Epsom and St Helier University Hospitals NHS Trust

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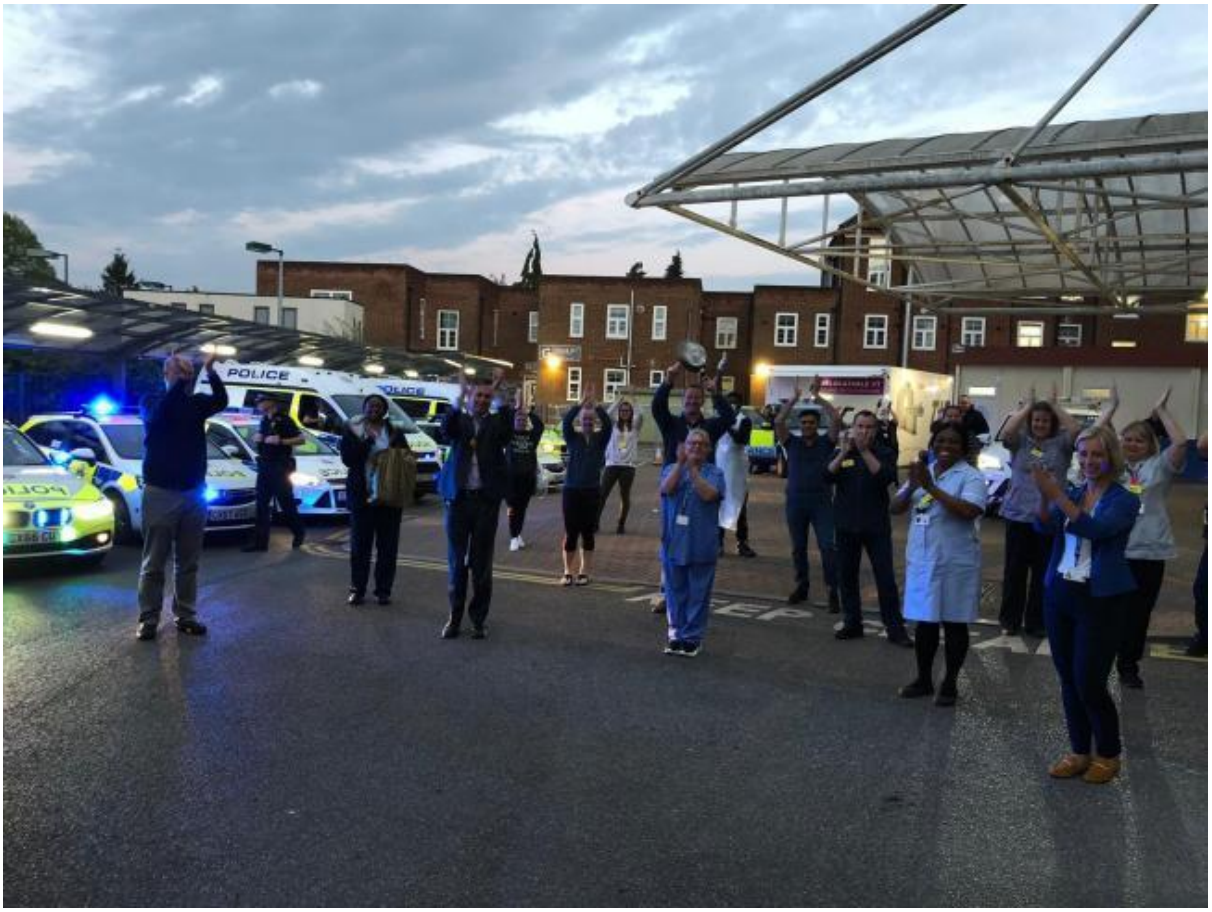
Annual Report and Accounts

1st April 2019 to 31st March 2020



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1st April 2019 to 31st March 2020

Presented to Parliament pursuant to

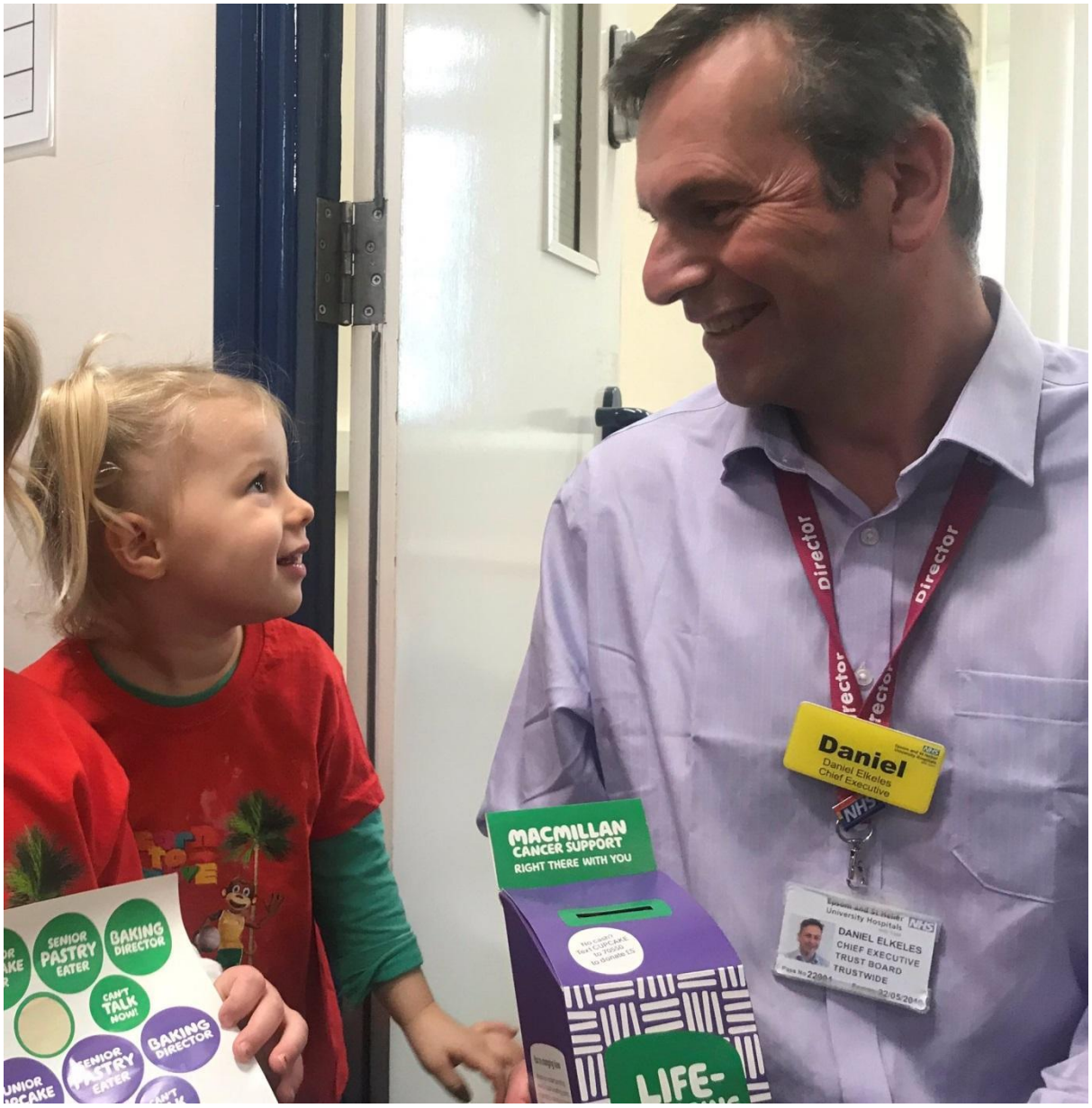
Schedule 7, paragraph 25(4)(a) of the

National Health Service Act 2006

Contents

Please note, most of the photographs in this report were taken before the rules around social distancing came into force

1.Performance Report



● Welcome – a Message from our Chairman and Chief Executive

Gillian Norton
Chairman

Daniel Elkeles
Chief Executive Officer

We are delighted to present our Annual Report and Accounts for Epsom and St Helier University Hospitals NHS Trust for 2019/20.

We must introduce this report by acknowledging the significant impact of COVID-19 at the end of the year under review. Although the majority of our Annual Report focusses on pre-COVID-19 matters, the onset of the pandemic had a major impact on our operations from March onwards. We have been deeply moved by our staff's response to the COVID-19 pandemic – we have been overawed by the depths of their courage and commitment and would like to pass on a huge THANK YOU – and not only from us. The weekly 8pm #clapforcarers in support of the NHS resulted in some wonderful scenes, including a 'blue light serenade' at Epsom, where colleagues from emergency services across Surrey showed their solidarity and support for us by joining the weekly event, parking outside our hospitals and leaving their emergency lights flashing.

Throughout the year, our staff have been amazing and we are beyond thankful for their hard work and for going above and beyond during very stressful times.

Looking to the future, we are at a pivotal stage in the development of the Trust. Over the last year, we have seen significant improvement in many areas, including our CQC rating which in September went from Requires Improvement to **GOOD** – an achievement of which we are immensely proud.

We are now rated as **GOOD** overall, as well as for effective, caring, responsive, well-led and use or resources:

CQC Doman	Trust Rating
Safe	Requires Improvement
Effective	Good
Caring	Good
Responsive	Good
Well-Led	Good
Use of Resources	Good
Combined Rating	Good

We also heard that we were one of the first six trusts in the country to receive Health Infrastructure Plan 1 funding of £511m to develop a new major acute hospital that will transform patient care, greatly improve the experience of the 6,000 committed staff working in our hospitals and secure a long term and sustainable future for hospital services in our area. It will allow the Trust to create state-of-the-art hospital facilities for the sickest patients, invest in and refurbish the older parts of all our hospital buildings (which are currently not fit for modern healthcare), and support the medical workforce to improve staffing levels and patient care.

The Trust finished the year in a good financial position, meeting its control total with a small surplus, and also delivering £45m worth of capital works to improve the Trust's estate.

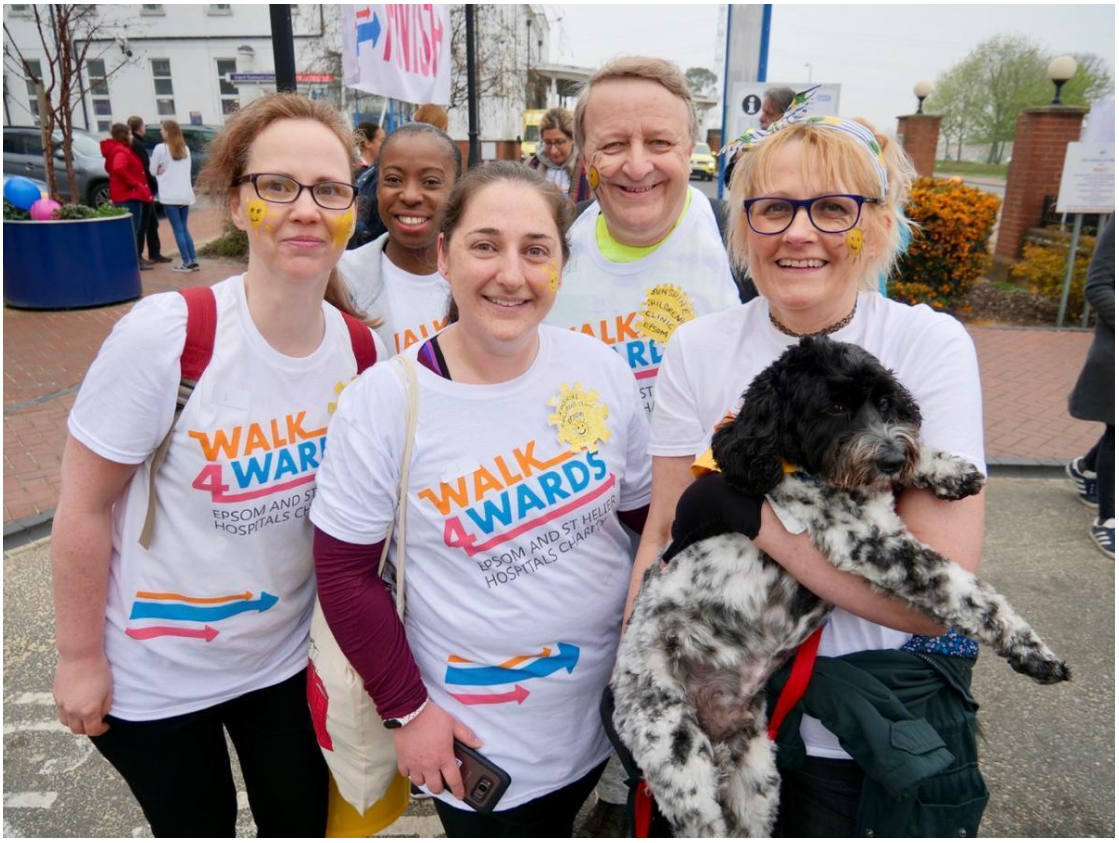
Reflecting back on some of the achievements and challenges of the past year enables us to appreciate that some amazing things happened in 2019/20!

Our highlights are …

In April 2019 …

- We officially welcomed 1,000 community and therapy staff into Surrey Downs Health and Care and Sutton Health and Care
- We were presented with the hard-earned HSJ Award for Acute Innovation for our work in a local pilot to provide a 'one stop shop' for the diagnosis of prostate cancer, reducing diagnosis times from six weeks to one day.

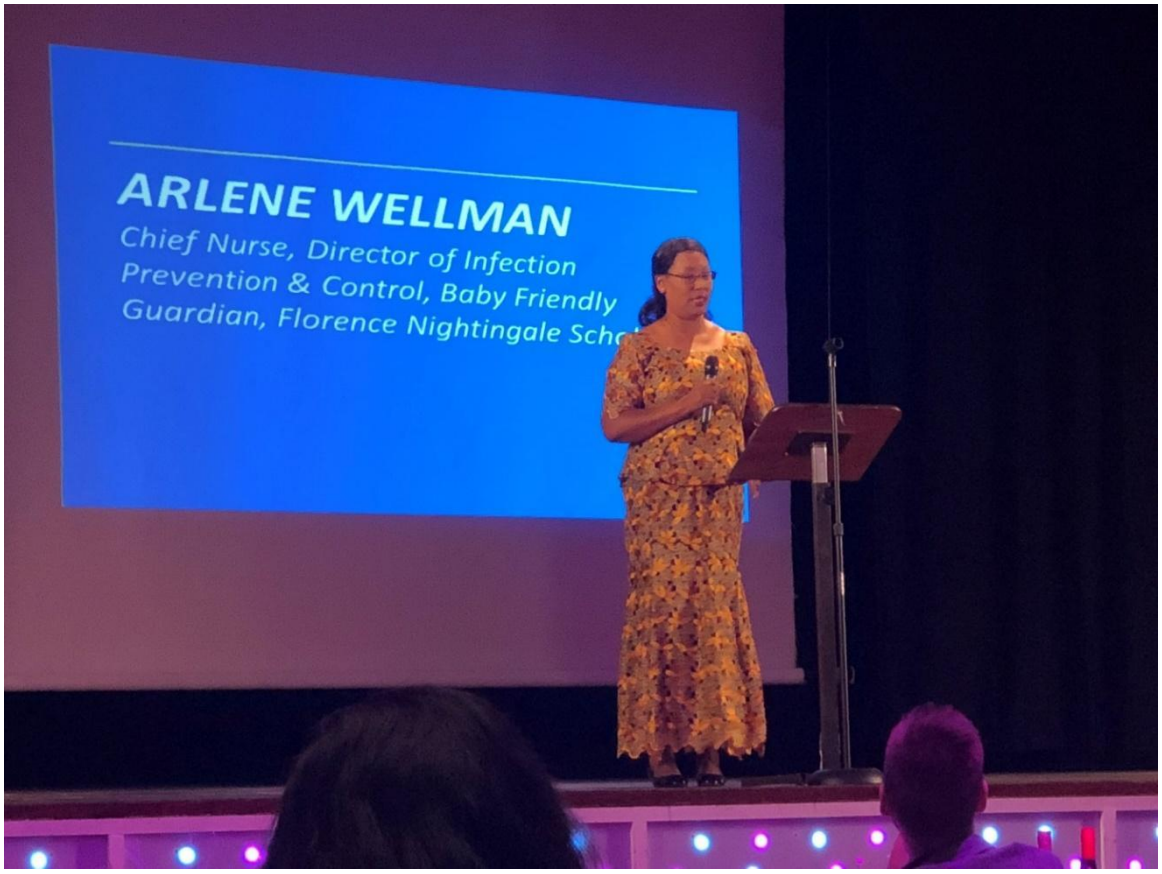
- We held our first ever Walk 4 Wards event – a seven-mile fundraising walk between Epsom and St Helier hospitals, held to celebrate the 20th anniversary of our Trust that raised £29,000.



In May 2019 …

- We were visited by the then local MP Tom Brake, who dropped by to thank us for our hard work and to give us a birthday card signed by local residents, and MP Paul Scully visited to find out more about our refurbished Nuclear Medicine Department and MRI scanner.

- We also held an amazing celebration of Nurses' Day, featuring keynote speakers, a Zumba lesson and our annual awards.



In June 2019 …

- We were named in a national BBC report as one of the top ten trusts for providing cancer care within the expected 62 days.
- Our new outpatients unit, the Davis Unit, opened to patients.
- We held two launch events for our Disability Staff network.

In July 2019 …

- Our £2 million fleet of 48 new patient transport vehicles hit the road – personalised with pictures of staff.
- We saw our busiest day ever, with 618 people coming to A&E in just one day alone. We tried to keep staff cool and comfortable (which is challenging in our aged buildings) and arranged for a free ice cream for every member of the team!

