trust.

Statement of Cash Flows for the year ended 31 March 2020

	Note	Group 2019/20 £000	Group Restated 2018/19 £000	Trust 2019/20 £000	Trust Restated 2018/19 £000
Cash flows from operating activities					
Operating deficit		**(26,034)**	(7,253)	**(26,848)**	(7,594)
Non-cash income and expense:					
Depreciation and amortisation	6	**10,573**	7,653	**10,436**	7,600
Net impairments	6	**(7,785)**	998	**(7,785)**	998
Income recognised in respect of capital donations	4	**(451)**	(21)	**(451)**	(21)
(Increase)/decrease in receivables and other assets		**(806)**	1,849	**(2,645)**	2,836
Decrease/(Increase) in inventories		**3,371**	(5,165)	**3,175**	(4,145)
Increase in trade and other payables		**6,259**	5,511	**6,746**	3,213
(Decrease)/Increase in other liabilities		**(3,265)**	3,412	**(3,339)**	3,269
Decrease in provisions		**566**	140	**566**	140
Tax paid		**(58)**	(38)	**0**	0
Net cash flows (used in)/generated from operating activities		**(17,630)**	7,086	**(20,145)**	6,296
Cash flows from investing activities					
Interest received		**196**	145	**176**	130
Purchase of intangible assets		**(1,457)**	(3,500)	**(1,457)**	(3,500)
Purchase of property, plant and equipment		**(11,754)**	(6,145)	**(11,744)**	(6,069)
Sales of property, plant and equipment		**46**	575	**46**	581
Net cash flows used in investing activities		**(12,969)**	(8,925)	**(12,979)**	(8,858)
Cash flows from financing activities					
Public dividend capital received		**2,572**	1,410	**2,572**	1,410
Receipt of loans from the Department of Health and Social Care	23.1	**48,325**	20,883	**48,325**	20,883
Repayment of loans from the Department of Health and Social Care	23.1	**(4,604)**	(3,223)	**(4,604)**	(3,223)
Repayment of other loans	23.1	**(923)**	(983)	**(923)**	(983)
Capital element of finance lease rental payments	23.1	**(98)**	(56)	**0**	0
Interest on DHSC loans	23.1	**(1,203)**	(975)	**(1,203)**	(975)
Interest on other loans	23.1	**(149)**	(166)	**(149)**	(166)
Interest paid on finance lease liabilities	23.1	**(54)**	(13)	**0**	0
Other interest		**(65)**	(130)	**(65)**	(130)
Public Dividend Capital dividends paid		**(1,339)**	(2,636)	**(1,339)**	(2,636)
Net cash flows generated from financing activities		**42,462**	14,111	**42,614**	14,180
Increase in cash and cash equivalents		**11,863**	12,272	**9,490**	11,618
Cash and cash equivalents at 1 April - b/f		**15,586**	3,314	**13,534**	1,916
Cash and cash equivalents at 31 March	19	**27,449**	15,586	**23,024**	13,534

The notes on pages A6 to A49 form part of these accounts.

All revenue and expenditure is derived from continuing operations.

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2019/20 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to accounts.

Note 1.1.1 Accounting convention

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

Note 1.2 Going concern

The Group and Trust's Annual Report and Accounts have been prepared on a going concern basis. International Accounting Standard 1 requires the Board to assess, as part of the accounts preparation process, the Group and Trusts ability to continue as a going concern. In the context of non-trading entities in the public sector, as defined within the Government Financial Reporting Manual (FReM), 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.

The financial statements should be prepared on a going concern basis unless there are plans for, or no realistic alternative other than, the dissolution of the Group and Trust without the transfer of its services to another entity within the public sector.

In preparing the financial statements, the Board of Directors has considered the Group's and Trusts overall financial position against the requirements of IAS1.

The close of the 2019/20 financial year and the early part of 2020/21 has been overshadowed by the Covid-19 outbreak which has had profound effects upon the operations of Health Services throughout the UK.

The 2019/20 plan was based on the delivery of a control total surplus of £5.6m inclusive of £6.3m of Provider Sustainability Funding (PSF). The Group final outturn equated to a deficit of £29.3m, which includes the Trust only partially receiving £0.8m of PSF in 2019/20. In addition, the Trust received £0.5m to cover the additional COVID-19 costs incurred in March 2020 and £2.6m accounting for the loss of income, from NHSI&E.

The management of risk including financing is a key function of the Board of Directors. We seek to minimise all types of service, operational and financial risk through the Board Assurance Framework, which is subject to regular review and audit. Prior to the onset of the COVID-19 pandemic, the Trust was finalising an operational and financial plan that encompassed the financial impact of:

a) The System Improvement Plan (SIP);
b) Further investments and cost pressures in relation to Quality and Safety no included in the SIP;
c) Shortfall in the historical recurrent delivery of the Cost Improvement Plan;
d) The gross impact of the 2020-21 Inflationary pressures;
e) Loss of the Marginal Rate Emergency Tariff (MRET); and
f) Offset by a Quality and Safety Efficiency requirement of 3%.

Notes to the Accounts

Note 1.2 Going concern (continued)

The resultant impact of these elements was a financial deficit of £58.0m for 2020/21. This plan included assumptions around CIP savings of £14.6m, of which £3m was classified as high level of confidence for delivery and a further £6.5m at medium confidence at the of March 2020.

With the onset of the COVID-19 Pandemic, NHSE&I suspended the 2020/21 Operational Planning process and published updated financial guidance in March covering the period April 2020 to July 2020 in response to the pandemic. The key points from the recent financial guidance are:

- That providers will be funded on the 2019/20 forecast outturn (based on the deficit between April 2019 to December 2019) uplifted for the impact of inflation (including pay uplifts and CNST) but excluding the efficiency factor;
- A national top-up payment will be paid to providers where the expenditure in the period is greater than the income received through the first bullet point. This will be calculated as the average monthly expenditure over the period November 2019 to January 2020 uplifted for inflation; and,
- Providers will be able to claim for additional costs where the payments in the first two items do not equal actual costs to reflect genuine reasonable marginal costs due to COVID-19. In effect, the Trust will be funded to break-even in the first four months of the 2020/21 financial year including the ability to claim all genuine additional costs in relation to COVID-19. In the absence of further financial and operational guidance for the period following July 2020, the Trust has approached budget setting and financial planning by adopting a hybrid approach taking into consideration the COVID-19 guidance and the draft financial plan.

There will be a reset of the NHS Guidance, however as at the time of finalising the financial statements the impact is unknown. It is unlikely that planning will return on the same basis as pre-COVID-19. There will undoubtedly be a stronger emphasis on collaboration as an STP. The guidance issued by NHSE and NHSI in relation to block contracts and the correspondence indicating the target for the next four years, coupled with the absolute operational needs associated with the treatment of patients during the current outbreak, provide a clear signal (in the absence of a signed 12 month contract), that the Group and Trust will continue to provide services for the foreseeable future.

Liquidity

The Group and Trust did not achieve its control total in 2019-20 and needed to borrow cash from the Treasury. NHSI has announced significant changes to the NHS Provider cash regime, effective from 1 April 2020. Interim revenue loans at 31 March 2020 are to be extinguished during 2020/21. Providers will be issued Public Dividend Capital (PDC) to effect the repayment of outstanding balances at 31 March 2020.

For 2020/21, the Financial Recovery Fund (FRF), will be the sole source of financial support for NHS providers and CCGs that are otherwise unable to live within their means. Organisations' entitlement to FRF will continue to depend on full-year financial performance and, where financial trajectories are not achieved, any FRF that has been paid but not earnt will be converted to DHSC financing (PDC).

At its meeting of 15th June 2020, the Audit Committee considered the fourteen month cash trajectory taking into consideration the key elements. In the draft financial plan, the Trust planned for the requirement of Interim Revenue Support, which is still highly likely for the period up to June 2021.

The forecast deficit is based on a number of assumptions and there is significant uncertainty in the financial plan for 2020/21 as a result of COVID-19 pandemic and its impact on the Group and Trust. The Group and Trust recognises that the underlying deficit, combined with the assumptions made on likely levels of income and the ability to deliver against the Cost Improvement Programme creates uncertainty over future funding needs. The Trust have assumed financial support will be received from the Department of Health and Social Care during the course of 2020/21 in order to meet ongoing liabilities where required and continue to provide healthcare services. The extent and nature of the financial support from the Department of Health and Social Care, including whether such support will be forthcoming or sufficient, is currently uncertain, as are any terms and conditions associated with the funding.

Notes to the Accounts

Note 1.2 Going concern (continued)

Whilst there are factors in the 2020/21 financial plan that represent significant material uncertainties in the Trust's going concern assessment, the Directors, having made appropriate enquiries, still have a reasonable expectation that the Trust will have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts and the financial statements do not include the adjustments that would result if the Trust was unable to continue as a going concern.

Note 1.3 Consolidation

NHS Charitable Fund

The NHS Foundation Trust is the corporate trustee to Blackpool Teaching Hospitals Charitable Fund (Registered number 1051570). The NHS Foundation Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the NHS Foundation Trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable fund and has the ability to affect those returns and other benefits through its power over the fund.

The charitable fund's statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102.

The Charitable Fund Accounts have not been consolidated into these accounts as the transactions are considered immaterial in the context of the Trust. The provisional turnover of the Charity in 2019/20 was £1,324k (£678k in 2018/19) and its net assets were £1,712k (£1,463k in 2018/19).

An Annual Report and Audited Accounts of the Trust's Charity (covering the year reported in these Accounts) will be available from 31 January 2021 and may be accessed via the Charity Commission website at www.charity-commission.gov.uk.

Other Subsidiaries

BFW Management Ltd (Trading as Atlas) commenced trading on 20th March 2017 as a wholly owned subsidiary of the NHS Foundation Trust to provide a fully managed facilities management service to the Trust and other clients.

Subsidiary entities are those over which the NHS Foundation Trust are exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines. The capital and reserves attributable to minority interests are included as a separate item in the Statement of Financial Position.

