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NHS
Frimley Health
NHS Foundation Trust

ANNUAL REPORT & ACCOUNTS

2019/20

Frimley Health NHS Foundation Trust

Annual Report and Accounts 2019/20

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

Frimley Health NHS Foundation Trust

Annual Report and Accounts 2019/20

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Statement from the Chairman

I am delighted to present our Annual Report for Frimley Health NHS Foundation Trust for the year ended 31 March 2020.

2019-20 has been another demanding year for the Trust, especially in the final two months of the financial year, as we prepared for the Covid-19 pandemic. In addition to this, the combination of increasing number of patients with more complex care needs and the continuing delays in discharging patients who were medically fit, due to lack of social care provision, meant that all our hospitals were full throughout the year.

I am disappointed to say that we have not been able to deliver the national target of treating 92% of patients within 18 weeks of being referred by their GP. I am really sorry that we have let some of these patients down and we have not given them the care they have every right to expect from us. The good news is that we have consistently been in the top five in the country for looking after our cancer patients throughout the year. This is important given the outcomes are better for cancer the earlier you detect it and the earlier you start treatment. We have also been one of 14 pilot sites for testing the new A&E standards. The aim is to triage everyone quickly and then ensure those that need to be seen more urgently because their clinical condition merits this are seen first.

Clearly the Covid-19 pandemic that started to gather momentum in early March will have huge repercussions for the whole of NHS and social care system, as we will need to not only look after any patients who have Covid-19 but at the same time catch up on all the operations and other appointments that were postponed to deal with Covid-19's initial phase. The next period of time will be the most challenging in the history of the NHS.

I believe that our people are and always will be our greatest asset. I have nothing but praise and huge gratitude for all my colleagues who continue to give the best care possible to our patients despite all the challenges they face. The compassion, the commitment, the professionalism and the focus on always doing what is best for patients never ceases to amaze me. This has really come to the fore in the last few weeks when they have courageously put the lives of our patients with Covid-19 before everything else.

I have been absolutely delighted by the work to develop our new strategy. This has involved our people, our governors and all key stakeholders in our system. The result of this great work is a clear strategy with six core ambitions for the next five years. The task now is to implement the strategy so that we achieve our vision to be a leader in health and wellbeing delivering exceptional services for our communities.

I am pleased to report that as a Trust we continue to invest in our facilities and systems. The year has seen the full opening of our new Emergency Assessment Centre at Wexham Park and the work to build the new hospital at Heatherwood is also progressing at pace, with the opening still expected in the second half of 2021. We have also invested to modernize our IT systems and a lot of work has been done to move to one electronic patient record (EPR) system.

I am also delighted that the Frimley Health and Care ICS (integrated care system) has developed a new vision and strategy. The vision is all about creating healthier communities and the strategy has six key ambitions at its core. This includes starting well, focus on wellbeing and a community deal. The ICS is the best way for all of partners in the system to work together to deliver health and care services for the communities we serve. We really have made good progress in the past three years and the time is right now to turbo charge the next phase of this work.

There were several changes to the Board during the year. Five years after our hospitals became one trust, the time was right to move from two site-based operations directors to one Chief Operating Officer. This change led to Helen Coe and Lisa Glynn leaving the board and Dan Bradbury joining it. Duncan Burton, our Director of Nursing and Patient Safety was promoted to a regional role and left us at the end of September. I would like to thank Lisa, Helen and Duncan for all their hard work and contributions to Frimley Health. I am delighted that Alison Szewczyk and Maxine McVey, our two Deputy Directors of Nursing, have jointly stepped into the Interim Directors of Nursing role and joined the Board.

We have also had a number of changes to the Council of Governors as a result of the election in October 2019. We said thank you and farewell to Jan Burnett, Robin Maiden, Rob Miles, Bob Soin, Natasa Pantelic and Sasha Cummins. I would like to thank these governors for the huge contribution they have made to the Trust and the help and support they have given both to the Board and me.

We welcomed Sarah Peacey, Nasar Khan and Margery Thorogood as public governors, David Maudgil as staff governor and Dale Birch, Rod Cooper, Edward Hawkins and Ellie Williams as stakeholder governors to our council.

As we look forward, the single biggest factor that is going to have a huge impact on the whole of the NHS and our Trust is what shape we come out of the pandemic. Our values will really help us to meet the challenges that lie ahead. I have no doubts that with the help of our colleagues, our partners in the system, all our members and governors, we will continue to work together to deliver excellence for all our residents we serve.

Pradip Patel
Chairman

19 June 2020

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PERFORMANCE REPORT

Statement from the Chief Executive

I am immensely proud of all that our teams have achieved in 2019-2020. This year was a significant one with the development of important plans for our future, backed by a set of impressive clinical and financial results and, most importantly, a significant response to the needs of our communities in managing the Covid-19 pandemic.

We published our ambitious new five-year strategy 'Our Future FHFT 2020-2025' in September 2019 and completed a programme of work to embed the plans at every level of the organisation alongside an awareness campaign ready for it to 'go live' on 1 April 2020. We were successful in our bid for a £85m contract to run community services in North East Hampshire, Surrey Heath and Farnham. The newly built £49m Emergency Assessment Centre opened at Wexham Park Hospital and work on our new £98m hospital at Heatherwood progressed on budget and on time.

We had progressed plans to create a new subsidiary company for many of our support services, a move that would protect jobs and help underpin finances so we could continue making investments in local health care for the benefit of our patients in future years. We delivered significant improvements in quality of care for the benefit of our patients and achieved Investor in People Silver accreditation as part of our ambition to be amongst the best employers. We achieved most of our key performance targets despite some of the most challenging activity and demand our services have ever experienced. There were some areas where our performance was not where it should have been and there were opportunities for learning and improvement in the future. We are proud that we met all of our financial standards and finished the year with a surplus to be invested in patient care for the future.

However, this excellent work was overshadowed by events in early 2020 when the Covid-19 pandemic reached the UK. During February and March, the full force of the NHS was redirected to deal with the biggest single threat to the nation's health since the end of the second world war. I am extremely grateful to the monumental and magnificent effort undertaken by our staff during the final weeks of the financial year as we prepared for the first surge in cases of Coronavirus. I have never been more proud to be a part of the National Health Service and I am in awe of the courage, dedication and professionalism shown by my Frimley Health colleagues to meet the greatest challenge we have ever encountered. I have no doubt that their actions, skill and courage saved many lives.

I will come back to that, but for the purpose of this report it is important that we also reflect on the tremendous progress we made throughout the year.

Our New Strategy

The creation of our new strategy '**Our Future FHFT 2020 – 2025**' was the culmination of significant work exploring with our staff, our communities and with our healthcare partners what our future ambitions should be and how we could achieve them. The Trust had made tremendous progress in the five years since Frimley Park joined with Heatherwood and Wexham Park to create Frimley Health. Since 2014, the Trust significantly improved performance, embedded a positive culture backed by our shared values - **Committed to Excellence, Working Together and Facing the Future** - and created the foundation of infrastructure and service improvements for the years ahead.

The new strategy aimed to build upon this success with an ambitious agenda to provide exceptional services for our communities for the years ahead. It needed to recognise that the challenges of the past were different from those we now face and will need different solutions. Today the biggest challenges are: demographics, with an ageing population with more complex health needs and the extra demands that brings; money, with finances unable to match expected growth in demand and the advances in technology and medicine under existing projections; and workforce, where new models are needed to bridge gaps in recruitment and to be amongst the best employers. It would also recognise that healthcare is changing rapidly with advances in medicine and technology, the need for provision of more care locally and stronger developments of systems with Frimley Health wanting to be at the forefront of these advances. If Frimley Health is going to remain as successful in the future as it has in the past and continue to be sustainable and deliver what our patients want, then new ways of doing things have to be found.

In developing the strategy, we met with thousands of our staff, our health partners and the community to help shape our vision and strategic priorities and identified the biggest challenges we would need to overcome in the future. We also aligned our strategy with the NHS Long Term Plan, which sought to address many of the new challenges that we had identified in our work. We officially launched our new strategy at our Annual Members Meeting in September 2019. Our new vision is 'To be a leader in Health and Wellbeing, delivering exceptional services for our local communities'.

This is underpinned by our values and supported by six new strategic ambitions:

Through the delivery of this new strategy, the Trust would deliver significant improvements over the next five years so that by 2025:

The strategy would only be meaningful if all teams and staff within the organisation felt ownership of it by being part of the development of the strategy and taking inspiration from it. So, from September all teams and departments developed a future work plan for the next few years which aligns to the ambitions and further work has been done to embed them throughout the Trust, for example in recruitment processes and appraisals.

Much of this work had already begun by the end of the year. Our strategic ambitions will continue to guide our future work as we redirect our focus beyond the initial wave of the coronavirus and how we will be aiming to build on some of the rapid progress we made in many strategic areas as a result of our response to Covid-19.

Key achievements

We were extremely proud to open our £49m Emergency Assessment Centre at Wexham Park Hospital in April 2019. It brings together key urgent services with a state-of-the-art ED on the ground floor, including 30 separate treatment rooms in majors, with ambulatory care, medical and surgical assessment units on the first and second floors. The design integrates these services to increase efficiency and improve decision making among clinical teams and provide a better experience for patients.

Great progress was also made in the construction of the new hospital at Heatherwood in Ascot. There has been a hospital at Heatherwood for almost 100 years and we know how much it is loved by the community and how well regarded are our superb team in Ascot. So, we are delighted the new hospital will secure state of the art services for the community for decades to come. The hospital is on schedule to open to the public in 2021 with six top-of-the-range operating theatres, extensive outpatient services and modern diagnostics in a woodland setting. The new Heatherwood hospital will be at the heart of our strategy, providing excellent planned surgery and additional services to our patients in Berkshire, Surrey and beyond and enabling us to double capacity at the hospital over the next decade.

Central to our success in the future is supporting and integrating out-of-hospital care along with a focus on prevention and keeping more people healthy at home. Having successfully run community services in North East Hampshire for three years, Frimley Health submitted a successful bid for an £85m five-year contract to run an extended service that includes Surrey Heath and Farnham. A mobilisation and integration programme was required between September and April to ensure we were ready to begin the new extended contract. It will help us keep pathways seamless for patients and support them to stay well in the community for longer, which is what patients tell us they want, while maximising the benefit of integrating these services with the specialist support from our hospital and specialist services. The work has involved closer collaboration with local commissioners, GPs, mental health organisation and others, including our delivery partners Virgin Care Services.

Our strategic ambition in digital technology is aiming to provide modern pathways using technology to empower and support patients. We are working towards a full electronic patient record (EPR) across the Trust that also integrates appropriately with our health and social care partners. This multi-million pound investment will revolutionise the way we care for patients, replace most of the multiple software systems that have traditionally hindered our digital progress and provide much greater integration with health and care partners. With such a critical project, we spent much of the year procuring the best and most advanced system and assessing our future needs to ensure we deliver maximum benefit and value.

Our new EPR requires an investment in our infrastructure and during the year this work included unifying software upgrades, digitising telephone services and investing in the infrastructure of our digital systems to ensure they are secure and future proof. We also began implementation of a new monitoring software that will integrate with EPR and enable clinicians to manage patients much more safely and efficiently, including automatically alerting when a patient's condition deteriorates. The electronic Hospital in my Pocket, or eHiP, was being piloted in early 2020 but full implementation was suspended while we tackled the Covid-19 challenge. We plan to resurrect this important piece of work soon as it is a great example of how investing in technology can improve safety and quality for our patients.

We are proud of our performance during the year, with a very good overall set of results and many examples of excellence. But we are equally focused on identifying the areas where we can learn and improve.

I am pleased to say that despite significant financial pressures during 2019-2020, we once again achieved our financial targets for the year. This meant that by ending the year with a planned £3.7m surplus, we earned a further £22.4m share of the Sustainability and Transformation Fund to enable us to invest in positive changes

for the future. Income and expenditure both increased over plan, reflecting the growth in activity, but spending on expensive agency staff fell significantly thanks in large part to lower vacancy rates overall. The Trust achieved cost improvements of circa £20m, reflecting better efficiency gains.

Our cancer access performance remains among the very best in the country and was consistently in the top five in the country before the coronavirus challenge led to much of this work being delayed nationally. In addition, we made good progress in several areas relating to quality improvement. We maintained excellent performance in mortality rates and in benchmarking outcomes and we significantly reduced mixed sex accommodation across the Trust, which was reflected strongly in our annual inpatient survey results from our patients. Another priority for quality improvement was to reduce the number of serious incidents relating to a failure to identify when patient conditions worsened, and this work will continue for the next year. Through training and education, we embedded an established early warning system across the Trust to improve the way we recognise and respond when patients' conditions deteriorate.

Identifying and managing sepsis is a safety priority and we maintained our excellent performance in screening patients in ED, inpatients and women in maternity for sepsis and we continue with our aim of ensuring all patients receive antibiotics within an hour of sepsis being suspected. Work started via our falls collaborative was rolled out across the Trust and a consultant-led falls steering group helped implement some key interventions that have contributed to a 16% reduction in falls with significant injury.

In some areas of performance, we did not do as well as we would have expected. For example increased demand on our services, with the level of referrals from GPs exceeding plans and more people attending our emergency departments who required significant care, contributed to us not achieving the 92% target for the number of patients who received care with 18 weeks of referral from their GP. By the end of year some 88.4% of patients were treated within the timeframe, but too many waited longer than they would expect. We have identified changes to patient pathways that we believe will result in great improvements, although these will need to be revisited in light of the coronavirus impact. Another area where we did not meet our own expectations was in staff uptake of the annual flu vaccinations. Our ambition was to reach 80% of all frontline staff vaccinated. Although our final total of 65% was significantly better than the previous year, we are planning a much stronger campaign for the coming winter, drawing on our experiences over the Covid-19 crisis in our hospitals.

Many of our flagship services made great progress during the year. For example, our regional Cystic Fibrosis Unit at Frimley Park was among the first in the country to offer the revolutionary Symkevi drug to all suitable patients in 2020 following its approval by NICE, running weekend and out of hours clinics so the patients could be assessed quickly. For those patients eligible for Symkevi (about half our CF cohort), this drug is the first to treat the disease itself rather than the effects of CF. Our patients have seen their symptoms, lung function and general wellbeing improve and it has raised hopes that the next generation of disease modifying drugs, which are even more effective, is just around the corner. A New Plastic surgery Urgent Care (PUC) clinic was started at Wexham Park Hospital, which is already renowned as a centre of excellence for plastic surgery. Up to 10 patients are now referred directly and rapidly to the PUC each day either directly or straight from the Emergency Department. Most patients are seen within five minutes by a consultant who has access to a dedicated theatre. The service also includes a nurse-led dressing clinic specialising in post-operative care and a closed hand injury clinic for injuries such as broken bones and sprains. Our acute stroke service at Frimley Park continues to receive some of the highest ratings in the country.

Frimley Health was selected as one of 14 hospital trusts across the country to trial the new standards of care relating to access to emergency and urgent services. The 14 trusts were selected to provide a representative range of performance standards and types of hospital services. Rather than focusing on the single four-hour measure, the new standards assess a number of different steps in the pathway in an attempt to ensure that our sickest patients receive timely treatment and the overall time and mean time for all patients waiting for treatment, admission or discharge is reduced.

The new standards drove a programme of work with the Trust called Transforming Access to Care, which requires an 'every minute matters' mindset from all teams throughout the patients' journey. This is a new way of working that we aim to embed throughout the Trust to improve the quality and efficiency of care that we give our patients.

Our people and our support for them is critical to our success so we have ensured this is at the heart of everything we do, from aiming to be the employer of choice and delivering our strategy. We know that if our people feel engaged and valued, are enabled to make the changes they want to make and are developed in their roles – then we will deliver improvements for our patients. We have taken steps to improve teamwork, staff wellbeing, recruitment and engagement. We know that we can only successfully deliver our strategy through our 800 leaders throughout the Trust and we have continued throughout 2019-20 with our Leadership Network Events and participation in the flagship 20/20 Leadership Programme run by the Frimley Academy.

We significantly improved staff recruitment and retention, with staff vacancy rates well below our 10% target for most of the year, falling from 10.6% to 8.7% by the end of the year. The Trust has doubled recruitment of international nurses during 2019-20 and this together with improved retention has cut the vacancy rate for nursing and midwifery by 6%. We have continued to focus on recruiting and keeping staff to bring down the Trust's costly reliance on locum and agency staff. Nurse agency costs have reduced by £1.62m in 2019-20 as a result. This has been achieved through a number of measures to support our staff such as flexible working, personal development opportunities, new job roles such as nursing associates, employee support and wellbeing initiatives. In 2019 this was recognised in our achievement of Silver accreditation in the Investor in People standard. We have aligned our work with the interim NHS People Plan and look forward to the publication of the full plan this year.

We have also put great emphasis on celebrating staff success and achievement, for example through our annual staff awards, held in 2019 at Ascot Racecourse, and the regular Values into Practice (ViP) awards that start every public Board meeting by awarding staff who have shown exceptional service and lived our Trust values. We are also strengthening and expanding our long service awards in recognition of the years of commitment our staff show.

We know that our people hold many of the solutions to our problems and we wanted to encourage them to step up with their improvement ideas. We started our 'Spending Well' campaign to encourage staff to act more environmentally and economically efficiently, including rewards for the best money-saving ideas. And the inaugural 'CEO Change Challenge' proved a great success with financial support for the best ideas to improve care or increase efficiency. Staff came up with scores of great suggestions, with the best being pitched by them 'Dragons' Den'-style to me and a panel of fellow 'dragons' including governor, Board and staff colleagues. The winning projects will now be provided with senior support to put into action later this year.

During the year we outlined plans to create a wholly owned subsidiary company called Frimley Health Services that would be entirely owned by the Trust. By developing new delivery models it would create over £40m for the Trust to invest in patient care to deliver our ambitions over the next five years – the ambitions set out in our strategy such as the new diagnostic and inpatient unit, new technology and improved staffing – together these represent significant expenditure but are what we want to deliver for our patients. However, we recognise that these plans were not supported by all staff and it is a disappointment that this resulted in industrial action in November 2019. Whilst I am proud of the way the organisation came together to manage this to ensure no patient services or appointments were affected, it is clearly of regret that we were not able to engage some of our staff sufficiently to support these plans. Our people matter most to us so it is key that we could guarantee that all staff affected would keep all NHS terms and conditions of employment, including future NHS pay rises, annual leave, sickness benefits and pensions. In addition, this development, which remains on the table, would ensure not only that all jobs would be protected, but that more would be created and that, these critical support services including catering, housekeeping, portering, estates and security and procurement would remain within the Frimley Health NHS family and develop in the future.

Key to future healthcare in our community will be successfully integrating our work with partners across the Frimley Health and Care Integrated Care System (ICS). Progress this year has been aided by our work with community services mobilisation and further changes by commissioners to create a more unified commissioning model across the system. Among the significant benefits delivered during the year were the creation of integrated patient pathways involving multiple agencies. For example, in neurology and musculoskeletal services, which have enabled more services and treatments to be delivered locally and in the community, with less need to travel outside the area for more specialist care.

ICSs and other strategic systems across the country have been tasked with delivering the NHS Long Term Plan to their communities, so this year the Frimley ICS worked with partners and service users to develop a strategy to make the Long-Term Plan meaningful to our community. The resulting 'Creating Healthier Communities' strategy, in which we played a key role, is closely aligned with and complementary to our own.

Frimley Health continues to receive fantastic support from the community, and I would like to say a special thanks to our army of 600-plus volunteers who help to free up our staff to focus on their core roles. Last year they contributed more than 82,000 hours of their time, and this is not counting all the fundraising volunteers and the RVS members who run our shops and other services at Frimley and Wexham. They perform all sorts of roles, from our emergency department volunteers offering a friendly ear to patients and their loved ones who may be scared and confused, to end of life companions, bedside mealtime assistants, buggy drivers and way finders. Most have had to stay away from the hospital since lockdown – we've really missed them and look forward to welcoming them back. Our foundation trust members continue to be great supporters and advocates and throughout the Covid-19 crisis our whole community has shown countless acts of kindness and practical support that have really helped to keep staff going.

Covid-19 pandemic

Covid-19 has been the biggest threat to world health for decades and the NHS response has been the greatest and most co-ordinated in its history. So, it is not surprising that despite all that has happened throughout the year at Frimley Health, 2019-2020 has been largely overshadowed by Covid-19 and our response to it.

We began seeing our first cases in early March and numbers increased rapidly, building up to April's peak. Indeed, our Trust saw some of the highest numbers of positive patients nationally. The response of our staff was phenomenal in delivering significant transformation of services in such a short space of time.

With the anticipated surge in number expected to impact most acutely in intensive care beds, a huge effort went in to increasing capacity on these wards by redeploying and retraining more than 500 staff and sourcing the beds and equipment we would need. Within a short space of time we had the potential to quadruple our ITU capacity to 48 beds on each of our two acute sites.

There were many other significant changes delivered to enable us to meet the demands of the virus and provide the safest possible care for our patients. For example, we created significantly different pathways for our patients and segregated and redesigned many of our wards and parts of our sites to protect our patients. We made a significant shift to the use of technology for appointments and reviews of patients to ensure treatment options could be maintained and our staff altered rotas and ways of working to provide more support and care 24 hours a day, seven days a week. We worked with GPs and the community hubs so that more of our patients could be cared for at community hospitals and had support from the private sector and social care providers. As many staff as possible were enabled to work from home for the protection of themselves, colleagues and patients.

Patients who required urgent care and treatments were able to access this, but many patients had appointments and treatment plans changed or paused and we appreciate their understanding with this. By the end of March 2020 there were around 200 patients in our hospitals who had tested positive for Covid-19 and about 50 had been discharged. Sadly some 80 patients had passed away with the disease at that stage. We still do not know how the disease will progress, what its longer-term impact will be and whether we will find effective treatments or a vaccine. However, we are proud of how our staff responded to this challenge and thanks to their work, over time many more patients were saved and recovered from this horrifying disease than succumbed to it.

Support from our community through this period was overwhelming and I would like to take this opportunity to thank every single member of the public who provided donations, gifts and offers of support. As well as the practical support and donations from businesses, organisations, community groups and individuals, the appreciation shown to our teams has been immeasurable and was beneficial in supporting their morale at some of the most difficult times of their careers. The messages and gestures of kindness, and the Thursday Claps for Carers have been truly humbling and a real boost for all of our teams serving our communities.

I have also been really proud and humbled by the level of the support, kindness and consideration that colleagues have shown one another, and it is a great example of the 'Frimley Family' in action.
Much of our work in the year ahead will be trying to restore services in a coronavirus world, planning for future surges, especially in anticipation of winter, and supporting those patients whose treatments and diagnoses have been delayed. However, it will also be about building and improving on the significant improvements we have seen in this period to accelerate the delivery of our strategic aims and harnessing the amazing talent of our teams to improve care for our patients.

There are times when the words thank you are simply not enough – and this is one of those moments. I am privileged to be a part of this fantastic team at Frimley Health and we are humbled by the support we have from our partners and communities. We know that there are even greater challenges ahead, but we will all continue to give our best and we will overcome adversity and emerge even stronger to deliver our ambitions for '**Our future FHFT**'.

Neil Dardis
Chief Executive

19 June 2020

Overview of Performance

The following section outlines the Trust's purpose, core strategy and activities for the year ending 31 March 2020, along with associated future issues and risks.

The Trust, its purpose and activities

Wexham Park Hospital

Frimley Park Hospital

Heatherwood Hospital

Frimley Health NHS Foundation Trust delivers services from three main hospital sites: Wexham Park Hospital in Slough, Heatherwood Hospital in Ascot, and Frimley Park Hospital, near Camberley. Additionally, the Trust delivers outpatient and diagnostic services from Bracknell, Aldershot, Farnham, Fleet, Windsor, Maidenhead, and Chalfont St Peter, bringing a range of services closer to these communities. Since January 2017 the Trust has also been running community services in North East Hampshire and Farnham based out of Fleet Hospital. With close to 9,000 employees across three principal sites, Frimley Health NHS Foundation Trust provides NHS hospital services for 900,000 people in Berkshire, Hampshire, Surrey and South Buckinghamshire. As well as delivering a full range of district general hospital services to its population, the Trust provides specialist acute consultant delivered services across a wider catchment in the following areas:

- **Primary percutaneous coronary intervention (pPCI: heart attack treatment)**
- **Vascular**
- **Stroke**
- **Spinal**
- **Cystic fibrosis**
- **Plastic surgery**

Wexham Park Hospital opened as a general hospital in 1965. Heatherwood Hospital began in 1922 as a tuberculosis and orthopaedic hospital for children before it was managed by the newly formed NHS in 1948. Heatherwood and Wexham Park Hospitals NHS Foundation Trust formed in June 2007.
Frimley Park Hospital, built in 1974 to serve a much smaller population than its current catchment, was the first acute trust in the south of England to achieve foundation status in April 2005. Since then, its performance has ranked among the best in the country.
The Trust, formerly known as Frimley Park Hospital NHS Foundation Trust, is a statutory body which acquired Heatherwood and Wexham Park Hospitals NHS Foundation Trust on 1 October 2014, changing its name to Frimley Health NHS Foundation Trust. The transaction was the first ever successful foundation trust to foundation trust acquisition.

Frimley Health NHS Foundation Trust has 10 operational directorates in the following areas:

- **Emergency Department**
- **Pathology**
- **General Surgery and Urology**
- **Paediatrics**
- **Maternity and Gynaecology**
- **Radiology**
- **Medicine**
- **Specialist Surgery**
- **Orthopaedics and Plastics**
- **Theatres, Critical Care and Anaesthetics**

Frimley Health Strategic Ambitions

An outstanding trust delivering the best patient outcomes, safety and experience through a culture of continuous quality improvement

A great place to work, supporting our people to be the best

Leading the way in coordinating local health and care services, with more support closer to home, enabling people to have healthier lives by being in charge of their own health and wellbeing

Delivering excellence every day across all our services as 'One Frimley Health'

One of the most efficient providers of healthcare in the country

Using technology and innovation to provide the latest treatments and connected care for our patients

Perspective on performance

The Trust is focused on delivering clinical excellence for patients by sharing leading practice across all sites to consistently achieve the highest standards of care nationally, using leading-edge diagnostics and techniques to provide first-rate consultant-led services for patients.

While the Trust already has several specialist acute services, it continues to look to develop high quality new ones. The Trust continues to work in and with its communities to deliver quality care in a local setting and will face the future with a continued drive for efficiency and improved service delivery.

Activity Data and Review

Overall the Trust again saw a steady, rather than dramatic, increase in activity during 2019-20. There was a total of just over 909,000 outpatient attendances, which was a 1% increase on the previous year. This increase in activity was in response to an increase in GP referrals, which meant that we were able to maintain our waiting list (35,969) at a level just above that of 12 months previously. Elective activity (day cases, overnight inpatients and births) totalled just over 112,000. The trend towards more elective surgery being undertaken as day cases continued – in 2019-20 87% of our elective patients (excluding births) went home on the day of their surgery. There were nearly 240,000 emergency department attendances spread equally across Wexham Park and Frimley Park hospitals. We also saw 106,084 non-elective (emergency) admissions which was a significant decrease on the previous year (-8%).