In August 2019 …

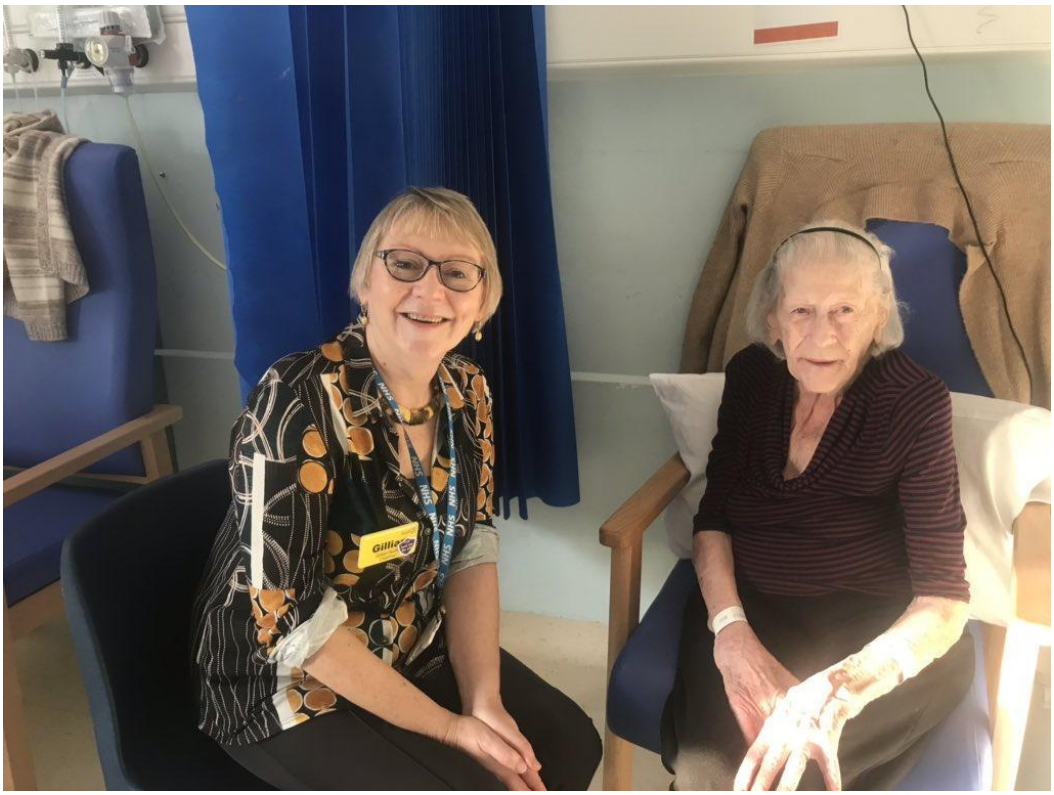
- Surrey Downs Health and Care was the star of a video produced by NHS England on integrated care, which you can watch at https://www.youtube.com/watch?time_continue=102&v=QNS6CsknIv8 .
- Our brand new CT scanner was installed at Epsom.
- We launched our new LGBTQ+ network.

In September 2019 …

- The big news was that we were rated as **Good** by the Care Quality Commission after a comprehensive inspection of services across the organisation. Following the three-day inspection during May 2019, and separate inspections on our leadership and how we use our resources, inspectors found improvements and positive practices across our services. The Trust is now rated as Good for being caring, effective, responsive, well-led and for use of resources and is Good overall and Maternity services at both hospitals are rated Outstanding for being responsive.

In October 2019 …

- our Renal Unit was officially opened by EastEnders star Nina Wadia
- we welcomed our new Chairman, Gillian Norton



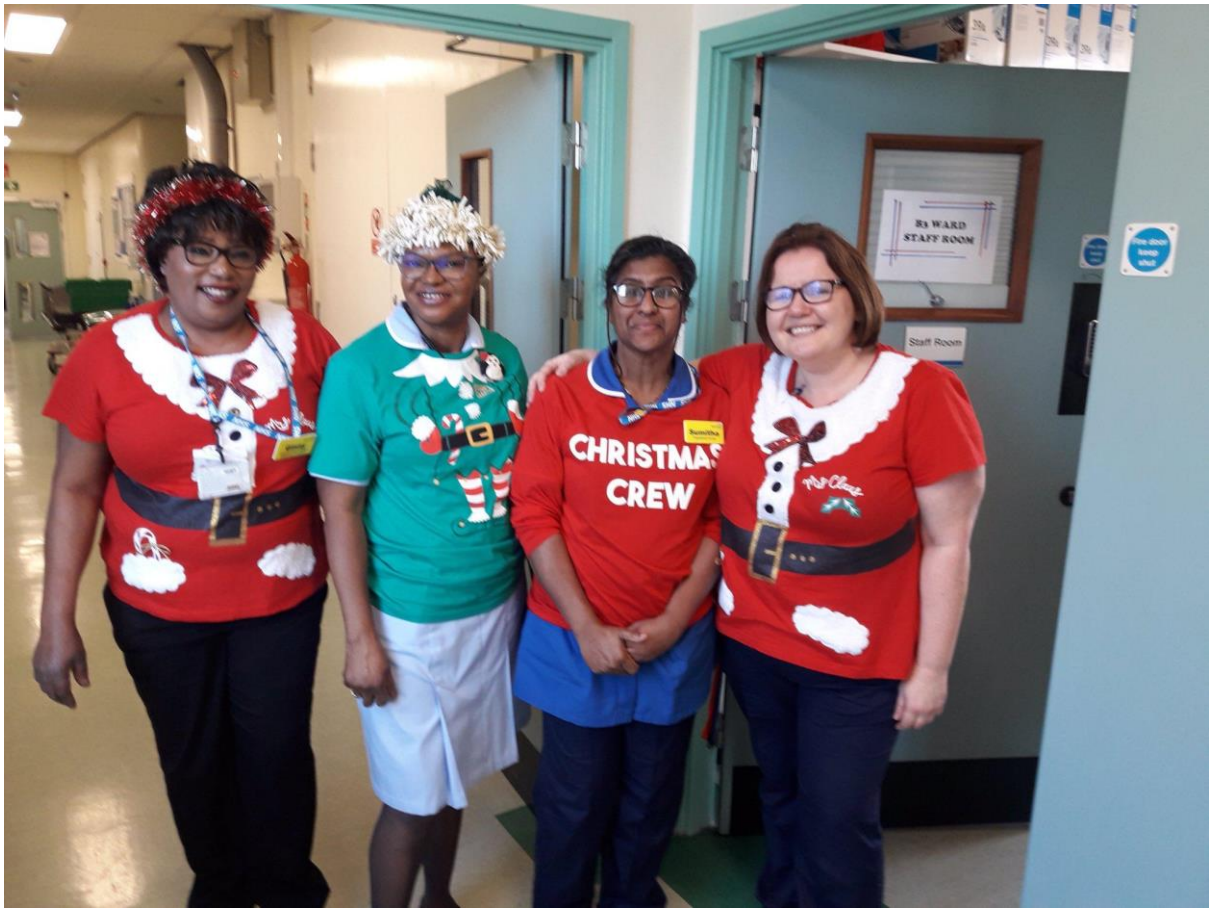
- Our CEO was delighted to receive a letter from Matt Hancock telling us to go full steam ahead with our £511 million project to build a brand new specialist emergency care hospital. The letter said "I am delighted to inform you that your major scheme is one of the six that will form the first £2.7 billion phase of the major hospital rebuilds. I am therefore giving the **full go ahead now.**"
- We took over responsibility for a GP practice in North Leatherhead.
- We celebrated Black History Month.

In November 2019 …

- We welcomed the Chair of NHS Improvement, Baroness Dido Harding, to Epsom Hospital to showcase the work we are doing in integrated care, in our Primary Care Networks and in getting the culture of team ESTH right.

In December 2019 …

- Our hip fracture team topped the table again! The National Hip Fracture Database was published, which measures 175 hospitals across the country against a number of key clinical standards and best practices. The report showed that St Helier was the second busiest hospital in London for hip fractures, having admitted 404 patients for treatment in the last year. Despite such high numbers of patients, our Hip Fracture Unit was the best performing hospital in London and second in the whole of the country for the Department of Health and Social Care's Best Practice.



- Our finance team, together with Sutton and Surrey Downs Clinical Commissioning Groups, picked up a prestigious national award for our work on our joint financial recovery plan.

In January 2020 …

- We started the year with our commissioners from Sutton, Surrey Downs and Merton meeting agreeing to go to public consultation about the preferred location of our new Specialist Emergency Care Hospital.
- We opened our new MRI unit at St Helier.

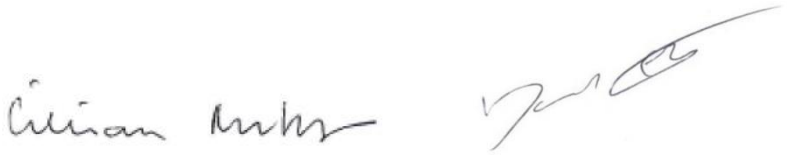
In February 2020 …

- We began a £225,000 project to expand the Gynaecology Department at Leatherhead Hospital.
- The findings of the 2019 NHS National Staff Survey were published and showed that our mission to improve morale and change the culture of our working lives is beginning to pay off, with the highest response rate in the past five years and improved scoring in every domain.

In March 2020 …

- Due to the ongoing challenge of COVID-19 we converted SWLEOC at Epsom to become our main ITU base for the hospital, giving the capability to significantly increase our ITU bed numbers depending on demand.

We hope you enjoy reading this Annual Report. It really has been a remarkable and historic year for the Trust, achieving our overall **GOOD** rating. At the heart of this achievement are our wonderful staff who we are very proud to employ.



Gillian Norton
Chairman

Daniel Elkeles
Chief Executive

About Epsom and St Helier University Hospitals NHS Trust

Epsom and St Helier University Hospitals NHS Trust offers an extensive range of acute and community services to over 490,000 people in south west London and north east Surrey.

We also provide tertiary level renal care, pathology and neonatal care services to a wider catchment area.

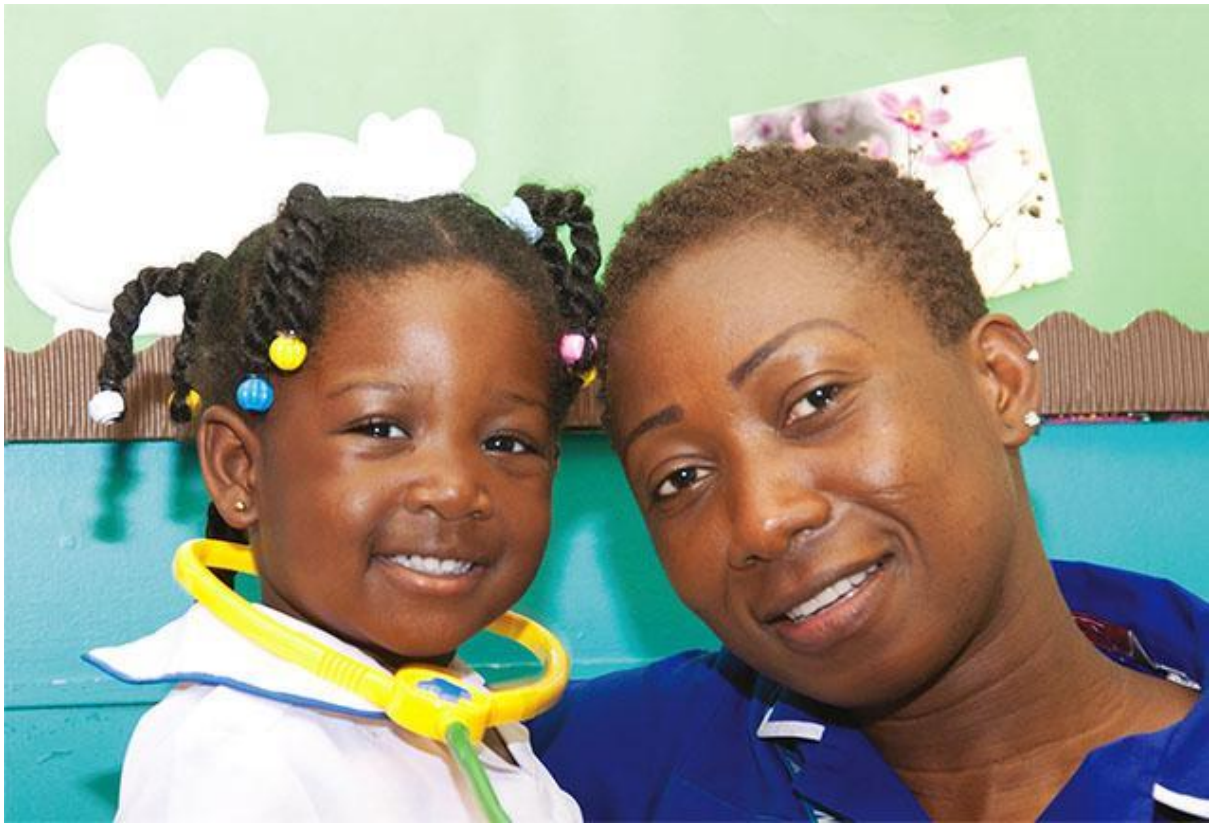
We operate two busy general hospitals, Epsom General Hospital and St Helier Hospital, and run services from other locations, including the Malvern Centre (on the former Sutton Hospital site) and Leatherhead Hospital.

Epsom General Hospital provides a wide range of inpatient, outpatient and day services. It has a 24-hour accident and emergency department and urgent care centre, a maternity unit, and provides an extensive range of diagnostic services within pathology and radiology. The vast majority of the Trust's elective inpatient surgery is performed at Epsom Hospital. The South West London Elective Orthopaedic Centre (SWLEOC) is located on the Epsom site and provides regional elective orthopaedic services. SWLEOC is run by the Trust in partnership with three neighbouring trusts. It performs all types of orthopaedic procedures, including, hip, knee, shoulder, elbow, foot, ankle and spinal operations. SWLEOC is recognised as one of the largest joint replacement and shoulder surgery centres in the United Kingdom.

St Helier Hospital is a large general teaching hospital located in south west London. It offers an extensive range of acute inpatient, outpatient and day services for adults and children. There is a 24 hour accident and emergency department and urgent care centre, a maternity unit, and a range of diagnostic facilities within pathology. The vast majority of the Trust's emergency surgery is performed at St Helier Hospital.

The South West Thames Renal and Transplantation Unit (the Renal Unit) is located on the St Helier Hospital site. It provides a wide range of services to people with kidney conditions. The Renal Unit cares for more than two million people from the main unit at St Helier Hospital, nine satellite units and 15 outpatient departments operating across the region.

Queen Mary's Hospital for Children is located on the St Helier Hospital site and provides care for children with medical and surgical conditions. It also provides specialist care for children with cystic fibrosis, gastrointestinal conditions and sickle cell disease.



We are the host partner for a contract to provide adult community services in the Surrey Downs area. The services are provided by a partnership known as Surrey Downs Health and Care. It consists of the Trust, Central Surrey Health Limited, Dorking Healthcare Limited, GP Health Partners Limited and Surrey Medical Network Limited. The services are delivered by six multi-disciplinary care teams, three community hospitals, and specialist services working across primary, community and acute care systems. Services include community nursing, community therapies and specialist services such as continence, heart failure and respiratory care. Care and treatment is provided in patients' own homes, in care/nursing homes, community hospitals and community clinics.

The Trust is also the host partner for a contract to provide integrated healthcare and social services in the Sutton area. The services are provided by a partnership known as the Sutton Health and Care Alliance. It consists of the Trust; London Borough of Sutton; South West London and St George's Mental Health NHS Trust; and Sutton GP Services Limited. The services are delivered by teams working across the community and St Helier Hospital site. Services include adult community nursing; adult and children's community therapies; continence care; looked after children's care; podiatry; and specialist

school nursing. Care and treatment is provided in patients' own homes; care and nursing homes; community clinics; and schools.

We provide general practice medical services at the Molebridge Practice, which is situated in Leatherhead, Surrey. It consists of two practice premises, North Leatherhead Medical Centre (the main surgery) and Fetcham Medical Centre (a branch surgery).

As teaching hospitals, we play a key role in the education and training of tomorrow's doctors, nurses and other healthcare professionals. Both sites work in partnership with St George's Medical School in south London to deliver high quality education. Outside St George's Hospital, we support the education of more medical students than any other teaching hospital in south London.

The Trust is actively engaged in research studies and works closely with patients, and commercial and non-commercial organisations to make improvements to care and services.

We serve an area that is rich in diversity, with a mix of urban and rural areas, and differing levels of quality of life. The Trust covers some of the most prosperous postcodes in the country, as well as some poorer areas. Together with our local commissioners in Surrey, Sutton and Merton, we work to make sure that we deliver the best possible care to the communities we serve.

Our Vision, Value and Objectives

Our mission statement that binds us all together is:-

"to put the patient first by delivering great care to every patient, every day"

We have a single value of 'Respect', which is at the heart of all we do, by living up to our shared behaviours of kindness, positivity, professionalism and teamwork. This enables us to provide great patient care and make the organisation a great place to work.

Our key priorities for 2019/20 continued to reflect our mission ***to put the patient first by delivering great care to every patient, every day*** by focusing on the areas below. We have assessed our performance against these priorities for the period up to end of February as work on some was put on hold due to the impact of the COVID-19 pandemic.