The amounts consolidated are drawn from the published financial statements of BFW Management Ltd for the years ended 31 March 2020 and 31 March 2019.

Where subsidiaries' accounting policies are not aligned with those of the trust (including where they report under UK FRS102) then amounts are adjusted during consolidation where the differences are material.

All intragroup balances and transactions, including unrealised profits arising from the intragroup transactions, have been eliminated in full.

Note 1.4.1 Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS).

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

Notes to the Accounts

Note 1.4.1 Revenue from contracts with customers continued

Revenue from NHS contracts

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

Revenue from research contracts

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

NHS injury cost recovery scheme

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

Provider sustainability fund (PSF)

The PSF enable providers to earn income linked to the achievement of financial controls and performance targets. Income earned from the funds is accounted for as variable consideration.

Note 1.4.2 Revenue grants and other contributions to expenditure

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

The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Note 1.4.3 Other income

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

Note 1.5 Expenditure on employee benefits

Short-term employee benefits

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

Notes to the Accounts

Note 1.5 Expenditure on employee benefits continued

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. The scheme are not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. There, the schemes are accounted for as though they are defined contribution schemes.

Employers pension cost contributions are charged to operating expenses as and when they become due.

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

Note 1.6 Expenditure on other goods and services

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

Note 1.7 Property, plant and equipment

Note 1.7.1 Recognition

Property, plant and equipment is capitalised where:
- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential be provided to, the trust
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably
- the item has cost of at least £5,000, or
- collectively, a number of items have a cost of at least £5,000 and individually have 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.
- form part of the initial setting-up cost of a new building or refurbishment of a ward or unit, irrespective of their individual or collective cost.

Note 1.7.2 Measurement

Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. Land and buildings are subsequently measured at fair value based on periodic valuations less subsequent depreciation and impairment losses.

The valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual, and performed with sufficient regularity to ensure that the carrying value is not materially different from fair value at the reporting date.

Fair values are determined as follows:
- Specialised operational property - Depreciated Replacement Cost using a Modern Equivalent Asset (MEA) approach
- Non specialised property - Existing Use Value
- Land - Market value for existing use

Assets in the course of construction are valued at cost less any impairment loss.
Cost includes professional fees and, where capitalised in accordance with IAS23, borrowing costs. Assets are revalued when they are brought into use.

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

An item of property, plant and equipment which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 or IFRS 5.

Notes to the Accounts

Note 1.7.2 Measurement continued

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

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

Property, plant and equipment which has been reclassified as 'held for sale' ceases to be depreciated upon the reclassification. 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 in operating expenses, in which case they are recognised in operating expenses.

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

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

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

An impairment that arises from a clear consumption of economic benefit or service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating income 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 is recognised.

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

Note 1.7.3 De-recognition

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met:
- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable 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 and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

Notes to the Accounts

Note 1.7.3 De-recognition continued

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.

Note 1.7.4 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 / grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation / grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

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

Note 1.7.5 Useful lives of property, plant and equipment

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

	Min life Years	Max life Years
Buildings, excluding dwellings	60	60
Dwellings	44	74
Plant & machinery	1	15
Transport equipment	10	15
Information technology	5	10
Furniture & fittings	10	15

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

Note 1.8 Intangible assets

Note 1.8.1 Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the NHS Foundation 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 an asset can be measured reliably.

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

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:
- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
- the trust intends to complete the asset and sell or use it;
- the trust has the ability to sell or use the asset;
- how the intangible asset will generate probable future economic or service delivery benefits, 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;
- 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.

Notes to the Accounts

Note 1.8 Intangible assets continued

Note 1.8.2 Measurement

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

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

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

Amortisation

Amortisation is charged to operating expenses from the first day of the quarter commencing 1st April, 1st July, 1st October, or 1st January, following the date that the asset becomes available for use. Amortisation is charged in full in the quarter in which an asset becomes unavailable for use or is sold and then ceases to be charged.

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

Note 1.8.3 Useful economic life of intangible assets

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

	Min life	Max life
	Years	Years
Software	5	5
Licences & trademarks	5	5
Other (purchased)	15	15

Note 1.9 Inventories

Inventories are valued at the lower of cost and net realisable value using the weighted average cost method for drugs and the first-in first-out method for other inventories, less any provisions deemed necessary. Costs are accounted for in the year that the economic benefit is consumed.

Other inventories relating to items where the economic benefit will be consumed over more than one year are valued at 50% of cost. The Trust has assumed that half of the useful economic life of these assets has been consumed at the end of the financial year. Further information is provided in note 16.

Note 1.10 Cash and cash equivalents

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

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

Note 1.11 Financial assets and financial liabilities

Note 1.11.1 Recognition

Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. In response to the adoption of IFRS 9 the GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS.

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

Notes to the Accounts

Note 1.11.2 Classification and measurement

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

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

Financial assets are classified as subsequently measured at amortised cost.

Financial liabilities are classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost

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

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

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

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, the Trust recognises an allowance for expected credit losses.

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

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

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

Note 1.11.3 Derecognition

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

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

Note 1.12 Leases

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 implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for 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 to Finance Costs in the Statement of Comprehensive Income. The lease liability is de-recognised when the liability is discharged, cancelled or expires.

Notes to the Accounts

Note 1.12 Leases continued

Operating leases

Other leases are regarded as operating leases and the 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.

Leases of land and buildings

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

Note 1.13 Provisions

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

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. The contribuition is charged to expenditure. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 25 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

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

Note 1.14 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 26 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 26, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

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

Note 1.15 Public dividend capital

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

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

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

(i) donated assets (including lottery funded assets),

(ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and

(iii) any PDC dividend balance receivable or payable.

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

Notes to the Accounts

Note 1.16 Value added tax

Most of the activities of the NHS foundation 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. The net amount of VAT recoverable from or payable to HMRC at the year end is reported within trade and other receivables (note 17) or trade and other payables (note 21). BFW Management Ltd are required to comply with all VAT legislation applicable to commercial entities in the United Kingdom.

Note 1.17 Corporation tax

BFW Management Ltd (trading as Atlas) is a wholly owned subsidiary of Blackpool Teaching Hospitals NHS Foundation Trust and is subject to corporation tax on profits.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the financial position date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Note 1.18 Foreign Exchange

The NHS Foundation Trust's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. At the end of the financial year, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Resulting exchange gains and losses for either of these are recognised in the NHS Foundation Trust's surplus/deficit in the year in which they arise.

Note 1.19 Third Party Assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS foundation trust has no beneficial interest in them. However, they are disclosed in note 20 to the accounts in accordance with the requirements of HM Treasury's *FReM*.

Notes to the Accounts

Note 1.20 Losses and special payments

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

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

Note 1.21 Gifts

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

Note 1.22 Transfers of functions to other NHS bodies

For functions that the trust has transferred to another NHS body, the assets and liabilities transferred are de-recognised from the accounts as at the date of transfer. The net loss gain corresponding to the net assets transferred is recognised within expenses, but not within operating activities. Any revaluation reserve balances attributable to assets de-recognised are transferred to the income and expenditure reserve.

Note 1.23 Critical judgements in applying accounting policies

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

Note 1.24 Sources of estimation uncertainty

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

Revaluation of land, buildings and dwellings

At 31 March 2020 the NHS Foundation Trust's valuers carried out a full revaluation of the land, buildings and dwellings. This has resulted in an upward valuation of these non-current assets by £10.590m, split between a net increase in the revaluation reserve of £2.805m and a reversal of previous impairment charges to operating expenditure of £7.785m. Further details relating to the revaluations are disclosed in note 14. The Trust did not carry out a revaluation in 2018/19.

The valuation exercise was carried out during January and February 2020 with 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.

Valuation of inventory

The Trust is required to carry out stocktaking procedures at the end of financial year to determine a valuation of inventories as set out in note 1.9. As a result of the COVID-19 pandemic the Trust has not been able to carry out a number of manual stocktaking procedures due to access restrictions and social distancing measures that were in place at year end. Where a manual stockcount has not been possible the Trust has estimated the value of inventory at 31 March 2020 based on the value at of the date of the most recent stockcount or previous year end where appropriate and taken into consideration any known changes. The value of inventory which has been subject to this estimation approach at 31 March 2020 is £2.682m.

Notes to the Accounts

Note 1.24 Sources of estimation uncertainty continued

Clinicians pension tax reimbursement

Clinicians who are members of the NHS Pension Scheme and who as a result of work undertaken in this tax year (2019/20) face a tax charge in respect of the growth of their NHS pension benefits above their pension savings annual allowance threshold will be able to have this charge paid by the NHS Pension Scheme.

The Trust has been required to make a contractually binding commitment to pay them a corresponding amount on retirement, ensuring that they are fully compensated in retirement for the effect of the 2019/20 Scheme Pays deduction on their income from the NHS Pension Scheme in retirement.

The Trust has created a provision broadly equal to the tax charge owed by clinicians who want to take advantage of the 2019/20 Commitment. This is offset by a commitment recorded in receivables from NHS England and the Government to fund the payments to clinicians as and when they arise.

The provision and matching receivable have been calculated by estimating the number of clinicians who will apply for the allowance multiplied by a pre-calculated national 'average discounted value per nomination' provided by the Government Actuaries Department and NHS Business Services Authority of £3,345. Based on the headcount of consultants in 2019/20 the Trust has estimated that 239 clinicians will submit an application.

Note 1.25 Early adoption of standards, amendments and interpretations

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

Note 1.26 IFRS Standards that have been issued but have not yet been adopted

The following table presents a list of recently issued IFRS Standards and amendments that have not yet been adopted within the FReM, and are therefore not applicable to Department of Health and Social Care group accounts in 2019/20.

● IFRS 16 Leases:

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

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

On transition to IFRS 16 on 1 April 2021, the trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be a rate defined by HM Treasury. Currently this rate is 1.27% but this may change between now and 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. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. 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.

Notes to the Accounts

Note 1.26 IFRS Standards that have been issued but have not yet been adopted continued

● 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.