Outpatient activity

1 April 2019 – 31 March 2020	Frimley Park Hospital	Wexham Park and Heatherwood Hospitals	Frimley Health NHS FT
New Attendances	174,579	135,574	310,153
Follow-up Attendances	332,047	266,927	598,974
TOTAL	506,626	402,501	909,127

Elective activity

1 April 2019 – 31 March 2020	Frimley Park Hospital	Wexham Park and Heatherwood Hospitals	Frimley Health NHS FT
Day Cases	50,248	39,132	89,380
Overnight	7,716	5,851	13,567
Births	5,197	4,187	9,384
TOTAL	63,161	49,170	112,331

Non-elective activity

1 April 2019 – 31 March 2020	Frimley Park Hospital	Wexham Park and Heatherwood Hospitals	Frimley Health NHS FT
Emergency Department Attendances	120,989	118,642	239,631
Emergency Department Attendances	51,509	54,575	106,084

Patients on waiting lists at 31 March 2020

At 31 March 2020	Frimley Park Hospital	Wexham Park and Heatherwood Hospitals	Frimley Health NHS FT
Outpatients	14,293	12,069	26,362
Inpatients	6,001	3,606	9,607
TOTAL	20,294	15,675	35,969

Note for information

- Day cases include regular attenders
- A&E attendances includes all attendances (new / unplanned / planned)

Trust future priorities for service development

Our priorities for the year ahead (2020-2021) have been outlined in delivery plans published as part of our strategy 'Our Future FHFT'. In light of the ongoing challenges in managing and responding to the Covid-19 crisis, we will need to review our ambitions for the year ahead, but we expect them to include our development priorities of:

- **Quality Improvement methodology implemented**
- **New recruitment and retention strategy implemented**
- **Work with system partners to expand delivery of community services**
- **Frailty service fully functional cross-site**
- **Clinically led review of portfolio of services**
- **Approval for diagnostic block at Frimley Park**
- **E-observations live**
- **EPR procurement completion**

Key issues and risks

Looking ahead, by far the biggest uncertainty affecting the scale of risk to the Trust is the ongoing impact of the Covid-19 pandemic on our services, workforce and community. Having managed an initial surge, we can expect to be living with Covid-19 endemic in the community for many more months, possibly years. We expect to have to redeploy services again at some point to deal with future surges, possibly compounded by more familiar winter pressures. The unpredictable nature of the virus's future progress has created uncertainty and risk across almost every aspect of Trust business, from clinical care and staffing to leadership, culture and finance.

Additional infection control measures such as social distancing, use of personal protective equipment, covid and non-covid zones and buildings, staff shielding, and modification of real estate to provide adequate distancing are just some of the factors that will increase costs and impact on efficiency for an unknown period. We are already implementing a number of further necessary measures, such as more home working and staggered shift and staff shielding, to control infection while we transition to workable solutions in a covid world. This will continue to be a key focus in almost all aspects of our work for some time. The Government has indicated that it will do what it can to support the NHS financially through the pandemic crisis, but with uncertainty remaining in the national economy, the longer-term impact on the NHS is also unclear.

The Trust is incorporating these new risks associated with Covid-19 into its Board Assurance Framework, which enables Board-level oversight of how we monitor and mitigate the most significant risks. The challenges of the Coronavirus crisis have also created many opportunities to rapidly advance some of our strategic objectives and we are committed to making sure that we seize these opportunities and embed them across the organisation in the longer term. A programme called 'Silver Linings' is capturing the positive changes and innovations create in response to the Covid crisis and finding the best ways to maintain the momentum of transformation and innovations thrown up by the challenges of the past few months. Among the improvements are phone and video patient consultations which have significantly reduced the need for face-to-face appointments in many cases, and the rapid roll-out of technology to support homeworking and video conferencing, which has the potential to reduce staff travel costs and meeting times.

The Board is committed to the establishment of a wholly owned subsidiary company to run some support services and create savings of some £600,000 per month to be reinvested in NHS services in line with the

Trust's strategic objectives. However, a delay in launching the formal consultation and implementation, brought about by the Covid-19 pandemic, will impact on the risk to the Trust's cost improvement plans, extend staff uncertainty and delay achievement of the non-financial benefits of the proposal, potentially jeopardising some of the Trust's plans to invest in future improvements for patients.

The Trust has identified the need to maintain a pipeline of good leaders within the organisation who will successfully deliver our ambitious strategy. The continuation of the leadership development programme, including the Frimley Academy's 20/20 Leadership Programme and our regular leadership network meetings, have been hindered by the pandemic. The Trust will need to ensure that leadership remains a priority at all levels and in every area of organisational business in line with the strategic ambition of 'supporting our people'.

We have taken positive measures to reduce vacancies in the nursing and medical staffing establishment, driving down both vacancy and turnover rates significantly. However, the Covid-19 pandemic has created extra pressures on the nursing and medical workforce and uncertainty over international travel. In addition, the prospect of the UK leaving the EU without a deal at the end of 2020 could further impact our ability to recruit and retain skilled staff from overseas.

Construction of our new £98m hospital at Heatherwood remains on schedule for completion next year, but a strong operational focus will be required to successfully mobilise the associated elective surgery, diagnostic and outpatients service. For services to be sustainable and enable our plan to double patient numbers over the next 10 years, we will need to engage colleagues in more suitable workforce and patient pathway developments in order to maximise efficiency and to extend our offering to private patients.

Going concern

After making enquiries, the directors have a reasonable expectation that Frimley Health NHS FT has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Neil Dardis
Chief Executive

19 June 2020

ACCOUNTABILITY REPORT

Directors' Report

The directors are responsible for preparing the Annual Report and Accounts and consider the Annual Report and Accounts taken as a whole are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the Frimley Health NHS Foundation Trust's performance, business model and strategy. The notice period for all non-executive directors listed below is three months and for all executive directors the notice period is six months.

Our Board of Directors

Biographies for individuals who served as directors on the Board at any time during the year ended 31 March 2020 are detailed below. As can be seen from the directors' biographies and from the Trust's compliance with the requirements of the Monitor NHS Foundation Trust Code of Governance (updated in July 2014), the Board of Directors has an appropriate composition and balance of skills and depth of experience to lead the Trust.

Non-executive directors

Pradip Patel

B.Pharm (Hons.), MBA, CDiAF, CBAdmin, FCMI, MRPharmS

Chairman

Appointed: **1 April 2016**
End of tenure: **31 March 2022**

Pradip was appointed to the Trust as Chairman of the Board and Council of Governors in April 2016. In May 2018, following a recommendation from the Non-Executive Performance and Remuneration Committee, the Council of Governors approved the extension of Pradip's term in office by a second term to 31 March 2022.

Pradip is an accomplished senior executive with a wealth of experience in complex and regulated organisations. He started his career as a pharmacist in 1977 and has gone on to hold senior roles in marketing, property and planning, sales and operations, HR and strategy. Before he joined Frimley Health, Pradip was a non-executive director at Hillingdon Hospital NHS Foundation Trust in London from 2011, serving as deputy chairman. He was also director of healthcare strategy at Walgreens Boots Alliance from 2012. Between 1999 and 2010 Pradip held various director roles with Boots on a regional and national level.

He is a fellow of the Chartered Management Institute and a member of the Royal Pharmaceutical Society of Great Britain.

Rob Pike

ACIB

Independent non-executive director / Deputy Chairman *(from 1 April 2018)*

Appointed: **1 April 2011**
End of tenure: **31 March 2021**[1]

Rob retired in 2009 after a 40 year career in financial services which culminated in a role as director of operations for Europe and Middle East for the Royal Bank of Scotland Group. He was previously director of operations in the UK where he had responsibility for more than 5,000 employees, running a network of operations centres. He was a senior executive at NatWest at the time of its acquisition by the Royal Bank of Scotland and subsequently led the successful integration of the two networks of operations centres. He was directly responsible for managing the IT and transformation integration activity of those operations and was heavily involved in the post-acquisition HR and systems integration. Having successfully undertaken several senior customer facing roles, he was invited to join the board of the Customer Contact Association (CCA) in 2004. He chaired its Industry Council from 2006-2008 and was Chair of the CCA Global Standards Council until 2016.

Mike O'Donovan

B.Pharm (Hons.), MBA, CDiAF, CBAdmin, FCMI, MRPharmS

Independent non-executive director

Appointed: **14 October 2014**
End of tenure: **31 March 2021**[2]

Mike spent 30 years in the consumer healthcare industry holding managing director positions in the UK and overseas as well as global corporate roles. In 2002 he left industry to become chief executive of the Multiple Sclerosis Society, a position he held until 2006. Since then he has held several non-executive director and trustee positions including co-chair of National Voices, the leading patient service user advocacy group, member of the management board of the European Medicines Agency and chair of Central London Community Healthcare NHS Trust. In October 2012 he was appointed chairman of Heatherwood and Wexham Park Hospitals NHS Foundation Trust and played a key role in its successful acquisition by neighbouring Frimley Park Hospital NHS Foundation Trust to form Frimley Health NHS Foundation Trust. Mike is a member of the board of trustees of the South Hill Park Arts Centre.

[1] *In September 2019, following a recommendation from the Non-Executive Performance and Remuneration Committee, the Council of Governors approved the extension of Rob's term in office by a further year to 31 March 2021.*

[2] *In September 2019, following a recommendation from the Non-Executive Performance and Remuneration Committee, the Council of Governors approved the extension of Mike's term in office for a second term to 31 March 2021.*

Mark Escolme

BA Hons

Independent non-executive director / Deputy Chairman *(01/04/13 - 31/03/17)*

Appointed: **1 April 2009**
End of tenure: **31 March 2020**[3]

Mark has over 25 years of experience of working in large branded consumer companies in the UK, US, Australia and New Zealand. He has been involved in setting up businesses in emerging markets such as Russia, China, India and Africa, developing high profile brands within household and food categories. He has managed joint ventures and NGO and government partnerships. Working at board level, Mark chaired the SC Johnson East Africa board and currently sits as a non-executive director on the Standard Brands board. Most recently Mark built GÜ into a multinational brand leader in chilled foods. He is also a trustee for UK charity Gumboots Foundation, which raises money for social uplift initiatives in Southern Africa. Over the past 15 years Mark has had significant M&A experience in the UK and many international markets across multiple private, private equity-backed and public manufacturing businesses in executive and non-executive director roles. This includes Dow products (the Mr Muscle brand) in the UK and Bayer Pest Control (Baygon and Autan brands) in Africa.

Thoreya Swage

MA (Oxon), MB BS (Lond)

Independent non-executive director

Appointed: **1 June 2015**
End of tenure: **31 March 2021**[4]

Thoreya has several years' experience in the NHS both as a clinician in psychiatry and a senior manager in various NHS purchasing organisations covering the acute sector as well as primary care development. Her latest NHS post was executive director of a health authority with a remit to develop primary care services including GP commissioning and GP fundholding. Since 1997 Thoreya has run a successful management consultancy business, developing particular expertise in the field of service reviews and redesign, strategic and leadership development, clinical governance, commissioning and procurement with the NHS and independent sector, and education and training. During 2006-07 she was deputy medical director at the Commercial Directorate at the Department of Health with responsibility to set up the clinical governance processes for the National Independent Sector Treatment Programme. She has had various teaching roles at King's College, London, Queen Mary University of London and Reading University and has researched and written a number of published articles. Thoreya was a non-executive director at Barts Health NHS Trust until 31 January 2020 and is a non-executive director at Solent NHS Trust.

[3] *On 31 March 2020 Mark's tenure came to an end.*

[4] *In October 2017, following a recommendation from the Non-Executive Performance and Remuneration Committee, the Council of Governors approved the extension of Thoreya's term in office for a second term to 31 March 2021.*

Dawn Kenson
BSc Hons, ACII, Dip PFS

Senior Independent non-executive director

Appointed: **1 June 2015**
End of tenure: **31 March 2021**[5]

Dawn spent over 20 years in financial advisory services predominantly with The Woolwich and, following its takeover, with Barclays Bank.

She was managing director of Woolwich Independent Financial Advisory Services before becoming director of independent financial advice operations for Barclays where she had responsibility for the bank's combined regulated advisory forces.

She left Barclays in 2005 to concentrate on non-executive roles in, and supporting, the public sector. She currently holds positions with the Northern Ireland Office and Raven Housing Trust.

John Weaver

Independent non-executive director

Appointed: **April 2017**
End of tenure: **31 March 2023**[6]

John worked for BT plc from 1984 until retiring in March 2019; a career which included such roles as Director of Wholesale Managed Services, Transformation Director for Global Networks and, most recently, Vice President for Contract Design, leading the technical design team within BT's Global Services business. John also spent two years on secondment to the Board of J-Phone, a leading Japanese mobile phone operator, where he was responsible for the development of all non-voice services. Since 2008 John has also had other roles including helping set up and being an executive director on the Thames Valley Local Enterprise Partnership, a member of the CBI South East, and a non-executive director for Hastings Academies Trust. John has also recently become a non-executive director for ThirdSpace, an award-winning UK based technology services provider.

[5] *In October 2017, following a recommendation from the Non-Executive Performance and Remuneration Committee, the Council of Governors approved the extension of Dawn's term in office for a second term to 31 March 2021.*

[6] *In November 2019, following a recommendation from the Non-Executive Performance and Remuneration Committee, the Council of Governors approved the extension of John's term in office for a second term to 31 March 2023.*

Ray Long
CB, BA, MSc, FAPM, CEng, CITP, FBCS, FCMI, FIET, CDir, FIoD, FRSA

Independent non-executive director

Appointed: **April 2017**
End of tenure: **31 March 2020**[7]

Ray left the Civil Service in 2017 after a 40-year career which included roles as Director of Business Tax Change and Corporate Services Change in HMRC, Senior Responsible Owner of DWP's Infrastructure Modernisation Programme, and CEO of Benefits & Pensions Digital Technology Services Limited (DWP's Government-owned private company which provides IT services to the department).

Executive Directors

Neil Dardis

Chief Executive

Appointed: **March 2018**

Neil has worked in the NHS for over 20 years, with extensive Board and senior management experience. He was formerly chief executive at Buckinghamshire Healthcare NHS Trust since April 2015, having joined as deputy chief executive and chief operating officer in 2013. Prior to this he was director of operations at East and North Hertfordshire NHS Trust.

Neil graduated from Durham University with a degree in history, has a diploma in health service management and has studied at the London Business School and Cambridge University Judge Business School. He has also been a member of the NHS Top Leaders Programme and worked with the Kings Fund on system leadership.

Neil chairs the Oxford Academic Health Science Network's clinical innovation and adoption group, and was formerly the Buckinghamshire SRO for the Buckinghamshire, Oxfordshire and Berkshire West's STP. He also sits as part of the NHS Improvement Chief Executive Advisory Panel.

[7] *On 31 March 2020 Ray's term of office came to an end.*

Nigel Foster
BA, CPFA

Director of Finance and Information Management and Technology

Appointed: **August 2017**

Nigel was previously director of finance and performance for three clinical commissioning groups (CCGs) in East Berkshire and has been working for the NHS since 2002, originally with Wokingham PCT and then NHS Berkshire West, where he held a variety of senior finance roles. From March 2012 he led the formation of Central Southern Commissioning Support Unit and became its chief finance officer. He joined the CCGs in East Berkshire in November 2013.

Nigel also has responsibility for contracting and information, procurement, and business development functions within the Trust and, as Senior Information Risk Officer (SIRO), leads on information governance matters on behalf of the Board. He is involved in working with colleagues across the Frimley Health and Care ICS area and leads the 'Connected Care' IT interoperability project across the ICS, which is enabling the sharing of patient records between primary, secondary and social care. In addition to his Trust role, Nigel held an honorary contract with the East Berkshire CCG to continue as its director. This finished on 1 December 2019.

Janet King
MA Law, FIPD, CPP

Director of HR and Corporate Services / Deputy Chief Executive

Appointed: **1991**

Starting her career in the Civil Service, Janet joined Frimley Park Hospital in 1987 working for West Surrey and North East Hants Health Authority as personnel manager. She became a director of Frimley Park Hospital NHS Trust in 1991. Her portfolio includes human resources management, all non-clinical support services, estate and capital planning and company secretary. Janet is project director for several large capital projects including Heatherwood Hospital. She is a lay panel member for employment tribunals. Janet was appointed Deputy Chief Executive in October 2017.

Dr. Timothy Ho
MB, BS, PhD, DIC, FRCP

Medical Director

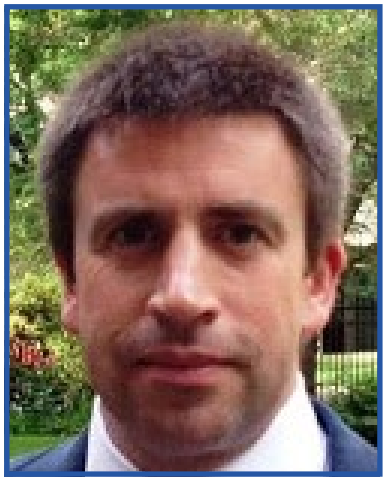
Appointed: **December 2013**

Tim graduated in medicine from St. George's, University of London, and went on to undertake specialist training in respiratory and intensive care medicine in London. He carried out a period of basic science research in molecular microbiology at Imperial College, culminating in the award of a PhD. He has been a consultant chest physician at Frimley Park Hospital since 2004.

During this time, he has developed several key services including a regional diagnostic service for lung cancer (EBUS), the medical acute dependency unit and a large obstructive sleep apnoea service. Most recently he has served as the clinical director for medicine and care of the elderly and as the centre director for the Frimley Park adult cystic fibrosis service. He is the professional lead for the doctors and is responsible for the Trust's quality and clinical governance framework.

Dan Bradbury
LLb (Hons)

Chief Operating Officer



Appointed: **October 2019**

Dan oversees the day-to-day delivery of services across Frimley Health, with a particular focus on emergency access, cancer and referral to treatment. He previously served as Chief Operating Officer at Epsom and St Helier University Hospitals NHS Trust in south-west London.

Prior to that he was a Divisional Director of Operations at University Hospitals Southampton where he was responsible for surgery, theatres and anaesthetics, critical care and cancer services.
He retired from his career in the Army and joined the NHS in 2014 through the Executive Fast Track Programme. He was subsequently seconded to senior roles in planned and unscheduled care in a number of acute trusts.

Dan holds a degree in law and a master's from Cranfield University.

Alison Szewczyk
MB, BS, PhD, DIC, FRCP

Interim Director of Nursing

Appointed: **1 October 2019**

Alison was appointed to the role of Interim Director of Nursing, jointly with Maxine McVey, in October 2019 following the departure of Duncan Burton. She has held senior nursing positions at the Trust for many years, including another spell as interim Director in 2012-13 and her current substantive position as Deputy Director of Nursing where she has been driving the nursing quality agenda. Her role also included operational responsibility for private patient services (Parkside).

Maxine McVey
MSc RN

Interim Director of Nursing

Appointed: **1 October 2019**

Maxine qualified in 1986 from St Bartholomew's School of Nursing, London, and developed a clinical background in colorectal/gastroenterology and surgery. She completed her Master's degree in Nursing in 1998. Maxine, who was Deputy Director of Nursing for Frimley Health, was appointed as the Interim Director of Nursing role at the Trust jointly with Alison Szewczyk following the departure of Duncan Burton in October 2019.

Maxine is passionate about working and engaging with clinical teams to improve outcomes and quality for patients and to reduce health inequalities and variations in standards of care. In her role, Maxine leads on the patient experience strategy, workforce education and is part of the Frimley Health and Care Integrated Care System.

Duncan Burton
RN BN (Hons) MSc

Director of Nursing and Quality

Appointed: **September 2017**

Duncan was director of nursing and patient experience and director of infection prevention and control at Kingston Hospital NHS Foundation Trust from 2013. During his time at Kingston he led a number of areas of improvement including dementia care, nurse technology, and significantly reduced turnover and vacancies.

Before joining Kingston, Duncan was deputy chief nurse at University College London Hospitals (UCLH) and was responsible for a number of corporate and clinical services on behalf of the chief nurse. This included responsibility for nursing and midwifery across seven hospital sites.

Duncan left the Trust on 30 September 2019.

Helen Coe
MBE, MBA, RN

Director of Operations, Frimley Park Hospital

Appointed: **July 2013**

Helen has significant NHS expertise gained during 30 years' experience in a number of senior clinical and managerial roles. She has a strong operational background, has held several senior nursing positions across specialties in both surgery and medicine and has been awarded an MBE for her outstanding contribution to nursing and quality. Helen is passionate about ensuring patients receive the highest quality services and that their experience at Frimley Park Hospital is first class. Helen has also worked at the Department of Health as part of the Cabinet Office team assessing public organisations for the Charter Mark Award. Before taking up the position of Director of Operations, Helen was the associate director for urgent care services focusing on delivering the Trust's hyper- acute strategy in cardiology and stroke. She has been responsible for leading innovation and change and led the Trust's successful transformation project reducing patients' length of stay at Frimley Park.

Helen left the Trust on 31 August 2019.

Lisa Glynn
BA, CPFA

Director of Operations
Heatherwood and Wexham Park

Appointed: **October 2014**

Lisa joined the NHS in 1994, after a period of time working in the private health sector, and has held a number of senior operational roles in the acute sector since that time, including director of operations at the Royal Berkshire NHS Foundation Trust. Lisa joined Heatherwood and Wexham Park Hospital NHS Foundation Trust in February 2013 as chief operating officer from Royal Berkshire NHS Foundation Trust where she was the director of operations for urgent care. She was appointed to her current role when Frimley Health came into being on 1 October 2014.

Lisa left the Trust on 31 July 2019.

Our Board of Directors

The executive and non-executive directors comprised:

- Eight non-executive directors (including the Chairman)
- Five executive directors (including the Chief Executive)
- Two Interim Directors

Changes in relation to non-executive directors during 2019-20

- Mark Escolme had been appointed to the Board in April 2009 as a non-executive director. His term of office ended on 31 March 2020.
- Rob Pike was appointed to the Board in April 2011 as a non-executive director. His term of office was further extended by the Council of Governors in 2019 until 31 March 2021.
- Mike O'Donovan was appointed to the Board in October 2014 as a non-executive director. His term of office was further extended by the Council of Governors in 2019 until 31 March 2021.
- Ray Long was appointed to the Board in April 2017 as a non-executive director. His term ended on 31 March 2020.
- John Weaver was appointed to the Board in April 2017 as a non-executive director. His term of office was extended to by the Council of Governors in 2019 until 31 March 2023.
- A recruitment process took place during the year to replace Mark Escolme and Ray Long. Following the recruitment process, the appointments of Bryan Ingleby and Michael Baxter were approved by the Council of Governors in March 2020 to serve Terms of Office from 1 April 2020 until 31 March 2023.

Changes in relation to executive directors during 2019-20

- Due to the creation of a new Chief Operating Officer role, Lisa Glynn left the Trust on 31 July 2019 and Helen Coe left the Trust on 31 August 2019.
- Dan Bradbury was appointed to the new role of Chief Operating Officer and commenced on 7 October 2019.
- Duncan Burton, Director of Nursing left the Trust on 30 September 2019.
- Maxine McVey and Alison Szewczyk were appointed to the Board in September 2019 as Interim Directors of Nursing.
- In addition, a post of Director of Transformation, Innovation & Digital services has been created, but this is currently vacant.

As at 31 March 2020, the Trust had five voting executive directors, two interim directors and eight voting non-executive directors. The Trust Board met the requirement of having a majority of non-executive directors in terms of voting directors on the Board.

Registers of interest

Board of Directors' register of interests

The register of interests for the executive and non-executive directors that served as members of the Board during the year ended 31 March 2020 is detailed below:

	Name	Declared Interests
Non-executive directors	Pradip Patel	None
	Dawn Kenson	Northern Ireland Office Raven Housing Trust
	Mike O'Donovan	MS Society member Trustee of the South Hill Park Arts Centre
	Rob Pike	Rob Pike Associates Limited
	Thoreya Swage	Thoreya Swage- Healthcare Consultancy- sole trader Barts Health NHS Trust, non-executive director (until 31 January 2020) Non-Executive Director, Solent NHS Trust (since January 2020) Member of the North East London Clinical Excellence Awards Advisory Committee
	John Weaver	NED with ThirdSpace LTD Trustee – Power of Parenting Charity
	Mark Escolme	Mallow & Marsh Limited OPPO Brothers Limited Escolme Limited Bromsgrove School Foundation Gumboots UK Charity Trustee Pet Food UK Limited
	Ray Long	The Worshipful Company of Information Technologists, master and court member Ray Long Consulting Limited, director and owner QI Consulting, associate consultant Doherty Stobbs, associate consultant The Open University, associate lecturer Dods Training, associate trainer Civil Service Fast-Stream assessor Gresham College, council member

Executive Directors	Name	Declared Interests
	Neil Dardis	None
	Janet King	HR services provided to Surrey Heath CCG CBI representative Employment Tribunals Special Advisor CQC
	Nigel Foster	DoF for East Berkshire CCG until 1 December 2019
	Tim Ho	Independent Inspection Chair for CQC (since August 2015) Responsible officer for Thames Hospice until 1 April 2020 Private practice as consultant physician at Spire Clare Park and Parkside Suite, Frimley Health
	Dan Bradbury	Wife is Chief Operating Officer for Gloucestershire Hospitals NHS FT Wife is practising ED consultant with Royal Berkshire NHS FT
	Maxine McVey	None
	Alison Szewczyk	Governor for specialist school and college Holyport
	Duncan Burton	Honorary Senior Lecturer at Kingston University
	Helen Coe	None
	Lisa Glynn	None

Register of governors' interests

A register of governors' interests is maintained by the Trust. A copy of the latest version submitted to the Council of Governors is available on the Trust's website* via https://www.fhft.nhs.uk/about-us/council-of-governors/ or may be inspected during normal office hours at the Chief Executive's office.

Other disclosures by directors

So far as each of the directors is aware, there is no relevant audit information of which the NHS Foundation Trust's auditor is unaware. Each director has taken all the steps they ought to in their role in order to make themself aware of any relevant audit information and to establish that Frimley Health NHS Foundation Trust's auditor is aware of that information.

The directors are satisfied that under the requirement of Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) the income from the provision of goods and services for the purpose of the health service in England by Frimley Health NHS FT is greater than its income from the provision of goods and services for any other purposes. This other income is shown in note 2.1 of the Annual Accounts. Most is used to cover associated costs and any surplus is reinvested in the provision of NHS health services. Frimley Health NHS Foundation Trust has complied with the cost allocation and charging guidance issued by HM Treasury.

None of the Board of Directors has made any political donation during the course of the year.

Board members' attendance record for Board of Director meetings and board-level committees for the year ended 31 March 2020.

Board members' attendance record for Board of Director meetings and board-level committees for the year ended 31 March 2020.

	Name	Position	Private	Public	Audit	Noms	PRC	Total
Non-executive directors	Pradip Patel	Chairman	15/15	6/6	n/a	6/6	6/6	33/33
	Dawn Kenson	Non-Executive Director	11/15	5/6	4/4	6/6	6/6	32/37
	Mike O'Donovan	Non-Executive Director	12/15	6/6	4/4	n/a	n/a	22/25
	Rob Pike	Non-Executive Director	13/15	5/6	n/a	n/a	n/a	18/21
	Thoreya Swage	Non-Executive Director	14/15	6/6	n/a	5/6	3/6	28/33
	John Weaver	Non-Executive Director	9/15	3/6	n/a	n/a	n/a	12/21
	Mark Escolme	Non-Executive Director	9/15	4/6	n/a	n/a	n/a	13/21
	Ray Long	Non-Executive Director	12/15	5/6	3/4	3/6	6/6	29/37
Executive Directors	Neil Dardis	Chief Executive	15/15	6/6	n/a	5/6	5/6	31/33
	Janet King	Director of HR & Corporate Services	14/15	6/6	n/a	2/2	3/3	25/26
	Nigel Foster	Director of Finance & IM&T	15/15	6/6	3/4	n/a	n/a	24/25
	Tim Ho	Medical Director	15/15	6/6	2/2	n/a	n/a	23/23
	Dan Bradbury	Chief Operating Officer	5/6	2/3	n/a	n/a	n/a	7/9
	Duncan Burton	Director of Nursing & Quality	10/11	3/3	n/a	n/a	n/a	13/14
	Helen Coe	Director of Operations (FPH)	7/8	2/2	n/a	n/a	n/a	9/10
	Lisa Glynn	Director of Operations (HWPH)	5/8	2/2	n/a	n/a	n/a	7/10
	Alison Szewczyk		7/7	4/4	2/4	n/a	n/a	13/15
	Maxine McVey		6/7	3/4	n/a	n/a	n/a	9/11
	TOTAL		194/227	80/90	18/22	27/32	29/33	348/404

Better Payment Practice Code BPPC

The aim of the BPPC is to pay all non-NHS trade creditors within 30 days of receipt of goods or a valid invoice (whichever is the later) unless other payment terms have been arranged. The Trust reports compliance with this code in the Annual Accounts.