Corporate Priority	Indicators	How did we do?	RAG rating
Build a culture in the organisation that embeds the right behaviours to enable our staff to proactively raise concerns and work at their best by …	• Ensuring that Trust leaders role model high standards of behavior and reward and appreciate respectful behavior and ensure all poor behavior is addressed • Setting clear and achievable strategic aims for the organisation and give people adequate tools and resources to meet their objectives • Ensuring that decision making respects our patients and colleagues • Enabling all our diverse teams to have regular meetings and 1:1s • Making it safe for people to express concerns and to be heard fairly • Creating an environment where everyone can flourish regardless of protected characteristics, profession, role or level • Creating a safe environment for staff that is free of patient aggression	The Trust achieved the highest ever response rate to the Staff Survey with 70% of questions showing an improvement and only 3% showing deterioration. The most improved question related to whether communications between staff and senior managers were effective. Consultation on a new structure for our clinical divisions was completed and new leadership teams put in place. A development programme for the new leadership teams is being formulated. We undertook a detailed review of reporting arrangements for Medicines Management. We introduced patient stories at Board in Q3 and have ensured patient involvement takes place in decision making around service redesign in the community. We have two Freedom to Speak Up (FTSU) Guardians in place, supported by a team of 11 FTSU Advocates including a doctor, nurse, finance and estates representatives, as well as Advocates in the communities. We have a new Director of Inclusion. The security presence in ED overnight has been enhanced and a video has been made for those waiting in ED explaining the reasons behind periods of waiting for some of our patients.	**Amber-Green**

Deliver safe and effective care with respect and dignity by …	● Ensuring safe staffing levels in clinical areas ○ Deliver appropriate fill rates to all clinical areas ○ Build and deliver a Ward to Board assurance process around staffing levels ○ Deliver phase one of the nurse establishment review ○ Resource the right level of input into therapies ● Investigating complaints, incidents and deaths in a timely way to ensure learning is widely shared and embedded in the organization ● Ensuring that A&E (adult and paediatrics) becomes more sustainable ○ Enable A&E to be sufficiently and sustainably staffed ○ Implement and use a new A&E safety dashboard ● Developing and implementing a care strategy for both hospital and community services to ensure the needs of our elderly patients are met, to include:- ○ Dementia ○ Frailty ○ Optimising time spent in the most appropriate setting ● Embedding and auditing compliance against our managing the acutely ill patient (MAIP) policy	The recruitment of nursing staff has improved considerably and is now relatively stable. The clinical workforce level remains consistently high. Recruitment of therapy staff continues to be a challenge which we are working to address. Performance in complaints has been above target for response and the rate of re-opens is continuing to decline. Examples of learning from complaints are now regularly reported to the Patient Safety and Quality Committee. There is a continuing trend of a reduction in the total number of complaints. More work is needed on completing incident investigations in a timely manner. The Learning from Deaths framework is now well embedded within the Trust with a Board approved process for mortality reviews. Emergency Department performance continues to fluctuate but across the year is relatively better than nationally although the constitutional standard is not being achieved. The recommend score in the Emergency Department Friends and Family Test is higher than the national average, and the not recommend score is lower than the Trust ceiling and national average. Sustainable staffing levels remain an issue. Work on embedding the dementia strategy continues. The number of stranded and super stranded patients continues to reduce.	Amber

Create a positive experience that meets the expectations of our patients, their families and carers by …	● Investing £23.7 million in our estate
	● Involving patients as partners in the delivery of their care
	  ○ Ensure that care is built around patient preferences
	  ○ Work in collaboration with patients to ensure more involvement in setting care plans
	  ○ Raise the profile of patient participation groups
	● Improving the provision of patient transport services
		Capital spend at year end was £45 million,
		
		A clear and consistent approach to patient, carer and public partnership is being developed by the patient experience team as a priority. Current active patient forums and involvement groups include: Cancer Patient Experience Forum; Irritable Bowel Disease; South West London Elective Orthopaedic Centre Patient Forum; Kidney Patients' Association; Dermatology Patient Forum; Adult Hearing Services Working Group; Children and Young People's Forum; Carer Forum; and the Maternity Voices Partnership.
		
		A new fleet of ambulances is now operational and there has been a reduction in the number of complaints.
			Green

Provide responsive care that delivers the right treatment, in the right place at the right time by …	● Transforming pathways and clinical standards across acute and community, to ensure we are giving the right care in the right place at the right time
	● Delivering the constitutional standards/contractually agreed trajectories for
	  ○ ED (A&E)
	  ○ Cancer
	  ○ RTT
	● Delivering the projects relating out improving patient flow/length of stay and outpatients
	  ○ critical care
	  ○ Stranded and superstranded
		Following a Board seminar in October, detailed work commenced on developing a Quality Improvement model for the Trust. A QI expert worked closely with Trust clinical leaders to identify existing areas of good practice and begin work on developing a future model. Executive lead and resources have been identified.
		ED (A&E) – Constitutional standard was not achieved at year end, but the position relative to other trusts was good. All the cancer targets were met.
		
		RTT – performance against RTT standard remains challenged.
		
		Critical care – the outreach team is now in place resulting in increased step down from critical care and improved bed utilization.
		
		Stranded and super-stranded – continuing marked reduction in number of stranded and super stranded patients over the quarter.
			Amber-Green

Being financially sustainable by …	● Delivering the control total
	● Delivering recommendations and outcomes from Getting it Right First Time (GIRFT) reviews
	● Utilising the Model Hospital to achieve efficiency gains
	● Delivering cost improvement programmes
	  ○ Reducing length of stay
	  ○ Elective throughput
	  ○ Clinical support services
	  ○ Maximising investments made in IT
	  ○ Improving HR processes
		The Trust achieved the year end control total with a small surplus.
		
		Improved action planning and delivery of findings of GIRFT reviews is now in place, resulting in a more meaningful contribution to Cost Improvement Programmes (CIPs).
		
		Programmes have delivered savings to support CIPs, but the end of year CIP delivery was £13.1 million which was £2.3 million less than plan.
			Gre en

Work in partnership in the places that we serve by …	● Adopting an active system leadership role around place based care through integrated care partnerships and at system level through Surrey Heartlands Integrated Care System and within the South West London Health and Care Partnership ● Discharging our host role for community contracts (Sutton Health & Care and Surrey Downs Health and Care) to a high standard and work in partnership to transform clinical pathways ● Supporting the CCGs in taking forward the Improving Healthcare Together programme of work ● Taking forward collaborative initiatives via the South West London Acute Provider Collaborative	The CEO is system leader within the places of Surrey Downs and Sutton and the Trust led on financial recovery plans within the two places in 2019/20. Acute/community integration has progressed well. Consultation on the Improving Healthcare Together programme concluded on 1st April 2020. A new south west London Recruitment Hub has been agreed between partners and will be hosted by Kingston and based in the East Street offices at Epsom. Approval has been obtained for a joint procurement service and further collaborative programmes are under development.	Gre en

Performance Overview

The Trust closely measures and monitors performance throughout the year with reports on both financial and operational performance for all areas of the Trust reported to our Public Board and Board Committees.

Key Performance Measures

The NHS monitors performance against a range of operational standards designed to ensure patients receive the right treatment in the right place at the right time whilst receiving the best experience possible.

Epsom and St Helier monitors performance against these standards through a monthly integrated performance report which is reviewed by all of our Board Committees prior to review by the Board at a Public Board Meeting.

Our performance against the majority of national standards has once again been relatively good although there are some areas where further work is required.

Emergency Care

The national standard is to see, treat, admit or discharge more than 95% of patients within four hours of their arrival. The Trust failed to meet this standard achieving 85.41% overall, broken down by quarter as below:-

Period	Performance against 95% standard
Q1 (April 2019 to June 2019)	87.70%
Q2 (July 2019 to September 2019)	87.94%
Q3 (October 2019 to December 2019)	84.18%
Q4 (January 2020 to March 2020)	81.28%
2019/2020 overall	85.41%

Performance against the standard has been impacted by higher levels of attendance at our emergency departments and also a rise in the number of ambulance arrivals which result in extended waiting times, especially in the overnight period.

We have been working hard to make improvements to the way we provide emergency care, including:-

- A review of the leadership arrangements in ED
- Enhanced nursing input
- Improved patient streaming on arrival in ED, and
- Mystery shopper feedback

Cancer Treatment Waiting Times

The NHS sets out three main standards for cancer services:-

- Patients referred by a GP should be seen within two weeks of referral
- All patients diagnosed with cancer, irrespective of how they were initially referred, should start their treatment within 31 days of the diagnosis of cancer.
- Patients referred directly by their GP to a cancer pathway who are then subsequently diagnosed with cancer should start treatment within 62 days of referral

Performance against the national cancer standards has been excellent and we have met all of our cancer targets:-

Standard	Target	Actual as at February 2020
Two week wait for referral to first seen	93%	98.3%
31 day wait from diagnosis to treatment	96%	100.0%
62 day wait from referral to treatment	85%	85.5%

Referral to Treatment

All patients have the right to access consultant-led services within a maximum waiting time of 18 weeks, known as the referral to treatment time (RTT). The expectation is that 92% of patient will have been waiting less than 18 weeks at the end of each month.

This has been a challenge and our performance fell below the 92% standard.

Quarter 1	Quarter 2	Quarter 3	Quarter 4	2019/20
87.5%	86.9%	85.6%	82.5%	85.6%

Diagnostic Waiting Times

Against a threshold of 99% for a maximum waiting time of six weeks for fifteen key diagnostic tests and procedures, the Trust achieved 93.6%:-

Quarter 1	Quarter 2	Quarter 3	Quarter 4	2019/20
97.7%	97.2%	92.7%	86.6%	93.6%

The drop in performance in March was expected under COVID-19. The Trust has invested in a new MRI scanner which was installed at St Helier in January 2020.

Infection Control

We take infection prevention and control extremely seriously and monitor performance against a range of infections, including:-

- MRSA bacteraemia – against a target of zero, at the time of writing we are waiting to find out if one case of MRSA is attributable to the Trust
- C. difficile - the Trust achieved 47, 5 more than the agreed trajectory of 42

Financial Performance

The Trust's plan was to deliver a deficit of £32.7 million at year end before application of Provider Sustainability Fund (PSF), Financial Recovery Fund (FRF) and Marginal Rate Emergency Tariff (MRET) income, and COVID-19 costs. At the end of the financial year, the Trust posted a deficit of £35.4 million before the application of (PSF), (FRF) and (MRET). The position included £2.3 million of COVID-19 costs which were fully funded by NHS England/Improvement. The Trust's control total was adjusted by £3.0 million for the COVID-19 impact on the annual leave accrual so the final position was £0.2 million better than plan.
The Trust's CIP Plan was to save £15.36 million in 2019/20. At year end, the Trust delivered £13.1 million, which was £2.3 million (15%) adverse to the plan.

The Trust's capital expenditure plan was for £45.5 million in 2019/20. The outturn capital expenditure was £45.0m excluding COVID-19 capital, against a plan of £45.5 million, representing an underspend against plan of £0.5 million. The Trust utilised all of its Capital Departmental Expenditure Limit (CDEL) in 2019/20 and has deferred some donations to next financial year. At the time of writing, the COVID-19 capital spend incurred in March 2020 of £1.2 million was due to be funded by Public Dividend Capital in M12.

At the end of the financial year, the Trust had a cash balance of £33.2 million, which was £28.7 million more than plan. This was due to ring-fencing the cash for the capital programme (including PSF funding to be spent in 2020/21) and delays in paying suppliers where the Trust had a dispute.

The Trust has prepared its 2019/20 financial statements on a going concern basis. Further details behind this basis of preparation - and the assumptions behind this judgement - can be found in the financial statements.

Our Current CQC Ratings

The Trust's most recent Care Quality Commission (CQC) inspection report was published during September 2019 and resulted in us improving our rating from 'Requires Improvement' to 'Good', with areas of outstanding practice identified in maternity at both St Helier and Epsom hospitals.

The three day inspection in May 2019, and separate inspections of our leadership and use of resources, identified a number of improvements and positive practice across patient care. Maternity services at both hospitals were rated as Outstanding for being responsive – due in part to our new, innovative

Pregnancy Advice service which has meant that pregnant people in Surrey can access services and advice faster than ever before. The Outstanding rating also reflects the fact that the Trust was the first in London to be awarded the UNICEF Baby Friendly Initiative Gold Award.

The improvement in our overall rating and in many of our services reflects our absolute commitment to the health and wellbeing of our patients and continuing to improve the services we provide.

Our individual service ratings and the movement since our previous inspection, were as below:-

Epsom General Hospital:

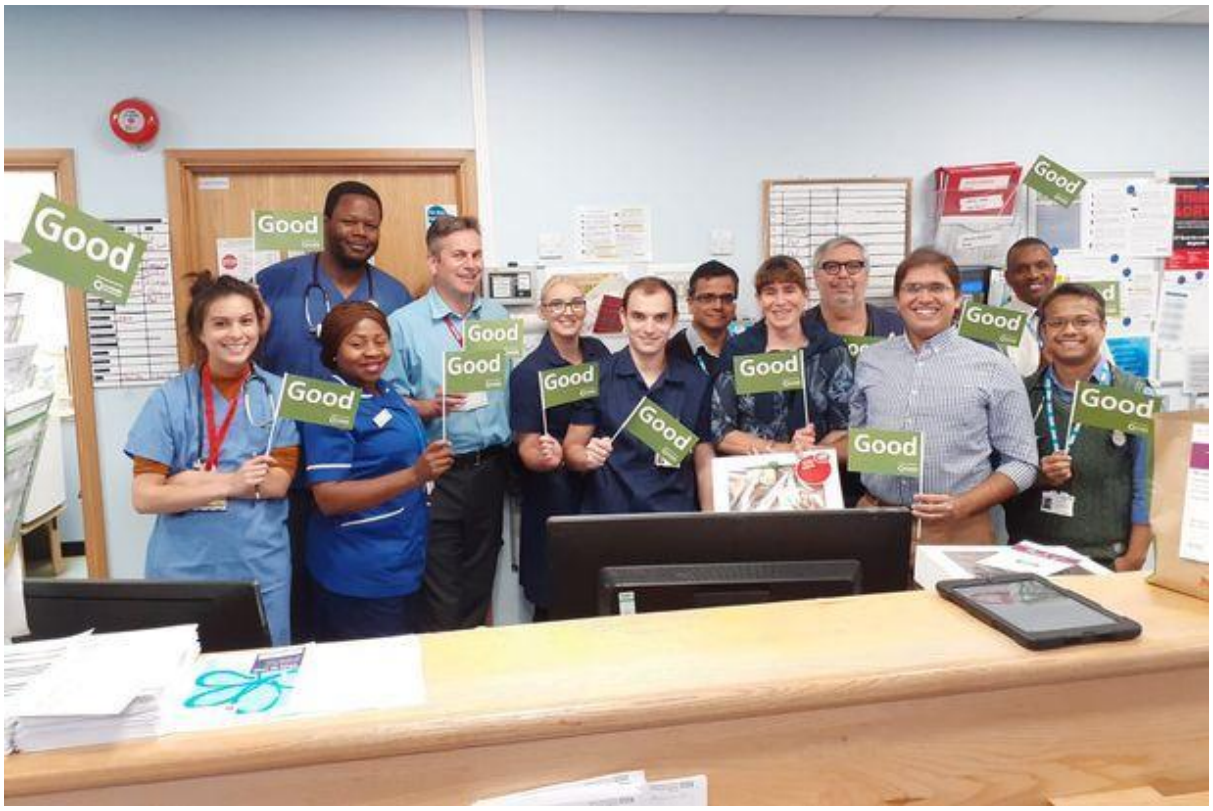
	Safe	Effective	Caring	Responsive	Well-led	Overall
Urgent and Emergency Services	Requires improvement → ← Sept. 2019	Good ↑ Sept. 2019	Good → ← Sept. 2019	Requires improvement ↓ Sept. 2019	Good ↑ Sept. 2019	Requires improvement → ← Sept. 2019
Medical Care	Requires improvement → ← Sept. 2019	Good ↑ Sept. 2019	Good → ← Sept. 2019	Good → ← Sept. 2019	Good → ← Sept. 2019	Good ↑ Sept. 2019
Surgery	Requires improvement → ← May 2018	Good → ← May 2018	Good → ← May 2018	Good ↑ May 2018	Good ↑ May 2018	Good ↑ May 2018
Critical Care	Good ↑ Jan. 2019	Good → ← Jan. 2019	Good → ← Jan. 2019	Requires improvement → ← Jan. 2019	Good ↑ Jan. 2019	Good ↑ Jan. 2019
Maternity	Good → ← Sept. 2019	Good ↑ Sept. 2019	Good → ← Sept. 2019	Outstanding ↑ Sept. 2019	Good ↑ Sept. 2019	Good ↑ Sept. 2019
Services for Children and Young People	Good ↑ Jan 2019	Good ↑ Jan 2019	Good → ← Jan 2019	Good ↑ Jan 2019	Good ↑ Jan 2019	Good ↑ Jan 2019
End of Life Care	Good → ← May 2016	Good → ← May 2016	Good → ← May 2016	Good → ← May 2016	Good → ← May 2016	Good → ← May 2016
Outpatients	Good → ← May 2016	Not rated	Good → ← May 2016	Good → ← May 2016	Good → ← May 2016	Good → ← May 2016
SWLEOC	Good → ← May 2016	Outstanding → ← May 2016	Good → ← May 2016	Good → ← May 2016	Outstanding → ← May 2016	Outstanding → ← May 2016
Overall	Requires improvement → ← Sept. 2019	Good ↑ Sept. 2019	Good → ← Sept. 2019	Good → ← Sept. 2019	Good → ← Sept. 2019	Good → ← Sept. 2019