Note 2 Operating Segments

All of the activities of the Trust arise form a single business segment, the provision of healthcare, which is an aggregate of all the individual speciality components therein. Similarly the large majority of the Trust's revenue arises from within the UK Government. The majority of expenses incurred are payroll expenditure on staff involved in the production or support of healthcare activities generally across the Trust, together with the related supplies and overheads needed to establish this production. The business activities which earn and incur these expenses are of one broad nature and therefore on this basis one segment "Healthcare" is deemed appropriate.

The operating results of the Foundation Trust are reviewed monthly or more frequently by the Trust's chief operating decision maker which is the overall Foundation Trust Board and which includes professional Non-Executive Directors. The Trust Board review the financial position of the trust as a whole, rather than individual components included in the totals, in terms of allocating resources. This process implies a single operating segment of healthcare in its decision making process.

Notes to the Accounts

Note 3 Operating income from patient care activities

Note 3.1 Income from patient care activities (by nature)

	Group	
		Restated
	2019/20	2018/19
	£000	£000
Acute services		
Elective income	**57,873**	57,565
Non elective income	**111,982**	99,456
First outpatient income	**15,734**	15,712
Follow up outpatient income	**23,010**	21,790
A & E income	**11,948**	9,824
High cost drugs income from commissioners (1)	**31,591**	29,335
Other NHS clinical income (1) (2)	**83,901**	77,163
Community services		
Community services income from CCGs and NHS England	**52,674**	56,498
Income from other sources (e.g. local authorities)	**12,475**	15,497
All services		
Private patient income	**1,382**	1,756
AfC pay award central funding (3)	**0**	4,383
Additional pension contribution central funding (4)	**11,053**	0
COVID-19 Income loss / cost reimbursement (5)	**3,043**	0
Other clinical income	**8,507**	1,957
Total income from patient care activities	**425,173**	390,936

1) In 2018/19 the value of high cost drugs was understated by £23.117m with the income being incorrectly reported as other NHS clinical income. The 2018/19 comparatives have been restated. See note 32.

2) Other NHS clinical income in 2019/20 includes £10m of non-recurrent support funding received from Blackpool CCG.

3) The Trust received funding from the Department of Health and Social Care towards the cost of the 2018/19 pay award.

4) The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. For 2019/20, NHS providers continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. Funding of £11.053m and the related costs have been recognised in these accounts.

5) The Trust has recorded income from NHS England to provide re-imbursement of income reductions and additional revenue costs attributable to the impact of the COVID-19 pandemic. The income relates to a reduction in income for partially completed episodes of patient care at 31 March 2020 due to the cancellation of non-essential patient care activity, and funding for the impact of losses of other income and additional costs arising from the pandemic in March 2020.

Notes to the Accounts

Note 3.2 Income from patient care activities (by source)

	Group	
	2019/20	2018/19
Income from patient care activities received from:	**£000**	£000
NHS England	**108,016**	81,808
Clinical Commissioning Groups	**297,850**	282,443
Department of Health and Social Care	**0**	4,398
Other NHS providers	**2,258**	2,309
NHS Other	**615**	631
Local Authorities	**13,389**	16,385
Non-NHS: private patients	**1,382**	1,756
Non-NHS: overseas patients (chargeable to patient)	**249**	102
Injury cost recovery scheme	**874**	581
Non NHS: other	**540**	523
Total income from patient care activities	**425,173**	390,936

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

	Group	
	2019/20	2018/19
	£000	£000
Income recognised this year	**249**	102
Cash payments received in-year	**105**	107
Amounts added to provision for impairment of receivables	**130**	0

Note 4 Other operating income

		Restated (1)
	2019/20	2018/19
Other operating income from contracts with customers:	**£000**	£000
Research and development (contract)	**1,476**	1,496
Education and training (1)	**9,410**	8,945
Non-patient care services to other bodies (2)	**5,711**	6,691
Provider sustainability fund income (PSF)	**1,093**	5,833
Marginal rate emergency tariff funding (MRET)	**4,196**	0
Income in respect of employee benefits accounted on a gross basis	**3,383**	3,296
Other income (3)	**6,077**	7,735
Other non-contract operating income:		
Donations and grants of physical assets from NHS charities	**451**	21
Total other operating income	**31,797**	34,017

Other notes:

(1) Blackpool Teaching Hospitals NHS Foundation Trust (the Group) host services for the North West Leadership Academy, and Healthier Lancashire and South Cumbria in previous years has accounted for these as the principal. A review of the role of the Group in hosting these services has concluded that the Group is acting in the capacity of an agent, consequently income and costs should be reported on a net basis. See note 32 for further details.

(2) Non-patient care services to other bodies includes service level agreement income from other NHS bodies for estates, IT and payroll services provided by the NHS Foundation Trust.

(3) Sales of goods and services includes income from catering sales, staff accommodation rentals, other property rentals and car parking.

Notes to the Accounts

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

	Group	
	2019/20	2018/19
	£000	£000
Revenue recognised in the reporting year that was included in within contract liabilities at the previous year end	**10,998**	7,586
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous years	**0**	0

Note 5.2 Income from activities arising from commissioner requested services

Under the terms of its provider licence, 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 provider licence and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	Group	
	2019/20	2018/19
	£000	£000
Commissioner requested services	**388,713**	367,344
Non-commissioner requested services	**36,460**	23,592
Total	**425,173**	390,936

Notes to the Accounts

Note 6 Operating expenses

	Group	
		Restated (1)
Note 6.1 Operating expenses comprise	**2019/20**	2018/19
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	**1,427**	1,207
Purchase of healthcare from non-NHS and non-DHSC bodies	**1,742**	1,626
Staff and executive directors costs (2)	**329,818**	290,341
Remuneration of non-executive directors	**181**	193
Supplies and services - clinical (excluding drugs costs)	**43,093**	36,937
Supplies and services - general	**8,399**	7,445
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	**40,802**	37,424
Consultancy costs	**3,126**	4,265
Establishment	**9,640**	6,758
Premises	**16,605**	14,536
Transport (including patient travel)	**2,364**	2,594
Depreciation on property, plant and equipment	**8,501**	6,335
Amortisation on intangible assets	**2,072**	1,318
Net impairments of property, plant and equipment (See note 14)	**(7,785)**	998
Movement in credit loss allowance: contract receivables / contract assets	**1,755**	(246)
Movement in credit loss allowance: all other receivables and investments	**4**	(74)
Decrease in other provisions	**(219)**	359
Change in provisions discount rate(s)	**122**	(21)
Audit fees payable to the external auditor		
audit services- statutory audit	**175**	84
other auditor's remuneration (external auditor only)	**0**	14
Internal audit costs	**130**	88
Clinical negligence	**13,566**	13,956
Legal fees	**344**	184
Insurance	**246**	228
Research and development	**1**	5
Education and training	**897**	913
Rentals under operating leases	**1,405**	1,415
Early retirements	**0**	17
Car parking & security	**394**	409
Hospitality	**92**	37
Losses, ex gratia & special payments	**13**	94
Other	**4,094**	2,767
Total	**483,004**	432,206

(1) Blackpool Teaching Hospitals NHS Foundation Trust (the Group) host services for the North West Leadership Academy, and Healthier Lancashire and South Cumbria in previous years has accounted for these as the principal. A review of the role of the Group in hosting these services has concluded that the Group is acting in the capacity of an agent, consequently income and costs should be reported on a net basis. See note 32 for further details.

(2) The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. For 2019/20, NHS providers continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost of £11.053m and related funding have been recognised in these accounts.

Notes to the Accounts

Note 6.2 Other auditors remuneration

PricewaterhouseCoopers LLP provide statutory audit services to the NHS Foundation Trust and to the Blackpool Teaching Hospitals Charitable Fund. The cost of audit services for the charitable fund are not included in operating expenses but are paid for by the charity. The cost for statutory audit of the charity was £10,800 in 2019/20 (2018/19: £10,800)

PricewaterhouseCoopers LLP have not charged any fee for additional services to the NHS Foundation Trust in 2019/20 for the non-statutory audit of the Quality Accounts (2018/19: £13,800).

Note 6.3 Limitation on auditors' liability (Group)

The audit engagement contract with PricewaterhouseCoopers LLP approved by the Board of Governors contains a £1million limit on their liability for losses or damages in connection with the audit contract for their audit work. This limitation does not apply in the event of losses or damages arising from fraud or dishonesty of PricewaterhouseCoopers LLP.

Note 6.4 Employee benefits

	Group	
		Restated
	2019/20	2018/19
	Total	Total
	£000	£000
Salaries and wages	**238,044**	228,123
Social security costs	**22,846**	21,598
Apprenticeship levy	**1,234**	1,099
Employer's contributions to NHS pensions	**25,740**	25,267
behalf (6.3%)	**11,053**	0
Pension cost - other	**95**	55
Temporary staff (including agency)	**32,106**	14,633
Total employee benefits including capitalised staff costs	**331,118**	290,775
Less costs capitalised as part of assets	**(1,300)**	(434)
Total employee benefits excluding capitalised staff costs	**329,818**	290,341

Employee benefits excluding capitalsed staff costs reconciles to the total of staff and executive directors costs in Note 6.1 Operating expenses.

Blackpool Teaching Hospitals NHS Foundation Trust (the Group) host services for the North West Leadership Academy, and Healthier Lancashire and South Cumbria in previous years has accounted for these as the principal. A review of the role of the Group in hosting these services has concluded that the Group is acting in the capacity of an agent, consequently income and costs should be reported on a net basis and the WTE for the hosted services staff should be excluded. Please see note 32 for further details.