NHS Improvement's Well-led Framework

The boards of NHS foundation trusts are responsible for all aspects of the leadership of their organisations. They have a duty to conduct their affairs effectively and demonstrate measurable outcomes that build patient, public and stakeholder confidence that their organisations are providing high quality, sustainable care.

Monitor (now part of NHS Improvement) developed a Risk Assessment Framework, published in October 2013, which included a requirement for foundation trusts to carry out an external review of their governance every three years. The Trust completed its assessment by the end of the 2016-17 financial year and signed off the action plan in May 2017, which was submitted to NHS Improvement.

The next external well-led assessment of this nature is scheduled to take place in 2020, although as part of the CQC inspection in December 2018 the Board of Directors was subject to a well-led assessment, which resulted in a 'good' rating.

The Trust uses the well-led framework to inform its governance processes, which are outlined in the Annual Governance Statement that starts on page 67.

Neil Dardis
Chief Executive

19 June 2020

Remuneration Report

Annual statement on remuneration

The Performance and Remuneration Committee (PRC) comprises four non-executive directors of the Trust. It is a subcommittee of the Board and operates under terms of reference set by the Board. Part of the PRC remit is to determine appropriate remuneration in accordance with the terms of reference as follows:

- In accordance with Clause D.2.2 of the NHSI NHS Foundation Trust Code of Governance, the Performance and Remuneration Committee has delegated responsibility from the Board of Directors for setting remuneration for all executive directors including pension rights. The Performance and Remuneration Committee should also recommend and monitor the level and structure of remuneration for senior management. The definition of senior management should normally include the first layer of management below Board level (tier 2 staff).
- Seek external advice from time to time (under normal circumstances every three years) on the remuneration packages of the Chief Executive and other executive directors.
- Review the overall pay and performance framework for the Trust with particular regard to the executive directors' proposals for the remuneration of the Trust's tier 2 staff (those reporting directly to executive directors).

For the financial year 2019-20, the PRC implemented the NHSE/I recommendation on Very Senior Managers (VSM) annual pay increases for 2019-20. This amounted to a consolidated increase of 1.32% of basic salary, back dated to 1 April 2019 and a non-consolidated one-off lump sum of 0.77%. The PRC decided to award this to executive directors (tier 1) and tier 2 staff who are not on Agenda for Change Terms and Conditions, with the exception of new joiners during the year and those at the top of their job structure salary scale, where no increases were awarded .

There are four executive directors, including the Chief Executive, with salary levels in excess of £150,000. In line with NHSE/I guidance, appointments at or above this threshold are benchmarked and approval obtained from NHSE/I.

The PRC has kept the Executive Directors Remuneration Policy under review and approved changes to this policy at its meeting on 17 September 2019.

Dawn Kenson
Senior Independent Director

19 June 2020

Senior managers' remuneration policy

Salary entitlements of senior managers 2019-20 (information subject to audit).

	Name	Position	Salary and fees (bands of £5000) £000	Taxable benefits nearest £100	Annual performance related bonus (bands of £5000) £000	Long-term performance related bonus (bands of £5000) £000	[8] Pension related benefits (bands of £2500) £000	[9] Total remuneration (bands of £5000) £000	Expenses £
Executive Directors	Neil Dardis [10]	Chief Executive	200 - 205	0	0	0	0	200 - 205	1,485.69
	Janet King	Director of HR & Corporate Services	165 - 170	0	0	0	0	165 - 170	2,266.11
	Nigel Foster	Director of Finance & IM&T	145 - 150	0	0	0	20 - 25	170 - 175	3,069.34
	Duncan Burton	Director of Nursing & Quality	75 - 80	0	0	0	20 - 25	95 - 100	304.25
	Daniel Bradbury [11]	Chief Operating Officer	75 - 80	0	0	0	50 - 55	125 - 130	0.00
	Helen Coe [12]	Director of Operations FPH	295 - 300	0	0	0	0	295 - 300	787.34
	Lisa Glynn [13]	Director of Operations HWPH	270 - 275	0	0	0	0	270 - 275	142.20
	Tim Ho	Medical Director	[14] 240 - 245	0	0	0	55 - 60	310 - 315	1,303.07
Non-Executive Directors (NEDs)	Pradip Patel	Chairman	60 - 65	0	0	0	0	60 - 65	0.00
	Mark Escolme	NED	15 - 20	0	0	0	0	15 - 20	0.00
	Dawn Kenson	NED	15 - 20	0	0	0	0	15 - 20	0.00
	Ray Long	NED	15 - 20	0	0	0	0	15 - 20	0.00
	Mike O'Donovan	NED	15 - 20	0	0	0	0	15 - 20	0.00
	Rob Pike	NED	15 - 20	0	0	0	0	15 - 20	0.00
	Thoreya Swage	NED	15 - 20	0	0	0	0	15 - 20	477.86
	John Weaver	NED	15 - 20	0	0	0	0	15 - 20	0.00

[8] *This represents 20 times the year on year increase in pension plus the cash lump sum payable to the director should they have become entitled to it at 31 March 2020. The calculation complies with the regulator's reporting requirement and is not cash remuneration.*

[9] *Total remuneration in this column includes non-salary benefits relating to pension entitlements, as stated at 1 above*

[10] *Neil Dardis opted out of the pension scheme with effect from 1 September 2018*

[11] *Employment commenced on 7th October 2019*

[12] *The salary is the total remuneration from the Trust, it is made up of £160k redundancy and £68k payment in lieu of notice, together with £68k in respect of salary for the year up until 30th September 2019.*

[13] *The salary is the total remuneration from the Trust, it is made up of £160k redundancy and £68k in lieu of notice together with £45k in respect of salary for the year up to 31st July 2019. Lisa Glynn opted out of the pension scheme with effect from 1 April 2015.*

[14] *The figure represents total remuneration from the Trust. £164.25k of this relates to the Medical Director's clinical role.*

Salary entitlements of senior managers 2018-19

The following table was first published in the Frimley Health NHS Foundation Trust's Annual Report and Accounts 2018-19 and is used here for comparative purposes.

	Name	Position	Salary and fees (bands of £5000) £000	Taxable benefits nearest £100	Annual performance related bonus (bands of £5000) £000	Long-term performance related bonus (bands of £5000) £000	[15] Pension related benefits (bands of £2500) £000	[16] Total remuneration (bands of £5000) £000	Expenses £
Executive Directors	Neil Dardis	Chief Executive	200 - 205	0	0	0	30 - 32.5	235 - 240	1,485.69
	Janet King	Director of HR & Corporate Services	165 - 170	0	0	0	20 - 22.5	185 - 190	1,886.45
	Nigel Foster	Director of Finance & IM&T	145 - 150	0	0	0	57.5 - 60	205 - 210	2,431.98
	Duncan Burton	Director of Nursing & Quality	140 - 145	0	0	0	40 - 42.5	180 - 185	929.35
	Helen Coe	Director of Operations FPH	135 - 140	0	0	0	12.5 - 15	145 - 150	1,166.35
	Lisa Glynn	Director of Operations HWPH	135 - 140	0	0	0	0	135 - 140	899.15
	Tim Ho	Medical Director	[17] 235 - 240	0	0	0	50 - 52.5	285 - 290	923.90
Non-Executive Directors (NEDs)	Pradip Patel	Chairman	60 - 65	0	0	0	0	60 - 65	0.00
	Mark Escolme	NED	15 - 20	0	0	0	0	15 - 20	0.00
	Dawn Kenson	NED	15 - 20	0	0	0	0	15 - 20	0.00
	Ray Long	NED	15 - 20	0	0	0	0	15 - 20	0.00
	Mike O'Donovan	NED	15 - 20	0	0	0	0	15 - 20	532.45
	Rob Pike	NED	15 - 20	0	0	0	0	15 - 20	0.00
	Thoreya Swage	NED	15 - 20	0	0	0	0	15 - 20	445.05
	John Weaver	NED	15 - 20	0	0	0	0	15 - 20	492.55

[15] *This represents 20 times the year on year increase in pension plus the cash lump sum payable to the director should they have become entitled to it at 31 March 2019. The calculation complies with the regulator's reporting requirement and is not cash remuneration.*

[16] *Total remuneration in this column includes non-salary benefits relating to pension entitlements, as stated at 1 above*

[17] *The figure represents total remuneration from the Trust. £146.9k of this relates to the Medical Director's clinical role.*

Pension benefits of senior managers 2019/20 (information subject to audit)

Name	Title	Real increase in pension and related lump sum at age 60 (bands of £2,500) £,000	Total accrued pension and related lump sum at age 60 at 31 March 2020 (bands of £5,000) £,000	Cash equivalent transfer value at 31 March 2020 £,000	Cash equivalent transfer value at 31 March 2019 £,000	Real increase in cash equivalent transfer value £,000
Neil Dardis [18]	Chief Executive	0	0	0	789	0
Janet King	Director of HR & Corporate Services	2.5 - 5	270 - 275	1,673	1,584	34
Nigel Foster	Director of Finance & IM&T	0 - 2.5	100 - 105	679	594	23
Duncan Burton	Director of Nursing & Quality	0 - 2.5	130 - 135	640	594	23
Helen Coe	Director of Operations FPH	0	230 - 235	1,368	1,316	16
Lisa Glynn [19]	Director of Operations HWPH	-	-	-	-	-
Daniel Bradbury	Chief Operating Officer	12.5 - 15	10 - 15	165	0	30
Tim Ho	Medical Director	5 - 7.5	245 - 250	1,436	1,308	64

Notes to table above:

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

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

Real increase in CETV - This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation and uses common market valuation factors for the start and end of the period.

[18] *Neil Dardis opted out of the pension scheme with effect from 1 September 2018*

[19] *Lisa Glynn opted out of the pension scheme with effect from 1 April 2015*

The guiding principles for salary awards are set out in detail in the Trust's Executive Directors' Remuneration Policy (including tier 1 & 2 and Chiefs of Service) approved by the Performance and Remuneration Committee on the 17 September 2019. The Policy notes that the Trust will aim to maintain the salary of Executive Directors at an appropriate level in relation to their peers, taking into account the expectation of high levels of personal and collective performance which will allow the Trust to perform at or near the highest level in terms of quality and financial performance.

There were no service contract obligations affecting senior manager contracts. The Trust does not have a specific policy regarding payment for loss of office for senior managers. During the reporting period there have been two payments for loss of office. The Trust arranged both of these payments on an individual basis according to best practice and other relevant policies.

The Trust reviews ethnicity as a Board and collates the ethnicity of board members, specifically encouraging applications from staff from BAME backgrounds.

The External Search Consultancy supporting the Trust's recruitment of senior staff also provides statistics on board applications so the Trust can assess who have applied for particular posts and encourage them to apply greater focus to posts where BAME applications have been low.

The Trust reviews the Gender Pay Report on an annual basis.

Annual report on remuneration

The narrative elements of the Remuneration Report are not subject to audit. The salary and pension information contained on pages 36 and 38 has been audited along with details on the median salary as a ratio of the highest paid director's remuneration on page 42. The Remuneration Report includes details of the remuneration paid to the Chairman and directors of the Trust (the 'senior managers' who influence the decisions of the Trust as a whole).

There are two committees within the Trust's governance arrangements with responsibility for remuneration of the Board of Directors:

- Non-Executive Remuneration Committee, or NERC (a committee of the Council of Governors)
- Performance and Remuneration Committee, or PRC (a committee of the Board of Directors)

It has been the policy of the finance department to ensure that all off-payroll engagements are identified. A sample check has been conducted by contacting the employee directly via email or phone to ensure that tax arrangements are sufficient for any engagement.

Performance and Remuneration Committee (PRC)

Acts on behalf of the Board of Directors to:

- Make decisions upon the performance and remuneration and terms of service for the chief executive and other executive directors. This includes all aspects of salary, termination, and other major contractual terms.
- Recommend and monitor the level and structure of remuneration for senior management.
- Operate in accordance with the principles outlined in 'The NHS Foundation Trust Code of Governance' produced by NHSI.

The Chief Executive attends meetings of the PRC by invitation, but will not attend during any discussions on matters where there may be a conflict of interest. Other directors may attend by invitation on a similar basis. The company secretary will assist in preparing agendas, papers and minutes for the PRC.

Full attendance for individual members of the PRC during the year appears in the Board members attendance table, page 34.

[20] *"those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS foundation Trust"*

Expenses

Information on the expenses claimed by directors and non-executive directors is included in the table; Salary entitlements of senior managers 2019-20 on page 37. In the year ended 31 March 2020, three governors claimed a total of £779.65 in expenses.

Executive directors' remuneration 2019-20

Full details of the salaries and pension entitlements of the executive and non-executive directors of the Trust are detailed in the remuneration report which has been audited. Details of the Trust's staff costs are set out in note 4 of the notes to the accounts.

Non-Executive Remuneration Committee (NERC)

The NERC is a committee of governors. Its purpose is to:

- Satisfy itself that proper procedures are in place for the appraisal of non-executive directors (including the chairman) in accordance with NHSI's NHS Foundation Trust Code of Governance and current best practice.
- Participate in the recruitment of non-executive directors (including the Chairman) with the Board of Directors' Nominations Committee.
- Recommend to the Council of Governors:
    a) The appointment of the chairman and non-executive directors.
    b) The terms of appointment and appropriate remuneration of the chairman and non- executive directors.

In addition, the NERC leads and reports on an annual assessment of the Board by all members of the Council of Governors (CoG). This is carried out by questionnaire, the results of which are reviewed by the CoG and the Board and an annual meeting with the non-executive directors at which it examines how individually and collectively the non-executive directors conduct their business and fulfil their role.

Robert Bown, elected as a Trust governor on 1 April 2014 for the Surrey Heath & Runnymede constituency, was elected as Lead Governor with effect from 1 November 2015. He stood for election in 2018 and was re-elected for the same constituency. Lead governor elections were held shortly after the constituency elections and he was re-elected as Lead governor.

The NERC comprised:

- Seven public governors
- One staff governor

The Chairman, Senior Independent Director, Chief Executive, Director of HR and Corporate Services and other advisors may be invited to attend all or part of the NERC meeting. In the year ended 31 March 2020, the NERC met three times.

Governor Name	Constituency	Total
Robert Bown	Public: Surrey Heath & Runnymede	3/3
Jill Walker	Public: Hart and East Hampshire	2/3
Brian Hambleton	Public: Rushmoor	1/1
Sarah Peacey	Public: Bracknell Forest and Wokingham	1/1
Nasar Khan	Public: Slough	1/1
Graham Leaver	Public: Slough	3/3
Paul Henry	Public: Chiltern, South Bucks & Wycombe	1/3
John Lindsay	Public: Bracknell Forest & Wokingham	2/3
Rod Broad	Public: Windsor & Maidenhead	3/3
Bob Soin	*Staff: Wexham Park*	*0/1*
TOTAL		**17/22**

Non-executive directors' remuneration 2019-20

There were no changes to the non-executive directors' remuneration for 2019-20.

At the meeting of the NERC held on 28 February, proposals were presented to amend the remuneration of NEDs and Chair within the Trust with effect from 1 April 2020 in the light of the paper issued by NHS England and NHS Improvement to address the current lack of alignment between what NEDs and Chairs get paid in Trusts and in Foundation Trusts.

These proposals were deferred in the light of the Covid-19 outbreak.

Median salary / highest paid director (information subject to audit)*

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

The following data represent the ratio of median annual salary to the highest paid director's remuneration in line with the HM Treasury Financial Reporting Manual 2011-12 (FReM). The calculation is based on full time equivalent staff of the reporting entity at the reporting period end date on an annualised basis.

	31 March 2020	31 March 2019
Highest Paid Director's Remuneration	**£242,500**	**£237,500**
Median Salary:		
Annualised WTE Basis	**£24,214**	**£24,915**
Represented as a Ratio	**10**	**9.5**

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

*Notes for above:

Non-executive directors are not listed because they do not receive pensionable remuneration.

- *The median pay calculation is based on the salary paid to staff in post on 31 March 2020.*
- *The reported salary used to estimate the median pay is the gross cost to the Trust, less employer's pension and employer's Social Security costs.*
- *The reported annual salary for each whole-time equivalent has been calculated using the appropriate spine point on the contractual pay scale or actual annual salary as at 31 March 2020 where no pay scale is used.*
- *Payments made in March 2020 to staff who were part-time were pro-rated to a whole-time equivalent salary.*
- *The highest paid director is excluded from the median pay calculation.*
- *The highest paid director's remuneration is based on their total remuneration which includes all salaries and allowances (including fees), bonus payments and other remuneration.*
- *The salary of the highest paid director has been taken as the midpoint of their £5,000 total remuneration banding.*
- *The Trust performs all of its services in-house, with the exception of laundry and waste management, on all sites. This may contribute to a higher ratio than in other organisations where significant support services are outsourced and therefore the median salary may be higher.*

Neil Dardis
Chief Executive

19 June 2020

Staff report

Recruiting and retaining good staff has remained a key strategic focus during 2019/20 and has been central to continually improving quality of care and reducing agency costs. The Trust took part in the 4th NHSI Retention Cohort during the year with an aim of reducing Trust turnover by 1% and this goal has been nearly achieved. As part of the cohort action plan, the Trust has put into place new governance arrangements around managing retention including the People at Work Group which manages action plans around staff feedback and a new People Committee which is a sub-committee of the Board.

In addition, the Trust has maximized its international recruitment of nurses and has doubled its recruitment of international nurses during 2019-20 to 172. This together with improved retention has cut the vacancy rate for nursing and midwifery by 6%. We have continued to focus on recruiting and keeping staff to bring down the Trust's costly reliance on locum and agency staff. Nurse agency costs have reduced by 1.62m in 2019-20 as a result.

Statistics of substantive staff

Key performance indicator	Total number (March 2016)	%	Total number (March 2019)	%	Total number (March 2020)	%
Total number of employees	8,819		9,490		9,935	
Male	1,887	21.40%	2,099	22.12%	2,216	22.30%
Female	6,932	77.88%	7,391	77.88%	7,719	77.70%
Directors	7		7		6	
Male	3	43%	4	57.1%	5	83.33%
Female	4	57%	3	42.9%	1	16.67%
Other senior managers	31		34		38	
Male	9	29%	14	41%	21	55.26%
Female	22	71%	20	59%	17	44.74%

Key performance indicator	Total number (March 2016)	%	Total number (March 2019)	%	Total number (March 2020)	%
Staff in post – full-time equivalent (FTE)	7,597.10		8,440.00		8,821.00	
Staff in post – headcount	8,819		9,443		9,934	
Sickness absent rate		2.97%		2.50%		3.50%
Vacancy rate		11.74%		10.60%		8.70%
Turnover rate		14.21%		14.00%		13.60%
Appraisal rate		77%		75%		78%

Average number of employees (whole time equivalent)

Employee Group	Total	Permanent
Medical and dental	1,101	1,095
Administration and estates	1,772	1,771
Healthcare assistants and other support staff	1,745	1,738
Nursing, midwifery and health visiting staff	2,561	2,546
Scientific, therapeutic and technical staff	1245	1,243
Agency and contract staff	251	
Bank staff	782	
Total average numbers	9,457	8,393

	Medical staffing: whole time equivalent posts	Medical staffing: headcount Inc
April - 19	1,076.00	1,156
May - 19	1,077.33	1,161
June - 19	1,071.69	1,160
July - 19	1,072.12	1,158
August - 19	1,071.14	1,177
September - 19	1,082.55	1,194
October - 19	1,097.73	1,246
November - 19	1,116.69	1,217
December - 19	1,107.77	1,220
January - 20	1,116.42	1,227
February - 20	1,114.34	1,236
March - 20	1,128.07	1,248

Staff engagement

As a major employer in the area, Frimley Health is committed to the principles of partnership working and staff engagement. The Trust strongly believes that involving staff in decision making processes draws upon their knowledge and experience from their work environment to generate ideas that will help develop and modernise NHS services.

The Trust has a range of standing and project groups and committees that seek to involve staff in making decisions about future developments. For example, a Staff Council which meets regularly provides an effective method of regular consultation between managers and staff representatives and forms the basis of a constructive and co-operative approach towards achieving corporate goals. The Staff Council also reviews and approves staff bids for funds from the Improving Working Lives lottery fund. This fund uses the proceeds of a monthly staff lottery to pay for a range of items to improve the working environment, from a new kettle for a staff rest room to funding for a new cycle pathway for staff.

The Trust also has other consultative bodies to discuss specific areas of joint interest with staff representatives such as the local communications networks, the Health, Safety and Environment Committee, Health and Wellbeing Committee and the Equality and Diversity Steering Group. In the last year, a People at Work Group has been set up to support retention plans. The Social Activities Committee continues to organise events and trips for staff as part of the staff engagement and wellbeing agenda.

Mechanisms in place to monitor and learn from staff feedback include:

- Business planning within directorates, involving managers and staff
- The clinical governance infrastructure, which enables multidisciplinary discussion of clinical issues and service improvement
- Regular face-to-face update briefings from the Chief Executive from which key points are cascaded to teams and departments, with the opportunity for staff to ask questions and raise concerns
- An annual leadership summit that took place in November 2019 and two off-site leadership briefings which took place in September 2019 and March 2020
- A fortnightly newsletter to which all staff are encouraged to contribute
- A trust intranet which includes real time staff news updates
- Staff following the Trust on its official Facebook and Twitter sites and contributing to exchanges as appropriate
- The annual NHS Staff Survey and action planning and the staff Friends and Family Test
- Investors in People reviews
- Annual appraisal for all staff
- A single integrated intranet for all staff. Ourplace includes personalisation and engagement tools.

National Staff Survey 2019

Background

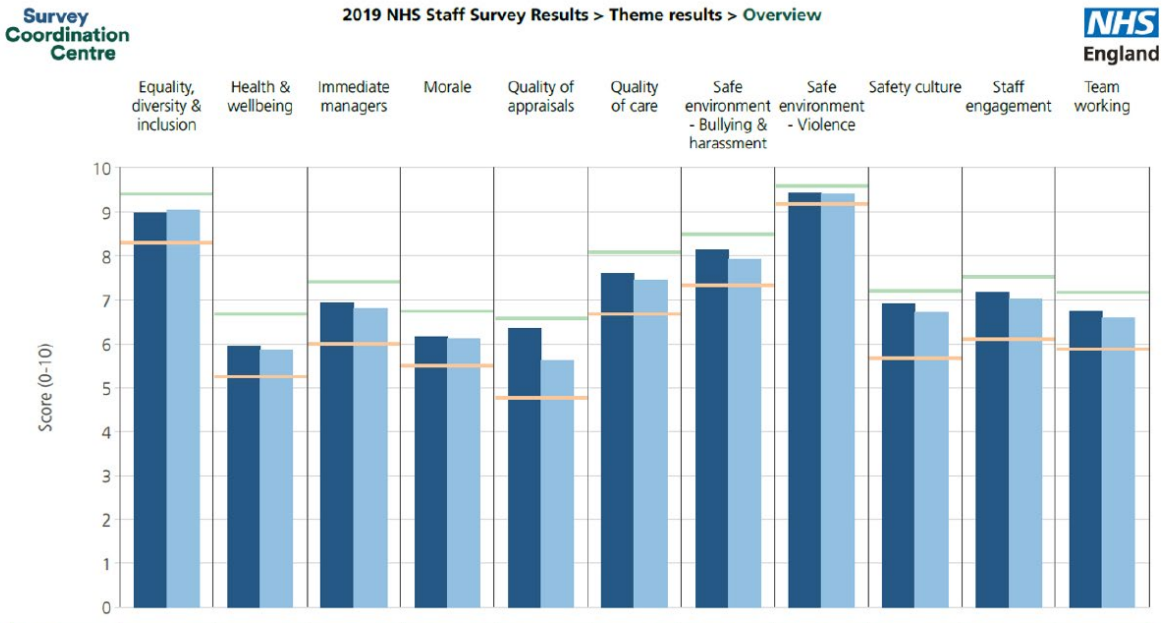
The Picker Staff Survey opened on the 7 October and closed eight weeks later on the 29 November. All staff had the opportunity to complete a questionnaire about their experiences of working at Frimley Trust. In total 4,865 people responded, giving us a final response rate of 53%. This represents a 10-percentage point increase on the 2018 response rate of 43%. Our response rate was 2% higher than the average response rate for similar organisations.

Organisational Context and Climate

It is important to note that while the 2019 staff survey was open, strike action took place to protest against Wholly Owned Subsidiary negotiations. Further, since the release of the results in March 2020, the entire service has been affected by Covid 19.

Results Overview

An overview of the 10 key themes, and how the Trust compares with all other acute trusts is shown below:



	Equality, diversity & inclusion	Health & wellbeing	Immediate managers	Morale	Quality of appraisals	Quality of care	Safe environment - Bullying & harassment	Safe environment - Violence	Safety culture	Staff engagement	Team working
Best	9.4	6.7	7.4	6.7	6.6	8.1	8.5	9.6	7.2	7.5	7.2
Your org	9.0	6.0	6.9	6.2	6.4	7.6	8.1	9.4	6.9	7.2	6.8
Average	9.0	5.9	6.8	6.1	5.6	7.5	7.9	9.4	6.7	7.0	6.6
Worst	8.3	5.3	6.0	5.5	4.8	6.7	7.3	9.2	5.7	6.1	5.9
Responses	4,738	4,777	4,785	4,682	3,870	4,336	4,721	4,734	4,729	4,837	4,749

Trust Performance on 10 National Staff Survey Themes

We were reassured to retain positive results in relation to the Quality of Appraisals, and whilst Frimley Health remains above average in the majority of areas, there is absolute recognition that the results also present an earnest opportunity to increase staff engagement, in response to the results depicted in the table below:

Trust Performance on 10 National Staff Survey Themes

We were reassured to retain positive results in relation to the Quality of Appraisals, and whilst Frimley Health remains above average in the majority of areas, there is absolute recognition that the results also present an earnest opportunity to increase staff engagement, in response to the results depicted in the table below:

Theme	2018 score	2018 respondents	2019 score	2019 respondents	Statistically significant change?
Equality, Diversity & Inclusion	9.0	3,636	9.0	4,738	Not significant
Health & Wellbeing	6.3	3,674	6.0	4,777	↓
Immediate managers	7.1	3,679	6.9	4,785	↓
Morale	6.3	3,601	6.2	4,682	↓
Quality of appraisals	6.4	3,080	6.4	3,870	Not significant
Quality of care	7.7	3,314	7.6	4,336	↓
Safe environment: Bullying & harrassment	8.2	3,612	8.1	4,721	Not significant
Safe environment: Violence	9.4	3,615	9.4	4,734	Not significant
Safety culture	7.1	3,641	6.9	4,729	↓
Staff engagement	7.4	3,729	7.2	4,837	↓
Team working	7.0	3,699	6.8	4,749	↓

Future priorities and targets

The Board is firmly committed to focussing on improving staff experience and has endorsed an organisational focus on:

a. Improving stress and wellbeing
b. Enhancing team/management capability

To support this, work is already underway to:

i. Design, launch and embed a management competency framework to underpin recruitment, development, progression and performance

ii. Rebuild management and leadership development interventions to more robustly embed our management code: **EMPOWER**

iii. Align our organisational health and wellbeing resources, and focus on the delivery of a number of sustainable interventions

Further, we will be asking for three initiatives to be agreed at a local level, as part of the business planning process. These would be incorporated into departmental objectives and reviewed as part of the annual performance review process.

Some ideas for their consideration include:

- ✓ Investment in staff rest rooms/areas
- ✓ Working harder to ensure staff are having breaks
- ✓ Encourage teams to review their organisational design to optimise team performance and or undertake team building exercises
- ✓ Publicise positive achievements through positive news stories

Occupational Health and Safety

This has been an exceptionally busy year for the department. A number of key projects have reached fruition, for example, the manual handling team facilitated the introduction of several new items of equipment including improved birthing and labour beds. The very popular Montcalm bed is now used on the main sites and at Farnham and Fleet Hospitals. This bed incorporates a patient management system (providing essential patient data); a unique range of functions to automatically adjust and support patients (including bariatric patients); and can rise from very low levels. This bed can also be used for patients with a high risk of falling and as a 'cuddle bed' for end of life patients.