St Helier Hospital:

	Safe	Effective	Caring	Responsive	Well-led	Overall
Urgent and Emergency Services	Requires improvement → ← May 2018	Good ↑ Sept. 2019	Good → ← May 2018	Requires improvement ↓ May 2018	Requires improvement → ← May 2018	Requires improvement → ← May 2018
Medical Care	Good ↑ May 2018	Good ↑ May 2018	Good → ← May 2018	Good ↑ May 2018	Good → ← May 2018	Good ↑ May 2018
Surgery	Requires improvement → ← Sept. 2019	Good → ← Sept. 2019	Good → ← Sept. 2019	Good ↑ Sept. 2019	Good ↑ Sept. 2019	Good ↑ Sept. 2019
Critical Care	Requires improvement → ← May 2018	Good ↑ May 2018	Good ↑ May 2018	Good ↑ May 2018	Good ↑ May 2018	Good ↑ May 2018
Maternity	Good → ← Sept. 2019	Good → ← Sept. 2019	Good → ← Sept. 2019	Outstanding ↑ Sept. 2019	Good ↑ Sept. 2019	Good → ← Sept. 2019
Services for Children and Young People	Good ↑ May 2018	Good ↑ May 2018	Good ↑ May 2018	Good ↑ May 2018	Good ↑ May 2018	Good ↑ May 2018
End of Life Care	Good → ← May 2016	Good → ← May 2016	Good → ← May 2016	Good → ← May 2016	Good → ← May 2016	Good → ← May 2016
Outpatients	Good → ← May 2016	Not rated	Good → ← May 2016	Good → ← May 2016	Good → ← May 2016	Good → ← May 2016
Renal	Good → ← May 2016	Good → ← May 2016	Good → ← May 2016	Good → ← May 2016	Good → ← May 2016	Good → ← May 2016
Overall	Requires improvement → ← Sept. 2019	Good → ← Sept. 2019	Good → ← Sept. 2019	Good → ← Sept. 2019	Good ↑ Sept. 2019	Good ↑ Sept. 2019

Overall rating for the Trust:

	Safe	Effective	Caring	Responsive	Well-led	Overall
Overall	Requires improvement → ← Sept. 2019	Good ↑ Sept. 2019	Good → ← Sept. 2019	Good → ← Sept. 2019	Good ↑ Sept. 2019	Good ↑ Sept. 2019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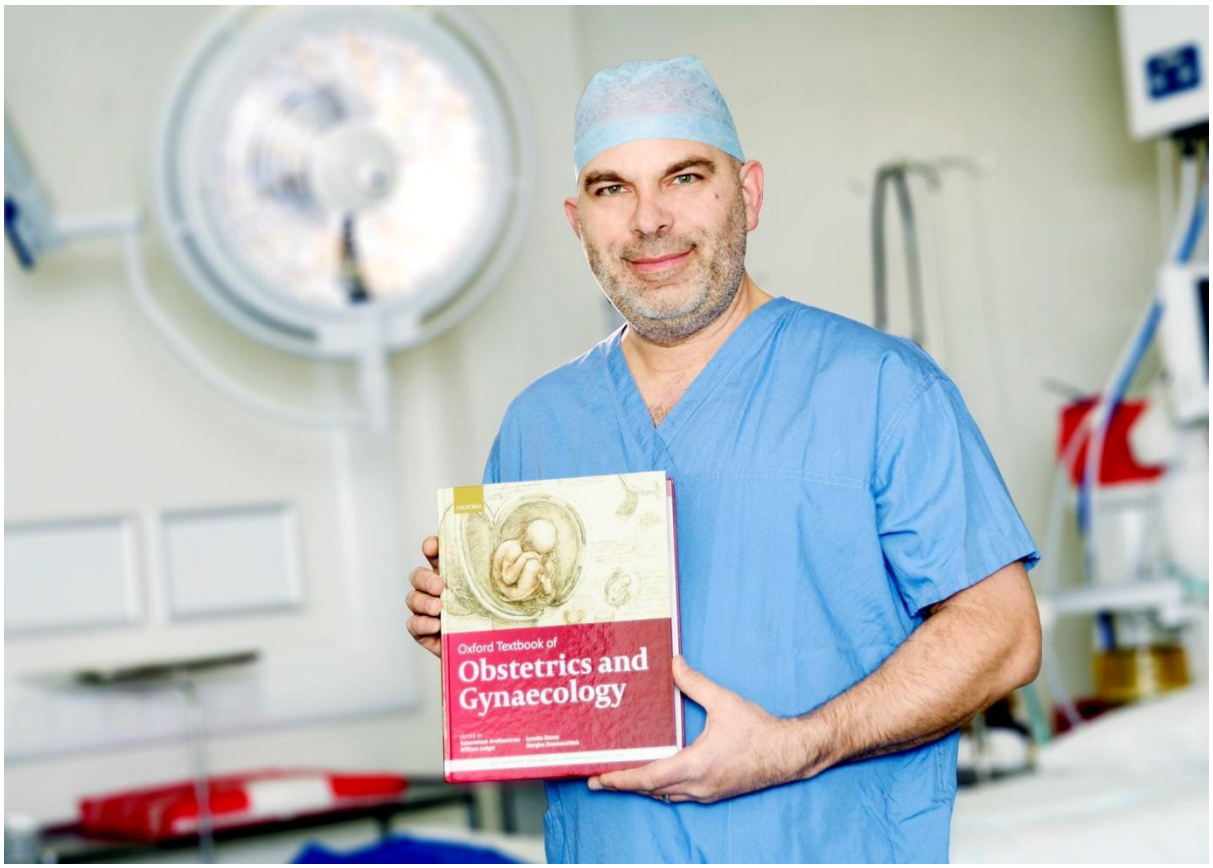
2. Accountability Report



Annual Governance Statement 2019/20

This Annual Governance Statement is written in the context of the whole twelve months of 2019/20. It reflects the arrangements in place for appropriate controls across the whole range of NHS activity during the year, including through the challenging circumstances as the impact of the COVID-19 pandemic on the Trust ramped up during March 2020, and the Trust's management during this period.

Scope of responsibility

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

The purpose of the system of internal control

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

Capacity to handle risk

Our Board has three principal assurance documents in relation to risk to ensure effective management of the Trust's business; the integrated performance report, the corporate risk register and the board assurance framework.

The Trust has a comprehensive, integrated approach to the management of risk overseen by the Board and entailing scrutiny at all sub-committees.

The Board lead for overall risk management is one of the Deputy Chief Executives/Joint Medical Directors, with leadership in terms of the corporate risk register sitting with the Director of Corporate Services.

The Trust's Risk Management and Risk Register Policy and Risk Assessment Policy underpins how the Trust manages risk, which includes the recording of incidents on Datix (the Trust's incident reporting system) which is available to all staff.

Risk management training is available for all staff, with the course providing the training necessary to undertake formal risk assessments. The course is mandatory for all staff who sign, approve, review, agree, or monitor risk assessments. Attendance at this training is required every three years. By the end of the course, participants are expected to be able to:

- Describe the legislative requirements
- Describe the five-step model for risk assessment
- Understand the purpose of an organisational risk register
- Complete a risk assessment relating to an identified hazard
- Be knowledgeable about the content of the Trust policies relating to risk and associated documentation.

The risk and control framework

The corporate risk register maps all aspects of risk against the Trust's four key challenges (staffing, variability in quality of care, estates and infrastructure, and finances).
The risk register is scrutinised at an Executive Team Meeting prior to discussion at the following Board committees on either a monthly or bi-monthly basis:

- Patient Safety and Quality Committee (in the context of patient safety and quality of the patient experience)
- People and Organisational Development (workforce)
- Finance and Performance Committee (Performance, Finance and Infrastructure)
- Equality, Diversity and Inclusion (equality and diversity).

During the Board committees review, they consider:-

- performance against national and contractual standards particularly in relation to NHS Constitutional Access Standards
- the risks to delivery of the trust's corporate objectives, with a particular focus on issues that are cross-cutting or trust-wide

- specific divisional and corporate issues and risks that meet, or are just below, the threshold for Trust Board consideration and inclusion within the Corporate Risk (i.e those with a score of 15 or above).

The Board reviews the risk register at all its bi-monthly public meetings. Risk is a key consideration in discussing a wide range of items at Board and any areas of concern will be referred for further review and discussion at the appropriate Board committee. Importantly, the corporate risk register focuses attention on what current mitigations, controls and assurances are in place and what further actions or assurances are required. Each risk listed within the register has a single executive 'owner' to ensure accountability for risk management and mitigation.

The scoring of risk ratings is achieved against the National Patient Safety Agency standard risk matrix to ensure consistency of a wide range of risks from clinical through financial to reputational issues. The same framework is used within the divisions, by executives and at Board committees to moderate risks and to determine risk appetite. The highest rated risks (20 and above) on the March 2020 corporate risk register were as below:

Risk Description	Risk Score
Staffing	
Nurse staffing shortages impact on service quality and financial performance	20
Variability in quality of care	
COVID-19 pandemic will exceed our capacity to manage all patients optimally which may result in harm or death (NB: the risk was rated as a 25 at the end of March but at the time of approving the Annual Report and Accounts the risk had reduced to a 20 and a second risk relating to the impact of COVID-19 on staffing had been added to the risk register, also rated as a 20)	25
Delays in completing investigations of incidents within the Medicine Division which leads to delays in implementing learning.	20
Estates and infrastructure	
Loss of provision of clinical services throughout the Trust due to the poor condition of external buildings (roofs, windows, walls, structure)	20
Significant disruption to clinical services and clinical risk throughout the Trust due to the failure of the electrical infrastructure	20
Risk to the loss of theatres and critical clinical areas across the Trust due to the failure of air handling and cooling systems.	20
Increased clinical risk and loss of inpatient beds across the Trust due to the failure of mechanical bed lifts where this is a single lift serving the building	20
Inadequate facilities for HDU/ITU at St Helier	20

The corporate risk register is very much a 'live document' and the above risk descriptions and scores have changed since writing this report. Copies of the corporate risk register are available with the Public Board and papers, available on the Trust website at www.epsom-sthelier.nhs.uk/board-papers-and-agendas

The Trust continues to monitor risks regarding the UK's exit from the European Union and future relationship. Although not currently deemed significant enough to appear on the Trust risk register, we have previously monitored risks to patient safety, operational flow, staff wellbeing and Trust finances that may be impacted by Brexit. The Trust will continue to monitor these throughout the financial year as future relationship negotiations are finalised.

The Board recognises that risk is inherent in the provision of healthcare and its services and has developed a Risk Appetite Statement which was approved in March 2019. It describes the amount and type of risk that the Trust is prepared to accept to achieve its corporate priorities; sets out the Board's strategic approach to risk-taking by defining its boundaries and supports delivery of the Trust's Risk Management Policy.

As a general principle the Trust will not accept and will therefore seek to control all risks which have the potential to:-

- Cause significant harm to patients, staff, visitors and other stakeholders
- Endanger notably the reputation of the Trust
- Have severe financial consequences which could jeopardise the Trust's viability
- Jeopardise significantly the Trust's ability to carry out its normal operational activities
- Threaten the Trust's compliance with law and regulation.

The Board Assurance Framework (BAF) collates in one document progress against, and risks to the achievement of, the Trust's corporate objectives. The BAF also details the main sources of assurance against each corporate objective, enabling the Board to gain a clear understanding of the risks faced by the organisation in terms of performance/progress against the key corporate objectives.

The BAF is reviewed at Board and Board sub-committees on a quarterly basis and provides an evidence base to assist the Board in deciding where to focus assurance resources.

The Integrated Performance Report (IPR), Corporate Risk Register and BAF are complementary documents. The IPR indicates key performance shortfalls which lead on to a risk discussion. For example, risks to delivery of the ED (A&E) four hour emergency access standard and diagnostic standard continue to be escalated and are reviewed in detail to obtain appropriate assurance at the Board committees ahead of each Board meeting.

The IPR, Corporate Risk Register and BAF together form the main tools that the Board uses in terms of internal control.

The governance framework

Our Board of Directors is the corporate decision-making body and plays a key role in shaping the strategy and vision of the Trust, whilst ensuring value for money and seeking to make continuous improvement. The Board is also responsible for ensuring that risks to the organisation are managed and mitigated effectively.

The Board provides a framework of governance within which we deliver high quality healthcare services across Surrey and south west London. The Board clearly recognises that effective corporate governance underpins good leadership and accountability, and the Board continually seeks to improve governance arrangements within the Trust.

In November 2018, and in line with a recommendation from NHS Improvement, the Board commissioned an externally facilitated well-led review. The output from this was reviewed at a Board seminar in April 2019, following which an action plan was developed to address the points raised. A quarterly update on progress against the action plan has been received by the Trust Board since this point. Any outstanding actions will be reviewed as part of Board development plans for 2020/21.

In October 2018, the Board successfully applied for a place on a development programmed offered to NHS provider boards by NHSI to develop the knowledge and skills needed to lead and embed quality improvement at an organisational level. The aim of the programme was to enable boards to know what it takes to lead improvement in organisations where quality improvement is a core enabler to delivering the triple aim of achieving improvements in value for money, patient experience (satisfaction and outcomes), and population health.

One of the recommendations from the Well Led Review which was carried out in 2019 was to streamline the Committee Structure and to clarify their remits to make the governance arrangements more effective. Within this in mind it was agreed to disband the existing Performance and Risk Committee. The Performance aspects of this committee were assumed into a restructured Finance and Performance Committee and risks are now considered as part of the agenda for each of the sub-committees.

The programme was delivered to the Trust Board in October 2019 by RUBIS.Qi, a quality improvement delivery arm of Northumbria Healthcare NHS Foundation Trust. Following the October Board discussion, a decision was taken to ask RUBIS.Q.i to support initial work on driving forward the Trust's quality improvement agenda.

The resulting report made nine recommendations intended to help build a continuous improvement approach within the Trust. These initial findings were discussed at the March meeting of the Trust Board where it was agreed that work should proceed apace on implementing quality improvement methodology within the Trust.

The Trust Board

The Trust Board is comprised of a chairman, five non-executive directors (NEDs), two associate non- executive directors, and six voting executive directors. The voting executive directors are:-

- Chief Executive
- Two Deputy Chief Executives/Joint Medical Directors (with one shared vote)
- Chief Nurse
- Two joint Chief Operating Officers (with one shared vote)
- Chief Finance Officer

Five other executive directors without voting rights attend each Trust Board meeting:-

- Director of Corporate Services
- Director of Estates, Facilities and Capital Projects
- Director of Communications and Patient Experience
- Director of Integrated Care
- Director of People

The Trust maintained a relatively high degree of continuity and stability at Board level, with the following changes in year:

- Laurence Newman completed his term of office as Chair in September 2019. Gillian Norton succeeded him in the role on 1 October 2019 as Chair in Common with St George's University Hospital NHS Foundation Trust

- The Chief Operating Officer left the Trust in October 2019. Following successful recruitment he was replaced in the role by two internal candidates who undertake a Job share.

- Professor Derek Macallan, who is a specialist in adult infectious diseases at St George's University Hospitals NHS Foundation Trust, was appointed as a Non-Executive Director on 1 July 2019, replacing Professor Iain Macphee.

During the year the following NEDs were reappointed to their roles:

- Martin Kirke, with a special interest in the workforce and diversity agenda, who is Chair of the Equality and Diversity Committee
- Aruna Mehta, who is the Chair of the People and Organisational Development Committee

The Board met a total of six times in public in 2019/20 and all meetings were quorate. The Board also meets in private at least bi-monthly or more frequently if required.

During the year there was a move away from holding generalised public briefings in the months where there was no public Board meeting to delivering more focused briefings based on a single subject. Initially the focus of these events has been on Improving Healthcare Together with a large number of well attending briefings having taken place but the intention is to move to a broader range of health based topics going forwards.

The Board now meets in seminar format in the intervening months between Public Board meetings and discusses a range of topics including cyber-security, strategy, quality improvement and corporate priorities.

Prior to all Board meetings/seminars, the Board undertake a '15 Steps Challenge Walkabout' (which aims to determine what our patients and visitors experience within the first 15 steps of entering a ward or clinical department) within different parts of our hospitals. The findings from the walkabouts are reported back in public at the Board Meeting.

In March 2020 the Board set in train the establishment of a new subcommittee focused on the implementation of Improving Healthcare Together, so that the Trust is ready to respond to Clinical Commissioning Group decision-making around this consultation.

From the end of March 2020, as a result of COVID-19 and national guidance around social distancing and working from home if possible, the Trust made some adjustments to Board governance arrangements, to enable meetings to take place virtually, to temporarily suspend meetings in public with the public present, to limit Board committees to those necessary for the immediate governance of the organisation, including shorter, virtual monthly meetings of Finance and Performance Committee, and a combined Patient Safety and Quality Committee and People and Organisational Development Committee. The work of the Audit Committee and Equality Diversity and Inclusion were temporarily suspended to focus attention on the response to COVID-19.

The Board held its Annual Public Meeting in July 2019.

All non-executive directors and executive directors complete a declaration for the Fit and Proper Person's Test upon appointment.

The Committee Structure

The Trust Board has eight standing sub-committees:-

- Audit Committee
- Finance and Performance Committee
- Patient Safety and Quality Committee
- People and Organisational Development Committee
- Trust Executive Committee
- Charitable Funds Committee
- Remuneration Committee
- Equality, Diversity and Inclusion Committee

The **Audit Committee** met on five occasions in 2019/20. The Committee supports the Board by providing an independent and objective review of the financial and corporate governance assurance processes and the internal control environment across the Trust. Membership comprises three non- executive directors (one of whom is Chair of the Committee), with the Chief Executive, the Chief Finance Officer, the Head of Internal Audit and a representative from the external auditors in attendance. Other officers of the Trust are invited to attend to report on standing items, and also as requested on exceptional items. The Audit Committee receives assurance on fraud deterrence via regular reports from the Trust's Local Counter Fraud Group, and the Local Counter Fraud Specialist is invited to attend all meetings.