Notes to the Accounts

Note 6.5 Average number of employees (WTE basis)

	Group			
	Permanent Number	Other Number	2019/20 Total Number	Restated 2018/19 Total Number
Medical and dental	564	95	**659**	603
Administration and estates	1,179	27	**1,206**	1,218
Healthcare assistants and other support staff	1,962	1	**1,963**	1,870
Nursing, midwifery and health visiting staff	1,874	122	**1,996**	2,013
Nursing, midwifery and health visiting learners	0	0	**0**	13
Scientific, therapeutic and technical staff	658	11	**669**	643
Healthcare science staff	185	5	**190**	193
Other	8	0	**8**	4
Total average numbers	**6,430**	**261**	**6,691**	6,557
Of which:				
Number of employees (WTE) engaged on capital projects	39	0	**39**	19

Blackpool Teaching Hospitals NHS Foundation Trust (the Group) host services for the North West Leadership Academy, and Healthier Lancashire and South Cumbria in previous years has accounted for these as the principal. A review of the role of the Group in hosting these services has concluded that the Group is acting in the capacity of an agent, consequently income and costs should be reported on a net basis and the WTE for the hosted services staff should be excluded. Please see note 32 for further details.

Additional information on staff and pension costs have been included within the Remuneration Report.

Note 6.6 Retirements due to ill-health (Group)

During 2019/20 there were 3 early retirements from the Trust agreed on the grounds of ill-health (nil in the year ended 31 March 2019). The estimated additional pension liabilities of these ill-health retirements is £119k (nil in 2018/19).

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

Note 6.7 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting year.

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2020, is based on valuation data as 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

Notes to the Accounts

Note 6.7 Pension costs continued

b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019. The Department of Health and Social Care have recently laid Scheme Regulations confirming that the employer contribution rate will increase to 20.6% of pensionable pay from this date.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

National Employment Savings Scheme (NEST)

The Pensions Act 2008 introduced automatic enrolment of eligible workers into a qualifying workplace pension scheme. The National Employment Savings Scheme (NEST) is a defined contribution pension scheme and the Trust has a duty to automatically enrol employees into the scheme, subject to certain criteria. However, the number of enrolments and the level of contributions are not material to the Trust's Accounts.

Note 6.8 Operating leases

Note 6.8.1 Blackpool Teaching Hospitals NHS Foundation Trust (Group and Trust) as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Blackpool Teaching Hospitals NHS Foundation Trust (Group and Trust) is the lessee.

	Group and Trust	
	2019/20	2018/19
	£000	£000
Operating lease expense		
Minimum lease payments	**1,405**	1,415
Total	**1,405**	1,415

	31 March 2020	31 March 2019
	£000	£000
Future minimum lease payments due:		
- not later than one year;	**1,043**	1,380
- later than one year and not later than five years;	**1,499**	1,691
- later than five years.	**280**	357
Total	**2,822**	3,428

6.8.2 Significant leasing arrangements

The significant operating lease arrangements held by the Group and Trust relate to property and medical equipment and are subject to the following terms:

- No transfer of ownership at the end of the lease term.
- No option to purchase at a price significantly below fair value at the end of the lease term.
- Leases are non-cancellable or must be paid in full.
- Lease payments are fixed for the contracted lease term.

Significant operating lease arrangements held by the Group and Trust relate to:	**Annual commitment £000**	Lease term Years
- IT Equipment	282	5
- Endoscopy Equipment	263	7
- Infusion Pumps	153	4
- Decontamination Equipment	125	5
- Fleetwood Hospital Outpatients	77	10

Notes to the Accounts

Note 7 Finance income

Finance income represents interest received on assets and investments for the year.

	Group	
	2019/20	2018/19
	£000	£000
Interest on bank accounts	**191**	149
Total finance income	**191**	149

Note 8 Finance expenses

	Group	
	2019/20	2018/19
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	**1,264**	986
Other loans	**142**	159
Finance leases	**54**	13
Total interest expense	**1,460**	1,158
Unwinding of discount on provisions	**10**	5
Other finance costs	**84**	92
Total finance expenses	**1,554**	1,255

Note 9 Gains/(losses) on disposal of assets

	Group	
	2019/20	2018/19
	£000	£000
Gains on disposal of assets	**46**	**0**
Losses on disposal of assets	**(22)**	**0**
Total gains on disposal of assets	**24**	0

The loss on disposal results from the disposal of equipment assets with a carrying value.
The gain on disposal results from the sale of equipment assets with no carrying value.

Note 10 Trust income statement and statement of comprehensive income

In accordance with Section 408 of the Companies Act 2006, the Trust is exempt from the requirement to present its own income statement and statement of comprehensive income. The Trust's deficit for the year was £29.9 million (2018/19: £11.3 million deficit).

Notes to the Accounts

Note 11 Corporation tax expense

This note discloses the UK corporation tax charge applicable on the ordinary activities of BFW Management Ltd (trading as Atlas).

Corporation Tax only applies to the activities of BFW Management Ltd and therefore the Group. The NHS Foundation Trust is a Health Service Body within the meaning of s519A ICTA 1988 and accordingly is exempt from taxation in respect of income and capital gains within categories covered by this.

	Group 2019/20 £000	Group 2018/19 £000
UK Corporation Tax		
Total current tax charge for the year	**148**	51
Adjustment in respect of prior years, charged in the current year	**8**	0
Deferred Tax		
Origination and reversal of timing differences	**0**	14
Tax expense	**156**	65

Factors affecting the tax charge for the current year

The tax charge is equal to (2018/19: higher) than the standard rate of corporation tax in the UK of 19% (2018/19: 19%), the differences are explained below.

	Group 2019/20 £000	Group 2018/19 £000
Current tax reconciliation	0	0
Profit on ordinary activities before taxation	**781**	336
Tax on profit before taxation at standard UK tax rate of 19% (2018/19: 19%)	**148**	64
Effects of:		
Expenses not deductible for tax purposes	**0**	1
Tax charge for the year	**148**	65

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2015 on 6 September 2016. These include a further reduction in the main rate of corporation tax to the rate reductions enacted in Finance Act 2015. The main rate of corporation tax is now 19% from 1 April 2017 and will remain at this rate for 2020/21 and 2021/22.

Notes to the Accounts

Note 12 Intangible assets

Group - 2019/20	Software licences	Licences & trademarks	Other (purchased)	Total
	£000	£000	£000	£000
Valuation / gross cost at 1 April 2019 - brought forward	**6,464**	**5,168**	**1,746**	**13,378**
Additions	432	747	430	1,609
Valuation / gross cost at 31 March 2020	**6,896**	**5,915**	**2,176**	**14,987**
Amortisation at 1 April 2019 - brought forward	**3,973**	**2,890**	**80**	**6,943**
Provided during the year	909	837	326	2,072
Amortisation at 31 March 2020	**4,882**	**3,727**	**406**	**9,015**
Net book value at 31 March 2020	**2,014**	**2,188**	**1,770**	**5,972**
Net book value at 31 March 2019	2,491	2,278	1,666	6,435

Group - 2018/19	Software licences	Licences & trademarks	Other (purchased)	Total
	£000	£000	£000	£000
Valuation / gross cost at 1 April 2018 - brought forward	**4,890**	**4,208**	**579**	**9,677**
Additions	1,574	960	1,167	3,701
Valuation / gross cost at 31 March 2019	**6,464**	**5,168**	**1,746**	**13,378**
Amortisation at 1 April 2018 - brought forward	**3,464**	**2,138**	**23**	**5,625**
Provided during the year	**509**	**752**	**57**	**1,318**
Amortisation at 31 March 2019	**3,973**	**2,890**	**80**	**6,943**
Net book value at 31 March 2019	**2,491**	**2,278**	**1,666**	**6,435**
Net book value at 31 March 2018	1,426	2,070	556	4,052

In 2018/19 the Trust capitalised development costs associated with the development of operational systems to improve patient flow, these asset were further enhanced during 2019/20 to encompass phase two of the project. These assets will provide operational and financial performance benefits in the current and future years.

Notes to the Accounts

Note 12 Intangible assets continued

Foundation Trust - 2019/20	Software licences £000	Licences & trademarks £000	Other (purchased) £000	Total £000
Valuation / gross cost at 1 April 2019 - brought forward	**6,464**	**5,168**	**1,617**	**13,249**
Additions	432	747	430	1,609
Valuation / gross cost at 31 March 2020	**6,896**	**5,915**	**2,047**	**14,858**
Amortisation at 1 April 2019 - brought forward	**3,974**	**2,890**	**65**	**6,929**
Provided during the year	909	837	317	2,063
Amortisation at 31 March 2020	**4,883**	**3,727**	**382**	**8,992**
Net book value at 31 March 2020	**2,013**	**2,188**	**1,665**	**5,866**
Net book value at 31 March 2019	2,490	2,278	1,552	6,320

Foundation Trust - 2018/19	Software licences £000	Licences & trademarks £000	Other (purchased) £000	Total £000
Valuation / gross cost at 1 April 2018 - brought forward	**4,890**	**4,208**	**450**	**9,548**
Additions	1,574	960	1,167	**3,701**
Valuation / gross cost at 31 March 2019	**6,464**	**5,168**	**1,617**	**13,249**
Amortisation at 1 April 2018 - brought forward	**3,464**	**2,138**	**17**	**5,619**
Provided during the year	510	752	48	1,310
Amortisation at 31 March 2019	**3,974**	**2,890**	**65**	**6,929**
Net book value at 31 March 2019	**2,490**	**2,278**	**1,552**	**6,320**
Net book value at 31 March 2018	1,426	2,070	433	3,929

In 2018/19 the Trust capitalised development costs associated with the development of operational systems to improve patient flow, these asset were further enhanced during 2019/20 to encompass phase two of the project. The assets will provide operational and financial performance benefits in the current and future years.