Upgrading the fire alarm systems continued apace and now all clinical areas at Wexham Park Hospital are compliant with the highest standard for alarms. Work on the remaining areas of the system continues and will be completed over the year. This work has led to a noticeable reduction of false fire alarms. A full review of the system at Frimley Park will now be undertaken.

Training is a major workload for the team and this year the Health and Safety & Manual Handling teams have ensured that over 98% of staff have been trained. The fire safety team alone trained nearly 5,000 staff in the year. A 'Working Safety' course was run successfully across the three main sites, which ensures that Managers (and H&S representatives) are able to ensure compliance with health and safety regulations. In addition to training, a detailed audit programme is underway to ensure each area is fully audited every three years.

One area of focus was staff wellbeing. A new Employee Assistance Programme (EAP) was introduced and this will help deal with any anxiety particularly during the Covid pandemic. In addition to our comprehensive staff health and wellbeing programme and intranet sites, three highly popular health & wellbeing days were attended by over 1,000 staff in the autumn of 2019.

This year, fire safety arrangements at Farnham Hospital became the Trust's responsibility. The fire team worked with VirginCare to ensure the wards have adequate fire safety standards. In addition, compliance checking has been undertaken to ensure adequate health and safety, security, and training provisions are in place. The number of locations where Frimley staff are based is now over 50.

Over the year significant work was undertaken in association with Police Counter Terrorism Advisers and, as a result, Frimley Park is now considered to be 'well managed'. Nevertheless our security team has worked hard to ensure safety in all locations and that any lone working especially for 'off site' locations is well managed. The contract with Trust suppliers of office equipment was reviewed and renewed. The team also successfully managed to secure a significant discount on all office chairs ordered.

In January 2020 the laboratories at Frimley had a visit from the Health & Safety Executive (HSE). The Inspector was complimentary about the management of the laboratories (including staff training). He did, however, recommend a review of waste procedures that was carried out immediately and the Trust has since received a reply indicating the HSE are happy with procedures in place.

This year's annual flu vaccination programme for staff was a massive undertaking. The total uptake by all staff was 6,428. For all frontline staff it was 5,135, which was 65.1% of all frontline staff.

Equality and diversity

Frimley Health has this year published annual employment and service information, thereby demonstrating compliance with the Public Sector Equality Duty. Reports regarding equality and diversity can be found on the Trust's website. Frimley Health is progressing with the development of unified equality objectives and governance arrangements.

Disabled staff

Frimley Health signed up to meeting the requirements of the Disability Confident Kitemark in November 2016. Disability Confident is the successor to 'Positive About Disabled People'. The Trust will continue to:

- Actively look to attract and recruit disabled people
- Provide a fully inclusive and accessible recruitment process
- Offer an interview to disabled people who meet the minimum criteria for the job
- Exercise flexibility when assessing people so disabled job applicants have the best opportunity to demonstrate that they can do the job
- Proactively offer and make reasonable adjustments as required
- Encourage our suppliers and partner firms to be 'Disability Confident'
- Ensure employees have appropriate disability equality awareness

In the year to 31 March 2020, Frimley Health received 957 applications for jobs from disabled applicants. Of these, 550 disabled applicants were short-listed, and 59 disabled interviewees were appointed. To encourage disabled applicants to apply for jobs, Frimley Health will continue to take positive action to target disabled applicants through Job Centre Plus and other bodies who support placements for disabled staff in the workplace.

The Trust is committed to retaining existing employees who become disabled during their employment if possible. The occupational health team advises managers on reasonable adjustments to enable people to stay in their roles. Adjustments may include changing working times or patterns, or providing equipment or support. If reasonable adjustments are not possible within the person's role, the Trust reviews whether an alternative role can be found for them. The Trust has a Forum for staff with disabilities and carers. This Forum is playing a key role in raising awareness of the needs of staff who have visible and hidden disabilities and who are carers. It is taking forward activity to improve workplace experience for these staff, to help the Trust respond to priorities in the national Staff Survey.

Gender Pay Reporting

The Government Equalities Office (GEO) and the Equality and Human Right Commission (EHRC) have suspended gender pay gap reporting regulations for the 2019-20 reporting year, due to the Covid-19 pandemic. The decision announced on 24 March 2020 means that there is expectation for employers to report their gender pay gaps for the 2019-20 reporting year.

The Trust's gender pay gap report for the reporting year 2018-19 is on the Trust's website on the Equality and Diversity page.

Trade Union facility time

As required, the Trust publishes annually on its website a report on trade union facility time including numbers of Trade Union officials and information, the percentage of their time spent on facility time, the total pay bill costs of facility time and hours spent on paid trade union activities.

Expenditure on consultancy and exit packages

Between 1 April 2019 and 31 March 2020, the Trust spent £3.308m on consultancy costs. Exit packages amounted to £610k for the year.

Total staff costs

Total staff costs for the year amounted to £471.723m

Off payroll engagements

1. There were no off-payroll engagements as of 31 March 2020 for more than £245 per day and that last for longer than six months.
2. For all off-payroll engagements as of 31 March 2019 for more than £245 per day and that last for longer than six months

Number of existing engagements as of 31 March 2019	2018-19 number of engagements
Number that have existed for less than one year at the time of reporting	2
Number that have existed for between one and two years at the time of reporting	0
Number that have existed for between two and three years at the time of reporting	0
Number that have existed for between three and four years at the time of reporting	0
Number that have existed for four or more years at the time of reporting	0

Code of Governance

Board committees, membership and roles

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

Membership of Board Committees

	Audit Committee	Nominations Committee	Performance and Remuneration Committee
Chairperson of committee:	Dawn Kenson	Pradip Patel	Dawn Kenson
Non-executive director members:	Mike O'Donovan Ray Long	Thoreya Swage Dawn Kenson Ray Long	Pradip Patel Thoreya Swage Ray Long
Executive directors in attendance:	Nigel Foster	Neil Dardis* Janet King	Neil Dardis
Total number of executive and non-executive directors (including Chairman)	4 (3 non-executive directors; 1 executive directors in attendance)	5 (4 non-executive directors and CEO; plus 1 executive director in attendance)	5 (4 non-executive directors; 1 executive director in attendance)

**Chief Executive is a full member for all appointments other than CEO*

Council of Governors

The Trust has a Council of Governors which comprises elected and appointed governors of the Trust. The Board of Directors reports to the Council of Governors on the performance of the Trust and its progress against agreed strategic and corporate objectives and consults on its future direction. Governors report matters of concern raised at their local health event constituency meetings to their counterparts and to the directors. Members of the public are given the opportunity to ask questions addressed to the governors, directors or any other staff members in attendance at the local health events or Council of Governors' meetings.

All Board Members (executive directors and non-executive directors) are invited to attend the Council of Governors' meetings in order to gain an understanding of the views of the Trust's governors and members. Furthermore, others may attend for the purpose of providing assurance or to report on progress of any key matters of interest.

Governors are encouraged to canvass opinions and concerns of the members they represent at a series of well-attended public constituency meetings (promoted as 'health events'), particularly on the Trust's plans, priorities and strategies. They may also canvass opinion at other Trust events, both formal and informal, and via their own initiatives and networks. Members' views are fed back to the Board at quarterly Board of Directors/Council of Governors workshop events (known as BODCOGs), at other meetings with directors, or directly via the Chief Executive's office if appropriate.

Additionally, the BODCOG workshops serve to develop the relationship between the groups and brief/update the governors on key issues, developments or other matters requiring the attention of the Council of Governors. This informal setting allows governors to discuss and challenge performance and the priorities for the organisation. The workshops include reference to the key risks the Trust faces and an explanation as to how they are being managed.

The Board of Directors receives feedback on the views of governors by:

- Attending the Council of Governors meetings, which meets quarterly;
- An executive and non-executive director attending each of the local health event meetings;
- The Board of Directors meeting informally with the Council of Governors at private workshops, which encourage more interaction and feedback between executive and non-executive directors and governors; and
- The Chairman and Chief Executive host private 'drop-in' sessions for governors.

Role of the governors

The Council of Governors' role is to influence the strategic direction of the Trust so that it takes account of the needs and views of the members, the local community and key stakeholders, to hold the Board to account on the performance of the Trust, to help develop a representative, diverse and well-involved membership, and to help make a noticeable improvement to patient experience. It meets at BODCOG workshops and committees to discuss business. The Council of Governors also meets to carry out other statutory and formal duties, including the appointment of the Chairman and non-executive directors of the Trust and the appointment of the external auditor.

In the event of a dispute or disagreement between the Council of Governors and Board of Directors, in the first instance the Chairman would endeavour to resolve this. Should a resolution not be reached, the Chairman may ask the company secretary, Senior Independent Director and/or the deputy chairman to review the matter further. If a final decision is not reached, the matter would be referred back to the Chairman for a final decision.

If a dispute arose regarding the interpretation of the standing orders and the procedure to be followed at meetings of the Council of Governors, the Trust and the parties to the dispute would use all reasonable endeavours to resolve the dispute as quickly as possible.

If a dispute arose which involves the Chairman, the dispute would be referred to the Senior Independent Director, who would use all reasonable efforts to mediate a settlement to the dispute.

In addition to their duty to hold the non-executive directors, individually and collectively, to account for the performance of the Board of Directors, the Council of Governors is responsible for:

- appointing or removing the Chairman and the other non-executive directors;
- approving an appointment (by the non-executive directors) of the Chief Executive;
- deciding on the remuneration and allowances, and the other terms and conditions of office, of the Chairman and the other non-executive directors;
- appointing or removing the Trust's auditor;
- appointing or removing any auditor appointed to review and publish a report on any other;
- aspect of the Trust's affairs;
- approving significant transactions; and
- approving any changes to the Trust's Constitution.

To allow the governors to exercise their statutory duties, the Board of Directors is responsible, among other things, for ensuring the Council of Governors:

- receives the Annual Report and Accounts;
- is presented with other management reports detailing Trust performance in all areas: clinical, operational and financial;
- is able to provide its views to the Board of Directors when the Board of Directors is preparing the document containing information about the Trust's forward planning; and
- is able to engage with each governor's specific member constituents or, in the case of an appointed governor, to do so with members of the representing organisation.

During 2019-20 the Council of Governors were involved with the appointments process for the two new Non-Executive Directors and participated in the appointments process for the Chief Operating Officer and the Chief of Nursing & Midwifery.

For a schedule of types of decisions reserved for each of the boards and those that are delegated to the executive management of the Board of Directors, refer to the Frimley Health NHS FT Constitution on the Trust website www.fhft.nhs.uk (under 'About us' – 'Publications').

Membership of the Council of Governors

In 2019-20 the membership of the Council of Governors comprised 22 governors.

Eight non-executive directors (including the Chairman) and seven executive directors (including the Chief Executive) also attended the Council of Governors meetings by invitation.

Lead Governor

The publicly elected governors select one public governor from their group to be the Lead Governor of the Council of Governors. The Lead Governor coordinates any communication that might, in extreme circumstances, be necessary between NHSI formerly Monitor (the independent regulator) and the other governors and acts as a main point of contact for the Chairman and the Senior Independent Director. From October 2015 Dr Robert Bown, public governor for Surrey Heath & Runnymede, had been the Lead Governor. Dr Robert Bown was re-elected in 2018 as a public governor and was also successfully re-elected as Lead Governor.

Composition of the Council of Governors

As required under the NHS Act 2006, the majority of the Trust's governors are publicly elected. Public governors nominate themselves for election within their local constituencies which are based on local authority ward boundaries. As at 31 March 2020, there were 15 elected public governors.

Staff governors are elected by way of self-nomination and constituency voting. As at 31 March 2020, there were two staff governors in post.

Stakeholder governors are appointed by partnership or stakeholder organisations. As at 31 March 2020, there were four stakeholder governors in post.

The number of governor positions within the various constituencies for Frimley Health NHS Foundation Trust as at 31 March 2020 is detailed below.

Governor Positions

Constituency	Number of governors
Public: Bracknell Forest & Wokingham	2
Public: Chiltern, South Buckinghamshire & Wycombe	1
Public: Hart & East Hampshire	2
Public: Outer Catchment Area (Rest of England)	1
Public: Rushmoor	2
Public: Slough	2
Public: Surrey Heath & Runnymede	2
Public: Guildford, Waverley & Woking	1
Public: Windsor, Ascot & Maidenhead	2
Staff: Frimley Park	1
Staff: Wexham Park	1
Staff: Heatherwood & Community Hospital	1
Stakeholder: Hampshire County Council	1
Stakeholder: Surrey County Council	1
Stakeholder: Berkshire Councils (agreed rotating appointment by Slough, Windsor & Maidenhead, Bracknell Forest and Wokingham Borough Councils)	1
Stakeholder: Ministry of Defence	1
TOTAL	**22**

Governor Elections

Throughout September and October 2019, Frimley Health NHS Foundation Trust held elections for public governors in three public constituencies (Windsor and Maidenhead, Bracknell Forest and Wokingham and Slough) in accordance with its Constitution.

Nominations for elections opened between 2 August and 2 September 2019. Elections ran from 23 September to 17 October 2019 and results were declared the following day.

The Wexham staff constituency held a by-election from October and November due to the resignation of its governor at the end of August 2019. Results were declared on 2 December 2019.

Frimley Health's elected public governors as at 31 March 2020

Constituency	Governor	Date first elected [21]	End of tenure	Term of office
Bracknell Forest and Wokingham	Sarah Peacey	1 Nov 19	31 Oct 22	1st
Bracknell Forest and Wokingham	John Lindsay	1 Apr 14*	31 Oct 22	2nd
Chiltern, South Buckinghamshire & Wycombe	Paul Henry	1 Jan 15	31 Oct 20	2nd
Guildford, Waverley & Woking	Sylvia Thomson	1 Nov 18	31 Oct 21	1st
Hart & East Hampshire	Donna Brown	1 Nov 18	31 Oct 21	1st
Hart & East Hampshire	Jill Walker	29 Oct 15	31 Oct 21	2nd
Outer Catchment Area (Rest of England)	Paul Sahota	1 Nov 17	31 Oct 20	1st
Rushmoor	Kevin Watts	29 Oct 15	31 Oct 21	2nd
Rushmoor	Brian Hambleton	13 Mar 19	31 Oct 21	1st
Slough	Graham Leaver	1 Jan 15	31 Oct 22	3rd
Slough	Nasar Khan	1 Nov 19	31 Oct 22	1st
Surrey Heath & Runnymede	Mary Probert	1 Apr 14	31 Oct 21	3rd
Surrey Heath & Runnymede	Robert Bown	1 Apr 11	31 Oct 20	3rd
Windsor and Maidenhead	Margery Thorogood	1 Nov 19	31 Oct 22	1st
Windsor and Maidenhead	Rod Broad	1 Jan 15	31 Oct 22	3rd
Bracknell Forest and Wokingham	*Jan Burnett*	*1 April 15*	*31 Oct 19*	*2nd*
Slough	*Robert Miles*	*1 Nov 16*	*31 Oct 19*	*1st*
Windsor and Maidenhead	*Robin Maiden*	*1 Nov 16*	*31 Oct 19*	*1st*

*date of first election 1 April 2014 to 31 October 2015. Re-elected from 1 November 2016.

Following the merger of Frimley Park Hospital with Wexham Park and Heatherwood Hospitals forming Frimley Health NHS Foundation Trust in October 2014 the terms of office have been calculated from 1 November 2014.

In total there are 15 public governors including one governor from the Rest of England category (Outer Catchment Area). These 15 governors are elected across nine constituencies.

Frimley Health's elected staff governors as at 31 March 2020

Constituency	Governor	Date elected	End of tenure	Term of office
Frimley Park Hospital	Christina Ogarra	1 Jul 18	31 Oct 20	1st
Wexham Park Hospital	David Maudgil	2 Dec 19	31 Oct 20	1st
Heatherwood & the Community Hospitals	Vacant [22]	-	-	-
Wexham Park Hospital	*Bob Soin*	*1 Jan 15*	*31 Aug 19*	*2nd*
Heatherwood & the Community Hospitals	*Sasha Cummins*	*13 Mar 19*	*11 Nov 19*	*1st*

[21] *On Friday 29th November 2019, the Council of Governors voted, via e-Governance, that the Staff Governor for Heatherwood and the Community hospitals seat be vacant until elections are held in the summer of 2020.*

[22] *Where a governor has been re-elected, this column will show the date of the original appointment.*

Stakeholder governors appointed as at 31 March 2020

Constituency	Governor	Date elected	End of tenure	Term of office
Ministry of Defence	Cl. Ellie Williams	Jan 20	-	1st
Hampshire County Council	Rod Cooper	Sep 18	-	1st
Edward Hawkins	Edward Hawkins	Jul 19	-	1st
Berkshire Councils (comprising Slough Borough, Bracknell Forest, Wokingham and Windsor & Maidenhead Councils)	Dale Birch	Nov 19	-	1st
Berkshire Councils (comprising Slough Borough, Bracknell Forest, Wokingham and Windsor & Maidenhead Councils)	*Natasa Pantelic*	*Jan 2018*	*Oct 2019*	*1st*
Ministry of Defence	*Lt. Col Helen Winder*	*Jul 18*	*Jan 2020*	*1st*

In accordance with the Frimley Health Constitution, the appointed governors from Hampshire County Council, Surrey County Council, the Berkshire Councils and the Ministry of Defence will continue until their term in office ceases.

Attendance at Council of Governors meetings

Individual attendance at the Council of Governors' meetings, which are held in public, are detailed in the table below. There were four meetings held in 2019-20.

Governors' attendance at the Council of Governors meetings in the year ended 31 March 2020

Constituency	Governor	Total
Public: Bracknell Forest and Wokingham (31/10/19)	*Jan Burnett*	3/3
Public: Bracknell Forest and Wokingham	Sarah Peacey	1/1
Public: Bracknell Forest and Wokingham	John Lindsay	3/4
Public: Chiltern, South Buckinghamshire & Wycombe	Paul Henry	3/4
Public: Guildford, Waverley & Woking	Sylvia Thomson	4/4
Public: Hart & East Hampshire	Jill Walker	4/4
Public: Hart & East Hampshire	Donna Brown	3/4
Public: Outer Catchment Area (Rest of England)	Paul Sahota	2/4
Public: Rushmoor	Kevin Watts	1/4
Public: Rushmoor	Brian Hambleton	4/4
Public: Slough	Rob Miles	2/3
Public: Slough	Graham Leaver	4/4
Public: Slough	Nasar Khan	1/1
Public: Surrey Heath & Runnymede	Mary Probert	3/4
Public: Surrey Heath & Runnymede (Lead Governor from Oct 2015)	Robert Bown	3/4
Public: Windsor & Maidenhead	Rod Broad	4/4
Public: Windsor & Maidenhead (31 Oct 2019)	*Robin Maiden*	*1/3*

Public: Windsor & Maidenhead	Margery Thorogood	0/1
Stakeholder: Hampshire County Council (appointed from May 2019)	Rod Cooper	3/4
Stakeholder: Surrey County Council (appointed from July 2019)	Edward Hawkins	2/3
Stakeholder: Berkshire Councils (31 Oct 2019)	*Natasa Pantelic*	*0/3*
Stakeholder: Berkshire Councils	Dale Birch	0/1
Stakeholder: Ministry of Defence	*Lt. Cl. Helen Winder*	*1/4*
Staff: Frimley Park	Christina O'Garra	3/4
Staff: Wexham Park (31 Aug 2019)	*Bob Soin*	*0/1*
Staff: Wexham Park	David Maudgil	0/0
Staff: Heatherwood & Community Hospitals	*Sasha Cummins*	*1/3*
Stakeholder: Ministry of Defence	Cl. Ellie Williams	0/0

Attendance by executive and non-executive directors at the Council of Governors meetings for the year

Name	Position	Total
Pradip Patel	Chairman; Chair of Council of Governors	3/3
Mark Escolme	Independent non-executive director	1/1
Dawn Kenson	Independent non-executive director; Senior Independent Director	3/4
Ray Long	Independent non-executive director	3/4
Mike O'Donovan	Independent non-executive director	4/4
Rob Pike	Independent non-executive director	4/4
Thoreya Swage	Independent non-executive director	3/4
John Weaver	Independent non-executive director	2/4
Neil Dardis	Chief Executive	1/4
Nigel Foster	Director of Finance and IM&T	4/4
Janet King	Director of HR and Corporate Services	2/3
Dr Timothy Ho	Medical Director	4/4
Dan Bradbury	Chief Operating Officer	1/1
Duncan Burton	*Director of Nursing and Quality (left the Trust 30/09/2019)*	*1/3*
Helen Coe	*Director of Operations, Frimley Park Hospital (left the Trust 31/10/2019)*	*0/1*
Lisa Glynn	*Director of Operations, Heatherwood and Wexham Park Hospitals (left the Trust 31/07/2019)*	*0/1*

*NB Board members attend by invitation and are not required to attend.

Training

New and prospective governors receive induction training from the Chairman and company secretary. Additional training opportunities arise from NHS Providers and other network providers such as GovernWell. The Council of Governors regularly received updates from the Board of Directors on the performance of the organisation and actively participated in the refresh of the strategy during BoDCoG sessions.

Non-Executive Remuneration Committee

- The role of this committee is described in the Remuneration Report.

Nominations Committee: appointment and re-election

Role of the Nominations Committee

The Nominations Committee is responsible for identifying and nominating members of the Board for approval by the Council of Governors, and advising upon and overseeing their contractual arrangements, working closely with the Trust's Performance and Remuneration Committee. **This is broken down further and involves:**

- liaison with the Trust's Performance and Remuneration Committee to identify skills gaps on the Board of Directors.
- recommending job descriptions and person specifications for vacancies on the Board of Directors.
- recommending arrangements for the recruitment and selection of executive directors.
- liaison with the Non-Executive Performance and Remuneration Committee concerning the Chairman and non-executive director appointments and terms of office.
- agreeing any appointment panels for director vacancies.

The executive and non-executive directors are responsible for assessing the size, structure and skill requirements of the Board of Directors and for considering any changes or new appointments as necessary. If a need is identified, the Nominations Committee will produce a job description and person specification, decide if external recruitment consultants are required to assist in the process and if so, instruct the selected agency, shortlist and interview the candidates. If the vacancy is for a non-executive director, the Nominations Committee is extraordinarily enlarged to include some of the governors serving on the Non-Executive Performance and Remuneration Committee in the process. At the conclusion of the selection process, the Non-Executive Performance and Remuneration Committee then recommends the selected candidate to the Council of Governors for appointment.

Non-executive directors are appointed for a three-year term in office. A non-executive director can be re-elected for a second three-year term in office on an uncontested basis, subject to the recommendation of the Chairman on behalf of the Nominations Committee and the Board, followed by the approval of the Council of Governors. A non-executive director's term in office can be extended beyond the second term on an annual case-by-case basis by the Council of Governors, subject to a formal recommendation from the Chairman, satisfactory performance and consideration of the needs of the Board, without having to go through an open process. The removal of the Chairman or a non-executive director requires the approval of three-quarters of the members of the Council of Governors.

The Chairman, other non-executive directors and the Chief Executive are responsible for the appointment of executive directors. The Chairman and the other non-executive directors are responsible for the appointment and removal of the Chief Executive, whose appointment requires the approval of the Council of Governors. The Nominations Committee met six times during the year ended 31 March 2020 to consider proposed changes to board level positions and roles.

Performance evaluation of the Board, its committees and directors, including the Chairman

These functions are carried out by the Performance and Remuneration Committee (PRC) and the Non-Executive Remuneration Committee (NERC). The roles of these committees are fully detailed in the Remuneration Report earlier in this Annual Report.

Audit Committee

Role of the Audit Committee

The Audit Committee is responsible to the Board of Directors for reviewing the adequacy of the governance, risk management and internal control processes within the Trust. In carrying out this work, the Audit Committee primarily utilises the work of internal and external audit. The Audit Committee also obtains assurance from other external agencies about the Trust's procedures, such as from the Care Quality Commission (CQC). More specifically, the Audit Committee:

- reviews and discusses the Annual Report and Accounts with the external auditor before the Board of Directors approves and signs off the financial statements;
- ensures there is an effective internal audit function established by management that meets the mandatory NHS internal audit standards produced by the Department of Health, and reviews the work and findings of the internal auditor;
- agrees the schedule of internal audit reviews, receives the relevant reports and follows up on issues raised;
- receives and monitors policies and procedures associated with countering fraud and corruption. An independent local counter-fraud service was provided by Grant Thornton who produce a regular counter-fraud progress report;
- reviews arrangements by which staff may raise confidential concerns about possible improprieties in matters of financial reporting and control, clinical quality, patient safety and other matters; and
- provides an annual overview of the Trust's systems for ensuring compliance with CQC standards.

Membership

In order to maintain independent channels of communication, the members of the Audit Committee meet in private at least once a year with the internal and external auditors. This provides the internal and external auditors with an opportunity to raise any issues which may arise without the presence of management.

External auditor (KPMG)

The Council of Governors together with the Audit Committee agree the criteria for appointing, re-appointing and removing external auditors.

KPMG was appointed by the Council of Governors to be the Trust's external auditors for a three-year period commencing 1 April 2016.

The Council of Governors was asked to consider extending the contract for an additional two years in May 2019 and agreed to do so taking the contract end to 31 March 2021.

Internal auditor

During the year ended 31 March 2020, the Trust's internal audit function was carried out by BDO LLP, an independent business assurance provider delivering services to the public and private sectors.

Auditor independence and non-audit services

As a minimum, the Audit Committee reviews and monitors the external auditor's independence and objectivity. The Audit Committee has a policy by which non-audit services and fees provided by the external auditor are approved. However, in the financial year 2019-20 the Trust did not engage KPMG to provide any additional services over and above the undertaking of external audit of financial statements.

KPMG is also the external auditor of Frimley Park Hospital Charitable Funds of which the Trust Board of Directors is the corporate trustee.

The Chair of the Audit Committee confirms the independence of the external auditors to the Council of Governors at its meeting where the Annual Report and Accounts are presented and also reports any exceptional issues to the governors during the course of the year.

Main activities of the Audit Committee during the year ended 31 March 2020

The Audit Committee met on four occasions during the year ended 31 March 2020. At its meeting in May 2019, the Audit Committee received the annual audit report from the Trust's external auditors KPMG and recommended the Annual Report and Accounts 2018-19 and Quality Report to the Board of Directors for final approval. Later in the year, the Audit Committee reviewed and recommended the Charitable Funds Annual Report and Accounts 2018-19 for approval to the Board of Directors.

During the course of the year the Audit Committee received a number of audit reports from the internal auditors, BDO LLP. These ranged from financial control audits; Key Financial Systems, Agency Expenditure, Cost Improvement Plan, to audits on aspects directly relating to patient care (Learning from Gosport, Incidents, DoLS). Some other audits included Integrated Care System Governance, Data Quality Performance Management, Estates Statutory Compliance, Data Quality, Cultural Maturity, Cyber Security, GDPR and Volunteer Report.

Following the year end, the Audit Committee considered the draft Annual Report and Accounts 2019-2020 and received the ISA 260 Report from KPMG.

During the year the Audit Committee considered the following risks identified by external audit:

- Valuation of land and buildings and accounting for lifecycle costs;
- Revenue recognition;
- Management override and control; and
- Expenditure recognition.

During 2019-20, in addition to the executive and non-executive directors, the Trust's internal and external auditors attended Audit Committee meetings. Additionally, other relevant managers and senior managers from the Trust attended meetings to provide a deeper level of insight in certain key issues and development within their respective areas of expertise.

Policies on fraud and corruption

The Trust has a suite of policies available to all staff on the intranet. During the year the Trust commissioned Grant Thornton to provide regular fraud awareness training and staff communication tools and support investigation and policy reviews.