Major reports received by the Committee during the year included:

- Annual accounts and associated documents including the annual audit letter and Head of Internal Audit Opinion
- Annual Governance Statement
- Internal and external audit reports
- Counter fraud

The **Finance and Performance Committee** meets monthly and is chaired by a non-executive director. The committee approves the annual financial plan and reviews financial performance to ensure the trust achieves its annual financial targets. As a result of recommendations coming out of the external Well Led Review, during the year the Finance Committee expanded its role to include consideration of performance issues. The committee approves investments in service development opportunities and approves tender proposals and business cases and also has responsibility for financial risk management, providing the Board with an objective oversight of financial issues and, where
necessary, making recommendations to the Board. The committee also reviews Trust performance against national and contractual performance standards (particularly in relation to the NHS constitutional access standards) and considers risks to delivery of the Trust's finance, performance, estates and infrastructure objectives.

The **Patient Safety and Quality Committee** meets monthly with a remit to seek assurances that the quality of patient services is of the highest standard with a particular focus on patient safety, clinical effectiveness and patient experience. The committee is chaired by a non-executive director, with the membership comprising two further non-executive directors, all executive directors (with one of the Deputy Chief Executives/Joint Medical Directors as the executive lead). The committee receives reports on serious incidents and never events, and themes and trends arising therefrom, and also updates on action plans to further improve the quality of services provided. The committee has the delegated authority to approve the Trust's Annual Quality Account. Within the year the committee also received updates on work taking place within the Trust with a focus on patient safety and quality. During 2019/20 this included:

- Pharmacy and Medicines Optimisation
- Quality and Patient Safety Assurance in the ED (A&E) Departments
- Annual Clinical Audit Work Plan

The **People and Organisational Development Committee** maintains a strategic overview of the Trust's workforce and associated educational and organisational arrangements and meets bi-monthly. It oversees the development of the people and organisational development strategy and annual plans for delivering that strategy, and advises the Board on any areas of concern in relation to people management and workforce strategy. The committee is chaired by a non-executive director, with two other non-executives as members and advises the Board on any areas of concern in relation to people management and workforce strategy. Also during 2019 a People and Organisational Development Group was established within the Trust. This aims to deal with operational issues and highlights to the main committee any areas of concern.

The **Trust Executive Committee** is chaired by the Chief Executive and comprises the senior clinical leadership body of the Trust, with a membership of over sixty people. The committee meets monthly with a remit to set the Trust's direction of travel, both strategic and operational, in terms of decisions not reserved to the Board, and the proposing and refining of issues on matters reserved to the Board.

The **Charitable Funds Committee** monitors arrangements for the control and management of the Trust's charitable funds in accordance with statutory and legal requirements or best practice as required by the Charities Commission. The committee is chaired by the Chairman of the Trust. A detailed review of the work of the committee was undertaken during 2019 and recommendations for improving the way that charitable funds are managed and governed within the Trust were approved by the Board in January 2020. The key recommendations from the review focused on strengthening governance arrangements and the establishment of an executive lead Charitable Funds Steering Group to undertake a more proactive, operational role in charitable funds activity and delivery of fundraising plans. When established, the membership of the committee will comprise a wide range of staff including nursing and medical, with the membership being on a nominations basis. The review also recommended an appraisal of fund raising activity within the Trust in the context of maximising the supporting available to specific projects associated with Improving Healthcare Together.

The **Remuneration Committee** is chaired by the Chairman of the Trust and makes recommendations to the Board on Trust remuneration policy and the specific remuneration and terms of service of executive directors to ensure that they represent value for money and comply with statutory and Department of Health requirements.

The **Equality, Diversity and Inclusion Committee** was established by the Trust during 2018 and continued to develop and embed its role during 2019/20. The membership comprises two non-executive directors and all executives (the core executives are the Director of Communications and Patient Experience, the Chief Nurse and the Director of People). The remit of the committee is to set the Trust's direction and framework for equality, diversity and inclusion issues, ensuring a co-ordinated approach to diversity work. The committee is involved in developing and monitoring the annual equality, diversity and inclusion work plan, ensuring that the views, needs and preferences of diverse groups inform the delivery of services across the Trust and raising the profile of equality and diversity across the Trust through supporting good practice and promoting and monitoring equality, inclusion, diversity and dignity training. Also during the year an Associate Director of Inclusion was appointed at the Trust and the aim of their role is to engage with marginalised community groups to support access to healthcare.
During 2019/20 the terms of reference of all Board committees were reviewed and updated.

People

During 2019/20 the Trust continued to build on the work to embed its value of Respect into the organisation's culture. Processes were developed to ensure **Respect** was at the heart of how the Trust works with colleagues, patients and carers. In addition, the interim NHS People Plan was published.

Key themes in the plan were:-

- Making the NHS the best place to work
- Improving NHS leadership culture
- Addressing workforce shortages
- Delivering twenty-first century care
- Developing a new operating model for workforce

The Trust's people priorities were aligned to the above themes and progress has been monitored through the People and Organisation Development Committee.

In the bid to make the Trust the best place to work and be treated, further channels were established to receive staff feedback. Regular staff pulse surveys were introduced which also included the staff friends and family test. The results of the survey were considered by the Trust Executive Committee as well as the People and Organisational Development Committee.

The Trust has allocated resources to support staff with raising concerns. The Freedom to Speak Up Guardians (1.5 wte) are supported by 14 FTSU advocates. They provide support to staff over a whole range of issues including attending meetings with staff as silent support. The range of issues which come through the FTSU route are brought to the Board's attention through the FTSU Oversight group which is chaired by the non-executive director champion for FTSU. This allows the non-executive director to have a good overview of the issues and concerns raised by staff. Other members of the group include the Chief Executive, Chief Nurse, Medical Director and the Director of People. The range of issues are considered from a quality, safety and people perspective to spot any particular trends and identify lessons learnt.

Incivility in the workplace was another area of focus. The Trust's Simulation Team created a film, 'Make or Break: Incivility in the workplace'. The video showed staff on their journey as they reflect how incivility impacts everyone in the NHS, both colleagues and patients. This video is being used as a training tool and has been shared with other NHS employers and Trade Union bodies who have cited it as an example of best practice. The Trust has given permission for the video to be used by other organisations for training purposes. The Trust has also developed its Building Respect documents into digital interactive/accessible format which is accessible to staff through a dedicated webpage.

The focus on addressing workforce shortages has continued in 2019/20. The Trust has continued its involvement on cohort 4 of the NHS Improvement Retention programme. The nursing team has introduced a number of initiatives to support nurse retention. The Trust was able to secure Advanced Clinical Practitioners training places through the 2019/20 commissioning. The apprenticeship levy has also been used to fund places on the programme. A proactive approach to a rolling nurse recruitment campaign has yielded benefits with over 180 external recruits of which 23 are International.

The Trust's People Strategy covering the period of 2020 to 2025 is currently being written to respond to the Trust's Strategy for 2020 to 2025, once finalised.

Other key areas of focus include:

- Health and wellbeing – comprehensive programme in place implemented through regular wellbeing roadshows. This includes psychological support and mental wellbeing.
- Leadership development including a comprehensive executive development programme as well as coaching support.

Staff Survey

57% of staff responded to the 2019 survey, an increase from the 2018 response rate of 41%. The Trust benchmarked above the average for acute trusts nationally in two theme areas, average in three theme areas and marginally below average in six theme areas.

Above average:

- Quality of Care
- Safe environment –

Violence Average:

- Health and wellbeing
- Safety culture
- Staff engagement

Marginally below average:

- Equality, diversity and Inclusion
- Immediate managers
- Morale
- Quality of appraisals
- Safe environment – bullying and harassment
- Team working

As the areas for development arising from the survey are mainly already recognised, the actions to address them are largely already underway. However, action plans will be developed for review at Board committees to ensure that progress is made.

Equality Diversity and Inclusion (EDI)

Embedding EDI has been an important area for the Trust with the CEO setting this as a key priority area from the Board to the rest of the organisation. The Trust's performance against this agenda is monitored through a committee of the Trust Board chaired by a non-executive director. Key areas of focus are:-

- Implementation of the NHS Workforce Race Equality Standard (WRES) action plan and the NHS Workforce Disability Equality Standard (WDES)
- Implementation of the Accessible Information Standard
- Implementation of the Equality Delivery System 2
- Gender Pay Gap Reporting
- Development of networks to support staff with protected characteristics (the Trust currently has networks representing Black, Asian, Minority Ethnic (BAME,) Positive + and LGBT+)
- Improving staff experience to ensure all staff experience the Trust as a fair and rewarding place to work and want to stay
- Seeking ways to celebrate diversity

One particularly successful action to address EDI issues has included ensuring that all recruitment panels for Band 6 posts and above have a BME representative on the appointment panel. This began in 2018 and is now embedded within staff recruitment. Over the coming months the Trust plans to focus on leadership development and will be focusing on promoting diversity in leadership roles, reflecting the community we serve.

The staff BAME network group, which was set up in 2018 with executive level oversight and support from the Trust's Chief Nurse, is also now well established. The contribution of EU workers to the health care provided by the Trust is valued highly and the Trust offered support with the application
process for settled status and put in place other resources including setting up a peer support group.
In September 2019, the Trust appointed an Associate Director for Inclusion to act as the custodian of the Trust's EDI vision and to provide and implement solutions to complex equality, diversity and inclusion challenges within the framework of relevant legislation. Specifically, the Associate Director has responsibility for:-

- Implementing the Trust's EDI strategy
- Working closely with the EDI Committee and networks to ensure there are clear lines of communication to listen and respond to staff concerns
- Provide support and facilitate staff to effectively incorporate EDI as part of their 'business as usual' including changes to policies and procedures
- Promote diversity, developing training programmes to enhance staff understanding of inclusion issues.

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

Care Quality Commission

The Trust is fully compliant with the registration requirements of the Care Quality Commission (CQC).

The Trust was inspected by the CQC in May 2019. The report on the findings of the inspection was published on 19th September 2019.
At Epsom General Hospital the following core services were inspected: maternity, medical care, and urgent and emergency services. At St Helier Hospital the following core services were inspected: maternity, medical care, surgery and urgent and emergency services. Following the inspection:-

- The overall rating for the Trust changed from 'Requires Improvement' to 'Good'.
- The overall ratings for the effective and well-led domains at a Trust level changed from 'Requires Improvement' to 'Good'.
- The rating for the responsive domain for maternity at both Epsom and St Helier hospitals changed from 'Good' to 'Outstanding'.
- The following core services changed their overall rating from 'Requires Improvement' to 'Good':
    - Maternity at Epsom General Hospital
    - Medical Care at Epsom General Hospital
    - Surgery at St Helier Hospital

Register of Interests

The Trust has published an up-to-date register of interests for decision-making staff within the past twelve months, as required by the 'Managing Conflicts of Interest in the NHS' guidance. The register can be found at https://www.epsom-sthelier.nhs.uk/board-disclosures

NHS Pension Scheme

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.

The Environment

The Trust has undertaken risk assessments and has a sustainable development management plan in place which takes account of UK Climate Projections 2018 (UKCP18).

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

The Finance and Performance Committee meets monthly to consider all elements of financial performance including delivery of cost improvement programmes. The internal audit programme incorporated a review of the main financial systems and processes, which included significant and in- depth analysis to identify any areas of risk and recommendations for improvement.
The Trust has in place a Service Improvement Team and a Project Management Office to support delivery of the Trust's efficiency and cost reduction programmes. The Trust uses a wide range of data to inform the cost improvement programme, including the Model Hospital, feedback from GIRFT reviews and benchmarking tools.

The Trust is part of an acute provider collaborative in south west London which is looking at opportunities for collaboration to drive quality and efficiencies, with a particular focus on estates and facilities, IT, workforce and procurement. In the year 2019/20 year, the Trust Board approved merging the four local procurement departments at each of the south west London acute trusts into a single procurement department for the region.

The CQC undertook a use of resources assessment in April 2019 which involved reviewing metrics from the Model Hospital 'Use of Resources' section and a narrative prepared by the Trust against the use of resources key lines of enquiry. The visit generated a use of resource report and a "Good" rating.

Information Governance

During 2019/20, the Trust has completed and passed the new NHS Data Security and Protection Toolkit. This included achieving 96.3% of all staff completing the mandatory information governance training against a target of 95%.

The Trust's Information Governance Committee is chaired by the Senior Information Risk Owner (the Director of Corporate Services). The Caldicott Guardian, a senior clinician, is a key member of the committee and has oversight of information risks.

The Information Governance Committee meets every quarter and receives reports on information incidents and reviews the information governance risk register in detail. The Committee reports in to the Patient Safety and Quality Committee.

During the 2019/20 year, the Trust reported six information governance incidents to the Information Commissioner (ICO) and four complaints/concerns were received from the Office of the ICO. At the time of completion of this report, three of the six incidents referred by the Trust to the ICO had been closed by them with no further action to be taken. The outcome of the others is awaited.

Data and cyber security risks are managed operationally by the Trust's information and communications technology team (ICT), supported by the Information Governance Manager, including ensuring all relevant security alerts and guidance from NHS Digital (CareCert) are actioned. Cyber security is also part of the internal audit current work plan, and any actions arising from this and other cyber insights are overseen by the Director of Corporate Services as the Trust's Senior Information Risk Officer (SIRO), including via the Information Governance Committee. The Trust has taken all necessary action to ensure compliance with the Data Security and Protection Toolkit (DSPT) for 2019/20.

Annual Quality Report

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year. In January 2019, the Patient Safety and Quality Committee approved the production of a quality report for the 2019/20 financial year, having previously produced a quality account annually since 2009/10. The quality report – which is mandatory for NHS foundation trusts and optional for NHS trusts – incorporates all the requirements of the quality account as well as additional reporting requirements set out by NHS England and NHS Improvement.

The Trust's Quality Report demonstrates to patients and the public how the Trust is performing against agreed quality priorities and where it will focus priorities for quality improvement. Prior to publication, the Trust is required to formally engage with, and seek assurance from, specific groups including Healthwatch, Commissioners and the Overview and Scrutiny Committee, on the content of the Quality Report.

The Quality Report is reviewed through our internal assurance processes via the Trust Executive Team and the Patient Safety and Quality Committee and is noted at our Audit Committee. The Quality Report is audited by the Trust's External Auditors. The report contains information about the quality of our services, including the improvements we have made during 2019-20 against the priorities that we set and determines our key priorities for next year (2020-21). The report also includes feedback from our patients and Commissioners (the NHS organisations who pay for our services) on how well they think we are doing.

Our Quality Report is divided into four parts:

Part one looks at our performance in 2019/20 against the priorities and goals we set for patient safety, clinical effectiveness and patient experience. If we have not achieved what we set out to do we explain why and outline how we intend to address these areas for improvement.
Part two sets out the quality priorities and goals for 2020/21 and explains how we decided on them, how we intend to meet them and how we will track our progress.

The proposed quality priorities for 2020-21 are:-

- Priority 1 – To improve the proportion of our patients seen daily by a Consultant
- Priority 2 – Learning from avoidable deaths in hospital
- Priority 3 – To improve the recognition and management of patients with sepsis
- Priority 4 – To develop new pathways and ways of working across care systems to prevent avoidable admissions and support patients with remaining in their own home.
- Priority 5 – To work with key partners and stakeholders to improve the experience of carers and the people they care for through an integrated approach across the healthcare system. This work is to include young carers.

Part three sets out our Statements of Assurance. These statements of assurance follow the statutory requirements for the presentation of Quality Accounts, as set out in the Department of Health's Quality Account Regulations.

Part four sets out further performance information which also follows statutory requirements.

Review of effectiveness

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

Internal Audit

The Trust employs an external team from BDO to undertake the internal audit reviews. BDO regularly attends the Audit Committee to present their report findings. The work focuses on an Annual Internal Audit Programme which is agreed by the Trust's executives and the Audit Committee at the beginning of the year. The aim of the work is to test internal systems and to make recommendations for improvement where required.

Undertaking internal audit is one of the key ways of assessing how the internal systems within the Trust are working. During 2019-2020, BDO has completed and submitted to the Trust's Audit Committee five reports. These were:-

Audit Report	Level of Assurance
Overseas Visitors	Moderate
Data Quality - Theatres	Moderate
Key Financial Systems	Substantial
Cost Improvement Programmes	Moderate
Car Parking Cash Collection	Substantial

A further four reports are at the time of this report in draft format and a further two are work in progress.

Counter Fraud

Fraud awareness campaigns have included educating staff on how to report fraud and the Counter Fraud Service has drafted a number of articles for staff communications on successful fraud investigations undertaken.

The Local Counter Fraud Specialist (LCFS) attends and presents at monthly staff induction sessions to inform new staff of the Trust's zero tolerance to fraud. The LCFS is undertaking a fraud awareness campaign at the Trust with a view to delivering counter fraud training to staff in all departments.
Investigations into fraud are conducted in accordance with relevant legislation and are undertaken by accredited LCFs in a professional, objective and fair manner.

Referrals can be received from a number of sources including anonymous calls from concerned members of staff and the public. Where considered appropriate, an investigation is carried out in accordance with a plan agreed with the Chief Financial Officer.