Notes to the Accounts

Note 13 Property, plant and equipment

Group - 2019/20	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2019 - brought forward	**7,455**	**138,850**	**2,929**	**0**	**34,331**	**86**	**17,912**	**71**	**201,634**
Additions	0	546	0	1,038	8,119	6	8,305	0	**18,014**
Impairments	0	(753)	(54)	0	0	0	0	0	**(807)**
Reversals of impairments	0	605	31	0	0	0	0	0	**636**
Revaluations	0	2,662	314	0	0	0	0	0	**2,976**
Transfer of depreciation to gross book value following revaluation	0	1,722	(130)	0	0	0	0	0	**1,592**
Disposals / derecognition	0	0	0	0	(459)	0	0	0	**(459)**
Valuation/gross cost at 31 March 2020	**7,455**	**143,632**	**3,090**	**1,038**	**41,991**	**92**	**26,217**	**71**	**223,586**
Accumulated depreciation at 1 April 2019 - brought forward	**0**	**2,409**	**57**	0	**21,016**	**80**	**11,395**	**40**	**34,997**
Provided during the year	0	3,654	73	0	2,096	1	2,671	6	**8,501**
Impairments	0	535	0	0	0	0	0	0	**535**
Reversals of impairments	0	(8,320)	0	0	0	0	0	0	**(8,320)**
Transfer of depreciation to gross book value following revaluation	0	1,722	(130)	0	0	0	0	0	**1,592**
Disposals / derecognition	0	0	0	0	(435)	0	0	0	**(435)**
Accumulated depreciation at 31 March 2020	**0**	**0**	**0**	**0**	**22,677**	**81**	**14,066**	**46**	**36,870**
Net book value at 31 March 2020	**7,455**	**143,632**	**3,090**	**1,038**	**19,314**	**11**	**12,151**	**25**	**186,716**
Net book value at 31 March 2019	7,455	136,441	2,872	0	13,315	6	6,517	31	166,637

Property, plant and equipment financing - 2019/20	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020									
Owned - purchased	7,455	141,096	3,090	1,038	16,790	5	11,997	25	181,496
Finance leased	0	0	0	0	1,758	0	0	0	1,758
Owned - donated	0	2,536	0	0	772	0	154	0	3,462
NBV total at 31 March 2020	**7,455**	**143,632**	**3,090**	**1,038**	**19,320**	**5**	**12,151**	**25**	**186,716**

Notes to the Accounts

Note 13 Property, plant and equipment continued

Group - 2018/19	Land	Buildings excluding dwellings	Dwellings	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2018 - brought forward	**7,615**	**138,887**	**2,913**	**30,653**	**80**	**15,702**	**43**	**195,893**
Transfers by absorption	0	0	0	(22)	0	(64)	0	**(86)**
Additions	0	1,587	16	3,700	6	2,274	28	**7,611**
Impairments	(76)	(135)	0	0	0	0	0	**(211)**
Transfer of depreciation to gross book value following revaluation	(84)	(914)	0	0	0	0	0	**(998)**
Transfers to / from assets held for sale	0	(575)	0	0	0	0	0	**(575)**
Valuation/gross cost at 31 March 2019	**7,455**	**138,850**	**2,929**	**34,331**	**86**	**17,912**	**71**	**201,634**
Accumulated depreciation at 1 April 2018 - brought forward	**0**	**0**	**0**	**19,243**	**80**	**9,340**	**35**	**28,698**
Transfers by absorption	0	0	0	(7)	0	(29)	0	**(36)**
Provided during the year	0	2,409	57	1,780	0	2,084	5	**6,335**
Impairments	84	914	0	0	0	0	0	**998**
Transfer of depreciation to gross book value following revaluation	(84)	(914)	0	0	0	0	0	**(998)**
Accumulated depreciation at 31 March 2019	**0**	**2,409**	**57**	**21,016**	**80**	**11,395**	**40**	**34,997**
Net book value at 31 March 2019	**7,455**	**136,441**	**2,872**	**13,315**	**6**	**6,517**	**31**	**166,637**
Net book value at 31 March 2018	7,615	138,887	2,913	11,410	0	6,362	8	167,195

Property, plant and equipment financing - 2018/19	Land	Buildings excluding dwellings	Dwellings	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2019								
Owned - purchased	7,455	134,053	2,872	11,060	6	6,456	31	**161,933**
Finance leased	0	0	0	1,682	0	0	0	**1,682**
Owned - donated	0	2,388	0	573	0	61	0	**3,022**
NBV total at 31 March 2019	**7,455**	**136,441**	**2,872**	**13,315**	**6**	**6,517**	**31**	**166,637**

Notes to the Accounts

Note 13 Property, plant and equipment continued

Foundation Trust - 2019/20	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2019 - brought forward	**7,455**	**138,850**	**2,929**	**0**	**32,527**	**80**	**17,906**	**71**	**199,818**
Additions	0	546	0	1,038	7,921	6	8,305	0	**17,816**
Impairments	0	(753)	(54)	0	0	0	0	0	**(807)**
Reversals of impairments	0	605	31	0	0	0	0	0	**636**
Revaluations	0	6,106	314	0	0	0	0	0	**6,420**
Transfer of depreciation to gross book value following revaluation	0	(1,722)	(130)	0	0	0	0	0	**(1,852)**
Disposals / derecognition	0	0	0	0	(459)	0	0	0	**(459)**
Valuation/gross cost at 31 March 2020	**7,455**	**143,632**	**3,090**	**1,038**	**39,989**	**86**	**26,211**	**71**	**221,572**
Accumulated depreciation at 1 April 2019 - brought forward	**0**	**2,409**	**57**	**0**	**20,973**	**80**	**11,393**	**40**	**34,952**
Provided during the year	0	3,654	73	0	1,969	1	2,671	6	**8,374**
Impairments	0	535	0	0	0	0	0	0	**535**
Reversals of impairments	0	(8,320)	0	0	0	0	0	0	**(8,320)**
Transfer of depreciation to gross book value following revaluation	0	1,722	(130)	0	0	0	0	0	**1,592**
Disposals / derecognition	0	0	0	0	(435)	0	0	0	**(435)**
Accumulated depreciation at 31 March 2020	**0**	**0**	**0**	**0**	**22,507**	**81**	**14,064**	**46**	**36,698**
Net book value at 31 March 2020	**7,455**	**143,632**	**3,090**	**1,038**	**17,482**	**5**	**12,147**	**25**	**184,874**
Net book value at 31 March 2019	**7,455**	**136,441**	**2,872**	**0**	**11,554**	**0**	**6,513**	**31**	**164,866**

Property, plant and equipment financing - 2019/20	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2020									
Owned - purchased	7,455	141,096	3,090	1,038	16,710	5	11,993	25	**181,412**
Owned - donated	0	2,536	0	0	772	0	154	0	**3,462**
NBV total at 31 March 2020	**7,455**	**143,632**	**3,090**	**1,038**	**17,482**	**5**	**12,147**	**25**	**184,874**

Notes to the Accounts

Note 13 Property, plant and equipment continued

Foundation Trust - 2018/19	Land £000	Buildings excluding dwellings £000	Dwellings £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation / gross cost at 1 April 2018 - brought forward	**7,615**	**138,887**	**2,913**	**30,648**	**80**	**15,696**	**43**	**195,882**
Transfers by absorption	0	0	0	(22)	0	(64)	0	**(86)**
Additions	0	1,587	16	1,901	0	2,274	28	**5,806**
Impairments	(76)	(135)	0	0	0	0	0	**(211)**
Transfer of depreciation to gross book value following revaluation	(84)	(914)	0	0	0	0	0	**(998)**
Transfers to/ from assets held for sale	0	(575)	0	0	0	0	0	**(575)**
Valuation/gross cost at 31 March 2019	**7,455**	**138,850**	**2,929**	**32,527**	**80**	**17,906**	**71**	**199,818**
Accumulated depreciation at 1 April 2018 - brought forward	**0**	**0**	**0**	**19,243**	**80**	**9,340**	**35**	**28,698**
Transfers by absorption	0	0	0	(7)	0	(29)	0	**(36)**
Provided during the year	0	2,409	57	1,737	0	2,082	5	**6,290**
Impairments	84	914	0	0	0	0	0	**998**
Transfer of depreciation to gross book value following revaluation	(84)	(914)	0	0	0	0	0	**(998)**
Accumulated depreciation at 31 March 2019	**0**	**2,409**	**57**	**20,973**	**80**	**11,393**	**40**	**34,952**
Net book value at 31 March 2019	**7,455**	**136,441**	**2,872**	**11,554**	**0**	**6,513**	**31**	**164,866**
Net book value at 31 March 2018	**7,615**	**138,887**	**2,913**	**11,405**	**0**	**6,356**	**8**	**167,184**

Property, plant and equipment financing - 2018/19	Land £000	Buildings excluding dwellings £000	Dwellings £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2019								
Owned - purchased	7,455	134,053	2,872	10,981	0	6,452	31	**161,844**
Owned - donated	0	2,388	0	573	0	61	0	**3,022**
NBV total at 31 March 2019	**7,455**	**136,441**	**2,872**	**11,554**	**0**	**6,513**	**31**	**164,866**

Notes to the Accounts

Note 14 Revaluation and impairment of property, plant and equipment

Land and buildings (including dwellings) valuations are carried out by professionally qualified valuers (Cushman & Wakefield) in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual.

During January and February 2020 the Trust's valuers carried out a full site revaluation with 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.

The revaluation that took place at 31 March 2020 and reported in the 2019/20 Annual Accounts resulted in market value revaluation gains that reverse market value impairments charged to operating expenses in previous years. Gains up to the value of any previous impairment on the same asset were recognised in operating expenses with any excess being recognised in the revaluation reserve.

The impact of the revaluation on charges to operating expenses and reserves is as follows (Group and Foundation Trust):

	2019/20	2018/19
	£000	£000
Revaluation gains recognised in the revaluation reserve	**(2,976)**	0
Impairments charged to the revaluation reserve	**171**	211
Impairments recognised in operating expenses	**535**	998
Reversal of previous impairments recognised in operating expenses	**(8,320)**	0
	(10,590)	1,209

Note 15 Investments

Blackpool Teaching Hospitals NHS Foundation Trust is the sole shareholder of BFW Management Ltd (trading as Atlas). The Trust owns of 100 ordinary £1 shares. The principal activity of BFW Management Ltd is to provide estate management and facilities services.