NHS Improvement's Single Oversight Framework

The Trust is regulated by NHS Improvement (NHSI), to whom it submits its annual plan. On the basis of the information contained in the annual plan and in-year submissions, NHSI will assess and assign a risk rating for the Trust in accordance with the 'single oversight framework', which provides a single overall metric for the Trust.

Frimley Health NHS Foundation Trust regulatory rating 2019-20

	Q1	Q2	Q3	Q4
Single Oversight Framework	2	2	2	2

The Trust's regulatory ratings throughout the previous year (2018-19) were as follows:

	Q1	Q2	Q3	Q4
Single Oversight Framework	2	2	2	2

1. **Annual plan review and in-year reporting and monitoring**

   NHSI uses the information provided in the annual plan primarily to assess the risk that an NHS foundation trust may breach its licence in relation to finance and governance and assigns risk ratings. Every quarter, NHS foundation trust boards are required to submit details of performance in the most recent quarter and year-to-date against their annual plan, and self-certify that all healthcare targets and indicators have been met. Each trust is assigned an overall financial and governance risk rating for the quarter based on the declarations they make to NHSE/I.

2. **Financial risk rating (FRR) / Continuity of Service (COS) rating**

   Risk ratings are assigned using a scorecard which compares key financial metrics consistently across all foundation trusts. The risk rating reflects the likelihood of a financial breach of an NHS foundation trust's provider licence. The highest rating under the COS rating is four.

3. **Governance risk rating**

   NHSI rates governance risk using a graduated system of green, amber-green, amber-red and red, where green indicates low risk and red indicates high risk.

There were no formal interventions by the regulator during the year 2019-20.

There were no material inconsistencies between the Trust's assessment of key risks and either subsequent NHSI ratings or Care Quality Commissions assessments.

The Trust Annual Governance Statement on page 67 details how the Trust has reviewed and assessed the effectiveness of the Trust's systems of internal control.

Our members

During the year the Trust continued to develop its community engagement strategy to promote good relationships, communication, and collaboration with the wider community. It focused on engaging people through foundation trust membership, fundraising, and volunteering.

Membership comprises individuals who satisfy at least one of the following:

- Any resident of England over the age of 16, living either in one of our constituencies within our core catchment or from the 'Rest of England' constituency
- Staff: any member of staff who has a permanent contract of employment, or has worked at the Trust for 12 months or worked on a series of short-term contracts amounting to more than 12 months.

Members are represented on the Council of Governors by the public, patients and carers, staff and other stakeholder groups. Public and staff governors are elected from and by the Trust's membership, which means that members have the opportunity to significantly influence the organisation's future strategy. Moreover, in this way the Trust is directly accountable to its local community. The Trust is constantly exploring with the governors the potential for wider stakeholder engagement, through the Community Engagement Group.

The Trust continued to improve the engagement between governors and members with our new governor and members forums. These were well attended on the 26 February, and 24 June.

We are holding two more governor and members forums on the 19 March and 29 September.

The member's feedback for our Trust magazine inTouch still remains very positive and it is a great way of keeping our members update with the latest developments for Frimley Health.

Major targets and actions to develop membership

The Trust's aim was to continue to recruit a membership representative of the communities we care for and to find better ways of engaging with them. Recruitment events are targeted at specific geographical areas, or under-represented groups within our communities.

The Trust set a target of 25,000 members for the year, with 15,500 being public members.

Various recruitment events have taken place in under-represented areas.

At year end the Trust had 15,772 public and 11,981 staff members, making a total of 27,753 members.

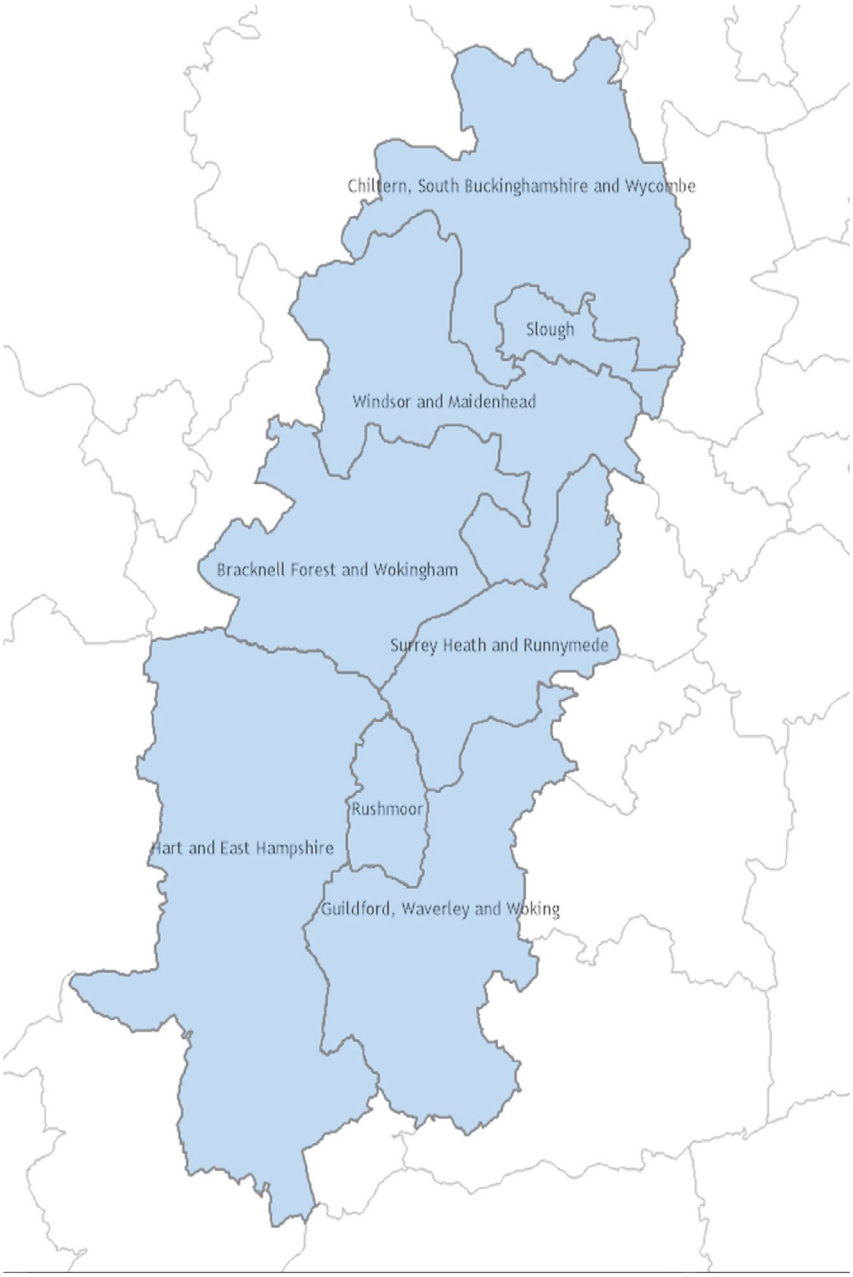
Constituency meetings (local health events)

Local constituency meetings offer members an opportunity to meet with their local governors, to hear updates on the work of the Trust and to ask any questions they may have. This sits alongside a presentation by a clinical member of staff on a particular condition or treatment. These meetings are held across all constituencies during the year and have proven extremely popular, with an average 100 members attending each event.

In March 150 members attended, June 200 members attended, and July 250 members attended, which is the highest attendance to date.

The meetings are publicised through our regular membership magazine which is distributed direct to members via email and post, and accessible to others across our sites, through our website and through local media.

Membership catchment map for Frimley Health NHS Foundation Trust as at 31 March 2020



Members can contact governors or directors via:

Foundation Trust Office
Frimley Health
Freepost G1/2587
Portsmouth Road
Frimley
Surrey
GU16 5BR

Tel: 01276 526801

Email:
sarah.waldron@nhs.net

Membership per local authority public constituency at 20 March 2019 (not including staff)

Constituency	[1] Population per constituency aged over 16*	*Number of members 31 March 2020	% who are members 31 March 2020 tenure
Bracknell Forest and Wokingham	179,509	1,279	0.71%
South Buckinghamshire	128,228	335	0.26%
Guildford, Waverley and Woking	169,771	1,354	0.80%
Hart and East Hampshire	123,829	2,080	1.68%
Rushmoor	94,710	2,697	2.85%
Slough	145,195	1,634	1.13%
Surrey Heath and Runnymede	104,632	2,807	2.68%
Windsor and Maidenhead	148,225	1,050	0.71%
Rest of England	NA	2,536	NA

Membership of staff constituency at 31 March 2020

Constituency	*Number of members 31 March 2020
Frimley	7,065
Wexham and Heatherwood	4,916
Total	11,981

Ethnicity and engagement

The Trust continues the need to increase BAME (Black, Asian Minority Ethnic) membership from local communities whose ethnic mix has changed as a result of recent settlements. The analysis of the catchment area for ethnicity provided by the membership database provider (Civica Engagement Solutions) uses the 2011 census data with 2018 projections.

1,006 members chose not to state their ethnicity.

The figures below have been subject to data cleansing.

Ethnicity	% composition of catchment population	Public membership (as % in brackets) March 2020	Public membership (as % in brackets) March 2019	Public membership (as % in brackets) March 2018
White	82.0%	12,438 (78.9%)	12,951 (79.0%)	13,332 (79.1%)
Mixed	2.3%	244 (1.5%)	258 (1.6%)	262 (1.6%)
Asian	12.5%	1,542 (9.8%)	1,602 (9.8%)	1,650 (9.8%)
Black	2.5%	403 (2.6%)	428 (2.6%)	441 (2.6%)
Other	0.7%	139 (0.9%)	144 (0.9%)	150 (0.9%)
Not specified		1,006 (6.4%)	1,015 (6.2%)	1,021 (6.1%)
Total	100%	15,772	16,398	16,856

Community Engagement Group (CEG)

The Community Engagement Group (CEG) is a working group of the Council of Governors. It meets quarterly to co-ordinate actions on matters relating to Trust membership and stakeholder / community and public involvement and to provide feedback to the Board and to the CoG.

The CEG receives presentations on membership activity, recruitment and retention, and local projects to foster engagement.

Members who wish to contact their governor representative or Trust director directly can do so via Trust membership and engagement manager **Sarah Waldron** on **01276 526801** or email **sarah.waldron@fhft.nhs.uk.** Governors also have their own nhs.net email accounts.

Members attending our constituency events (health events) held regularly throughout the year can also speak directly to governors and directors in attendance.

STATEMENT OF THE ACCOUNTING OFFICER'S RESPONSIBILITIES

Statement of the chief executive's responsibilities as the accounting officer of Frimley Health NHS Foundation Trust

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

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Frimley Health NHS foundation trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Frimley Health NHS foundation trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year

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

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

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

As far as I am aware, there is no relevant audit information of which the foundation trust's auditors are unaware, and I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.
To the best of my knowledge and belief, I have properly discharged the responsibilities set out in the NHS Foundation Trust Accounting Officer Memorandum.

Neil Dardis
Chief Executive

19 June 2020

ANNUAL GOVERNANCE STATEMENT 2019-2020

1.0 Scope of responsibility

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

The Trust's Standing Orders and Scheme of Delegated Authority outline the accountability arrangements and scope of responsibility of the Board, executive directors and the organisation's officers. The Board has been fully involved in agreeing the strategic priorities of the Trust, with the most important priorities being those set out in the Trust's Annual Plan and Board objectives, against which the Board submits regular reports to the Council of Governors.

The Board receives regular minutes and reports from each of the nominated committees that report into it. The terms of reference of the committees of the Board have been reviewed to ensure that governance arrangements continue to be fit for purpose.

All executive directors report to me and the performance of the executive team is held to account through team and individual objectives, which reflect the Board objectives referred to above.

The Trust's Corporate Risk Assurance Framework has been in place all year. In line with national guidance it is structured around the high-level risks that were deemed to be the most significant risks in delivering the corporate objectives as set out in the Trust Annual Plan. The Corporate Risk Assurance Framework is reviewed on a monthly basis by the corporate governance group, which is an executive group chaired by the Director of Nursing. The development of the Trust's Board Assurance Framework is set out on page 75.

2.0 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 on-going process designed to:**

- identify and prioritise the risks to the achievement of the policies, aims and objectives of Frimley Health NHS Foundation Trust.
- 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 was in place at Frimley Health NHS Foundation Trust for the year ended 31 March 2020, and up to the date of approval of the annual report and accounts.

3.0 Capacity to handle risk

The Trust Board operates an integrated governance approach covering the full range of corporate, financial, clinical, information and research governance. All executive directors, chiefs of service, and associate directors and heads of service of the Trust have a key role to play in developing a strong risk management approach in all aspects of the Trust's activities, both clinical and non-clinical. The key risk management functions and internal control responsibilities of the Board and committees that relate to it are set out at 8.1 of this Annual Governance Statement.

3.1 Key Roles and Responsibilities

3.1.1 Key Roles and Responsibilities

The Board of Directors has overall accountability for the Trust's Risk Management Strategy and for setting the overall direction, agreeing the Trust's principal objectives, assessing and managing strategic risks to the delivery of those objectives and monitoring progress through regular performance monitoring reports.

The Board has delegated scrutiny of assurance processes to a number of its committees including the Audit Committee, Quality Assurance Committee and Financial Investment Committee. Business priorities and decisions made by the Executive team and Board of Directors must reflect risk management assessments and consideration of high-risk factors.

3.1.2 Non-executive directors (NEDs)

All the key assurance committees are chaired by a nominated non-executive director. All NEDs have a responsibility to robustly challenge the effective management of risk and to seek reasonable assurance of adequate control. In order to assure the Board that clinical risk is properly identified and managed, all take part in the programme of Quality Assurance Walkabout. At least one NED also attends meetings of the Patient Experience Forum.

3.1.3 Director of Finance

The Director of Finance oversees the adoption and operation of the Trust's standing financial instructions including the rules relating to budgetary control, procurement, banking, staff appointments, losses and controls over income and expenditure transactions, and is the lead for counter fraud. The Director of Finance is the chair of the Information Governance Committee and Senior Information Risk Owner (SIRO) at Board level. As the Trust Senior Information Risk Owner (SIRO), the Director of Finance is responsible for ensuring that the Trust creates and manages its information risks, through the development of a network of Information Asset Owners (IAA's) and Information Assess Administrators (IAAs).

The Director of Finance attends the Trust's Audit Committee but is not a member, and liaises with internal and external audit, who undertake programmes of audit with a risk-based approach.

3.1.4 Chief of Nursing & Midwifery

The Chief of Nursing & Midwifery is the executive lead with responsibility for managing the strategic development and implementation of the Trust's Quality Strategy and Trust's Corporate Risk Register and is accountable for ensuring there is a robust system in place for monitoring compliance with the Care Quality Commission Regulations. The Chief of Nursing & Midwifery is the executive lead for patient safety and quality, safeguarding, patient experience and advocacy, and medical negligence claims as well as the clinical leadership for the QI programme.

The Chief of Nursing & Midwifery is the professional lead for nursing and midwifery, and allied health professionals and holds shared accountability with the Medical Director setting the quality standards and ambitions.

3.1.5 Medical Director

The Medical Director is responsible for the Trust's Quality Strategy and Clinical Governance within the Trust in conjunction with the Chief of Nursing & Midwifery, ensuring effective integrated quality governance is developed and monitored. In addition, the Medical Director has responsibility for strategy development to ensure the Trust plans are clinically led and aligned with the work within the Frimley Health & Care system. The Medical Director is supported by two Deputy Medical Directors and a team of Associate Medical Directors each with a specific area of responsibility including patient safety and outcomes, clinical transformation & operational performance as well as professional standards and research and development. The Medical Director is the Caldicott Guardian.

As the Responsible Officer, the Medical Director has delegated responsibility for the Trust as a senior clinician whose role is to evaluate doctors' fitness to practise, based on supporting information presented, including through the appraisal process; the Responsible Officer will make recommendations to the General Medical Council on the revalidation of doctors (normally at five-yearly intervals).

The Medical Director is also the Director of Infection Prevention and Control (DIPC). Both the Medical Director and the Chief of Nursing and Midwifery are responsible for ensuring that cost improvement plans and any service changes are risk assessed and will not impact on the quality of care.

3.1.6 Director of Human Resources and Corporate Services

The Director of Human Resources and Corporate Services has overall responsibility for workforce planning, ensuring the right staff are in the right jobs, that all the relevant pre-employment checks are undertaken and that the Trust is legally compliant with recruitment processes. They are also responsible for the Fit and Proper Person Test compliance for the Executive Directors and ensures that there is sufficient provision of training and record keeping including mandatory and statutory training. The Director is also responsible for health and safety and the management of the Occupational Health and Safety Department and ensures compliance with the public sector duty in relation to Equality and Diversity in the employment of staff.

The Director of Human Resources and Corporate Services ensures that the estate is developed to support Trust strategic direction and that the condition of the estate is maintained and is fit for purpose and that hotel services are effective and efficient, and health and safety is maintained.

The Director of Human Resources and Corporate Services ensures that there is a system in place to manage employees concerns and that there is a Freedom to Speak up Guardian in place.

The Director of Human Resources and Corporate Services is the co-executive lead for the local implementation of the Climate Change Act 2008 and the development and implementation of the Trust's Carbon Reduction Strategy.

3.1.7 Chief Operating Officer

The Chief Operating Officer is responsible for the day-to-day management of the Trust ensuring that the directorates deliver clinical activities safely and efficiently in accordance with the agreed national criteria and negotiated contract. The Chief Operating Officer will lead the Trust's performance management framework ensuring a high-performance culture and early identification and management of risk to delivery that supports autonomy for clinical services. They will ensure that the Trust's Clinical teams have in place robust governance arrangements and that the implementation of the Divisional Accountability Framework is monitored through the performance management processes.

The Chief Operating Officer is accountable for the Trust's emergency planning arrangements, ensuring an effective response to major incidents and that the Trust's business continuity plans are effective, tested and understood.

3.1.9 Deputy Director of Nursing

The Trust has two Deputy Directors of Nursing, one based at Frimley Park Hospital (FPH) leading on patient safety and quality and one at Wexham Park Hospital (WPH) leading on patient experience.

The role of the Deputy Director of Nursing (FPH) is to promote patient safety and risk management activity, awareness and training throughout the Trust. They have an overarching responsibility for ensuring there is an effective incident reporting process and effective management of all risk data and information, producing the Trust's risk register and providing reports and trend analysis information to support the prioritisation of risk, as well as ensuring risk registers are maintained within directorates. The Deputy Director of Nursing ensures that all serious risk incidents are reported to the Board of Directors, the foundation trust regulator, the CQC and the clinical commissioning groups, and are managed in line with the Serious Incident Policy.

The role of the Deputy Director of Nursing (WPH) is to promote excellence in patient experience, ensuring patient/carer concerns and complaints are fully investigated and that learning from them and other patient

experience sources are triangulated and used to improve patient reported outcomes. The Deputy Director of Nursing also has responsibility for the Trust's volunteers and the Chaplaincy, and is also the lead for Nursing & Midwifery Workforce & Staffing Compliance.

3.1.10 Specialist Advisors

Guidance is also provided by specialist advisors each of whom has a director level lead responsible for ensuring the relevant governance processes are in place. **The advisors include:**

- Director of Infection Prevention & Control and the Infection Control Team
- Caldicott Guardian
- Head of Occupational Health
- Head of Health & Safety
- Fire Safety Adviser
- Radiological Protection Adviser
- Chief Pharmacist
- Leads for Safeguarding Adults & Children
- Human Tissue Act Designated individuals
- Security Advisers
- Information Governance Advisers

3.2 Embedding and managing risk at all levels of the organisation

The Trust's Risk Management Strategy, endorsed by the Board, is reviewed annually and sets out the organisation's approach to risk management and future objectives.

All executive directors, chiefs of service, associate directors and heads of service have a responsibility to lead with a strong risk management approach in all aspects of the Trust's activities. Business priorities and decisions made by the Senior Leadership Committee and Board of Directors reflect risk management assessments and consideration of high-risk factors.

Managers at all levels of the organisation have a responsibility to manage risks at a local level and to develop an environment where staff are encouraged to identify and report risk issues proactively. Each directorate maintains a risk register and key risks are assessed and reflected in the Corporate Risk Assurance Framework, which is reviewed monthly for consideration by the Board of Directors.

Managers are expected to ensure that their staff report immediately any near miss incidents, adverse incidents and serious incidents, using the Trust's incident reporting procedure to provide appropriate feedback regarding specific incidents reported, and implementing recommendations following investigations to reduce the likelihood of the incident happening again.

All members of staff have an important role to play in identifying and minimising risks and hazards as part of their everyday work within the Trust. Each individual has a responsibility for their own personal safety and for the safety of their colleagues, patients and all visitors to the Trust. All staff are expected to have an understanding of the incident reporting procedure and knowledge of the corporate categories of incident, which must be reported.

A trust-wide training needs analysis for risk management and patient safety has been undertaken and a range of training programmes have been integrated into the corporate training plan. All staff receive mandatory annual updates in risk management and patient safety and attendance is monitored through the quarterly training statistics.

The Trust's Risk Management Strategy clearly defines the levels of authority for the management of identified levels of risk and describes the Trust's interpretation and definition of 'acceptable risk'.

4.0 The risk and control framework

4.1 Risk Management Strategy

The Trust has in place a Risk Management Strategy which sets out the framework and systems for implementation of risk and governance in the Trust and is reviewed annually. Frimley Health NHS Foundation Trust is committed to the management of risk (both clinical and non-clinical) in order to improve the quality of care, provide a safe environment for the benefit of patients, staff and visitors.

The strategy includes the following key elements:

- It describes what is meant by 'risk management'.
- It identifies the roles and responsibilities of all staff within the Trust.
- It clearly describes the roles and responsibilities of the key accountable officers.
- It sets out the process of risk management as follows:
    i. Annual risk assessments and Trust risk grading matrix
    ii. Incident reporting procedure and root cause analysis
    iii. Management of Trust's Risk Assurance Framework
    iv. Levels of authority for the management of identified risks
    v. Definition of 'acceptable risk'
    vi. Board Assurance Framework
    vii. Corporate Assurance Framework
    viii. Risk management training and education
    ix. National standards and external assessmentsk
    x. Compliance with legislation

Our Future FHFT: Out Strategy for 2020-2025

During 2019/2020, the Trust started on its' engagement journey, meeting with local, regional and national partners, and briefings from regional and national experts to help us understand the challenges and opportunities for the future. Alongside this engagement we also embarked on a process to help us to define our vision of the future with the vision exercise. This exercise, and the insight gained from it, helped us to understand how our patients, staff and teams viewed the future of Frimley Health. This engagement approach helped us to shape Our Future FHFT: Our Strategy for 2020 – 2025.

A key element of our strategy and its greatest strength is that we developed it in partnership with our key stakeholders. It was important to us that our strategy was not drawn up in a Board room using the experience of a few key individuals, but was developed with input from across the organisation and our system. It is through our people, patients and communities that this strategy will be lived and where the real gains will be made.

Our engagement activities continued over nine months and we were able to listen and consult a variety of stakeholders including: staff, ICS partners, the Council of Governors, provider partners from outside the ICS and patients and communities. Engagement of our stakeholders will be essential as we move towards the implementation phase of the strategy. Some of this has already occurred with active involvement from the clinical directorates and wider teams as well as our ICS and provider partners as we develop our more detailed year on year plans to help us to successfully execute our strategy.

Our structure supports the management of risk related to the implementation of our strategy through the Board Assurance Framework where each strategic ambition and key programme is risk rated. Alongside each risk are the controls and necessary actions to mitigate them. We also have a strong directorate structure all of whom have helped us to develop our key strategic ambitions and objectives at directorate, team

individual level. Such an approach will ensure that the organisation has a clear set of objectives and is also aware of and manages the risks associated with the implementation of our organisational strategy.

Quality is embedded in the Trust's overall strategy. Quality targets are linked to directorates and included in local clinical speciality dashboards and pathway compliance monitoring. The Trust's performance against the quality priorities is included in the trust-wide Quality and Performance report which is reviewed monthly by various committees and ultimately by the Board. During 2019/20, the Board continued to receive a monthly performance report, providing up-to-date information on key quality indicators including patient safety, patient experience and clinical effectiveness. However, as a result of the Covid-19 pandemic, revised governance and reporting arrangements have been put in place for the first part of 2020/2021.

The Board Assurance Framework (BAF) was developed by the Executive team during 2019/2020 as a key element of the Board's management of strategic risks, meeting the requirements of the Auditors and CQC Key Lines of Enquiry (KLOE) and it was presented to the March 2020 Board Meeting. The BAF records the risks identified to achieving the Board's strategic ambitions, highlighting key controls and assurances on controls in each case and focusing on identified gaps and actions being taken to address those gaps. The BAF also sets out the risk appetite that the organisation is prepared to accept, tolerate or be exposed to at any point in time and risk appetite scores for each of the individual risks aligned to the strategic ambitions are recorded within the detail of the BAF.

The Corporate and Local Risk Assurance Frameworks are reviewed monthly at the Trust Corporate Governance Group and associate directors/heads of service meetings. The full Corporate Risk Assurance Framework is reviewed quarterly at the Senior Leadership Committee and regularly by the Audit Committee and the relevant board subcommittees as determined by their roles and responsibilities. This provides non-executive director oversight of significant operational risks and a mechanism for the committee chair to escalate to the Audit Committee or the Board through their report if they chose to. All risks identified have clear actions to reduce or mitigate them and this information is presented and shared with the Board.

4.2 Key risks identified in 2019/20

The key financial and non-financial risks faced by Frimley Health in 2019-20 included:

- Management of COVID-19 national and international pandemic: the emergence of a novel coronavirus (COVID-19) which is having a significant impact on public health and morbidity and mortality if adequate prevention and control is not in place
- Failure to achieve financial sustainability 2019-20: In 2019-20 the Trust planned to deliver £30m of savings. There was a significant risk that the Trust would not be able to deliver required savings leading to failure to recover underlying deficit and to meet 2019/20 control total.
- Risk to a significant reduction in contract values for 2019/20 and the impact of this on finance and operations.
- Delivering the financial plan for both Frimley Health and the ICS for 2019-20: For 2019-20 the Trust was part of a shared 'System Control Total' to deliver a combined income and expenditure surplus of £6.7m (before Provider Transformation Funding – PTF). If this was not achieved, there was a risk that £27.4m of system PTF is not received, of which £26.1m relates to FHFT.
- Wholly owned subsidiary: there is a risk that the proposal to establish a wholly owned subsidiary will not be implemented successfully and achieve the planned financial and non-financial benefits. Reputational damage for the Trust may occur if the national campaign from unions (Unite, GMB and Unison) to discredit subsidiaries as a bona fide proposition to improve services and deliver efficiencies gains momentum with this project. Union activity may result in demoralisation or the withdrawal of labour.
- Digital Programme: If the Trust's IT systems, digital infrastructure and strategy are not sufficiently embedded, stabilised or secure then there is a risk that our hospitals are not run in a safe, effective and efficient way.
- FHFT participating in trialling new ED standards and as such no longer being monitored for 4-hour target. Change in performance metrics creates risk to increased ED occupancy, leading to potential delay in patient treatment, reduced quality of care and patient safety.