At the March 2020 meeting of the Audit Committee, the Director of Corporate Services was appointed as Board counter fraud 'champion' to support the work of the counter fraud expert in the Trust.

Clinical Audit

During 2019/20 the Trust participated in fifty-one national clinical audits and four national confidential enquiries on the quality accounts list in which it was eligible to participate.
The reports of twelve national clinical audits were fully reviewed and discussed by the appropriate committees. Actions from these audits have been agreed and aim to improve the quality of healthcare within the Trust.

The results of 128 local clinical audits were presented and discussed at quality meetings and via appropriate divisional management team meetings.

Serious Incidents and Never Events

The Trust reports all serious incidents and never events in line with the national and local frameworks. In 2019-20, the Trust reported three never events. The occurrence of all never events is reported publicly, but they are considered in more detail in private as part of the monthly review of all serious incidents at both the Patient Safety and Quality Committee and Trust Board.

A thorough investigation of all serious incidents is considered to be an essential component of the Trust's approach to patient safety and provides continuous learning in the understanding of why an incident occurred, the care and service delivery issues identified and how future risk and harm can be reduced by effective understanding, review and action.

Learning from Deaths

In August 2017 the Trust ratified the 'Policy for mortality reporting and mortality peer review process'. This policy provides an organisational framework for the management of mortality reviews and reporting within the Trust and details the aims of the mortality review process including
identifying and minimising potentially 'avoidable' deaths within the Trust and promoting organisational learning and improvement. The Trust aspires to all deaths being reviewed and progress is monitored through the Reducing Avoidable Death and Harm (RADAH) Committee. A quarterly report is also made to the Patient Safety and Quality Committee and the Trust Board giving an update on the progress of mortality peer reviews.

The Trust has designed a report to support staff in identifying deaths that require a level one mortality review based on agreed case selection criteria. The process also identifies the deaths which meet the criteria for completion of Structured Judgement Reviews (SJR). Learning from the level one and SJRs is collated and widely disseminated, and focuses on thematic analysis to identify both good practice and areas of improvement.

Clinical Assurance

The Trust has a Clinical Assurance Panel which meets on a regular basis. The purpose of the Panel is to assure the Trust Board via the Medical Director and Chief Nurse and the two local Clinical Commissioning Groups that savings plans and major service changes support clinical quality improvement and any potentially negative impacts on clinical quality are tracked and mitigated. Each scheme reviewed by the Clinical Assurance Panel requires both an equality and quality impact assessment to be carried out. The equality assessment seeks assurance that the various statutory regulations would be met for each cost improvement programme.

Performance Reporting

The integrated performance report (IPR) details Trust delivery of both national and local standards, reporting performance against the following metrics:-

- Safe and effective
    - Mortality

- Quality measures
- Reducing avoidable harm
- Safety thermometer
- Safe staffing
- Healthcare associated infections
- Hand hygiene audits
- Caring and responsive
- Maternity
- Friends and Family Test
- PALS and complaints
- Cancer access
- Elective care
- Critical care
- Urgent care

- Well led/resources
  - Workforce
  - Communications and engagement
  - Financial performance

The IPR is presented to Board committees on a monthly basis where there is careful and thorough scrutiny of the metrics.

The IPR highlights any particularly strong areas of performance and also areas of challenge and variations from plan. Where there are concerns about performance against national or local targets, exception reports are prepared to provide assurance that plans are in place to improve performance. The Trust is developing the use of statistical control charts as a tool to enable more detailed statistical interpretation and the reasons behind any variation in the systems that we are looking to improve.

Elective waiting times are monitored and validated daily to ensure quality and accuracy of the information. A number of elective reports, including the patient tracking list, are produced every morning to reflect the position for the previous day, which will then be validated by the pathway co- ordinators within each clinical division. There is a separate data validation team focusing on people who have to wait for treatment. There are weekly performance meetings to review performance at specialty level.

Conclusion

In September 2019, the Trust was thrilled to be officially rated as GOOD by the CQC after a comprehensive inspection of services across the organisation. Following the three day inspection during May, and separate inspections of our leadership and how we use our resources, inspectors found a number of improvements and positive practice across patient care, including improvements in surgery, medicine and maternity. As a result, the Trust is now rated as Good for being caring, effective, responsive, well-led and for use of resources and is Good overall.

This improvement in our rating and in many of our services reflects our absolute commitment to the health and wellbeing of our patients and the focus on continuing to improve the services we provide.

Also in September 2019 the Trust received confirmation that the Government would be making available £511 million to develop a new specialist emergency care hospital and invest in both Epsom and St Helier hospitals. This investment will transform patient care for the 500,000 people who use the Trust's services, greatly improving the experience of the committed staff working in the hospitals and will secure a long term and sustainable future for hospital services in the local area. The investment will allow the Trust to create state of the art hospital facilities for the sickest patients, invest in and refurbish the older parts of all our hospital buildings which are currently not fit for modern healthcare, and support the medical workforce to improve staffing levels and patient care.

NHS Surrey Downs, Sutton and Merton Clinical Commissioning Groups have been leading a period of public consultation, due to conclude on 1st April 2019, on this investment and no changes to any services will be made until after the completion of this consultation and all of the information has been considered by the CCGs.

A key priority for the Trust throughout the year has been to form strong partnerships across health, social care and the voluntary sector and the Trust is playing a key leadership role in the integration of community and hospital care, and also in acting as a system leader in terms of financial recovery. We believe that we are now in 'pole position' to take forward a number of key initiatives within the local care system.

From 1st April 2019, the Trust became the host for the delivery of community health services across both of its local place-based communities of Surrey Downs and Sutton. Both community contracts are delivered through contractual joint ventures (Surrey Downs in partnership with the three local GP Federations and the community trust and Sutton in partnership with the local GP Federation, local authority and mental health trust). Discharging our host responsibilities to a high standard and working in partnership to transform pathways across hospital and community settings has been a key priority throughout the year and for the future.

There has also been significant progress in terms of partnership working across south west London in merging the four local procurement departments at each of the south west London acute Trusts into a single procurement department for the region, and agreement that a new south west London recruitment hub will be hosted by Kingston and based in the East Street offices at Epsom.

We are also particularly pleased with the highest ever response rate to the national staff survey. Compared to 2018, 70% of questions improved, 26% remain the same and only 3% have deteriorated. Most improved question relates to whether communications between staff and senior managers is effective (up by 7% on previous year).

The Trust, like many other organisations within the NHS, faced a number of operational challenges through the year which had an impact on achievement of some corporate priorities. In March 2020, we were among the first Trusts in London and nationally to experience the impact of the developing COVID-19 pandemic, including sadly, the first deaths among COVID-19 positive patients. The Trust put in place its internal command and control arrangements early on to address the change in demand for services. The scale of the challenge continues to unfold, and governance arrangements have been adjusted to manage through this period.

The pandemic represents a very significant risk to the organisation and this was reflected in our Corporate Risk Register at the end of March at the highest possible level (5x5), even with mitigations in place. This risk score has subsequently been amended downwards.

One of our key priorities for 2019-20 was to provide responsive care that delivers the right treatment in the right place at the right time, and our limited assurance performance against this priority was principally related to an increase in the referral to treatment 18 weeks waiting list, and associated diagnostic waiting times and continuing difficulties in achieving the 4 hour emergency standard in our EDs(A&Es). These challenges became particularly acute through the management of the COVID-19 pandemic.

Overall, the Trust finished the year in a good position, having delivered its control total for the year and achieved a GOOD in the CQC inspection. There are no significant internal control issues.

Signed

Daniel Elkeles

Chief Executive Date: 19th June 2020

Statement of the Chief Executive's Responsibilities as the Accountable Officer of the Trust

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

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

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

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an Accountable Officer.

Signed

Daniel Elkeles

Chief Executive Date: 19th June 2020

Statement of Directors' Responsibilities in respect of the accounts

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

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

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

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

By order of the Board

Date: 19th June 2020 Chief Executive

Date: 19th June 2020 Finance Director

Director's Report

Our Board of Directors is responsible for the management of our hospitals and setting the future direction of the Trust. They are also responsible for monitoring performance against national, regional and local objectives and ensuring the highest levels of standards and performance. In October 2019, we welcomed Gillian Norton as our new Chairman in Common with St George's Hospital.

There are eleven voting members of the Board, made up the Chairman, five Non-Executive Directors and five Executives. In addition, we have two Associate Non-Executive Directors and five Executive Directors who are non-voting members of the Board. Our Board membership between 1st April 2019 and 31st March 2020 was:-

Chairman

Laurence Newman – Chairman up to 30th September 2019

Gillian Norton – Chairman in Common with St George's University Hospitals NHS Foundation Trust from 1st October 2019 (term of office to 31st March 2023)

Non-Executive Directors

Pat Baskerville (term of office to 30th December 2020)

Chair of Patient Safety and Quality Committee

Richard Noble (term of office to 31st May 2021)

Chair of Finance and Performance Committee

Elizabeth Bishop (term of office to 30th June 2021)

Chair of Audit Committee

Aruna Mehta (term of office to 31st January 2024)

Chair of People and Organisational Development Committee

Derek Macallan (term of office to 30th June 2023), from 1st June 2019 replacing Professor Ian MacPhee who completed his term of office in May 2019.

Associate Non-Executive Directors

Chris Elliott (term of office to 7th June 2023)

Chair of Sutton Health and Care and Surrey Downs Health and Care

Martin Kirke (term of office to 31st January 2021)

Chair of Equality, Diversity and Inclusion Committee

Executive Directors (Voting)

Daniel Elkeles – Chief Executive Officer

Ruth Charlton – Joint Deputy Chief Executive Officer and Joint Medical Director

James Marsh – Joint Deputy Chief Executive Officer and Joint Medical Director

Arlene Wellman – Chief Nurse

Rakesh Patel – Chief Finance Officer

Philippa Jones and Sue Jones – Joint Chief Operating Officer (from October 2019), replacing Dan Bradbury who left the trust in October 2019

NB: the Joint CEO's/Medical Directors share one vote between them, as do the Joint Chief Operating Officers

Executive Directors (Non-Voting)

Trevor Fitzgerald – Director of Estates and Capital Projects

Peter Davies – Director of Corporate Services

Lisa Thomson – Director of Communications and Patient Experience

Thirza Sawtell – Director of Integrated Care

Debbie Eyitayo – Director of People (from May 2019) when the post became a board level position

Declarations of Interest can be found https://www.epsom-sthelier.nhs.uk/board-disclosures

3. Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF EPSOM AND ST. HELIER UNIVERSITY HOSPITALS NHS TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Epsom and St. Helier University Hospitals NHS Trust ("the Trust") for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Taxpayers Equity and Statement of Cash Flows, and the related notes, including the accounting policies in note one.

In our opinion the financial statements:

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

Basis for opinion

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

Going concern

The Directors have prepared the financial statements on the going concern basis as they have not been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Director's conclusions we considered the inherent risks to the Trust's operations and analysed how these risks might affect the Trust's financial resources, or ability to continue its operations over the going concern period. We have nothing to report in these respects.

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

Other information in the Annual Report

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

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

information included in the Annual Report for the financial year is consistent with the financial statements.

Annual Governance Statement

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

Remuneration and Staff Report

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

Directors' and Accountable Officer's responsibilities

As explained more fully in the statement set out on page 126, the directors are responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity. As explained more fully in the statement of the Chief Executive's responsibilities, as the Accountable Officer of the Trust, on page 125 the Accountable Officer is responsible for ensuring that annual statutory accounts are prepared in a format directed by the Secretary of State.

Auditor's responsibilities

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

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

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

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

Under the Code of Audit Practice we are required to report to you if the Trust has not made proper arrangement for securing economy, efficiency and effectiveness in its use of resources.

Qualified conclusion

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

Basis for qualified conclusion

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

The Trust reported an in-year surplus in 2019/20 of £0.7 million against a turnover of £512.4 million, after the application of Financial Recovery Fund monies of £24.4m, which was in line with the target set by NHS Improvement. In advance of the suspension of the NHS funding regime on 17 March 2020 due to Covid-19, the Trust produced an operational plan for 2020/21 which forecast an in-year surplus of £100k, which the Trust would achieve without the need for revenue loan support from the Department of Health and Social Care. Despite the Trust's in year performance and plans to improve the underlying financial position, the plans do not demonstrate that the Trust will achieve its breakeven duty in the foreseeable future. We therefore do not have sufficient assurance over the sustainable deployment of resources criteria, and as a result have issued an except for conclusion.

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

As explained in the statement set out on page 125, the Chief Executive, as the Accountable Officer, is responsible for ensuring that value for money is achieved from the resources available to the Trust. We are required under section 21(3)(c), as amended by schedule 13 paragraph 10(a), of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the specified criterion issued by the Comptroller and Auditor General (C&AG) in December 2019 and updated in April 2020 as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We planned our work in accordance with the Code of Audit Practice and related guidance. Based on our risk assessment, we undertook such work as we considered necessary.

Statutory reporting matters

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

- we refer a matter to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency; or
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Trust under section 24 of the Local Audit and Accountability Act 2014.

On 28 February 2020 we wrote to the Secretary of State in accordance with Section 30(1)(a) of the 2014 Act in respect of the Trust's expected failure to deliver its breakeven duty as set out in paragraph 2(1) of Schedule 5 of the National Health Service Act 2006. The Trust's financial statements for financial year ended 31 March 2020 identify a cumulative deficit of £80.4m, despite a surplus of £0.7m of that incurred in the 2019/20 financial year.

We have no other matters to report in these respects.

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

This report is made solely to the Board of Directors of Epsom and St. Helier University Hospitals NHS Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014.

Our audit work has been undertaken so that we might state to the Board of the Trust, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of the Trust, as a body, for our audit work, for this report or for the opinions we have formed.

CERTIFICATE OF COMPLETION OF THE AUDIT

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

Neil Thomas
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

24 June 2020

4. Annual Accounts for the period 1st April 2019 to 31st March 2020

Epsom and St Helier University Hospitals NHS Trust

Annual accounts for the year ended 31 March 2020

Statement of Comprehensive Income

	Note	2019/20 £000	2018/19 £000
Operating income from patient care activities	3	447,049	383,295
Other operating income	3	65,382	51,081
Operating expenses	4	(511,422)	(476,049)
Operating surplus/(deficit) from continuing operations		**1,009**	**(41,673)**
Finance income	7	322	147
Finance expenses	8	(2,465)	(1,711)
PDC dividends payable		-	(582)
Net finance costs		**(2,143)**	**(2,146)**
Other gains / (losses)	4	-	12,392
Surplus / (deficit) for the year from continuing operations		**(1,134)**	**(31,427)**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	4	(2,670)	(15,328)
Revaluations		9,883	2,628
Total comprehensive income / (expense) for the period		**6,079**	**(44,127)**

Statement of Financial Position

	Note	31 March 2020 £000	31 March 2019 £000
Non-current assets			
Intangible assets	10	161	278
Property, plant and equipment	11	209,549	170,742
Receivables	13	453	394
Total non-current assets		**210,163**	**171,414**
Current assets			
Inventories	12	4,730	4,730
Receivables	13	41,229	46,274
Cash and cash equivalents	16	33,200	30,925
Total current assets		**79,159**	**81,929**
Current liabilities			
Trade and other payables	18	(74,265)	(66,313)
Borrowings	20	(123,566)	(38,658)
Provisions	21	(1,109)	(1,157)
Other liabilities	19	(1,700)	(1,596)
Total current liabilities		**(200,640)**	**(107,724)**
Total assets less current liabilities		**88,682**	**145,619**
Non-current liabilities			
Borrowings	20	(24,873)	(89,394)
Provisions	21	(1,562)	(1,856)
Total non-current liabilities		**(26,435)**	**(91,250)**
Total assets employed		**62,247**	**54,369**
Financed by			
Public dividend capital		186,567	184,732
Revaluation reserve		36,015	28,848
Income and expenditure reserve		(160,335)	(159,211)
Total taxpayers' equity		**62,247**	**54,369**

The notes on pages 5 to 36 form part of these accounts.

Name
Position
Date 19 June 2020

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

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2019 - brought forward	**184,732**	**28,848**	**(159,211)**	**54,369**
Surplus/(deficit) for the year	-	-	(1,134)	**(1,134)**
Impairments	-	(2,670)	-	**(2,670)**
Revaluations	-	9,883	-	**9,883**
Transfer to retained earnings on disposal of assets	-	(10)	10	-
Other reserve movements		(36)		**(36)**
Public dividend capital received	1,835	-	-	**1,835**
Taxpayers' and others' equity at 31 March 2020	**186,567**	**36,015**	**(160,335)**	**62,247**

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

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2018 - brought forward	**182,111**	**45,603**	**(131,839)**	**95,875**
Surplus/(deficit) for the year	-	-	(31,427)	**(31,427)**
Impairments	-	(15,328)	-	**(15,328)**
Revaluations	-	2,628	-	**2,628**
Transfer to retained earnings on disposal of assets	-	(4,055)	4,055	-
Public dividend capital received	2,621	-	-	**2,621**
Taxpayers' and others' equity at 31 March 2019	**184,732**	**28,848**	**(159,211)**	**54,369**

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.