Note 16 Inventories

	Group		**Foundation Trust**	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	£000	£000	**£000**	£000
Drugs	**897**	671	**897**	671
Consumables	**5,104**	4,924	**2,405**	2,029
Other	**2,887**	6,664	**2,887**	6,664
Total inventories	**8,888**	12,259	**6,189**	9,364

Inventories recognised in expenses for the year were £37,020k (2018/19: £30,129k). Write-down of inventories recognised as expenses for the year were £0k (2018/19: £0k). There is no provision against inventory as at 31 March 2020 (31 March 2019: Nil).
During 2018/19 the Trust recognised additional inventory of £3,779k relating to items where the economic benefit will be consumed over more than one year. Following a review of its inventory policy the Trust has reversed all the additional inventory items in 2019/20 with the exception of theatre trays. All inventory in the other category (theatre trays) have been valued at 50% of cost. The Trust is continuing to review inventory levels to ensure that costs are accounted for in the year that the economic benefit is consumed.

Notes to the Accounts

Note 17 Receivables

Note 17.1 Trade receivables and other receivables	Group 31 March 2020 £000	Group 31 March 2019 £000	Foundation Trust 31 March 2020 £000	Foundation Trust 31 March 2019 £000
Current				
Contract receivables (1)	26,016	18,558	**27,208**	21,769
Contract assets (2)	**2,575**	7,546	**2,575**	7,546
Allowance for impaired contract receivables / assets	**(2,165)**	(410)	**(2,165)**	(410)
Prepayments (non-PFI)	**1,770**	3,079	**3,295**	1,211
Interest receivable	**5**	10	**5**	10
PDC dividend receivable	**0**	270	**0**	270
VAT receivable	**385**	0	**1,101**	241
Clinician pension tax provision reimbursement funding from NHSE (3)	**147**	0	**147**	0
Other receivables (4)	**1,700**	1,530	**1,699**	1,545
Total current receivables	**30,433**	30,583	**33,865**	32,182
Non-current				
Allowance for other impaired receivables	**(465)**	(461)	**(465)**	(461)
Clinician pension tax provision reimbursement funding from NHSE (3)	**652**	0	**652**	0
Other receivables	**885**	852	**885**	852
Total non-current receivables	**1,072**	391	**1,072**	391
Of which receivables from NHS and DHSC group bodies:				
Current	**24,888**	19,952	**23,522**	18,412
Non-current	**652**	0	**652**	0

1) Contract receivables includes an accrual of £2,875k for income due from NHS England to reimburse the Trust for additional costs and loss of income attributable to the COVID-19 pandemic.

2) Contract assets at 31st March 2020 relates to an accrual for income recognised by the Trust for partially completed episodes of patient care (2018/19: £4,705k). The income accrued is lower than at the 31st March 2019 due to the cancellation on non-essential services in response to the COVID-19 pandemic.

Contract assets at 31st March 2019 included an amount due from the Provider Sustainability Fund (PSF) of £2,841k. The Trust did not meet the performance criteria in 2019/20 to accrue additional PSF income.

3) Clinicians who are members of the NHS Pension Scheme and who as a result of work undertaken in this tax year (2019/20) face a tax charge in respect of the growth of their NHS pension benefits above their pension savings annual allowance threshold will be able to have this charge paid by the NHS Pension Scheme.

The Trust has created a provision broadly equal to the tax charge owed by clinicians who want to take advantage of the 2019/20 Commitment See note 24). This is offset by a receivables balance from NHS England as there has been a commitment by the Government to fund the payments to clinicians as and when they arise.

4) The NHS Foundation Trust has an amount receivable of £2,135k (2018/19 £2,101k) from the Compensation Recovery Unit (CRU) in respect of charges due under the NHS Injury Scheme. The NHS Foundation Trust recovers approximately £1,250k each year and this amount has been classified as current with £885k classified as non-current and included in other receivables.

Notes to the Accounts

Note 17 Receivables

Note 17.2 Allowances for credit losses

	Group		Foundation Trust	
	Contract receivables and contract assets	**All other receivables**	**Contract receivables and contract assets**	**All other receivables**
	£000	**£000**	**£000**	**£000**
Allowances as at 1 Apr 2019 - brought forward	**410**	**461**	**410**	**461**
New allowances arising	**1,851**	**4**	**1,851**	**4**
Reversals of allowances	**(96)**	**0**	**(96)**	**0**
Allowances as at 31 Mar 2020	**2,165**	**465**	**2,165**	**465**

The increase in credit loss allowances reflects an increase in aged commissioner debt and contract risks. Allowances have also been increased relating to recoverability of private patient and overseas visitor charges.

Note 17.3 Allowances for credit losses 2018/19

	Group		Foundation Trust	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 Apr 2018 - as previously stated	0	1,191	0	1,191
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	656	(656)	656	(656)
New allowances arising	192	0	192	0
Reversals of allowances	(438)	(74)	(438)	(74)
Allowances as at 31 Mar 2019	410	461	410	461

Note 18 Non-current assets held for sale and assets in disposal groups

	Group		Foundation Trust	
	2019/20	2018/19	**2019/20**	2018/19
	£000	£000	**£000**	£000
NBV of non-current assets for sale and assets in disposal groups at 1 April	**0**	0	**0**	0
Assets classified as available for sale in the year	**0**	575	**0**	575
Assets sold in year	**0**	(575)	**0**	(575)
NBV of non-current assets for sale and assets in disposal groups at 31 March	**0**	0	**0**	0

During 2018/19 the Trust re-categorised Fleetwood Hospital as an asset held for sale valued at £575k. Completion of the sale took place on 22nd November 2018 with proceeds received of £575k.

Notes to the Accounts

Note 19 Cash and cash equivalents

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

	Group		Foundation Trust	
	2019/20	2018/19	**2019/20**	2018/19
	£000	£000	**£000**	£000
At 1 April	**15,586**	3,314	**13,534**	1,916
Net change in year	**11,863**	12,272	**9,490**	11,618
At 31 March	**27,449**	15,586	**23,024**	13,534
Broken down into:				
Cash in transit and in hand	**33**	75	**33**	75
Cash with the Government Banking Service	**27,416**	15,511	**22,991**	13,459
Total cash and cash equivalents as in SoFP	**27,449**	15,586	**23,024**	13,534

Note 20 Third party assets held by the trust

The NHS Foundation Trust held the following cash and cash equivalents on behalf of third parties which have been excluded from cash and cash equivalents in the NHS Foundation Trust's statement of financial position:

	Group and Trust	
	31 March 2020	31 March 2019
	£000	£000
Patients' monies	**3**	6
Blackpool Teaching Hospitals Charitable Fund	**1,815**	1,516
Total third party assets	**1,818**	1,522

Note 21 Trade and other payables

	Group		Foundation Trust	
		Restated		Restated
Note 21.1 Trade and other payables	**31 March 2020**	31 March 2019	**31 March 2020**	31 March 2019
	£000	£000	**£000**	£000
Current				
Trade payables	**32,741**	27,698	**32,259**	29,584
Capital payables	**9,108**	3,342	**9,108**	3,342
Accruals	**17,961**	15,574	**16,123**	11,458
Receipts in advance (including payments on account)	**1,857**	3,293	**1,857**	3,293
Social security costs	**6,783**	5,920	**6,691**	5,830
VAT payables	**0**	581	**0**	0
Corporation tax payable	**149**	49	**0**	0
PDC dividend payable	**138**	0	138	0
Total current trade and other payables	**68,737**	56,457	**66,176**	53,507
Non-current				
Receipts in advance (including payments on account)	**1,500**	1,500	**1,500**	1,500
Deferred tax	**16**	16	**0**	0
Total non-current trade and other payables	**1,516**	1,516	**1,500**	1,500
Of which payables from NHS and DHSC group bodies (no non-current):	**13,177**	**9,174**	**12,851**	**8,707**

Notes to the Accounts

Note 21 Trade and other payables continued

Note 21.2 Movement in deferred tax liability

	Group		Foundation Trust	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	£000	£000	**£000**	£000
Deferred tax liability at beginning of year	**16**	2	**0**	0
Charge to the statement of comprehensive income in the year	**0**	14	**0**	0
Deferred tax liability at end of year	**16**	16	**0**	0
The deferred tax liability consists of:				
Accelerated capital allowances	**16**	16	**0**	0

Note 22 Other liabilities

	Group		Foundation Trust	
		Restated		Restated
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	£000	£000	**£000**	£000
Current				
Deferred income - contract liabilities	**7,733**	10,998	**7,517**	10,855
Total other current liabilities	**7,733**	10,998	**7,517**	**10,855**
Non-current				
Deferred income - contract liabilities	**0**	0	**0**	0
Total other liabilities	**7,733**	10,998	**7,517**	10,855

In 2018/19 the NHS Foundation Trust received payment of £4,511k from Blackpool Council in respect of the 2019/20 public health contract. There has been no receipt of contract payments for 2020/21 in 2019/20.

Notes to the Accounts

Note 23 Borrowings

	Group		Foundation Trust	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	£000	£000	**£000**	£000
Current				
Loans from DHSC	**71,204**	3,319	**71,204**	3,319
Other loans	**1,452**	996	**1,452**	996
Obligations under finance leases	**105**	92	**0**	0
Total current borrowings	**72,761**	4,407	**72,656**	4,315
Non-current				
Loans from DHSC	**26,231**	50,337	**26,231**	50,337
Other loans	**5,538**	6,923	**5,538**	6,923
Obligations under finance leases	**1,659**	1,575	**0**	0
Total non-current borrowings	**33,428**	58,835	**31,769**	57,260

Further information on borrowings

Analysis of DHSC loans	**Original Value** **£000**	**Interest Rate** **%**	**Term** **Years**	**Balance at 31 March 2020 *** **£000**
Normal course of business loans				
Capital loan 1: Agreement dated 6 March 2009	25,000	3.70	25	15,237
Capital loan 2: Agreement dated 26 July 2012	16,500	2.06	25	12,109
Capital loan 3: Agreement dated 7 October 2013	9,250	1.42	8	2,182
Interim loans (1):				
Revenue Support: Agreement dated 6 March 2019	20,883	1.50	3	19,512
Revenue Support: Agreement dated 13 January 2020	8,032	1.50	3	8,058
Revenue Support: Agreement dated 10 February 2020	18,062	1.50	3	18,094
Revenue Support: Agreement dated 16 March 2020	16,231	1.50	3	16,241
Capital: Agreement dated 16 March 2020	6,000	0.81	25	6,002
Analysis of other loans				
Blackpool Council Loan: Agreement dated 7 July 2017	9,230	1.96	10	6,990
Analysis of finance leases				
Siemens Financial Services Ltd: Agreement dated 16 May 2018	1,723	0.82	15	1,764

* Includes accrued interest at 31 March 2020

1) On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Given this relates to liabilities that existed at 31 March 2020, DHSC has updated its Group Accounting Manual to advise this is considered an adjusting event after the reporting period for providers. Outstanding interim loans totalling £67,909,760 as at 31 March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.