- Recognition of deteriorating patient: risk of poor outcome through failure to recognise a patient with a deteriorating condition. To ensure all clinical staff have the right skills, knowledge and tools to recognise and deliver timely treatment to the deteriorating patient.
- Bed capacity / Delays in Discharge: risk to patient experience due to potential lack of sufficient bed capacity to meet demand. Potential risk to patients becoming unwell with hospital acquired infections, i.e. UTI, pneumonia, due to delays in discharge and/or transfer of care
- Critical care capacity: risk of poor outcome through failure to provide sufficient flow out of intensive care units and to generate increased level 2 capacity outside of critical care, potentially impacting on flow out of A&E.
- Delays in reporting histology cases: there is a risk that there may be delays in reporting both positive and negative histology results which could impact on patients receiving their diagnosis due to vacant consultant posts
- Nursing staffing capacity: risk of insufficient, appropriately trained nursing staff, with potential to impact on patient care and support, breach of safe staffing levels, impact on diagnosis and treatment, and reliance on temporary staffing.
- Maternity & Midwifery Services: In March 2019: The CQC Inspection Report (March 2019) highlighted that the Trust is not meeting its legal obligations against Regulation 18, Staffing in Maternity & Midwifery Services in that there were insufficient midwives to provide care that met national standards, not achieving the recommended midwife to birth ratios may have a detrimental impact on the quality of care provided to our patients and 1:1 care in labour may not always be achieved.
- Medical staff capacity: risk of inadequate appropriately trained staff, particularly in middle and junior grades in ED and middle grade surgeons, and difficulty in recruiting with potential to impact on and cause delays to patient diagnosis & treatment, leading to clinical cancellations, gaps in the on-call rota, lack of immediate urgent speciality support and compromise patient care.
- Participation in Mandatory Training: risk of lack of participation in mandatory training which may affect their performance and adversely impact on patient safety and care. In March 2019: the CQC Inspection Report (March 2019) highlighted that the Trust is not meeting its legal obligations against Regulation 12, Safe care and treatment, and must increase compliance with mandatory training to meet its 85% standard in all topics
- Completion of Annual Appraisal: Risk of lack of completion of annual appraisal in line with organisational targets, adversely affecting staff and performance and development.

4.3 Future risks

Many of the risks described in 19/20 will continue to be risks in 20/21, in particular, the ongoing management of the risks associated with the COVID-19 pandemic, delivery of the financial plan, the impact of leaving the EU on costs and workforce and integrated partnerships and empowerment in the ICS model to meet statutory targets.

There are clinical risks inherent in the delivery of healthcare which continue year on year and are managed through rigorous controls to prevent the risks from materialising into events that cause harm to patients.

4.4 Cyber Security

The Trust is working to comply with both the Data Security and Protection Toolkit and Cyber Essentials PLUS, whilst working closely with NHS Digital to deliver a greater focus on IT security. In addition to this the Trust is taking its cyber security position seriously and is investing in this area with the support of Department of Health and NHS Digital to ensure the Trust has robust and reliable cyber security defence to ensure the safeguarding of Trust and patient information. The Trust has a cyber-security team who are responsible for working with the Trust to achieve compliancy and tighter IT security. The Trust is also in the process of moving its infrastructure to a cloud provider, has a programme to move to a single EPR system and is consolidating systems managed across various units of the Trust; these strategic moves are seen as enablers to provide a more secure and robust environment for the Trust's systems.

4.5 Involvement of public stakeholders

The Trust serves a dispersed community which straddles a number of boundaries, including more than five local authorities, three clinical commissioning groups (CCGs) and a number of regional networks and other health related structures. During 2019/2020, the CCGs have come together to form the Frimley Commissioning Collaborative to improve the health and care services provided to its residents by working in a more joined-up way. Given these complexities, there is a strong desire to work closely with the local community to provide coherent and effective services. An important part of achieving this is through the Frimley Health and Care Integrated Care System (ICS), whose catchment closely matches that of the Trust. The Chief Executive sits on the ICS Board, and the Trust provides executive and non-executive leadership and involvement across the ICS and supports a system strategy that spans local authorities, all health partners (including the commissioning collaborative) and active engagement with local communities.

The Trust provides information and assurance to the public on its performance against its principal risks and objectives in a number of different ways including:

- Frimley Health NHS Foundation Trust has approximately 27,753 members as at the end of March 2020. These are represented by a Council of Governors that comprises public, staff and stakeholder governors.
- The Council of Governors receives regular updates on the status of the Board objectives and uses this, along with the ratings by NHSI and the CQC, to hold the Board to account for its performance. Also, the Council of Governors is invited to input to the Trust's Annual Plan for NHSI.
- In addition to the formal meetings of the Council of Governors, joint workshops are held with the Board where there is an opportunity to discuss and challenge performance and the priorities for the organisation. The workshops include reference to the key risks the Trust faces and an explanation as to how they are being managed.
- Regular constituency meetings are held with Foundation Trust members, members of the public, governors, and key stakeholders. These are also attended by members of the Board of Directors who give the Frimley Health update, and a Consultant who gives a medical presentation. These meetings are exceptionally well attended with an average attendance of around 110 members. (July 2019 meeting had 250 members attending). These meetings are all offered at significantly reduced price by the venues due to strong relationships.
- Once a year the Trust holds an Annual Members Meeting, followed by a constituency meeting. The AMM is well attended, and last year 2019, the Trust launched its new strategy and held a health fayre with many stands for the members to get advice and talk to our experts.
- Once a year the Trust also hold its "Taste of Frimley/Taste of Wexham" careers events which have been running for over 12 years. These events are for students aged 16-18 who are considering medical careers in the NHS giving the students an opportunity to talk to experts and see services first-hand. Many of these students go on to have careers within the NHS, and some have said: "the event changed my life and convinced me that I wanted to work in the NHS".
- Local colleges to Frimley Park Hospital and Wexham Hospital have contributed significant artwork in recognition of organ donation that are now on display at both hospital sites and these projects are ongoing.
- An excellent example of community engagement is the Aviator Hotel in Farnborough who offered Frimley Health ongoing free rooms following the outbreak of Covid-19 for our staff to stay in if needed, free-of-charge.
- Many donations have been given and are regularly still being received from the community for our NHS staff.

4.6 Compliance with the Developing Workforce Safeguards

The Trust has a number of mechanisms in place for ensuring short, medium and long-term workforce strategies and staffing systems are in place. This includes the Director of Nursing six monthly workforce reviews which uses evidence-based acuity tools (SNCT), professional judgement and external data such as Model Hospital to set and review budgeted establishments to safely meet outpatient's needs. Six monthly reporting to the Board on outcomes of nursing and midwifery reviews is in place. Monthly workforce reporting and monitoring includes a nursing and midwifery workforce dashboard which looks at the Trust's vacancies and staff turnover to identify workforce risks and guide where recruitment and retention action plans are required.

Committees including Nursing, Operational People and People Committees devise and progress implementation of workforce strategies. Annual workforce planning takes place in line with the budget-setting process and in light of approved business cases to support service developments and activity increases.

The Trust is currently rolling out the SafeCare system across all inpatient areas to provide greater accuracy on acuity and therefore optimise deployment of safe staffing and to respond to unplanned workforce challenges. A quality improvement assessment process is in place to support implementation of new roles/ skill mix and ensure changes are progressed safely. A new directorate business planning model is being implemented to triangulate financial, workforce and service matters and ensure issues can be escalated and managed appropriately.

Trust leaders are responsible for aligning their workforces to Trust and directorate strategies and taking account of financial, workforce and activity constraints and opportunities. This requires assessing internal Trust drivers and goals and also external developments that impact on service provision. Leaders focus on identifying and developing critical roles and capabilities needed to meet future goals. This will incorporate the consideration of new roles and ways of deploying and developing the workforce, as well as identifying skills gaps and numbers of roles needed to meet current demands and ensuring recruitment and training is undertaken effectively for their functions.

4.7 Compliance with CQC

Frimley Health NHS Foundation Trust underwent a CQC Inspection in November 2018 when Surgery and Maternity across the Trust and Community Inpatient Services provided from Fleet Hospital were inspected. The overall rating for Frimley Health was 'good' with Safe, Effective, Caring, Responsive and Well Led all being rated 'good'. **Specific ratings were as follows:**

- Frimley Park Hospital: 'outstanding' overall. The CQC rated Safe and Effective as 'good' and Caring, Responsive and Well Led as 'outstanding'. Maternity services were rated 'good' overall but 'requires improvement' in the Safe domain.
- Wexham Park Hospital: 'good' overall. The CQC rated Safe, Effective, Caring and Responsive as 'good' and Well Led as 'outstanding'. Maternity services were rated 'good' overall but 'requires improvement' in the Safe domain.
- Heatherwood Hospital; 'good' overall.
- Community Inpatient services as good overall.

However, Frimley Health NHS Foundation Trust has been issued with two Requirement Notices:

Regulated Activity	Regulation	
Maternity & Midwifery Services	Regulation 18 HSCA (RA) Regulations 2014 Staffing	The Trust must ensure that midwifery staffing levels meet expected levels as determined by the nationally recognised acuity tool
Assessment or medical treatment for persons detained under the Mental Health Act 1983 Diagnostic & screening procedures Family planning services Maternity & midwifery Services Surgical procedures Termination of pregnancies Transport services, triage & medical advice provided remotely Treatment of disease, disorder or injury	Regulation 12 HSCA (Regulations 2014 Safe care and treatment	The Trust must take action to ensure mandatory training including safeguarding training rates meet Trust targets

Frimley Health NHS Foundation Trust is fully compliant with the registration requirements of the CQC.

4.8 Compliance with Register of Interests for decision making staff

The foundation 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.

4.9 Compliance with NHS Pension Scheme regulations

As an employer with staff entitled to membership of the NHS Pension Scheme, the Trust has control measures 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.

4.10 Compliance with equality, diversity and human rights legislation

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

Equality impact assessments are required for all new Trust business cases and all policy development and review, including those related to employment.

4.11 Compliance with climate change adaptation reporting to meet the requirements under the Climate Change Act 2008

The Trust has undertaken risk assessments, and carbon reduction delivery plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projections, to ensure that this organisation's obligations under the Climate Change Act and the adaptation reporting requirements are complied with.

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

The Trust ensures economy, efficiency and effectiveness through a variety of means, including:

- A robust pay and non-pay budgetary control system
- A suite of effective and consistently applied financial controls
- Effective tendering procedures
- Robust establishment controls
- Continuous service and cost improvement and modernisation

The Trust benchmarks efficiency in a variety of ways, including through the national "Model Hospital" benchmarking tool, participation in "Getting it Right First Time" (GIRFT) audits, and comparisons of corporate costs. We regularly compare key indices such as length of stay, delayed discharges and day case percentages with similar sized Trusts, and some of these are reported in our bi-monthly Board Quality and Performance Report. We also have regular performance meetings which review internal and national benchmarking data. The Board of Directors performs an integral role in maintaining the system of internal control supported by the Audit Committee, internal and external audit, and other key bodies.

The Trust received a CQC/NHSI Use of Resources assessment for the first time in 2018/19. The report concluded that the Trust was rated good for use of resources. Although an assessment hasn't been undertaken for 2019/20, the Trust continues to demonstrate a good level of productivity evidenced by having the ninth lowest total cost per weighted activity unit (WAU) in the country (latest data available). At the time the Trust acquired Heatherwood & Wexham Park there was a significant underlying deficit, but by the close of 2019/20 this had been virtually eliminated.
The Trust is part of the Frimley Integrated Care System (ICS) which operated under the principle of "one system – one budget". This means the Trust's control total for 2019/20 has been formally included within a wider system control total and the overall financial position is reviewed at system level, including by the ICS board. The Trust is fully engaged in the ICS to manage its financial position, in particular around income levels.

The Trust had healthy cash reserves at the end of March 2020 and could consistently meet its financial obligations and pay its staff and suppliers in the immediate term, as reflected by its capital service and liquidity metrics. The cash balance however also reflected some slippage in planned capital investment for the year including the new Heatherwood Hospital site.

6.0 Compliance with information governance and data security

Frimley Health delivers annual Information Governance training for all staff across the Trust to raise awareness of the importance of protecting patient and staff information. This training encourages staff to report personal data related incidents.

All reported incidents are investigated by the Trust's Information Governance (IG) team and where applicable, Trust policies and procedures are revised to prevent incidents re-occurring as well as incorporating lessons learnt into the Trust's Annual IG induction and refresher training.

The IG Work Programme sets a robust framework of work to be undertaken and completed throughout the year in order to demonstrate the Trust's compliance with the Data Security and Protection (DSP) Toolkit which was reimaged in 2018-19.

In 2019-20, the NHS Digital Data Security and Protection (DSP) Toolkit was updated to match the technical requirements NHS Trusts need to achieve to be able to comply with the Cyber Essentials standard.

In light of COVID 19 pandemic, NHS Digital extended the deadline for submission of the Data Security and Protection Toolkit until September 2020; therefore, the Trust did not complete a submission during the year 2019/20.

Since the implementation of the General Data Protection Regulation/Data Protection Act 2018, where an incident relates to personal data, the focus of the impact/harm to an individual determines whether it is classed as a Serious Untoward Incident (SUI). Due to this change of emphasis, the Trust reported 6 serious untoward incidents involving personal data in 2019-2020, in line with the Guidance to the Notification of Data Security and Protection Incidents by NHS Digital. A summary of SUI and data-related incidents reported during the year is shown below:

Summary of Serious Incidents Requiring Investigations Involving Personal Data as Reported to the Information Commissioners Office in 2019-2020

Month of Incident	Nature of Incident	Nature of Data Involved	Number of Data Subjects Potentially Affected	Notification Steps
May-19	Patient record sent to incorrect GP Surgery (where patient was a member of staff)	Patient confidential information	1	ICO, NHS Digital DSPT
Jun-19	Patients complex Obstetrics history was not scanned and uploaded to record; the records were then destroyed	Patient confidential information	1	ICO
Jul-19	Staff member divulged sensitive patient information to Son who then divulged to members of the public	Patient confidential information	1	ICO, NHS Digital DSPT
Jul-19	Ex-staff members P45 sent to wrong address (address changed without consent)	Staff confidential information	1	ICO
Aug-19	Staff member accessed family members records	Patient confidential information	2	ICO, NHS Digital DSPT
Oct-19	Symphony not recording future care on discharge summaries, potentially follow-up instructions for GPs could have been missed	Patient confidential information	11	ICO, NHS Digital DSPT

Number of Incidents across the Trust in 2019-2020 (1st April 2019 – 31st March 2020)

Code	Description	Amount
A	Corruption or inability to recover electronic data	2
B	Disclosed in error	153
C	Lost in transit	0
D	Lost or stolen hardware	4
E	Lost or stolen paperwork	11
F	Non-secure disposal - hardware	0
G	Non-secure disposal - paperwork	1
H	Uploaded to website in error	8
I	Technical security failing (including hacking)	2
J	Unauthorised access/disclosure	35
K	Other	61
	Total	277

7.0 Data Quality and Governance

As an organisation Frimley Health Foundation Trust (the Trust) recognises the importance of reliable information as a fundamental requirement for the speedy and effective treatment of patients. The availability of complete, accurate and timely data is critical to the effective provision of clinical services and the delivery of effective performance.

To this end, the Trust has developed the Frimley Health Data Quality Standards Policy which underpins the concept of "Get it Right First Time". The policy details a fundamental framework for ensuring that data capture, both electronic and manual collection, is the responsibility of all staff within the organisation.

The Chief Executive is ultimately responsible as the Data Quality Lead supported by the Director of Finance as Senior Information Risk Owner. The Associate Director of Information and Performance, with a supporting team, is responsible for the data quality agenda and ensure compliance with the strategy. However, Directors, Chiefs of Service and Associate Directors carry overall responsibility for the quality of data collected in their directorates/departments. Data quality should be included as part of the measurement of directorate performance.

Data quality is the responsibility of all staff including medical staff, managers, administrators, and clerical staff, and is an integral part of everyone's day to day role. In fact at the point of collection, all staff should validate the data they collect with the patient and ensure that systems are updated to reflect any identified changes.

Internal and External Audits are conducted to assess the quality of data and identification of definitions used for the recording of key data items along the patient pathway. During 2019/20, the Trust's Audit Committee has reviewed progress made in respect of the findings from an audit of Data Quality.

The Trust has a Quality Assurance Committee (QAC) which is attended by the Director of Nursing and Medical Director and a lead non-executive director for quality. All data and information within the Quality Report is reviewed through this committee. The Board of Directors has approved a three-year Quality Strategy 2017–20, which is monitored through the QAC and bi-annual reports to the Board of Directors.

The Senior Leadership Committee and the Board of Directors review performance against the quality indicators monthly. This is monitored through the Quality Performance Dashboard and demonstrates progress updates against any improvement projects.

There is a dedicated team of validators within Frimley Health who are responsible for the data quality and accuracy of the Elective waiting list. Utilising the trust PTL (Primary Target List) and the Elective Access Qlikview dashboard, this team constantly validates the patient level records for elective patients.

The validation teams work closely with the Operational Managers to ensure the accuracy of the patients on the elective waiting list. Elective waiting lists are owned and managed by the individual directorates. The data quality initiative encompasses a combination of clinicians, operational managers, secretaries and administration within the directorates.

There are regular performance meetings to discuss the on-going data quality of the elective admissions list. The data is available to everyone utilising the Qlikview Dashboards. The dashboard contains validation updates which are available to all operational areas for review and action.

All of the patients on the elective admitted waiting list have all been risk stratified against the list of guidance received for the royal college of surgeons.

During 2019-2020, we have made a number of revisions to streamline Board reporting. This has enabled effective oversight of key issues, and highlighted action plans when exceptions to performance have occurred. We have been able to utilise tools from NHSI in relation to Statistical Process Control (SPC) methodology and are now able to produce SPC charts and analysis and include the outputs in the Board report. This enables a clear visual overview of variation in performance and provides assurance to the Board in relation to targets. We plan to widen with use of SPC methodology within the Board report over the coming year, both in terms of automating the analysis, and expanding this method of presenting data to a wider range of measures. This should give the Board confidence to focus on significant changes in performance and concern themselves less with fluctuations that are likely to result from normal variation.

8.0 Review of effectiveness

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

The Board Assurance Framework and Corporate Risk Assurance Framework both provide me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.

8.1 Board & related committees

In assessing and managing risk, the Board and related committees have a substantial role to play in reviewing the effectiveness of the system of internal control, as follows:

Board of Directors

Through the review and approval of the Trust Risk Assurance Framework, and key performance indicators, and approval of the Trust's Governance/Risk Management Strategy and commitment to the action plan for implementing the strategy.

Senior Leadership Committee

The Senior Leadership Committee is responsible for recommending strategy for discussion and approval by the Trust Board and the strategic and annual objectives to deliver the strategy, ensuring that regard has been given to the interests of stakeholders.

The Committee develops the Trust's business plan and supporting budgets for presentation to, discussion with, and approval by the Board and following their adoption, the achievement of the associated budgets and underpinning clinical, operational, financial, risk management, workforce, capacity, IM&T and capital plans.

Audit Committee

Through the risk-based programme of internal audit, the Committee has through 2019/20 continued to review financial controls, processes and procedures, review progress made in respect of the findings from audits carried out throughout the year including 'Use of Agency Staff', 'Data Quality' and 'Key Financial Systems'. The Committee has also monitored the progress against the Local Counter Fraud Service Work Programme for 19/20.

The Committee undertook its annual review of its terms of reference and agreed these would be updated in consultation with the Chairman of the other assurance Board sub committees as appropriate to ensure effective coordination and clear lines of accountability.

The Committee considered the results of its annual review of effectiveness which followed a best practice example questionnaire template produced by the HFMA NHS Audit Committee Handbook. The results were consistent and positive. The Committee agreed that an annual feedback report from the Quality Assurance Committee was beneficial and that the same method should be adopted for the Finance Investment Committee and People Committee to provide further assurance.

Quality Assurance Committee

The purpose of the Quality Assurance Committee is to provide the Board with assurance that the risks associated with the Trust's provision of excellent care are identified, managed and mitigated appropriately. In doing so, the Quality Assurance Committee may take any action that it sees fit to ensure that this can be achieved.

During 2019/20, the Committee received updates on progress against the Trust Quality Improvement Priorities, including improvements to the patient discharge process, reducing the number of serious incidents relating to deteriorating patients, improving healthy conversations with patients and colleagues, the progress of maternity quality improvements, and monitoring the progress of the quality improvements for 2018/19.

Finance Investment Committee

The purpose of the Finance Investment Committee is to provide the Board with an objective view of the financial performance, and financial strategy of the Trust, together with an understanding of the risks and assumptions within the Trust financial plans and projections.

The Committee has met quarterly and reviewed finances and monitoring processes for the post Covid recovery plan, coding backlog, adjustments made to budgets and monitoring in year contractual income, risks, fines, penalties and disputes.

People Committee

The aims of the People Committee are to provide assurance to the Trust Board on all aspects of workforce and organisational development (OD) supporting the provision of safe, high quality, patient centred care.

The Committee ensures that strategic priorities and Trust ambitions in relation to people and OD are delivered in an affordable manner and considers the control and mitigation of workforce related risks. The Committee will oversee the work of the Operational People Committee by receiving bi-annual reports from that Committee.

During 2019/20, the key pieces of work reviewed or undertaken by the People Committee included: the impact of Agenda for Change Reform, consideration of the Workforce Resourcing Plan 2019/20, the National Staff Survey, the Interim People Plan, the deep dive analysis undertaken on time to hire for UK and overseas and a thorough review of the Mandatory & Statutory Training (MAST) figures.

Corporate Governance Group

This Group fulfils its role through the review and management of the Trust's Risk Assurance Framework and the key performance indicators for risk management, and the development of the Trust's Governance/Risk Management Strategy.

The Group with representation from the Executive Directors has continued to meet on a monthly basis, reviewing the Corporate Risk Assurance Framework as well as directorate/departmental local risk assurance frameworks in addition to considering the final reports of all serious incidents reported across the organisation ensuring the findings, recommendations and actions were robust and measurable.

Clinical Governance Committee

The Clinical Governance Committee, which is attended by executive directors and a governor, reviews the clinical governance framework of the Trust and provides assurance to the Board through the Medical Director that the policies and practices recommended by the CQC and others are being followed.

8.2 External Reviews

My review is also informed by the following external reviews of various aspects of the organisation:

- CQC Inspection November 2018, Frimley Park Hospital rated 'outstanding'
- CQC Inspection November 2018, Wexham Park Hospital rated 'good'
- CQC Inspection November 2018, Heatherwood Hospital rated 'good'
- CQC Inspection November 2018, Community Inpatient services rated 'good'
- Clinical Pathology Accreditation & Medical Laboratories ISO 15189
- HTA Mortuary Frimley 2020
- HTA Mortuary Wexham 2019
- UKAS Microbiology Frimley & Wexham November 2019
- UKAS Cellular Pathology and Molecular Diagnostics December 2019
- UKAS Histology Wexham November 2019
- UKAS Cytology January 2020
- UKAS Blood Science Wexham February 2020
- UKAS Biochemistry Surrey February 2020
- Picker National Patient Survey and patient feedback questionnaires
- MHRA GCP Inspection
- Deanery & College Inspections
- JAG accreditation Wexham Park Hospital 2019
- JAG accreditation, Heatherwood Hospital 2019
- National Neonatal Peer Review FPH November 2017 & WPH January 2018
- NHS England National Reporting and Learning System report September 2019 and March 2020
- Responses from NHSI to the quarterly Frimley Health Board declaration process
- National Staff Survey 2019 with 66% of staff who responded recommending the Trust as a place to work

8.3 Internal Audit

- Programme of work undertaken by internal and external audit and Audit Committee

8.4 Internal assurances

- Frimley Health NHS Foundation Trust assurance process for monitoring levels of compliance against CQC registration
- The annual report from the Trust Freedom to Speak Up Guardian and the establishment of Freedom to Speak up Champions and Advocates, all of who are available to encourage staff to raise their concerns
- The work of the Clinical Audit & Effectiveness Committee encompassing a wide range of clinical audits that were undertaken during 2019/20. These provide assurance that controls are in place for clinical processes and, where risk is identified through these audits, this is escalated through the risk management process.

9.0 Conclusion

My review confirms that Frimley Health NHS Foundation Trust has a generally sound system of governance that supports the achievement of its policies, aims and objectives. Issues in-year have been or are being addressed and no significant internal control issues have been identified.

Neil Dardis
Chief Executive

19 June 2020

Annual Accounts 2019-2020

Independent auditor's report

to the Council of Governors of Frimley Health NHS Foundation Trust

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. Our opinion is unmodified

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

In our opinion:

— the financial statements give a true and fair view of the state of the Trust's affairs as at 31 March 2020 and of its income and expenditure for the year then ended; and

— the Trust's financial statements have been properly prepared in accordance with the Accounts Direction issued under paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006, the NHS Foundation Trust Annual Reporting Manual 2019/20 and 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.

Overview		
Materiality: financial statements as a whole	£10m (2018/19:£10m) 1.3% (2018/19: 1.4%) of total revenue	
Risks of material misstatement		**vs 2018/19**
Recurring risks	Valuation of land and buildings	◄►
	Fraudulent revenue recognition	◄►
	Fraudulent expenditure recognition (accruals)	◄►

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below, the key audit matters (unchanged from 2018/19), in decreasing order of audit significance, in arriving at our audit opinion above together with our key audit procedures to address those matters and our findings from those procedures in order that the Trust's governors as a body may better understand the process by which we arrived at our audit opinion . These matters were addressed, and our findings are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon , and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters:

	The risk	Our response
Valuation of land and buildings (£308.1 million; 2018/19: £323.1 million) *Refer to page 59 (Audit Committee Report in the Annual Report), page 106 (accounting policy) and page 124 (financial disclosures)*	**Subjective valuation:** Land and buildings are required to be held at fair value. As hospital buildings are specialised assets and there is not an active market for them they are usually valued on the basis of the cost to replace them with an equivalent asset. When considering the cost to build a replacement asset the Trust may consider whether the asset would be realistically built to the same specification or in the same location. Assumptions about changes to the asset must be realistic. The Trust engaged a valuer to carry out a full valuation if its land and buildings as at 31 March 2020. The valuation figures included in the Trust accounts are estimates. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of land and buildings has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The valuer indicated that the valuation indices could be relied upon as at 31 March 2020 but there existed a materiality uncertainty as a result of the outbreak of the COVID-19 pandemic, which resulted in the need for the Trust to more frequently consider impairment of assets in the future.	Our procedures included: — **Assessing valuer's credentials:** We critically assessed the expertise and qualifications of the valuer engaged by the Trust. We inspected the instructions for preparing the valuation to confirm that it was prepared in accordance with the requirements of the RICS Red Book; — **Tests of detail:** We evaluated the accuracy of the floor area data submitted to the valuer for the preparation of the valuation by re-performing measurements of a sample of the Trust's properties; — **Methodology choice:** We used our own valuation specialist to critically assess the methodology used in preparing the valuation, including the choice of indices used to determine the valuation; — **Our sector experience:** We challenged the Trust's assumptions used to prepare the valuation by comparing to our own expectations based on knowledge of the entity and industry norms; and — **Accounting analysis:** We assessed the accounting treatment of the adjustments made for the changes in valuation of the Trust's land and buildings following the valuation. **Our findings** — We found the resulting estimate to be balanced (2018/19: balanced).

	The risk	Our response
NHS and non-NHS income (£757.3 million; 2018/19: £714.3 million) *Refer to page 59 (Audit Committee Report in the Annual Report), page 103 (accounting policy) and page 117 (financial disclosures)*	**Accounting treatment:** Of the Trust's reported total income, £633.2 million (2018/19: £590.4m) came from commissioners (Clinical Commissioning Groups (CCG) and NHS England). Five CCGs make up 80% (2018/19: 77%) of the Trust's income. Income is contracted based on expected levels of activity and standard tariff prices for procedures, however the actual income for the year is based on the actual levels of activity completed during the year. Other performance based income is received from NHS Improvement (via local CCGs). This results in estimates being required at the year end. Income from NHS England and CCGs is captured through the Agreement of Balances exercises performed at months 6, 9 and 12 to confirm amounts received and owed. Mismatches in income and expenditure, and receivables and payables are recognised by the Trust and its counterparties to be resolved. Where mismatches cannot be resolved they can be reclassified as formal disputes. The Trust recognised £23.4 million (2018/19: £38.8 million) of income from the Provider and Sustainability Fund. Receipt of this income is contingent on achievement of quarterly financial targets agreed with NHS Improvement. The Trust also continues to receive funding in respect of its acquisition of Heatherwood and Wexham Park Hospitals NHS Foundation Trust in 2014, including transaction funding from the Department of Health for improving the operational and financial difficulties encountered by the legacy Trust prior to absorption. The exact value of the income support due each year is based on the Trust's transformation progress, as judged by overall financial performance. For 2019/20 support was available as additional Public Dividend Capital only, this was received in full at a value of £11.1m (2018/19: £13.8 million).	Our procedures included: **Control operation**: We undertook the following tests to assess whether controls had operated during the period: — For the Trust's five largest commissioners we inspected documentation to confirm that contracts had been agreed for the delivery of services; and — We considered the extent to which the Trust had agreed the income it was entitled to for 2019-20 through its participation in the Agreement of Balances exercise. **Tests of detail**: We undertook the following tests of detail: — We inspected supporting documentation for a sample of variances over £300,000 arising from the Agreement of Balances exercise to critically assess the Trust's accounting for disputed income; — For income not included within the agreement of balances exercise we inspected supporting evidence, including invoices and receipt of cash on bank statements, for a sample of transactions recorded during the year; — We inspected a sample of income transactions at the end of the financial year to assess whether they had been recorded within the correct period; — We inspected bank statements and the year-end confirmation received from NHS Improvement of the Trust's entitlement to Provider Sustainability Funding for 2019-20; and — We agreed that all income recognised in relation to the Heatherwood and Wexham Park Hospitals NHS Foundation Trust was in line with the conditions of funding agreements and either matched to appropriate expenditure or deferred. **Our findings** We found no errors which are above our £300,000 reporting threshold (2018-19: no errors).