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

Statement of Cash Flows

	2019/20 £000	2018/19 £000
Cash flows from operating activities		
Operating surplus / (deficit)	1,009	(41,673)
Non-cash income and expense:		
Depreciation and amortisation	12,080	10,974
Net impairments	2,499	28,178
Income recognised in respect of capital donations	(940)	-
(Increase) / decrease in receivables and other assets	(5,134)	(225)
(Increase) / decrease in inventories	-	(937)
Increase / (decrease) in payables and other liabilities	956	4,750
Increase / (decrease) in provisions	(343)	368
Net cash flows from / (used in) operating activities	**10,127**	**1,435**
Cash flows from investing activities		
Interest received	322	147
Purchase of PPE and investment property	(37,097)	(40,555)
Sales of PPE and investment property	9,250	11,449
Receipt of cash donations to purchase assets	940	-
Net cash flows from / (used in) investing activities	**(26,585)**	**(28,959)**
Cash flows from financing activities		
Public dividend capital received	1,835	2,621
Movement on loans from DHSC	4,440	37,428
Movement on other loans	14,352	9,248
Capital element of finance lease rental payments	(473)	(352)
Interest on loans	(2,052)	(1,396)
Interest paid on finance lease liabilities	(270)	(196)
PDC dividend (paid) / refunded	900	(1,722)
Net cash flows from / (used in) financing activities	**18,732**	**45,631**
Increase / (decrease) in cash and cash equivalents	**2,274**	**18,107**
Cash and cash equivalents at 1 April	**30,925**	**12,818**
Cash and cash equivalents at 31 March	**33,200**	**30,925**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

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

Note 1.1.1 Accounting convention

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

Note 1.2 Going concern

The NHS the Group Accounting Manual (as directed by the Government Financial Reporting Manual) indicates that unless services provided by a Trust are likely to be transferred outside of the public sector within a year of the opinion date, the financial statements should be prepared on a going concern basis.

The Trust has submitted a 2020/21 plan to NHS Improvement for the Trust to breakeven. The Trust's financial priorities are to deliver this breakeven and work with Surrey Downs Integrated Care Partnership (ICP) and South West London STP to develop joint Financial Recovery Plans as part of its longer term financial strategy.

In 2020/21 the Trust is planning to implement its financial objectives which include:

- Delivery of the Surrey Heartlands and South West London Financial Improvement Trajectory targets, and financial targets set by NHS E/I in light of the COVID-19 pandemic;
- Supporting the delivery of Surrey Heartlands ICP and South West London STP financial targets, and NHS recovery plans;
- Delivery of any appropriate efficiency programmes with-in a post COVID-19 operating model.

Prior to the suspension of the 2020/21 planning process in response to the COVID-19 pandemic and the revision to the NHS cash funding regime, the Trust had developed financial plans which evidenced uncertainty as the achievement of CIP or unforeseen operational cost pressures resulting in failure to achieve the Control Total and therefore risking entitlement to receiving Provider Sustainability and Marginal rate emergency tariff (MRET) funding of £32.6m. The Trust's CIP programme for 2020/21 totals savings of £16.3m, of which £3.4m is unidentified at the date of these accounts. The Directors do not consider that this uncertainty is material to its ability to continue as a going concern.

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). The affected loans totalling £121,013k are classified as current liabilities within these financial statements. As the repayment of these loans will be funded through the issue of PDC, this does not present a going concern risk for the Trust. The Trust's plans indicate that no revenue loan support from the Department of Health and Social Care will be needed to fund the Trust's operations in 2020/21.

Healthcare and other services will continue to be provided by the public sector for the foreseeable future. The Directors therefore consider the Trust will continue to operate as a going concern.

Note 1.3 Interests in other entities

From 1 October 2019 the Trust controlled Molebridge Practice LP. The Practice is a Limited Partnership (LP) between a General Practitioner and an Executive Director of the Trust. The LP has commissioned the Trust to provide General Practitioner services. The Trust has a controlling interest of the LP through the Executive Director, and the LP is therefore a subsidiary of the Trust. The transactions of the LP have not been consolidated with-in these financial statements as they are not material.

The Trust did not consolidate the NHS charitable funds for which it is a corporate Trustee as the Epsom and St Helier NHS Trust Charitable Fund's income, resources, assets and liabilities are not material for the year ended 31 March 2020. The Trust have assessed the impact of not consolidating the accounts of its related Charity and deemed it to be immaterial and not adversely affect the interpretation of the accounts by its stakeholders.

Note 1.3.1 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).

In the application of IFRS 15 a number of practical expedients offered in the Standard have been employed. These are as follows;

- The Trust does not disclose information regarding performance obligations part of a contract that has an original expected duration of one year or less;
- The Trust is to similarly not disclose information where revenue is recognised in line with the practical expedient offered in the Standard, where the right to consideration corresponds directly with value of the performance completed to date.

The FReM has mandated the exercise of the practical expedient offered in the Standard that requires the Trust to reflect the aggregate effect of all contracts modified before the date of initial application.

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

Revenue from NHS contracts

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

The Trust receives income from commissioners under Commissioning for Quality and Innovation (CQUIN) schemes. The Trust agrees schemes with its commissioner but they affect how care is provided to patients. That is, the CQUIN payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the contract.

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) and Financial recovery fund (FRF)

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

Note 1.5 Other forms of income

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 1.5 Expenditure on employee benefits

Short-term employee benefits

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

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the 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 is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it is a defined contribution scheme.

Employer's 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 scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the Trust commits itself to the retirement, regardless of the method of payment.

Note 1.6 Expenditure on other goods and services

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

Note 1.7 Property, plant and equipment

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 cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.

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

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.

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

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

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

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees. Assets are revalued and depreciation commences when the assets are brought into use.

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

Revaluation of land and buildings

During 2019/20 the Trust commissioned a professional third party valuer to revalue its land and buildings. The outcome of this revaluation is set out in Note 4 and Note 11 below

More details of this revaluation and its core judgments and uncertainties is set out in 1.18.2 Sources of estimation uncertainty

Subsequent expenditure

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

such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Depreciation

Items of property, plant and equipment are depreciated over their remaining useful 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' cease to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

Revaluation gains and losses

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

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

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

Impairments

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

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

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

Note 1.7.3 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 abandoned or significant changes made to it.

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

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

Note 1.7.4 Donated and grant funded assets

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

Note 1.7.5 Useful lives of property, plant and equipment

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

	Min life Years	Max life Years
Buildings, excluding dwellings	1	95
Dwellings	5	24
Plant & machinery	5	10
Information technology	5	5
Furniture & fittings	5	10

This accounting policy is not applied if there is evidence to the contrary regarding the asset's useful life. Finance-leased assets (including land) are depreciated over the shorter of the useful life or the lease term, unless the Trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

Note 1.8 Intangible Assets

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 Trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Trust and where the cost of the asset can be measured reliably.

Internally generated intangible assets

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

Expenditure on research is not capitalised.

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

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 of IFRS 5.

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

Amortisation

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

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 Years	Max life Years
Software licences	5	5

Note 1.9 Inventories

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

Note 1.10 Cash and cash equivalents

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

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

Note 1.11 Financial assets and financial liabilities

Note 1.11.1 Recognition

Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to

arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS.

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

Note 1.11.2 Classification and measurement

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

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described below.

Financial assets are classified as subsequently measured at amortised cost.

Financial liabilities classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost

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

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 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).

HM Treasury has ruled that central government bodies may not recognise stage 1 or stage 2 impairments against other government departments, their executive agencies, the Bank of England, Exchequer Funds, and Exchequer Funds' assets where repayment is ensured by primary legislation. The Trust therefore does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies. Additionally, the Department of Health and Social Care provides a guarantee of last resort against the debts of its arm's length bodies and NHS bodies (excluding NHS charities), and the Trust does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies.

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

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

Note 1.12.1 The Trust as lessee

Finance leases

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

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for an item of property plant and equipment.

The annual rental charge is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability, is de-recognised when the liability is discharged, cancelled or expires.

Operating leases

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

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

Leases of land and buildings

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

Note 1.12.2 The Trust as lessor

Finance leases

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

Operating leases

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

Note 1.13 Provisions

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

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at Note 21 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 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 21, 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 organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

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

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

- donated assets (including lottery funded assets);
- (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
- any PDC dividend balance receivable or payable.

In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-

audit" version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

Note 1.16 Value added tax

Most of the activities of the Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

Note 1.17 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 the Trust 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.

1.18 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Trust's accounting policies, management is required to make various judgements, estimates and assumptions. These are reviewed regularly.

1.18.1 Critical judgements in applying accounting policies

There are no material judgements, except those involving estimates, which are disclosed below.

The Trust has made the following judgements that have an immaterial effect on the financial statements:

1. Ascertaining if an arrangement contains a lease; and if it does so assess whether it is an Operating or Finance Lease.
2. Non consolidation of immaterial controlled entities (see Note 1.3 Interests in other entities, above)

1.18.2 Sources of estimation uncertainty

The following are assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

1. The Trust holds land and buildings at fair value (as defined by our accounting policies). To ensure they remain at fair value, land and buildings are subject a full valuation every five years and indexed between these dates using revaluation indices as supplied by a professional third party valuer.
   Prior to 2019/20 a full revaluation was last performed in 2014/15: therefore in line with its accounting policies the Trust commissioned Gerald Eves LLP - professional third party valuer – to undertake a full revaluation of its land and buildings as at 31 March 2020. The Trust and its valuers have made a number of judgements around the current and future use and condition of the estate. These judgements include:
   - The Modern Equivalent size of the Trust's estate;
   - The utility and condition of the Trust's estate, and how this compares to a what would be expected of a modern new build hospital;
   - Whether the probable outcome of the 'Improving Healthcare Together 2020 to 2030' consultation will change the use of the existing estate in the short or medium term.

   The Trust and its valuer has also considered the impact of the Covid-19 pandemic on the value of its land and buildings. The response to Covid-19 means market activity is being impacted in many sectors,

and less weight can be attached to market evidence for comparison purposes. Consequently, less certainty – and a higher degree of caution – should be attached to the valuation than would normally be the case.

The Trust also makes the following assumptions about the sources of estimation uncertainty that could result in an immaterial adjustment to the carrying amounts of assets and liabilities within the next financial year:

1. The useful economic life of Trust assets is set by:
    a. Buildings: The Trust in line with its accounting policies, informed by the judgements made by the Trust's independent third party valuers
    b. Plant, equipment, and intangible assets: Trust professionals responsible for the custody and maintenance of the assets.

    No asset class is estimated to have a residual value, with current fair value depreciated or amortised over its estimated useful life to £nil.
2. Accruals and deferred income are based on best estimates of the expenditure still to be incurred for this financial year and the income received that relates to next financial year. The element of accruals that requires estimation is immaterial to the Trust's financial statements.
3. Income recognition – accrued income is estimated based on the level of services provided by the Trust in the year. The Trust makes a provision for bad debts which is an estimate of irrecoverable income based on historical recoverability.

Provisions are based on the best estimates of future payments that will need to be made to meet current obligations. The basis of these estimates and the timing of the cash flows are described in the relevant note. Provisions are discounted and unwound using rates as set by HM Treasury.

Note 1.19 Early adoption of standards, amendments and interpretations

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

Note 1.20 Standards, amendments and interpretations in issue but not yet effective or adopted

The Department of Health and Social Care GAM does not require the following IFRS Standards and Interpretations to be applied in 2019-20. These Standards are still subject to HM Treasury FReM adoption, with IFRS 16 being for implementation in 2020-21, and the government implementation date for IFRS 17 still subject to HM Treasury consideration.

- IFRS 16 Leases – The Standard is effective 1 April 2020 as adapted and interpreted by the FReM.
- IFRS 17 Insurance Contracts – Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.

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 (1.27%). 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.

The Trust has commenced the assessment of the application of IFRS 16 to its financial statements. This commenced with work to identify leases which are currently operating leases and should be reclassified as finance leases as well as a broader review of recurring expenditure streams where right to use assets may be embedded in contracting arrangements. The work has progressed to March 2020, when the Trust revised it operational priorities and working patterns to deal with the COVID19 pandemic and combined with the decision to deter the implementation of IFRS16 in the NHS to 1 April 2021 means that it has not been practical to complete this work or present it for audit. The work to identify the impact of this standard is expected to recommence in Autumn 2020.

Note 2 Operating Segments

The Trust has identified only one operating segment, that of Health Care activities. It has done this as this is the basis on which it reports to the Chief Operating Decision Maker and all its activities face the same level of business risk.

	Health Care activities		Total	
	2019/20	2018/19	2019/20	2018/19
	£000	£000	£000s	£000
Income	**447,049**	383,295	**447,049**	383,295

No other single customer accounted for more than 10% of the Trusts income. Notes 3 and 4 provides a breakdown of the amount disclosed above.

Note 3.1 Income from patient care activities (by nature)	2019/20	2018/19
	£000	£000
Acute services		
Elective income	73,299	70,265
Non elective income	107,272	101,297
First outpatient income	25,297	24,388
Follow up outpatient income	41,259	37,600
A & E income	23,015	19,033
High cost drugs income from commissioners (excluding pass-through costs)	18,798	19,048
Other NHS clinical income	93,312	88,783
Community services		
Community services income from CCGs and NHS England	45,195	9,143
Income from other sources (e.g. local authorities)	1,785	-
All services		
Private patient income	3,477	5,493
Agenda for Change pay award central funding		3,613
Additional pension contribution central funding	12,425	
Other clinical income	1,915	4,632
Total income from activities	**447,049**	**383,295**

Additional costs of the Agenda for Change pay reform in 2018/19 received central funding. From 2019/20 this funding is incorporated into tariff for
The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. For 2019/20, NHS providers continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

Note 3.2 Income from patient care activities (by source)

	2019/20	2018/19
Income from patient care activities received from:	£000	£000
NHS England	62,899	48,587
Clinical commissioning groups	377,510	323,433
Department of Health and Social Care	-	3,613
Other NHS providers	212	1,676
NHS other	40	-
Local authorities	1,601	-
Non-NHS: private patients	3,672	4,783
Non-NHS: overseas patients (chargeable to patient)	276	194
Injury cost recovery scheme	839	710
Non NHS: other	-	299
Total income from activities	**447,049**	**383,295**
Of which:		
Related to continuing operations	447,049	383,295
Related to discontinued operations	-	-

The Trust has received income of £2,300k to support the response to Covid-19. These amounts are included in NHS England income above.

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

	2019/20 £000	2018/19 £000
Income recognised this year	276	194
Cash payments received in-year	241	128
Amounts added to provision for impairment of receivables	0	0
Amounts written off in-year	0	352

Note 3.4 Other operating income

	2019/20 £000	2018/19 £000
Research and development	876	729
Education and training	15,471	15,165
Non-patient care services to other bodies	3,849	3,057
Provider sustainability fund (PSF)	8,434	23,391
Financial recovery fund (FRF)	24,358	
Marginal rate emergency tariff funding (MRET)	3,353	
Receipt of capital grants and donations	940	0
Charitable and other contributions to expenditure	138	77
Rental revenue from operating leases	895	118
Other income	7,068	8,544
Total other operating income	**65,382**	**51,081**

All income relates to continuing operations.
provided to the Trust's staff, and other miscellaneous income.

Note 3.5 Additional information on contract revenue (IFRS 15) recognised in the period

	2019/20 £000	2018/19 £000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	1,596	2,684
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods	0	0

Note 3.6 Transaction price allocated to remaining performance obligations

Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:

	2019/20 £000	2018/19 £000
within one year	484	1,596
after one year, not later than five years	0	0
after five years	0	0
Total revenue allocated to remaining performance obligations	**484**	**1,596**

The Trust has exercised the practical expedients permitted by IFRS 15 paragraph 121 in

Note 3.7 Fees and charges

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

	2019/20 £000	2018/19 £000
Income	2,868	3,437
Full cost	-2,483	-2,358
Surplus / (deficit)	**385**	**1,079**

The above table relates to the operation of the Private Patient Unit.

Note 4 Operating expenses

	2019/20	2018/19
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	4,562	5,405
Purchase of healthcare from non-NHS and non-DHSC bodies	16,599	4,687
Staff and executive directors costs	324,565	280,859
Remuneration of non-executive directors	84	61
Supplies and services - clinical (excluding drugs costs)	53,830	50,291
Supplies and services - general	17,786	16,781
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	28,003	29,252
Inventories written down	22	34
Consultancy costs	1,865	1,843
Establishment	3,856	3,088
Premises	14,961	16,767
Transport (including patient travel)	4,339	4,280
Depreciation on property, plant and equipment	11,963	10,613
Amortisation on intangible assets	117	361
Net impairments	2,499	28,178
Movement in credit loss allowance: contract receivables / contract assets	458	243
Increase/(decrease) in other provisions	-	661
Change in provisions discount rate(s)	70	114
Audit fees payable to the external auditor		
audit services- statutory audit	92	55
other auditor remuneration (external auditor only)	10	20
Internal audit costs	125	74
Clinical negligence	14,722	14,093
Legal fees	168	286
Insurance	99	63
Research and development	957	516
Education and training	3,694	2,863
Rentals under operating leases	2,766	1,068
Redundancy	5	-
Hospitality	11	3
Losses, ex gratia & special payments	13	41
Other	3,181	3,449
Total	**511,422**	**476,049**
Of which:		
Related to continuing operations	511,422	476,049
Related to discontinued operations	-	-

The external audit fee noted above is gross of VAT as the Trust cannot recover VAT on external audit fees. The recipient of this fee pays this VAT to HMRC: the actual cash they received from the Trust for the audit in 2019/20 is therefore £77,000.

Other auditor remuneration relates to the fee due for the audit of the Trust's quality accounts (£8,000 net of VAT).

As required by the New Junior Doctor's Contract (2016) the Trust has appointed a Guardian of Safe Working (GOSW). The GOSW can impose fines on the Trust if specific breaches of the 2016 Terms and Conditions of Service occur where doctor safe working has been compromised. No fines were issued in 2019/20 (2018/20: £nil).

Note 4.1 Other auditor remuneration
Other auditors remuneration was paid for the audit of the Trust's quality accounts.