Notes to the Accounts

Note 23 Borrowings continued

Note 23.1 Reconciliation of liabilities arising from financing activities

Group	DHSC loans	Other loans	Finance leases	Total
	£000	£000	£000	£000
Carrying value at 1 April 2019	53,656	7,919	1,667	**63,242**
Cash movements:				
Financing cash flows - receipt of principal	48,325	0	0	**48,325**
Financing cash flows - payments of principal	(4,604)	(923)	(98)	**(5,625)**
Financing cash flows - payments of interest	(1,203)	(149)	(54)	**(1,406)**
Non-cash movements:				
Additions	0	0	195	**195**
Interest charge arising in the year	1,261	143	54	**1,458**
Carrying value at 31 March 2020	**97,435**	**6,990**	**1,764**	**106,189**

Trust	DHSC loans	Other loans	Finance leases	Total
	£000	£000	£000	£000
Carrying value at 1 April 2019	53,656	7,919	0	**61,575**
Cash movements:				
Financing cash flows - receipt of principal	48,325	0	0	**48,325**
Financing cash flows - payments of principal	(4,604)	(923)	0	**(5,527)**
Financing cash flows - payments of interest	(1,203)	(149)	0	**(1,352)**
Non-cash movements:				
Interest charge arising in the year	1,261	143	0	**1,404**
Carrying value at 31 March 2020	**97,435**	**6,990**	**0**	**104,425**

Note 23.2 Finance leases

Obligations under finance leases where the Group is the lessee	**Group**	
	2020	2019
	£000	£000
Gross lease liabilities	**2,198**	2101
of which liabilities are due:		
- not later than one year;	**161**	145
- later than one year and not later than five years;	**645**	579
- later than five years.	**1,392**	1,377
Finance charges allocated to future periods	**(434)**	(434)
Net lease liabilities	**1,764**	1,667
of which payable:		
- not later than one year;	**105**	92
- later than one year and not later than five years;	**453**	396
- later than five years.	**1,206**	1,179

BFW Management Ltd have entered into a 15 year finance lease agreement for the rental of beds and mattresses as part of a bed replacement programme provided as part of the fully managed facility service to the Foundation Trust.

There are no finance leases in the Foundation Trust (2018/19: Nil)

Notes to the Accounts

Note 24 Provisions (Group and Trust)

	Pensions relating to other staff	Permanent Injury Benefit	Staff & Occupiers Liability	Clinicians Pension tax	Other	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2019	**79**	**1,216**	**125**	**0**	**646**	**2,066**
Change in the discount rate	1	121	0	0	0	**122**
Arising during the year	0	403	89	799	0	**1,291**
Utilised during the year	(16)	(97)	(23)	0	0	**(136)**
Reversed unused	0	0	(65)	0	(646)	**(711)**
Unwinding of discount	1	9	0	0	0	**10**
At 31 March 2020	**65**	**1,652**	**126**	**799**	**0**	**2,642**
Expected timing of cash flows:						
- not later than one year;	15	95	126	147	0	**383**
- later than one year and not later than five years;	37	384	0	107	0	**528**
- later than five years.	13	1,173	0	545	0	**1,731**
Total	**65**	**1,652**	**126**	**799**	**0**	**2,642**

Pensions relating to other staff / Permanent Injury Benefit
These provisions are stated at the present value of future amounts estimated as payable using life expectancy tables provided by the Office of National Statistics. Payments are made on a quarterly basis to the NHS Pension Scheme and NHS Injury Benefit Scheme respectively.

During 2019/20 the NHS Foundation Trust has provided for one new Permanent Injury Benefit case.

Staff and Occupiers Liability
This provision represents an estimate of the amounts payable by the NHS Foundation Trust in relation to the excess on claims for injury to third parties. In return for an annual contribution from the NHS Foundation Trust to NHS Resolution, the claims are settled by NHS Resolution on the NHS Foundation Trust's behalf and excess amounts charged to the NHS Foundation Trust at that point.

Clinicians pension tax
Clinicians who are members of the NHS Pension Scheme and who as a result of work undertaken in this tax year (2019/20) face a tax charge in respect of the growth of their NHS pension benefits above their pension savings annual allowance threshold will be able to have this charge paid by the NHS Pension Scheme.

The Trust has been required to make a contractually binding commitment to pay them a corresponding amount on retirement, ensuring that they are fully compensated in retirement for the effect of the 2019/20 Scheme Pays deduction on their income from the NHS Pension Scheme in retirement.

The Trust has created a provision broadly equal to the tax charge owed by clinicians who want to take advantage of the 2019/20 Commitment. This is offset by a receivables balance from NHS England as there has been a commitment by the Government to fund the payments to clinicians as and when they arise.

Note 25 Clinical negligence liabilities (Group and Trust)

At 31 March 2020, £315,521k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Blackpool Teaching Hospitals NHS Foundation Trust (31 March 2019: £262,908k). The NHS Foundation Trust is not liable for any excess charges under the terms of the Clinical Negligence Scheme for Trusts.

Notes to the Accounts

Note 26 Contingent assets and liabilities

	Group		Foundation Trust	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	£000	£000	**£000**	£000
Value of contingent liabilities				
NHS Resolution legal claims	(75)	(63)	**(75)**	(63)
Value of contingent liabilities	**(75)**	(63)	**(75)**	(63)

This is the maximum potential liability for Staff and Occupiers Liability, which represents the difference between the balance provided and the excess due to NHS Resolution scheme of which the NHS Foundation Trust is a member. This estimate is based on an assessment of the outcome of each case and as such may vary up to the point of settlement or withdrawal. Costs are charged to the NHS Foundation Trust up to the value of the excess by NHS Resolution as they are incurred.

The Group and Trust has no contingent assets.

Note 27 Contractual capital commitments

	Group		Trust	
	31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
	£000	**£000**	**£000**	£000
Property, plant and equipment	**2,178**	766	**2,178**	766
Total contractual capital commitments	**2,178**	766	**2,178**	766

Prior to 31 March 2020 the Trust had made commitments to purchase equipment that suppliers were unable to fulfil before the end of the financial year due to impact of the coronavuirus pandemic.

Note 28 Financial Instruments

Although the Group does not hold or deal in complex financial instruments, it is required to comment upon its exposure to credit, liquidity and market risk and how those risks are managed.

Credit Risk

The majority of the Group's income is due from NHS commissioners and is subject to legally binding contracts which limits credit risk. Non-NHS customers do not represent a large proportion of total income and the majority of these customers are organisations that are unlikely to cease trading in the short term or default on payments - e.g. universities, local councils, insurance companies, etc.

The carrying amount of financial assets (see note 28.1) represents the maximum credit exposure.

The Group's treasury management operations are carried out by the finance department, within parameters defined formally within the Group's standing financial instructions and policies agreed by the board of directors. The Group's treasury activity is subject to review by the Group's internal auditors.

The Group ensures that daily cash flows are examined and cash forecasts are prepared to identify risks at an early stage ensure appropriate action is taken on a timely basis. The Group has a Cash Committee which meets monthly to monitor cash performance and forecast. The Cash Committee is monitored by the Finance Committee.

Liquidity Risk

The Group is exposed to liquidity risk in that it needs to maintain sufficient cash balances to meet payable obligations in order to ensure continuity of service. However, that risk is mitigated by the regular monthly receipt of contractual cash from NHS commissioners. Where the Group is unable to maintain sufficient cash balances the it may apply for financial assistance from the Secretary of State under section 42a of the National Health Service Act 2006.

Market Risk

As the Group does not deal in currencies, invest cash over the long term, borrow at variable rates or hold any equity investments in companies (other than its own subsidiary) its exposure to market risk (either interest rate, currency or price) is limited.

Foreign Exchange Risk

All financial assets and liabilities are recorded in sterling. Therefore the Group has no exposure to foreign exchange risks.

Notes to the Accounts

Note 28.1 Carrying values of financial assets

Group	Held at amortised cost £000	Total book value £000
Carrying values of financial assets as at 31 March 2020		
Trade and other receivables excluding non financial assets	29,295	**29,295**
Cash and cash equivalents	27,449	**27,449**
Total at 31 March 2020	56,744	**56,744**

Foundation Trust	Held at amortised cost £000	Total book value £000
Carrying values of financial assets as at 31 March 2020		
Trade and other receivables excluding non financial assets	30,486	**30,486**
Cash and cash equivalents	23,024	**23,024**
Total at 31 March 2020	**53,510**	**53,510**

Note 28.2 Carrying values of financial liabilities

Group	Held at amortised cost £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2020		
Loans from the Department of Health and Social Care	97,435	**97,435**
Other borrowings excluding finance leases	6,990	**6,990**
Obligations under finance leases	1,764	**1,764**
Trade and other payables	59,810	**59,810**
Total at 31 March 2020	**165,999**	**165,999**

Foundation Trust	Held at amortised cost £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2020		
Loans from the Department of Health and Social Care	97,435	**97,435**
Other borrowings excluding finance leases	6,990	**6,990**
Trade and other payables	57,494	**57,494**
Total at 31 March 2020	**161,919**	**161,919**

The NHS Foundation Trust has eight loans with the Department of Health and Social Care (DHSC), and one loan with Blackpool Council categorised within financial liabilities. The carrying value of the liability is considered to approximate to fair value as the DHSC and Blackpool Council arrangements are of a fixed interest rate and equal instalment repayment feature and the interest rate is not materially different to the discount rate.