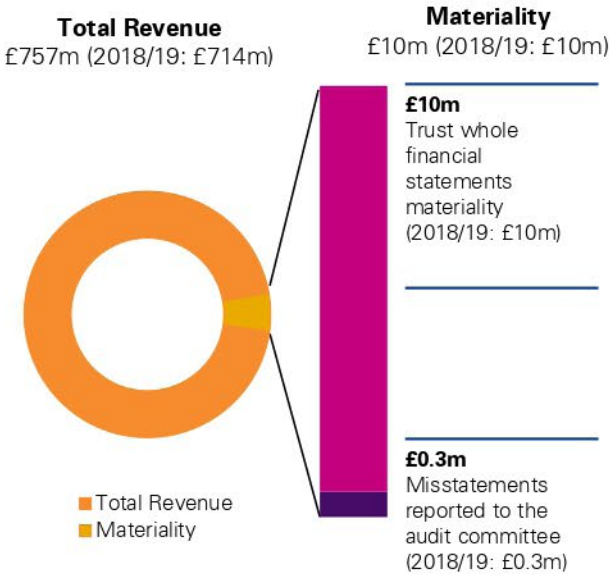
	The risk	Our response
Operating expenses (£730.7 million; 2018/19: £663.7 million) *Refer to page 59 (Audit Committee Report in the Annual Report), page 106 (accounting policy) and page 119 (financial disclosures)*	**Effects of irregularities** In the public sector, auditors also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period). This may arise due to the audited body manipulating expenditure to meet externally set targets. As a Foundation Trust fulfils some of the characteristics of a governmental body there is as much focus on the expenditure being incurred as the generation of revenue. The risk of material misstatement due to fraud related to expenditure recognition may therefore be as significant as the risk of material misstatements due to fraud related to revenue recognition and so we have had regard to this when planning and performing audit procedures. We consider this risk to relate to the completeness of the expenditure recorded as there may be an incentive to seek to defer expenditure in order to achieve financial targets. The Trust agreed a target for its financial performance with NHS Improvement for 2019-20, achievement of which entitled it to Provider Sustainability Funding. There may therefore be an incentive to defer expenditure or recognise commitments at a reduced value in order to achieve the control total agreed with NHS Improvement.	Our procedures included: — **Historical comparison:** We considered the trend in accruals compared to prior periods to assess the accuracy of accruals made in previous years. Where accruals had not been included we critically assessed the reason for an accrual not being made at 31 March 2020. **Tests of detail:** We undertook the following tests of detail: — We inspected transactions incurred around the end of the financial year to critically assess whether they had been included within the correct accounting period; and — We inspected a sample of accruals made at 31 March 2020 for expenditure but not yet invoiced to assess whether the valuation of the accrual was consistent with the value billed after the year end. — Inspected a sample of transactions incurred around the end of the financial year to critically assess whether they had been included in the correct accounting period. This covered a sample of Covid-19 related expenditure as well as non Covid-19 related expenditure. **Our findings** We found no errors which are above our £300,000 reporting threshold (2018-19: no errors).

3. Our application of materiality

Materiality for the Trust financial statements as a whole was set at £10 million (2018/19: £10 million), determined with reference to a benchmark of total revenue (of which it represents approximately 1.3%) (2018/19: £1.4%). We consider total revenue to be more stable than a surplus- or deficit-related benchmark.

We agreed to report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £0.3 million (2018/19: £0.3 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Trust was undertaken to the materiality level specified above and was performed at the Trust's headquarters in Acsot, or remotely.



4. We have nothing to report on going concern

The Accounting Officer has 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 their 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").

Our responsibility is to conclude on the appropriateness of the Accounting Officer's conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. 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.

In our evaluation of the Accounting Officer's conclusions, we considered the inherent risks to the Trust's business model, including the impact of Brexit and Covid-19, and analysed how those risks might affect the Trust's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

Based on this work, we are required to report to you if we have anything material to add or draw attention to in relation to the Accounting Officers statement in Note 1.1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Trust's use of that basis for a period of at least twelve months from the date of approval of the financial statements.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5. We have nothing to report on the other information in the Annual Report

The directors are 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

Remuneration report

In our opinion the part of the remuneration report to be audited has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2019/20.

Corporate governance disclosures

We are required to report to you if:

— we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Trust's position and performance, business model and strategy; or

— the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or

— the Annual Governance Statement does not reflect the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2019/20, is misleading or is not consistent with our knowledge of the Trust and other information of which we are aware from our audit of the financial statements.

We have nothing to report in these respects.

6. Respective responsibilities

Accounting Officer's responsibilities

As explained more fully in the statement set out on page 67, the Accounting Officer is 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

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

We have nothing to report on the 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:

— any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006.

— any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit.

We have nothing to report in these respects.

We have nothing to report in respect of our work on the Trust's arrangements for securing economy, efficiency and effectiveness in the 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 the use of resources.

We have nothing to report in this respect.

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

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

Under Section 62(1) and Schedule 10 paragraph 1(d), of the National Health Service Act 2006 we have a duty to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in the 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 November 2017, 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.

Report on our review of the adequacy of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required by guidance issued by the C&AG under Paragraph 9 of Schedule 6 to the Local Audit and Accountability Act 2014 to report on how our work addressed any identified significant risks to our conclusion on the adequacy of the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources. The 'risk' in this case is the risk that we could come to an incorrect conclusion in respect of the Trust's arrangements, rather than the risk of the arrangements themselves being inadequate.

We carry out a risk assessment to determine the nature and extent of further work that may be required. Our risk assessment includes consideration of the significance of business and operational risks facing the Trust, insofar as they relate to 'proper arrangements'. This includes sector and organisation level risks and draws on relevant cost and performance information as appropriate, as well as the results of reviews by inspectorates, review agencies and other relevant bodies.

Our risk assessment did not identify any significant risks.

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

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006 and the terms of our engagement by the Trust. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust, as a body, those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Trust, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors 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 Frimley Health NHS Foundation Trust for the year ended 31 March 2020 in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice issued by the National Audit Office.

Neil Thomas
for and on behalf of KPMG LLP

Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

24 June 2020

KPMG

FOREWORD TO THE ACCOUNTS

FRIMLEY HEALTH NHS FOUNDATION TRUST

The accounts are prepared in accordance with paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006 and are presented to Parliament pursuant to Schedule 7, paragraph 25 (4) (a) of the National Health Service Act 2006.

Signed: **Neil Dardis**
Chief Executive

Date: 19 June 2020

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 March 2020

	Note		2019/20 £000		2018/19 £000
Operating income from patient care activities	2		**665,412**		**602,714**
Other operating income			**91,856**		111,565
Operating expenses	3-4		**(730,675)**		(663,710)
Net operating surplus from continuing operations			**26,593**		50,599
Finance costs					
Finance income		**1,283**		701	
Finance expenses - financial liabilities	5	**(816)**		(98)	
(Loss)/Gain on disposal of asset		**(128)**		518	
Public Dividend Capital dividends payable		**(11,307)**		(12,604)	
Net finance costs			**(10,968)**		(11,483)
SURPLUS FOR THE YEAR			**15,625**		39,116
Other comprehensive income (expense):					
Revaluation gain on property, plant and equipment	9		**327**		6,730
Impairment loss on property, plant and equipment	9		**(17,616)**		(13,807)
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR			**(1,664)**		32,039

The following notes 1 to 21 form part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT 31 March 2020

Non-current assets	Note	31 March 2020 £000	31 March 2019 £000
Intangible assets	8	**17,402**	8,238
Property, plant and equipment	9	**408,750**	399,762
Total non-current assets		**426,152**	408,000
Current assets			
Inventories	10	**11,344**	9,910
Trade and other receivables	11	**76,383**	86,646
Cash and cash equivalents	15	**191,525**	133,256
Total current assets		**279,252**	229,812
Current liabilities			
Trade and other payables	12.1	**(64,429)**	(64,550)
Tax payable	12.1	**(9,591)**	(9,215)
Other financial liabilities	12.2	**(8,351)**	(1,275)
Other liabilities	12.4	**(24,967)**	(28,186)
Provisions for liabilities and charges	13	**(434)**	(321)
Total current liabilities		**(107,772)**	(103,547)
Total assets less current liabilities		**597,632**	534,265
Non-current liabilities			
Other financial liabilities	12.3	**(52,646)**	(5,110)
Provisions for liabilities and charges	13	**(255)**	(246)
Total Assets Employed		**544,731**	528,909
FINANCED BY:			
TAXPAYERS' EQUITY			
Public dividend capital		**321,823**	304,337
Revaluation reserve		**86,149**	103,438
Income and Expenditure Reserve		**136,759**	121,134
Total Taxpayers' Equity		**544,731**	528,909

The financial statements on pages 94 to 134 were approved by the Board of Directors and signed on its behalf by

Neil Dardis
Chief Executive

19 June 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 March 2020

Cash flows from operating activities	2019/20 £000	2018/19 £000
Operating surplus	26,593	50,599
Depreciation and amortisation	19,592	18,225
Impairments	8,814	5,094
Non cash donations credited to income	(263)	(156)
(Increase) in Inventories	(1,434)	(6,541)
Decrease/(Increase) in Trade and other receivables	11,334	(15,017)
(Decrease)/Increase in Trade and other payables	(2,174)	14,516
Increase/(Decrease)/Increase in Provisions	122	(44)
Net cash generated from operating activities	**62,584**	66,676
Cash flows from investing activities		
Interest received	1,283	701
Purchase of intangible assets	(9,604)	(3,088)
Purchase of Property, Plant and Equipment	(54,954)	(72,744)
Sale of Property, Plant and Equipment	56	576
Net cash used in investing activities	**(63,219)**	(74,555)
Cash flows from financing activities		
Public dividend capital received	17,486	36,365
Movement in loans from DHSC	55,580	0
Interest of DHSCC loans	(466)	0
Movement in other loans	(1,005)	4,861
PDC dividend paid	(12,378)	(12,907)
Capital element of finance lease rental payments	(228)	(228)
Interest paid	(1)	(1)
Interest element of finance leases	(84)	(97)
Net cash generated from financing activities/(used in financing activities)	**58,904**	27,993
Increase in cash and cash equivalents	**58,269**	20,114
Cash and cash equivalents at 1 April	**133,256**	113,142
Cash and cash equivalents at 31 March	**191,525**	133,256

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

	Total £000	Revaluation Reserve £000	Income and Expenditure Reserve £000	Public Dividend Capital £000
Taxpayers' equity as at 1 April 2019	528,909	103,438	121,134	304,337
Surplus for the year	15,625	0	15,625	0
Revaluation gain on property, plant and equipment	327	327	0	0
Impairment loss on property, plant and equipment	(17,616)	(17,616)	0	0
Transfer from reval reserve to I&E reserve for impairments arising from consumption of economic benefits	0	0	0	0
Public dividend capital received	17,486	0	0	17,486
As at 31 March 2020	**544,731**	**86,149**	**136,759**	**321,823**

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

	Total £000	Revaluation Reserve £000	Income and Expenditure Reserve £000	Public Dividend Capital £000
Taxpayers' equity as at 1 April 2018	460,505	110,515	82,018	267,972
Surplus for the year	39,116	0	39,116	0
Revaluation gain on property, plant and equipment	6,730	6,730	0	0
Impairment loss on property, plant and equipment	(13,807)	(13,807)	0	0
Transfer from reval reserve to I&E reserve for impairments arising from consumption of economic benefits	0	0	0	0
Public dividend capital received	36,365	0	0	36,365
As at 31 March 2019	**528,909**	**103,438**	**121,134**	**304,337**

Revaluation Reserve - any gains/(losses) on property, plant and equipment are recorded in the revaluation reserve.

The Income and Expenditure Reserve - records any surplus or deficit on a non-profit-seeking concern.

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

NOTES TO THE ACCOUNTS

1 Accounting policies and other information

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

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. The accounts have been prepared on a going concern basis, following the submission of a one-year operating plan to NHSi.

1.2 Revenue from contracts

1.2.1 Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS).

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability. Credit terms are not offered.

1.2.2 Revenue from NHS contracts

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

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.

1.2 Revenue from contracts (Continued)

1.2.3 Revenue from research contracts

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

1.2.4 NHS injury cost recovery scheme

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

1.2.5 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.

1.2.6 Other income

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

Income from donations and grants

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

As regards the Frimley Health Charity any legacies are accounted for as incoming resources where the receipt of the legacy is probable; this will be once confirmation has been received from the representatives of the estate(s) that payment of the legacy will be made or property transferred and once all conditions attached to the legacy have been fulfilled.

Apprenticeship service income

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

1.3 Expenditure on Employee Benefits

Short-term employee benefits

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

Pension Costs

NHS Pension Scheme

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

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.

1.3 Expenditure on Employee Benefits (Continued)

c) Scheme provisions

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

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

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) has been used and replaced the Retail Prices Index (RPI).

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

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC's run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

1.4 Expenditure on other goods and services

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

1.5 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.

1.6 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential be provided to, the Trust;
- it is expected to be used for more than one financial year; and
- the cost of the item can be measured reliably.

1.6 Property, plant and equipment (Continued)

Property, plant and equipment assets are capitalised if they are capable of being used for a period which exceeds one year and they:

- individually have a cost of at least £5,000; or
- form a group of assets which individually have a cost of more than £250, collectively have a cost of at least £5,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- form part of the initial setting-up cost of a new building or refurbishment of a ward or unit, irrespective of their individual or collective cost.

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

Measurement

Valuation

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

Land and buildings are measured subsequently at fair value, other assets are valued at depreciated cost.

Property, plant and equipment are stated at the lower of replacement cost or recoverable amount. On initial recognition they are measured at cost (for leased assets, fair value) including any costs, such as installation, directly attributable to bringing them into working condition. The carrying values of property, plant and equipment are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. The costs arising from financing the construction of the property, plant and equipment are not capitalised but are charged to the statement of comprehensive income in the year to which they relate in accordance with Monitor's interpretation of IAS 23 revised.

All land and buildings are revalued using professional valuations in accordance with IAS 16. The frequency of valuations is dependent upon changes in the fair value of the items of property, plant and equipment being revalued. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period.

Valuations are carried out by independent professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual.

Valuations are carried out primarily on the basis of depreciated replacement cost on a modern equivalent asset basis for specialised operational property and existing use value for non-specialised operational property.

The value of land for existing use purposes is assessed at existing use value. For non-operational properties including surplus land, the valuations are carried out under fair value based on alternative use.

Valuation for land and buildings have been carried out using an optimised site basis across all Trust sites.

The District Valuation Service (DVS) completed a full valuation as at 31 March 2020 of all properties held by the Trust which qualify as non-current assets. This included the Frimley Park Hospital, Heatherwood Hospital and Wexham Park Hospital sites. 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 with market activity being impacted in many sectors.

1.6 Property, plant and equipment (Continued)

As at the valuation date, the valuer has considered that they can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that the valuer is faced with an unprecedented set of circumstances on which to base a judgement. 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.

Assets that are held for their service potential and are in use are measured subsequently at their current value in existing use. Assets that were most recently held for their service potential but are surplus are measured at fair value where there are no restrictions preventing access to the market at the reporting date.

Operational equipment has not been inflated due to it being immaterial.

Additional alternative open market value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.

Assets in the course of construction are valued at cost and are valued by professional valuers as part of the property, plant and equipment valuation or when they are brought into use.

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

Equipment surplus to requirements is valued at net recoverable amount.

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 future economic benefits 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 reliably determined. The carrying amount of the part replaced is derecognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Depreciation

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

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

Plant and machinery, information technology equipment and furniture and fittings are depreciated on current cost basis evenly over the estimated life. The useful economic life for equipment assets is typically between 2 to 8 years for IT assets, and between 2 to 15 years for plant and equipment.

Asset lives of buildings and dwellings are up to a maximum of 80 years. Buildings across the sites are deemed to have a useful economic live ranging from 13 years to 77 years.

Revaluation and impairment

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in operating expenses, in which case they are credited to operating income.

1.6 Property, plant and equipment (Continued)

At each financial year end, checks are made to consider whether there is any indication that its property, plant and equipment or intangible assets have suffered an impairment loss. If there is indication of such an impairment, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually at the financial year end.

Where an impairment is not the result of a loss of economic benefit or service potential, decreases in asset values and impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses. Impairments can arise when land and building valuations have been conducted by independent professionally qualified valuers. Where an impairment is due to a loss of economic benefit or service potential in the asset, the impairment is 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.

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

De-recognition

Assets intended for disposal are reclassified as 'Held for Sale' once all of the following criteria are met:

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

ii. the sale must be highly probable i.e.;

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

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

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

Donated property plant and equipment

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 donation/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 assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

1.7 Intangible assets

Recognition

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

Intangible assets are capitalised if they are capable of being used for a period which exceeds one year, they can be valued and have a cost of at least £5,000.

Software

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

Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management. Revaluation gains and losses and impairments are treated in the same manner as for property, plant and equipment.

Depreciated replacement cost is being used as a proxy of fair value for intangible assets. The assessment of intangible assets highlights that software held typically has a life of approximately 3 to 7 years.

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 economic lives in a manner consistent with the consumption of economic or service delivery benefits. Intangible assets on the Statement of Financial Position have a life of between 3 to 7 years assigned.

1.8 Jointly controlled operation

The Trust is a member of Berkshire and Surrey Pathology Service, which incorporates Ashford and St. Peter's Hospitals NHS Foundation Trust and Royal Surrey County Hospital NHS Foundation Trust (RSCH) and Royal Berkshire Hospital NHS Foundation Trust (RBH). This arrangement operates within the definition of a jointly controlled operation under IAS 31.

The Trust accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the Berkshire and Surrey Pathology Services, identified in accordance with the Pathology service agreement. Accordingly both the RSCH and Ashford and St. Peter's Hospitals NHS Foundation Trust, and RBH also account for their share of the assets, liabilities, income and expenditure in their financial statements.

1.9 Cash, bank and overdrafts

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours.

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.

1.9 Cash, bank and overdrafts (Continued)

Cash, bank and overdraft balances are recorded at the fair value of these balances in the Trust's cash book. These balances exclude monies held in the Trust's bank account belonging to patients (see note 20 - Third party assets). Interest earned on bank accounts and interest charged on overdrafts is recorded as, respectively, "interest receivable" and "interest payable" in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate.

1.10 Financial instruments and financial liabilities

Recognition

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

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

Classification and measurement

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

Financial assets are categorised as 'Loans and receivables'. Financial liabilities are classified as 'Other financial liabilities'.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets.

The Trust's loans and receivables comprise: cash and cash equivalents, NHS receivables, accrued income and other receivables.

Loans and receivables are recognised initially at fair value, net of transactions costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest on loans and receivables is calculated using the effective interest method and credited to the Statement of Comprehensive Income.

Other financial liabilities

All other financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

They are included in current liabilities except for amounts payable more than 12 months after the Statement of Financial Position date, which are classified as long-term liabilities.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to Finance Costs. Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets is not capitalised as part of the cost of those assets.

1.10 Financial instruments and financial liabilities (Continued)

Impairment of financial assets

At the Statement of Financial Position date, the Trust assesses whether any financial assets, other than those held at 'fair value through income and expenditure' are impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced through the use of a bad debt provision.

De-recognition

All financial assets are de-recognised when the rights to receive cash flows from the assets have expired or the Trust has transferred substantially all of the risks and rewards of ownership. Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

1.11 Finance leases

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

The asset and liability are recognised at the inception of the lease, thereafter the asset is accounted for as an item of property plant and equipment and are de-recognised when the liability is discharged, cancelled or expires. The annual rental is split between the repayment of the liability and a finance cost. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability and is charged to Finance Costs in the Statement of Comprehensive Income.

Operating leases

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

Leases of land and buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately. Leased land is treated as an operating lease.

1.12 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. The rate applicable for early retirement provisions and injury benefit provisions is 0.50% (2018/19 0.10%) in real terms.

1.13 Clinical negligence costs

NHS Resolution (formerly NHS Litigation Authority) operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. The Trust carries no liabilities in relation to these 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 14 but is not recognised in the Trust's accounts.

1.14 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.

1.15 Contingencies

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

Contingent liabilities are not recognised, but are disclosed in a note to the accounts unless the probability of 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 for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

1.16 Public dividend capital

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

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

A charge, reflecting the cost of capital utilised by the Trust, is paid over 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 and average daily cash balances held with the Government Banking Services and 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. This can result in either a payable or receivable amount being identified at each accounting year end. The dividend thus calculated is not revised should any adjustment to net assets occur as a result of the audit of the annual accounts.

Average relevant net assets are calculated as a simple mean of opening and closing relevant net assets.

1.17 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 non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.18 Corporation Tax

Section 148 of the Finance Act 2004 amended S519A of the Income and Corporation Taxes Act 1988 to provide power to the Treasury to make certain non-core activities of Foundation Trusts potentially subject to corporation tax. This legislation became effective in the 2005/06 financial year. In determining whether or not an activity is likely to be taxable a three-stage test may be employed:

- The provision of goods and services for purposes related to the provision of healthcare authorised under Section 14(1) of the Health and Social Care Act 2003 (HSCA) is not treated as a commercial activity and is therefore tax exempt;

- Trading activities undertaken in house which are ancillary to core healthcare activities are not entrepreneurial in nature and not subject to tax. A trading activity that is capable of being in competition with the wider private sector will be subject to tax;

- Only significant trading activity is subject to tax. Significant is defined as annual taxable profits of £50,000 per trading activity.

The majority of the Trusts's activities are related to core healthcare and are not subject to tax.

1.19 Foreign exchange

The functional and presentational currencies of the Trust are sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the Trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- monetary items (other than financial instruments measured at 'fair value through income and expenditure') are translated at the spot exchange rate on 31 March;

- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction; and

- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

1.20 Third party assets

Assets belonging to third parties (such as money held on behalf of patients see note 20 of the accounts) are not recognised in the Trust's accounts since the Trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts in accordance with the requirements of the HM Treasury Financial Reporting Manual.

1.21 Reserves

Other reserves have been created to account for differences between the Trust's opening capital debt (Public Dividend Capital on its inception as an NHS Foundation Trust) and the value of net assets transferred to it. Details of other movements in reserves in respect of the acquisition of H&WPH are detailed at note 7.

1.22 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.

1.22.1 Critical judgements in applying accounting policies

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

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

* Partially completed spells income has been calculated using different methodologies by the two legacy organisations. Both calculations are in keeping with prior years and are considered reasonable estimates and approaches upon which commissioners have agreed to the figures calculated.

* The Maternity work in progress is calculated using the department of health technical accounting guidance on part payments for antenatal care that often spans more than one financial year. The methodology used is consistent with previous years and has been agreed with the commissioners.

1.22.2 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:

PPE: The valuation exercise was carried out in March 2020 with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19 with market activity being impacted in many sectors. As at the valuation date, the valuer has considered that they can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that the valuer is faced with an unprecedented set of circumstances on which to base a judgement. The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

The Department of Health has indicated that for NHS assets it requires the former assumption to be applied for operational assets, this is the approach that was taken by the DV. The Market Value used in arriving at fair value for operational assets is therefore subject to the assumption that the property is sold as part of the continuing enterprise in occupation.

In the view of the Trust there are no further estimates or judgements which if wrong could significantly affect financial performance.

1.23 Charitable Funds

Material entities over which the Trust has the power to exercise control so as to obtain economic or other benefits are classified as subsidiaries and are consolidated. Their income and expenses; gains and losses; assets, liabilities and reserves; and cash flows are consolidated in full into the appropriate financial statement lines. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with the Trust's or where the subsidiary's accounting date is before 1 January or after 30 June.

Frimley Health NHS Foundation Trust is the Corporate Trustee of the Frimley Health Charity. The charity is deemed to be a subsidiary under the prescriptions of IAS 27. International Accounting Standards dictate that consolidated accounts should be prepared, that include the result and Statement of Financial Position of this subsidiary undertaking.

Consolidation of the Charitable Funds with the Trust's main accounts was deemed to be immaterial for 2019/20 Accounts. The unaudited value of the Charitable Funds reserves as at 31 March 2020 is circa £4.6m (2018/19 £4.3m), income received during the year was £2.0m (2018/190 £1.2m) and expenditure was £1.4m (2018/19 £1.0m).

Frimley Health NHS Foundation Trust is the sole beneficiary of the Frimley Health Charity. The charity registration number is 1049600 and the registered address is Portsmouth Road, Frimley, Camberley, Surrey GU16 7UJ. Accounts for the charity can be obtained from http://www.gov.uk/government/organisations/charity-commission.

1.24 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. The losses and special payments note is compiled directly from the losses and compensations register which reports on an accruals basis with the exception of provisions for future losses.

1.25 Changes to Accounting Policies

The following are a list of recently issued accounting standards and amendments which have not yet been adopted within the FReM, and are therefore not applicable to DH group accounts in 2019 - 20.

IFRS 14 Regulatory Deferral Accounts

Not yet EU-endorsed.*	Applies to first time adopters of IFRS after 1 January 2016. Therefore not applicable to DH group bodies.

** The European Financial Reporting Advisory Group recommended in October 2015 that the standard should not be endorsed as it is unlikely to be adopted by many EU countries.*

IFRS 16 Leases

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

1.25 Changes to Accounting Policies (Continued)

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

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

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

HM Treasury revised the implementation date for IFRS 16 in the UK public sector to 1 April 2021 on 19 March 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity in from April 2021 and beyond, a quantification of the expected impact of applying the standard in 2021/22 is currently impracticable. However, the trust does expect this standard to have a material impact on non-current assets, liabilities and depreciation.

2 Operating Income from patient care activities

2.1 Income from patient care activites (by nature)

Acute services	2019/20 £000	2018/19 £000
Elective income	**110,532**	102,698
Non elective income	**226,822**	195,650
Outpatient income	**97,777**	70,360
A&E income	**43,417**	37,428
Other NHS clinical income	**151,920**	177,634
Other NHS clinical income - includes COVID	**2,755**	-
Commissioner requested services	**633,223**	583,770
AfC pay award central funding	**0**	6,635
Additional pension costs	**18,476**	-
Private patient income	**10,680**	9,414
Non-NHS Overseas patients (charged to patient)	**1,596**	1,355
NHS Injury Scheme	**1,437**	1,540
Total Income from activities	**665,412**	602,714

All income from patient care activities relates to contract income recognised in line with accounting policy 1.2.