Note 4.2 Limitation on auditor's liability

The contract, signed on 1 February 2018, states that the liability of KPMG LLP, its members, partners and staff (whether in contract, negligence or otherwise) shall in no circumstances exceed £2,000k, aside from where the liability cannot be limited by law. This is in aggregate in respect of all services.

Note 4.3 Impairment of assets

	2019/20 £000	2018/19 £000
Net impairments charged to operating surplus / deficit resulting from:		
Other	2,499	28,178
Total net impairments charged to operating surplus / deficit	**2,499**	**28,178**
Impairments charged to the revaluation reserve	2,670	15,328
Total net impairments	**5,169**	**43,506**

During the year the Trust commissioned an independant third party valuer - Gerald Eve LLP - to revalue its land and buildings as at 31 March 2020. This revaluation resulted in an an aggregare increase in value of £4,714k but the book value of certain buildings were impaired.

Note 5 Employee benefits

	2019/20 Total £000	2018/19 Total £000
Salaries and wages	227,862	224,280
Social security costs	26,514	23,422
Apprenticeship levy	1,431	1,087
Employer's contributions to NHS pensions	32,763	24,974
Pension cost - other	68	73
Temporary staff (including agency)	11,489	13,941
Total gross staff costs	**300,127**	**287,777**
Of which		
Costs capitalised as part of assets	3,343	4,560

Other pension costs relate to the employer pension contributuons paid to NEST Workplace Pensions for employees who are not members of the NHS Pension scheme and have not opted out of NEST.

Note 5.1 Retirements due to ill-health
During 2019/20 there was 1 early retirement from the trust agreed on the grounds of ill-health (1 in the year ended 31 March 2019). The estimated additional pension liabilities of these ill-health retirements is £24k (£17k in 2018/19).

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

Note 6 Operating leases

Note 6.1 Trust as a lessor

This note discloses income generated in operating lease agreements where Epsom and St Helier University Hospitals NHS Trust is the lessor.
The Trust sub-leases a floor of its East Street, Epsom, office building. 2019/20 is the first full year where rent was payable for hospital sited shop concessions granted to Mark's and Spencer and WH Smith.

	2019/20 £000	2018/19 £000
Operating lease revenue		
Minimum lease receipts	895	118
Total	**895**	**118**

	31 March 2020 £000	31 March 2019 £000
Future minimum lease receipts due:		
- not later than one year;	118	118
- later than one year and not later than five years;	-	118
- later than five years.	-	-
Total	**118**	**236**

Note 6.2 Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Epsom and St Helier University Hospitals NHS Trust is the lessee.

	2019/20 £000	2018/19 £000
Operating lease expense		
Minimum lease payments	2,884	1,186
Contingent rents	-	-
Less sublease payments received	(118)	(118)
Total	**2,766**	**1,068**

	31 March 2020 £000	31 March 2019 £000
Future minimum lease payments due:		
- not later than one year;	2,961	893
- later than one year and not later than five years;	10,626	1,058
- later than five years.	6,600	21
Total	**20,187**	**1,971**
Future minimum sublease payments to be received	-	-

The Trust brought into 2019/20 a number of leases. These included:

A five year lease - concluding in 2021/22 - for the provision of endoscopy equipment;

A five year lease - concluding in 2021/22 - for the rental of office space at 70, East Street, Epsom. This property is used as office space for the Trust's corporate staff including IT, HR, and finance, and frees up the space previously occupied by these staff at our clinical sites for use in the provision of patient care; and

The lease of Woodcote Lodge, for staff accommodation in Epsom, and Manorgate House in Kingston, which is used for the provision of renal service;

A long term lease from Sutton Council for land at the Trust's St Helier site.

During 2019/20 the Trust agreed a number of new leases, the most significant of which are:

Long term leases on the Trust's Leatherhead GP Practice sites;

Eight new ambulances leased so the Trust can provide its own in house patient transport services; and

Leases on property occupied for the provision of Community services in Sutton (the leases for the provision of Community services in Surrey are held by the Trust's commissioning CCG).

Note 5.2 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 for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2020, is based on valuation data as at 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6%, and the Scheme Regulations were amended accordingly.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

Note 7 Finance income

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

	2019/20	2018/19
	£000	£000
Interest on bank accounts	322	147
Total finance income	**322**	**147**

Note 8 Finance expenditure

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

	2019/20	2018/19
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	1,897	1,487
Other loans	254	25
Finance leases	269	196
Interest on late payment of commercial debt	-	-
Total interest expense	**2,420**	**1,708**
Unwinding of discount on provisions	1	3
Other finance costs	44	-
Total finance costs	**2,465**	**1,711**

Note 8.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

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

Note 9 Other gains / (losses)

	2019/20	2018/19
	£000	£000
Gains on disposal of assets	-	12,392
Losses on disposal of assets	-	-
Total gains / (losses) on disposal of assets	**-**	**12,392**

Note10 Intangible assets

	Software	Total
	£000	£000
Valuation / gross cost at 1 April 2019 - brought forward	**4,722**	**4,722**
Additions	-	-
Impairments	-	-
Disposals / derecognition	-	-
Valuation / gross cost at 31 March 2020	**4,722**	**4,722**
Amortisation at 1 April 2019 - brought forward	**4,444**	**4,444**
Provided during the year	117	**117**
Amortisation at 31 March 2020	**4,561**	**4,561**
Net book value at 31 March 2020	**161**	**161**
Net book value at 1 April 2019	**278**	**278**

Note 10.1 Intangible assets

	Software	Total
	£000	£000
Valuation / gross cost at 1 April 2018	**4,722**	**4,722**
Additions	-	-
Impairments	-	-
Disposals / derecognition	-	-
Valuation / gross cost at 31 March 2019	**4,722**	**4,722**
Amortisation at 1 April 2018	**4,083**	**4,083**
Amortisation at start of period for new FTs	**-**	**-**
Provided during the year	361	**361**
Impairments	-	-
Disposals / derecognition	-	-
Amortisation at 31 March 2019	**4,444**	**4,444**
Net book value at 31 March 2019	**278**	**278**
Net book value at 1 April 2018	**639**	**639**

Note 11.1 Property, plant and equipment

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2019	**34,492**	**177,880**	**558**	**19,038**	**37,552**	**20,886**	**1,349**	**291,755**
Additions	-	13,321	-	19,902	7,368	5,554	-	**46,145**
Impairments	-	(5,063)	(558)	-	-	-	-	**(5,621)**
Revaluations	(4,233)	(75,019)	-	-	-	-	-	**(79,252)**
Reclassifications	-	9,093	-	(9,301)	208	-	-	**-**
Disposals / derecognition	-	(54)	-	-	(1,888)	-	-	**(1,942)**
Valuation/gross cost at 31 March 2020	**30,259**	**120,158**	**-**	**29,639**	**43,240**	**26,440**	**1,349**	**251,084**
Accumulated depreciation at 1 April 2019	**7,393**	**75,272**	**444**	**-**	**24,314**	**12,246**	**1,344**	**121,013**
Provided during the year	-	6,476	8	-	2,620	2,856	3	**11,963**
Impairments	-	-	(452)	-	-	-	-	**(452)**
Revaluations	(7,393)	(81,742)	-	-	-	-	-	**(89,135)**
Disposals / derecognition	-	(6)	-	-	(1,847)	-	-	**(1,853)**
Accumulated depreciation at 31 March 202(	**-**	**-**	**-**	**-**	**25,087**	**15,102**	**1,347**	**41,536**
Net book value at 31 March 2020	**30,259**	**120,158**	**-**	**29,639**	**18,153**	**11,338**	**2**	**209,549**
Net book value at 1 April 201(	**27,099**	**102,608**	**114**	**19,038**	**13,238**	**8,640**	**5**	**170,742**

Note 11.2 Property, plant and equipment

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2018	**38,502**	**191,682**	**970**	**9,057**	**33,987**	**17,123**	**1,349**	**292,670**
Additions	-	13,333	-	29,080	3,656	3,628	-	**49,697**
Impairments	-	(43,506)	-	-	-	-	-	**(43,506)**
Revaluations	-	2,625	3	-	-	-	-	**2,628**
Reclassifications	-	18,964	-	(19,099)	-	135	-	**-**
Transfers to / from assets held for sale	(2,333)	(1,361)	-	-	-	-	-	**(3,694)**
Disposals / derecognition	(1,677)	(3,857)	(415)	-	(91)	-	-	**(6,040)**
Valuation/gross cost at 31 March 2019	**34,492**	**177,880**	**558**	**19,038**	**37,552**	**20,886**	**1,349**	**291,755**
Accumulated depreciation at 1 April 201(	**7,393**	**71,107**	**419**	**-**	**21,895**	**10,259**	**1,342**	**112,415**
Provided during the year	-	6,116	25	-	2,483	1,987	2	**10,613**
Disposals / derecognition	-	(1,951)	-	-	(64)	-	-	**(2,015)**
Accumulated depreciation at 31 March 201(	**7,393**	**75,272**	**444**	**-**	**24,314**	**12,246**	**1,344**	**121,013**
Net book value at 31 March 201(	**27,099**	**102,608**	**114**	**19,038**	**13,238**	**8,640**	**5**	**170,742**
Net book value at 1 April 201(	**31,109**	**120,575**	**551**	**9,057**	**12,092**	**6,864**	**7**	**180,255**

During the year the Trust commissioned an independent third party valuer - Gerald Eve LLP - to revalue its land and buildings as at 31 March 2020. This revaluation resulted in an aggregate increase in value of £4,714k but the book value of certain buildings were impaired. In line with Government Accounting Manual (GAM) the Trust has eliminated all brought forward accumulated land and building depreciation in the year of a full revaluation. This elimination has no impact on the net book value of the assets but reduces accumulated depreciation and brought forward cost by £81,742k for buildings and £7,393k for land.

The valuation exercise was carried out in 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.

Note 11.3 Property, plant and equipment financing

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020								
Owned - purchased	30,259	119,793	-	29,639	15,410	11,338	2	**206,441**
Finance leased	-	365	-	-	1,776	-	-	**2,141**
Owned - donated	-	-	-	-	967	-	-	**967**
NBV total at 31 March 2020	**30,259**	**120,158**	**-**	**29,639**	**18,153**	**11,338**	**2**	**209,549**

Note 11.4 Property, plant and equipment financing 2018/19

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2019								
Owned - purchased	27,099	101,974	114	19,038	9,245	8,640	5	**166,115**
Finance leased	-	-	-	-	2,720	-	-	**2,720**
Owned - donated	-	634	-	-	1,273	-	-	**1,907**
NBV total at 31 March 2019	**27,099**	**102,608**	**114**	**19,038**	**13,238**	**8,640**	**5**	**170,742**

Note 12 Inventories

	31 March 2020	31 March 2019
	£000	£000
Drugs	1,569	1,569
Consumables	3,118	3,118
Energy	43	43
Total inventories	**4,730**	**4,730**
of which:		
Held at lower of cost and NRV	4,730	4,730

Inventories recognised in expenses for the year were £44,653k (2018/19: £42,564k). Write-down of inventories recognised as expenses for the year were £22k (2018/19: £34k).

Note 13 Receivables

	31 March 2020	31 March 2019
	£000	£000
Current		
Contract receivables	11,449	9,219
Contract assets	24,271	21,608
Capital receivables	-	8,920
Allowance for impaired contract receivables / assets	(2,489)	(2,049)
Prepayments	3,684	3,397
PDC dividend receivable	927	1,827
VAT receivable	2,601	2,985
Other receivables	786	367
Total current receivables	**41,229**	**46,274**
Non-current		
Contract receivables	579	505
Allowance for other impaired receivables	(126)	(111)
Total non-current receivables	**453**	**394**
Of which receivable from NHS and DHSC group bodies:		
Current	31,124	27,948
Non-current		0

Note 14 Allowances for credit losses

	2019/20		2018/19	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 April - brought forward	**2,160**	**-**	**-**	**2,184**
Prior period adjustments			-	-
Allowances as at 1 April - restated	**2,160**	**-**	**-**	**2,184**
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018			2,184	(2,184)
New allowances arising	458	-	243	-
Utilisation of allowances (write offs)	(3)	-	(267)	-
Allowances as at 31 Mar 2020	**2,615**	**-**	**2,160**	**-**

Note 15 Non-current assets held for sale and assets in disposal groups

	2019/20 £000	2018/19 £000
NBV of non-current assets for sale and assets in disposal groups at 1 April	-	-
Assets classified as available for sale in the year	-	3,694
Assets sold in year	-	(3,694)
NBV of non-current assets for sale and assets in disposal groups at 31 March	-	-

Note 16 Cash and cash equivalents movements

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

	2019/20 £000	2018/19 £000
At 1 April	**18,107**	**12,818**
Net change in year	2,275	18,107
At 31 March	**2,275**	**18,107**
Broken down into:		
Cash at commercial banks and in hand	4	4
Cash with the Government Banking Service	33,196	30,921
Total cash and cash equivalents as in SoFP and SoCF	**33,200**	**30,925**

Note 17 Third party assets held by the trust

The trust held no cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties (2018/19: £nil)

Note 18 Trade and other payables

	2019/20 £000	2018/19 £000
Current		
Trade payables	15,700	16,298
Capital payables	19,832	12,732
Accruals	26,573	25,887
Receipts in advance and payments on account	39	64
Social security costs	3,956	3,541
Other taxes payable	3,337	3,238
Other payables	4,828	4,553
Total current trade and other payables	**74,265**	**66,313**
Of which payables from NHS and DHSC group bodies:		
Current	9,400	9,778
Non-current	-	-

The payables note above includes no amounts in relation to early retirements.

Note 19 Other liabilities

	2019/20 £000	2018/19 £000
Current		
Deferred income: contract liabilities	1,278	1,596
Total other current liabilities	**1,278**	**1,596**

Note 20 Borrowings

	2019/20 £000	2018/19 £000
Current		
Loans from DHSC	121,013	38,287
Other loans	1,974	-
Obligations under finance leases	579	371
Total current borrowings	**123,566**	**38,658**
Non-current		
Loans from DHSC	-	78,263
Other loans	21,702	9,248
Obligations under finance leases	3,171	1,883
Total non-current borrowings	**24,873**	**89,394**

Note 20.1 Reconciliation of liabilities arising from financing activities

	Loans from DHSC	Other loans	Finance leases	Total
	£000	£000	£000	£000
Carrying value at 1 April 2019	**116,550**	**9,248**	**2,254**	**128,052**
Cash movements:				
Financing cash flows - payments and receipts of principal	4,440	14,352	(473)	**18,319**
Financing cash flows - payments of interest	(1,874)	(178)	(270)	**(2,322)**
Non-cash movements:				
Additions	-	-	1,970	**1,970**
Application of effective interest rate	1,897	254	269	**2,420**
Carrying value at 31 March 2020	**121,013**	**23,676**	**3,750**	**148,439**

Note 20.2 Reconciliation of liabilities arising from financing activities 2018/19

	Loans from DHSC	Other loans	Finance leases	Total
	£000	£000	£000	£000
Carrying value at 1 April 2018	**78,721**	**-**	**1,020**	**79,741**
Cash movements:				
Financing cash flows - payments and receipts of principal	37,428	9,248	(352)	**46,324**
Financing cash flows - payments of interest	(1,371)	(25)	(196)	**(1,592)**
Non-cash movements:				
Impact of implementing IFRS 9 on 1 April 2018	310	-	-	**310**
Additions	-	-	1,586	**1,586**
Application of effective interest rate	1,462	25	196	**1,683**
Carrying value at 31 March 2019	**116,550**	**9,248**	**2,254**	**128,052**

Note 20.3 Finace leases as a lessee

Obligations under finance leases where the trust is the lessee.

	31 March 2020	31 March 2019
	£000	£000
Lease liabilities	**3,750**	**2,254**
of which liabilities are due:		
- not later than one year;	579	371
- later than one year and not later than five years;	3,171	1,209
- later than five years.	-	674
Net lease liabilities	**3,750**	**2,254**

The Trust has entered into a non-cancellable contract for the provison of a managed equipment radiology service. Signed on 14 March 2017 and lasting for seven years this agreement will replace and modernise the Trust's radiogy equipment base and provides guarenteed service levels.

Note 21 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2019	**1,365**	**742**	**77**	**829**	**3,013**
Change in the discount rate	38	32	-	-	**70**
Arising during the year	11	134	-	584	**729**
Utilised during the year	(249)	(112)	-	(52)	**(413)**
Reversed unused	(40)	-	-	(689)	**(729)**
Unwinding of discount	1	-	-	-	**1**
At 31 March 2020	**1,126**	**796**	**77**	**672**	**2,671**
Expected timing of cash flows:					
- not later than one year;	248	112	77	672	**1,109**
- later than one year and not later than five years;	878	450	-	-	**1,328**
- later than five years.	-	234	-	-	**234**
Total	**1,126**	**796**	**77**	**672**	**2,671**

Pensions: early departure costs

The provision represents the future liability of the Trust for early retirements from NHS service. The estimate of the full forecast liability is based on actuarial estimates from the Pensions Agency. Timings are based on the current rate of payments from the provision.

Pensions: injury benefits

This category of provision represents the future liability of the Trust for injury benefits. Payments are made to the NHS Pensions Agency for staff who retired from the Trust due to a work related injury. The estimate of the full forecast liability is based upon an actuarial estimate from the Pensions Agency. Timings are based on the current rate of payments from this provision.

Legal Claims

The amount included is based on the excess the Trust would pay should the claim be successful.

Other Provisions

This includes provisions for the poteential cost of future Employment Tribunals and other legal cases oustanding.


Louise
Nicola
Liz