Notes to the Accounts

Note 28 Financial Instruments continued

Note 28.3 Maturity of financial liabilities

	Group		Foundation Trust	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	£000	£000	**£000**	£000
In one year or less	**132,569**	50,377	**130,150**	43,173
In more than one year but not more than two years	**3,531**	4,241	**3,420**	4,147
In more than two years but not more than five years	**8,429**	29,311	**8,087**	29,008
In more than five years	**21,470**	25,283	**20,262**	24,105
Total	**165,999**	109,212	**161,919**	100,433

Note 29 Losses and special payments

	2019/20		2018/19	
Group	**Total number of cases**	**Total value of cases**	Total number of cases	Total value of cases
	Number	**£000**	Number	£000
Losses				
Bad debts and claims abandoned	**0**	**0**	0	0
Total losses	**0**	**0**	0	0
Special payments				
Ex-gratia payments	**37**	**13**	49	94
Total special payments	**37**	**13**	49	94
Total losses and special payments	**37**	**13**	49	94

Note 30 Related parties

Parent

The NHS Foundation Trust is a public benefit corporation established under the NHS Act 2006, and the Department of Health and Social Care are the Trust's parent. The Trust is therefore a related party to all bodies within the government accounts boundary.

Whole of Government Accounts Bodies

All government bodies which fall within the whole of government accounts boundary are regarded as related parties because they are all under the common control of HM Government and Parliament. This includes, for example, all NHS bodies, all local authorities and central government bodies. The main bodies with whom the Group has had transactions are those with which the Group has received income above £1m during the year. These are:

NHS Bodies
NHS Blackpool CCG
NHS Fylde & Wyre CCG
NHS England
Health Education England
NHS Resolution
NHS Property Services
Lancashire Teaching Hospitals NHSFT
East Lancashire Hospitals NHST

Local Authorities
Blackpool Unitary Authority
Lancashire County Council

Central Government
HM Revenue & Customs
NHS Pension Scheme

Notes to the Accounts

Note 30 Related parties continued

Non Whole of Government Accounts Bodies

The NHS Foundation Trust has a number of related parties with non Whole of Government Accounts (WGA) bodies where Directors hold positions, such as at Universities. The Trust's Teaching Hospitals status was achieved through collaboration with the University of Liverpool, therefore this entity is treated as a related party. NHS Shared Business Services is classed as a related party to the NHS although it is outside the WGA boundary. The NHS Foundation Trust has had transactions with these bodies as set out below:

	Income		Receivables	
			31 March	31 March
	2019/20	2018/19	**2020**	2019
	£000	£000	**£000**	£000
University of Central Lancashire	**142**	203	**34**	0
Lancaster University	**21**	7	**12**	7
Boston Scientific Ltd	**7**	0	**5**	0
Medtronic Ltd	**2**	0	**0**	0
Blackpool Coastal Housing	**0**	22	**0**	27
University of Liverpool	**0**	25	**0**	0
Fylde Coast Womens Aid	**0**	0	**0**	0
NHS Shared Business Services	**0**	0	**0**	0
Blackpool Carers Centre	**0**	0	**0**	0
	172	257	**51**	34

	Expenditure		Payables	
	2019/20	2018/19	**2020**	2019
	£000	£000	**£000**	£000
University of Central Lancashire	**335**	352	**47**	16
Lancaster University	**113**	60	**74**	0
Boston Scientific Ltd	**430**	0	**30**	0
Medtronic Ltd	**1,596**	0	**0**	0
Blackpool Coastal Housing	**0**	0	**0**	0
University of Liverpool	**0**	0	**0**	0
Fylde Coast Womens Aid	**64**	30	**0**	2
NHS Shared Business Services	**0**	57	**0**	42
Blackpool Carers Centre	**0**	1	**0**	0
	2,538	500	**151**	60

Key management personnel

During the year reported in these accounts, none of the Board Members, Governors or key management staff have undertaken any material transactions with the Group. Details of Directors' remuneration and other benefits are included in the Annual Report's Remuneration Report.

Charitable Fund

The NHS Foundation Trust has also received revenue and capital payments from Blackpool Teaching Hospitals Charitable Fund and related charities (formerly Blackpool, Fylde and Wyre Hospitals Charitable Fund). The Charity is registered with the Charity Commissioners (Registered Charity 1051570) and has its own Trustees drawn from the NHS Foundation Trust Board.

Transactions with the fund are as follows:

	2019/20	2018/19
	£000	£000
Donations received from the charitable fund, recognised as income	**451**	21
Amounts receivable from the fund as at 31st March	**50**	128

The amount receivable at 31 March is not secured and is not subject to particular terms and conditions.

Notes to the Accounts

Note 31 Losses arising from transfers by absorption

On 1 October 2018 the provision of northern community services transferred from the NHS Foundation Trust to University Hospitals of Morecambe Bay NHS Foundation Trust.

The NHS Foundation Trust have accounted the transfer of assets used in the provision of this service as a loss on transfer by absorption. A loss of £57k has been reported in the Statement of Comprehensive Income for 2018/19 relating to:

	2019/20	2018/19
	£000	£000
Transfer of property, plant and equipment	**0**	50
Transfer of inventories	**0**	7
Total loss on transfer by absorption	**0**	57

Note 32 Restatement

The Statement of Consolidated Comprehensive Income, Statement of Financial Position, and Statement of Cash Flows have been restated to reflect the following prior period adjustments:

Hosted services

Blackpool Teaching Hospitals NHS Foundation Trust (the Group) host services for the North West Leadership Academy, and Healthier Lancashire and South Cumbria in previous years has accounted for these as the principal. A review of the role of the Group in hosting these services has concluded that the Group is acting in the capacity of an agent, consequently income and costs should be reported on a net basis.

A prior period restatement has been made to account for these services as the agent. This has requires a decrease in turnover and expenditure stated in the Statement of Consolidated Comprehensive Income of £9,062k.

As at 31 March 2019, the Group Statement of Financial Position reported deferred income of £4,793k in respect of the North West Leadership Academy. This has been transferred to payables and disclosed as a receipt in advance.

The impact of the prior year adjustments on the accounts is shown below.

The Statement of Consolidated Comprehensive Income has been updated as follows:

	Reported total	**Adjustment**	**Restated total**
	2018/19	**2018/19**	**2018/19**
	£000	**£000**	**£000**
Other operating income	43,079	(9,062)	34,017
Operating expenses	(441,268)	9,062	(432,206)
Operating deficit from continuing operations	(7,253)	0	(7,253)

Notes to the Accounts

Note 32 Restatement continued

The Statement of Financial Position has been updated as follows:

	Group		
	Reported balance 31 March 2019 £000	Adjustment 31 March 2019 £000	Restated balance 31 March 2019 £000
Current liabilities			
Trade and other payables	(53,164)	(3,293)	(56,457)
Other liabilities	(14,291)	3,293	(10,998)
Total assets less current liabilities	159,165	0	159,165
Non-current liabilities			
Trade and other payables	(16)	(1,500)	(1,516)
Other liabilities	(1,500)	1,500	0
Total assets employed	97,612	0	97,612

	Trust		
	Reported balance 31 March 2019 £000	Adjustment 31 March 2019 £000	Restated balance 31 March 2019 £000
Current liabilities			
Trade and other payables	(50,214)	(3,293)	(53,507)
Other liabilities	(14,148)	3,293	(10,855)
Total assets less current liabilities	157,116	0	157,116
Non-current liabilities			
Trade and other payables	0	(1,500)	(1,500)
Other liabilities	(1,500)	1,500	0
Total assets employed	97,154	0	97,154

The Statement of Cash Flows has been updated as follows:

	Group		
	Reported total 2018/19 £000	Adjustment 2018/19 £000	Restated total 2018/19 £000
Cash flows from operating activities			
Increase in trade and other payables	5,274	237	5,511
Decrease in other liabilities	3,649	(237)	3,412
Net cash flows generated from operating activities	7,086	0	7,086

Notes to the Accounts

Note 32 Restatement continued

The Statement of Cash Flows has been updated as follows (continued):

	Trust		
	Reported total 2018/19 £000	Adjustment 2018/19 £000	Restated total 2018/19 £000
Cash flows from operating activities			
Increase in trade and other payables	2,976	237	3,213
Decrease in other liabilities	3,506	(237)	3,269
Net cash flows generated from operating activities	6,296	0	6,296

A prior year restatement to the 2018/19 comparitives for a reclassification of £23.1m betweeen high cost drug income from commisioners and other NHS clinical income has been made. This was to reflect the correct disclosure of the allocation between those two income headings.

Note 33 Events after the reporting date

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Given this relates to liabilities that existed at 31 March 2020, DHSC has updated its Group Accounting Manual to advise this is considered an adjusting event after the reporting period for providers. Outstanding interim loans totalling £67,909,760 as at 31 March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.

Further copies of the Annual Report and Accounts for the period 01 April 2019 to 31 March 2020 can be obtained by writing to:

Corporate Governance Team
Blackpool Teaching Hospitals NHS Foundation Trust
Trust Headquarters
Blackpool Victoria Hospital
Whinney Heys Road
Blackpool
FY3 8NR

Alternatively the document can be downloaded from our website: https://www.bfwh.nhs.uk/

If you would like to comment on our Annual Report or would like any further information, please write to:

Mr Kevin McGee
Chief Executive
Blackpool Teaching Hospitals NHS Foundation Trust
Trust Headquarters
Blackpool Victoria Hospital
Whinney Heys Road
Blackpool
FY3 8NR