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

	2019/20 £000	2018/19 £000
Income recognised this year	**1,596**	945
Cash payments received in-year	**605**	596
Amounts added to provision for impairment of receivables	**130**	539
Amounts written-off in year	**803**	116

2.3 Other operating income

Other operating income from contracts with customers:	2019/20 £000	2018/19 £000
Education and training (excluding national apprenticeship levy income)	**13,278**	13,336
Non-patient care services to other bodies	**13,090**	12,345
Research and development (contract)	**1,327**	1,234
Non commissioner requested services	**27,695**	26,915
Other non-contract operating income:		
Education and training - notional income from apprenticeship fund	**703**	0
Car parking	**5,318**	5,014
Catering	**3,701**	3,579
Charitable and other contributions to expenditure	**263**	156
Staff accommodation	**231**	173
Clinical Excellence Award	**276**	230
Creche	**661**	1,147
Clinical tests	**778**	851
Charitable and other contributions to expenditure - received from other bodies	**47**	0
Support from Department of Health for mergers	**0**	15,426
Sustainability and Transformation Fund income	**23,389**	38,553
Other operating income	**28,794**	19,551
Total other non-contract operating Income	**91,856**	111,595

2.4 Income from activities arising from commissioner requested services

Under the terms of its provider licence, the trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider licence and are services that commissioners believe would need to be protected in the event of provider failure. **This information is provided in the table below:**

	31 March 2020 £000	31 March 2019 £000
Total Commissioner requested services	**633,223**	583,770
Non-Commissioner requested services	**27,695**	26,915
Total Operating income	**660,918**	610,685
Additional pension costs	**18,476**	0
Private patient income	**10,680**	9,414
Overseas patients (non-reciprocal)	**1,596**	1,355
NHS Injury Scheme	**1,437**	1,540
Other income	**64,161**	91,315
Non-Commissioner requested services	**96,350**	103,624

3 Operating Expenses

3.1 Operating expenses comprise

	2019/20 £000	2018/19 £000
Purchase of healthcare from NHS bodies	**2,391**	1,622
Purchase of healthcare from non-NHS bodies	**11,380**	9,145
Chair and non-executive directors' costs	**195**	196
Executive directors' costs	**1,988**	1,496
Staff costs	**451,064**	427,205
Pension cost - employer contributions paid by NHSE on provider's behalf (6.3%)	**18,476**	0
Education and training - notional expenditure funded from apprenticeship fund	**703**	0
Drug costs	**65,151**	61,669
Supplies and services - clinical (excluding drug costs)	**64,395**	53,734
Supplies and services - general	**9,421**	10,152
Establishment	**7,745**	9,119
Transport	**3,411**	1,964
Premises	**31,814**	33,094
(Decrease)/increase in bad debt provision	**1,503**	333
Depreciation	**19,152**	17,724
Amortisation on intangible assets	**440**	501
Property, plant and equipment impairment	**8,814**	5,094
Audit Fees - statutory audit	**79**	73
Other auditor remuneration (external auditor only)	**7**	14
Internal audit fees and local counter fraud service	**85**	111
Clinical negligence	**22,317**	22,890
Rentals under operating leases	**566**	796
Consultancy costs	**3,308**	1,723
Legal fees	**467**	365
Education training and conferences	**1,359**	1,447
Other expenses	**4,444**	3,243
Total Operating expenses	**730,675**	663,710

3.2 Auditor's remuneration

The Council of Governors appointed KPMG as the external auditors from 1 April 2016, for a period of 3 years, with an option to extend for a further 2 years to March 2021, this option was approved during 2018/19. The table below shows the fees for KPMG for 2019/20 and the prior year 2018/19.

The table below sets out the fee for the audit in accordance with the Audit Code issued by NHSI, March 2020.

Audit Services - Statutory Audit	2019/20 £(exc. VAT)	2018/19 £(exc. VAT)
Audit of the Trust's financial statements	**71,460**	60,460
Annual Accounts	**56,460**	48,460
Quality Accounts	**6,000**	12,000
Total statutory audit	**62,460**	60,460
Work undertaken on new accounting standards (IFRS16) to date	**6,000**	0
Work undertaken on the Wholly Owned Subsidiary to date	**3,000**	0
Total	**71,460**	0

Audit fees shown within note 3.1 are shown gross

Non Audit fees	2019/20 £(exc. VAT)	2018/19 £(exc. VAT)
1. the auditing of accounts of any associate of the trust	**0**	0
2. audit-related assurance services	**6,000**	12,000
3. taxation compliance services	**0**	0
4. all taxation advisory service not falling within item 3 above	**0**	0
5. internal audit services	**0**	0
6. all assurance services not falling within items 1 to 5	**0**	0
7. corporate finance transaction services not falling within Items 1 to 6 above and	**0**	0
8. all other non-audit services not falling within items 2 to 7 above.	**0**	0
Total	**6,000**	12,000

Non audit fees in 2019/20 consist of assurance on the Quality Report (£6,000).

KPMG is the external auditor of Frimley Health Charitable Funds, of which the Trust is the Corporate Trustee. The fees in respect of this engagement are £5k (excl VAT).

The engagement letter signed on 1st June 2019, states that the liability of KPMG, its members, partners and staff (whether in contract, negligence or otherwise) shall in no circumstances exceed £2m, aside from where the liability cannot be limited by law. This is in aggregate in respect of all services.

3.3 Operating leases

3.3.1 Arrangements containing an operating lease

	2019/20 £000	2018/19 £000
Payments recognised as an expense	566	796
Total operating leases	**566**	796

3.3.2 Future minimum lease payments due

Annual payments on leases:	2019/20 £000	2018/19 £000
Not later than one year	485	512
Later than one year and not later than five years	719	409
Later than five years	0	0
Total future minimum lease payments	**1,204**	921

4 Staff Costs

4.1 Staff costs

	2019/20 Total £000	Permanently Employed and Bank £000	Other £000	2018/19 Total £000
Salaries and wages	358,068	358,068	0	333,039
Social Security Costs	36,671	36,671	0	34,236
NHS Pension costs	42,224	42,224	0	39,362
Pension cost - employer contributions paid by NHSE on provider's behalf (6.3%)	18,476	18,476	0	0
Apprenticeship levy	1,772	1,772	0	1,654
Agency/contract/MOD staff	18,003	0	18,003	22,957
Recoveries from other bodies	(961)	(961)	0	(1,051)
Total staff costs	**474,253**	**456,250**	**18,003**	430,197

Costs for MOD staff shown above were £1,453k (2018/19 - £1,548k), staff are employed on the Frimley site under contract from the MOD.

4.2 Staff exit packages

	2019/20 Compulsory redundancies NUMBER	2019/20 Cost of compulsory redundancies £000	2018/19 Compulsory redundancies NUMBER	2018/19 Cost of compulsory redundancies £000
<£10,000	1	9	0	0
£10,001 - £25,000	0	0	0	0
£25,001 - £50,000	1	44	0	0
£50,001 - £100,000	1	75	0	0
£200,000>	2	456	0	0
Total Compulsory redundancies	**5**	**584**	0	0

	2019/20 Other departures agreed NUMBER	2019/20 Other departures agreed £000	2018/19 Other departures agreed NUMBER	2018/19 Other departures agreed £000
<£10,000	13	26	0	0
Total other departures	**13**	**26**	0	0

4.3 Monthly average number of persons employed

	2019/20 Total NUMBER	Permanently Employed and Bank NUMBER	Other NUMBER	2018/19 Total NUMBER
Medical and dental	1,212	1,095	117	1,066
Administration and estates	1,846	1,771	75	1,717
Healthcare assistants and other support staff	2,086	1,738	348	1,702
Nursing, midwifery and health visiting staff	2,932	2,546	386	2,408
Scientific, therapeutic and technical staff	1,381	1,243	138	1,199
Bank staff	0	0	0	753
Agency staff	0	0	0	273
Total monthly average	**9,457**	**8,393**	**1,064**	9,118

4.4 Early retirements due to ill health

During 2019/20 there were 2 early retirements from the Trust agreed on the grounds of ill-health at a cost of £48k (2018/19 - 5 at a cost of £354k).

5.0 Finance Expenses - Financial Liabilities

	2019/20 £000	2018/19 £000
Finance leases	84	97
Interest on loans from the Department of Capital Loan	731	0
Interest on late payment of commercial debt	1	1
Total	**816**	98

6 Better Payment Practice Code

6.1 Better payment practice code - measure of compliance

NHS	2019/20 NUMBER	£000	2018/19 NUMBER	£000
Total bills paid in the year	4,107	37,876	4,647	43,735
Total bills paid within target	2,822	19,999	3,232	30,198
Percentage of bills paid within target	69%	53%	70%	69%

Non-NHS	2019/20 NUMBER	£000	2018/19 NUMBER	£000
Total bills paid in the year	148,302	252,512	155,152	271,694
Total bills paid within target	132,363	209,155	113,979	205,076
Percentage of bills paid within target	89%	83%	73%	75%

Total	2019/20 NUMBER	£000	2018/19 NUMBER	£000
Total bills paid in the year	152,409	290,388	159,799	315,429
Total bills paid within target	135,185	229,154	117,211	235,274
Percentage of bills paid within target	89%	79%	73%	75%

Under the better payment practice code the Trust aims to pay all valid NHS and non-NHS invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later.

6.2 The Late Payment of Commercial Debts (Interest) Act 1998

An amount of £1k has been included within finance costs arising from claims made under this legislation (2018/19 - £1k).

7 Acquisition Funding

Since the acquisition of Heatherwood and Wexham Park Hospitals NHSFT (H&WPH) by Frimley Health NHSFT in October 2014, a five year integration plan has been in place agreed with the Department of Health (DH) and local commissioners. This details the funding that is provided to the Trust to support the costs of integration and transformation. The agreement with the DH includes income support to cover the pre-existing deficit that existed at the H&WPH sites, to allow the Trust to move to a stand alone surplus position over time.

The exact value of the income support due each year is based on the Trust's transformation progress, as judged by overall financial performance. For 2019/20 support was available as additional Public Dividend Capital only, this was received in full at a value of £11.7m. (2018/19 was the last year of income support, the DH released the full amount of £13.8m as set-out in the transaction agreement).

A proportion of the post-transaction transformation cost are chargeable to local commissioners and the Trust agreed a five year programme of funding with NHS England, NHS Slough CCG, NHS Bracknell and Ascot CCG, NHS Windsor, Ascot and Maidenhead CCG and NHS Chiltern CCG. Within other operating income in note 2, £0.9m of income was recognised in 2018/19 in respect of integration funding received from the commissioners.

8 Intangible Assets

Intangible assets at the statement of financial position date comprise the following elements:

	Total £000	Software £000
Gross cost at 1 April 2019	16,014	16,014
Additions - purchased	9,604	9,604
Gross cost at 31 March 2020	**25,618**	25,618
Accumulated amortisation at 1 April 2019	7,776	7,776
Provided during the year	440	440
Accumulated amortisation at 31 March 2020	**8,216**	8,216
NBV - Purchased at 31 March 2019	8,238	8,238
NBV total at 31 March 2019	**8,238**	8,238
NBV - Purchased at 31 March 2020	17,402	17,402
NBV total at 31 March 2020	**17,402**	17,402

Intangible software assets have been assigned a life of between 3 to 7 years.

2018/19

	Total £000	Software £000
Gross cost at 1 April 2018	12,926	12,926
Additions - purchased	3,088	3,088
Derecognition	0	0
Accumulated amortisation at 31 March 2019	**16,014**	16,014
Accumulated amortisation at 1 April 2018	7,275	7,275
Provided during the year	501	501
Derecognition	0	0
Accumulated amortisation at 31 March 2019	**7,776**	7,776
NBV - Purchased at 31 March 2018	5,651	5,651
NBV total at 31 March 2018	**5,651**	5,651
NBV - Purchased at 31 March 2019	8,238	8,238
NBV total at 31 March 2019	**8,238**	8,238

Intangible software assets have been assigned a life of between 3 to 7 years.

9.1 Property, plant and equipment at the statement of financial position date comprise the following elements

	Total	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture and fittings
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2019	547,686	40,410	335,033	945	20,115	100,740	135	39,337	10,971
Additions - purchased	54,164	0	9,475	0	32,579	6,346	0	5,635	129
Additions - leased	0	0	0	0	0	0	0	0	0
Additions - donated	263	0	0	0	0	263	0	0	0
Revaluations	327	170	55	102	0	0	0	0	0
Accumulated depreciation written out upon revaluation	(57,079)	0	(56,932)	(147)	0	0	0	0	0
Impairments/surpluses charged to revaluation reserve	(17,616)	0	(17,616)	0	0	0	0	0	0
Impairments recognised in operating expenses	(8,814)	0	(8,814)	0	0	0	0	0	0
Reclassifications	0	0	5,390	0	(5,390)	0	0	0	0
Disposals/ Derecognition	(893)	0	0	0	0	(893)	0	0	0
Cost or valuation at 31 March 2020	**518,038**	**40,580**	**266,591**	**900**	**47,304**	**106,456**	**135**	**44,972**	**11,100**
Accumulated Depreciation at 1 April 2019	147,924	0	47,310	125	0	71,905	124	19,977	8,483
Provided during the year	19,152	0	9,622	22	0	6,001	0	3,184	323
Accumulated depreciation written out upon revaluation	(57,079)	0	(56,932)	(147)	0	0	0	0	0
Disposals/Derecognition	(709)	0	0	0	0	(709)	0	0	0
Depreciation at 31 March 2020	**109,288**	**0**	**0**	**0**	**0**	**77,197**	**124**	**23,161**	**8,806**
Net book value									
Purchased at 31 March 2019	386,798	40,410	278,388	0	20,115	26,026	11	19,360	2,488
Finance Leases at 31 March 2019	2,173	0	0	820	0	1,353	0	0	0
Donated at 31 March 2019	10,791	0	9,335	0	0	1,456	0	0	0
Total at 1 April 2019	**399,762**	**40,410**	**287,723**	**820**	**20,115**	**28,835**	**11**	**19,360**	**2,488**
Net book value									
Purchased at 31 March 2020	396,825	40,580	258,088	0	47,304	26,737	11	21,811	2,294
Finance Leases at 31 March 2020	2,042	0	0	900	0	1,142	0	0	0
Donated at 31 March 2020	9,883	0	8,503	0	0	1,380	0	0	0
Total at 1 April 2020	**408,750**	**40,580**	**266,591**	**900**	**47,304**	**29,259**	**11**	**21,811**	**2,294**

Land and Buildings were revalued effective 31 March 2020 by the District Valuer, based on a full site valuation in accordance with the MEA Valuation method.

During the financial year revaluation of the following assets took place which resulted in the following impairments, which were charged to Statement of Comprehensive Income: Wexham Park; External Works £1,547k, MEA Clinical Block £2,899k, MEA Workshop Block £4,368k.

9.2 Property, plant and equipment at the statement of financial position date comprise the following elements

	Total	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture and fittings
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2018	488,729	35,785	280,693	923	35,539	92,921	135	31,762	10,971
Additions - purchased	71,986	0	42,382	0	13,352	8,677	0	7,575	0
Additions - leased	0	0	0	0	0	0	0	0	0
Additions - donated	156	0	0	0	0	156	0	0	0
Revaluations	6,730	4,625	2,083	22	0	0	0	0	0
Impairments/surpluses charged to revaluation reserve	(13,807)	0	(13,807)	0	0	0	0	0	0
Impairments recognised in operating expenses	(5,094)	0	(5,094)	0	0	0	0	0	0
Reclassifications	0	0	28,776	0	(28,776)	0	0	0	0
Disposals/ Derecognition	(1,014)	0	0	0	0	(1,014)	0	0	0
Cost or valuation at 31 March 2019	**547,686**	**40,410**	**518,038**	**945**	**20,115**	**100,740**	**135**	**39,337**	**10,971**
Accumulated Depreciation at 1 April 2018	131,156	0	38,593	103	0	67,474	124	17,325	7,537
Provided during the year	17,724	0	8,717	22	0	5,387	0	2,652	946
Accumulated depreciation written out upon revaluation	0	0	0	0	0	0	0	0	0
Disposals/Derecognition	(956)	0	0	0	0	(956)	0	0	0
Depreciation at 31 March 2019	**147,924**	**0**	**47,310**	**125**	**0**	**71,905**	**124**	**19,977**	**8,483**
Net book value									
Purchased at 1 April 2018	345,544	35,785	234,075	0	35,539	22,263	11	14,437	3,434
Finance Leases at 1 April 2018	2,383	0	0	820	0	1,563	0	0	0
Donated at 1 April 2018	9,646	0	8,025	0	0	1,621	0	0	0
Total at 1 April 2018	**357,573**	**35,785**	**242,100**	**820**	**35,539**	**25,447**	**11**	**14,437**	**3,434**
Net book value									
Purchased at 31 March 2019	386,798	40,410	278,388	0	20,115	26,026	11	19,360	2,488
Finance Leases at 31 March 2019	2,173	0	0	820	0	1,353	0	0	0
Donated at 31 March 2019	10,791	0	9,335	0	0	1,456	0	0	0
Total at 1 April 2019	**399,762**	**40,410**	**287,723**	**820**	**20,115**	**28,835**	**11**	**19,360**	**2,488**

Land and Buildings were revalued effective 31 March 2019 by the District Valuer, based on a desktop valuation in accordance with the MEA Valuation method.

During the financial year revaluation of the following assets took place which resulted in the following impairments, which were charged to Statement of Comprehensive Income: Wexham Park - Energy Centre, backlog improvements and statutory compliance works £5,094k.

9.3 Assets held at open market value

Of the totals at 31 March 2020 and 31 March 2019 all assets were valued in line with valuation methods set out in Note 1.6.

9.3.1 Net book value of assets held under finance leases at the statement of financial position date

	Total £000	Dwellings £000	Plant and Machinery £000
NBV as at 31 March 2020	**2,042**	**900**	**1,142**
NBV as at 31 March 2019	2,173	820	1,353

9.3.2 The total amount of depreciation charged to the statement of comprehensive income in respect of assets held under finance leases and hire purchase contracts

	Total £000	Dwellings £000	Plant and Machinery £000
Depreciation as at 31 March 2020	**232**	**22**	**210**
Depreciation as at 31 March 2019	232	22	210

10 Inventories

	31 March 2020 £000	31 March 2019 £000
Drugs consumables	**4,407**	3,372
Clinical consumables	**6,937**	6,538
Total inventories	**11,344**	9,910

During 2018/19 the stock holding for the trust was increased to include both clinical consumables stock and pharmacy stock.

Clinical consumables are valued by both physical stock count and also estimation. All values are based on stock as at March 2020; estimated stock values have been used where there is currently no inventory management system to verify the actual stock.

11 Trade and Other Receivables

11.1 Amounts falling due within one year:

	31 March 2020 £000	31 March 2019 £000
Contract receivables (IFRS 15): invoiced	**60,322**	72,789
Contract receivables (IFRS 15): not yet invoiced / non-invoiced	**1,805**	1,308
Provision for impaired receivables	**(1,212)**	(923)
Prepayments	**10,563**	9,686
NHS injury scheme income	**5,180**	5,116
NHS injury scheme provision	**(1,742)**	(1,726)
PDC dividend receivable	**1,467**	396
At 31 March 2019	**76,383**	86,646

Included within NHS receivables is an accrued sum of £3.1m relating to partially completed spells of clinical activity (2018/19 £4.3m).

Other receivables includes amounts for private patient billing. Whilst credit control procedures are in place a bad debt provision is made in respect of any potential doubtful debts, the provision is a specific bad debt provision based on assessment of individual debts.

11.2 Provision for impairment of receivables

	31 March 2020 £000	31 March 2019 £000
At 1 April	923	1,206
Increase in Provision	1,789	1,214
Changes in the calculation of existing allowances	(286)	(619)
Amounts utilised	(1,214)	(616)
Unused amounts reversed	0	(262)
At 31 March 2019	**1,212**	923

11.3 Increase/(decrease) in bad debt provision (charged to Operating Expenses)

	31 March 2020 £000	31 March 2019 £000
Increase in provision	1,789	1,214
Unused amounts reversed	(286)	(881)
Charged to Operating Expenses	**1,503**	**333**

11.4 Ageing of impaired receivables

	31 March 2020 £000	31 March 2019 £000
Up to three months	19	1
In three to six months	205	1
Over six months	1,416	1,183
Total	**1,640**	**1,185**

11.5 Ageing of non-impaired receivables past their due date

	31 March 2020 £000	31 March 2019 £000
Up to three months	24,394	40,769
In three to six months	4,321	2,173
Over six months	10,266	3,847
Total	**38,981**	**46,789**

The Trust does not consider the above receivables past their due date to be impaired based on previous experience. The total reported above does not reconcile to note 12.1 as the total receivables balance includes receivables that are not classed as financial assets (see note 19.1.2) and receivables not past their due date as at 31 March 2020.

12 Trade and other payables

12.1 Trade and other payables at the statement of financial position date are made up of:

Current liabilities	31 March 2020 £000	31 March 2019 £000
Capital payables (including capital accruals)	5,830	6,620
Accruals (revenue costs only)	29,465	28,501
Other payables	29,134	29,429
Trade and other payables	**64,429**	64,550
Tax payable (including social security costs)	9,591	9,215
Total trade and other payables	**74,020**	73,765

12.2 Current borrowings

	31 March 2020 £000	31 March 2019 £000
Obligations under finance leases and hire purchase contracts	210	228
Other loans	1,036	1,047
Loans from the Department of Health and Social Care	7,105	0
Total current borrowings	**8,351**	1,275

12.3 Non-current borrowings

	31 March 2020 £000	31 March 2019 £000
Obligations under finance leases and hire purchase contracts	929	1,139
Other loans	2,977	3,971
Loans from the Department of Health and Social Care	48,740	0
Total non-current borrowings	**52,646**	5,110

12.4 Other liabilities - deferred income

	31 March 2020 £000	31 March 2019 £000
Other liabilities - deferred income	24,967	28,186
Total other liabilities	**24,967**	28,186

The deferred income includes a balance of £4.4m in respect of maternity pathway income. (31 March 2019 £4.1m).

12.5 Finance lease obligations

2019/20

Payable:	Total £000	Plant and Machinery £000	Dwellings £000
Within one year	**278**	278	0
Between one and five years	**987**	987	0
After five years	**92**	92	0
Total	**1,357**	1,357	0
Less finance charges allocated to future periods	**(218)**	(218)	0
Total	**1,139**	1,139	0
not later than one year	**210**	210	0
later than one year and not later than five years	**841**	841	0
later than five years	**88**	88	0

2018/19

Payable:	Total £000	Plant and Machinery £000	Dwellings £000
Within one year	**311**	290	21
Between one and five years	**1,036**	1,036	0
After five years	**321**	321	0
Total	**1,668**	1,647	21
Less finance charges allocated to future periods	**(302)**	(298)	(4)
Total	**1,366**	1,349	17
not later than one year	**227**	210	17
later than one year and not later than five years	**841**	841	0
later than five years	**298**	298	0

12.6 Future finance lease obligations

	Plant and Machinery 2019/20	Dwellings 2019/20
Minimum number of payments	65	0
Number of years of commitment	6	0

	Plant and Machinery 2018/19	Dwellings 2018/19
Minimum number of payments	77	4
Number of years of commitment	7	1

Plant and Machinery finance lease obligations consist of a managed service for PACS/RIS which comprises equipment and service elements this was taken out during 2015/16.

Dwellings consist of a finance lease in respect of a residential accommodation block, this is governed by both a lease and underlease, the minimum payments are based on quarterly payments made per annum.

The underlease states:

1. The basic rent is calculated as being the sum which represented the gross annual amount payable at the time of such calculation if the sum of £440,000 was borrowed on a five year fixed interest rate (including the Landlord's half percent margin) for a period of 25 years.
2. In the event that interest rates rise or fall the basic rent shall be adjusted upwards or downwards on the review dates according to the extent to which five year fixed interest rates (including the Landlord's half percent margin) exceed or fall short of 10.89% per annum calculated on £440,000 as in paragraph 1 above.

13 Provisions for Liabilities and Charges

	Total £000	Pensions - other staff £000	Other legal claims £000	Other £000
At 1 April 2019	567	335	79	153
Arising during the year	295	25	27	243
Utilised during the year	(173)	(87)	(6)	(80)
Reversed unused	0	0	0	0
At 31 March 2020	**689**	**273**	**100**	**316**
Expected timing of cash flows:				
not later than one year	434	88	30	316
later than one year and not later than five years	255	185	70	0
As at 31 March 2020	**689**	**273**	**100**	**316**

13.1 Provisions for Liabilities and Charges 2018/19

	Total £000	Pensions - other staff £000	Other legal claims £000	Other £000
At 1 April 2018	611	250	111	250
Arising during the year	170	170	0	0
Utilised during the year	(214)	(85)	(32)	(97)
Reversed unused	0	0	0	0
At 31 March 2019	**567**	**335**	**79**	**153**
Expected timing of cash flows:				
Within one year	321	89	79	153
Between one and five years	246	246	0	0
After five years	0	0	0	0
As at 31 March 2019	**567**	**335**	**79**	**153**

Pensions provisions have been calculated using figures provided by the NHS Pensions Agency, they assume certain life expectancies. Whilst this provides a degree of uncertainty in respect of both timing and total amounts, these estimates are based upon best available actuarial information.

The Trust provides for legal or constructive obligations that are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation.

Other provisions consist of the following which are also of uncertain timing and amount.

	Total £000
Injury benefit scheme	73
Additional pension costs	243
Total other provisions	**316**

14 Clinical negligence liabilities

	31 March 2020 £000	31 March 2019 £000
Amount included in provisions of NHS Resolution in respect of Clinical Negligence liabilities of the Trust.	**426,888**	360,366

15 Cash and Cash Equivalents

	31 March 2020 £000	31 March 2019 £000
At 1 April	**133,256**	113,142
Net change in year	**58,269**	20,114
At 31 March	**191,525**	133,256
Broken down into:		
Cash at commercial banks and in hand	**52**	165
Cash with the Government Banking Service	**191,473**	133,091
Cash and cash equivalents in Statement of Cash Flows	**191,525**	**133,256**

16 Contractual Capital Commitments

Commitments under capital expenditure contracts at the statement of financial position date were £43,125k (2018/19 - £74,789k) these are in respect of building work being undertaken for major capital projects including the elective, diagnostic and outpatient centre at the Heatherwood Hospital site in Ascot.

17 Post Statement of Financial Position Events

There are no material post statement of financial position events.

18.1 Related Party Transactions

The Trust had significant transactions, defined as an income/expenditure balance of over £1,500k or a receivables/ payables balance of over £750k, with the following related bodies:

	2019/20 Income £000	2019/20 Expenditure £000	31/3/2020 Receivables £000	31/3/2020 Payables £000
Ashford and St Peter's Hospitals NHS Foundation Trust	476	13	2,217	22
Health Education England	17,124	-	665	-
HM Revenue & Customs	-	38,443	-	9,591
NHS Berkshire West CCG	9,089	-	-	479
NHS Buckinghamshire CCG	63,905	-	1,815	349
NHS East Berkshire CCG	244,986	268	9,165	2,416
NHS England - Core (including 19/20 PSF, FRF and MRET)	25,527	10	7,256	56
NHS England - Wessex Specialised Commissioning Hub	60,805	-	13,234	-
NHS Guildford and Waverley CCG	8,177	-	389	4
NHS Hillingdon CCG	2,413	-	-	40
NHS North East Hampshire and Farnham CCG	144,924	45	2,752	1,175
NHS North Hampshire CCG	8,756	-	594	88
NHS North West Surrey CCG	9,368	-	534	111
NHS Pension Scheme	-	60,700	-	-
NHS Property Services	-	3,625	-	5,311
NHS Resolution (formerly NHS Litigation Authority)	-	22,317	-	-
NHS South Eastern Hampshire CCG	3,176	-	204	18
NHS Surrey Heath CCG	60,546	-	389	425
Royal Berkshire NHS Foundation Trust	10,114	1,520	2,175	544
Royal Surrey County Hospital NHS Foundation Trust	3,371	6,941	1,900	2,257
South East Regional Office	24,797	-	9,348	-
South West Regional Office	8,449	-	225	-
Southern Health NHS Foundation Trust	21	1,077	12	802

The Trust received a loan from the Department of Health and Social Care for £59,000 during 2019/20.

The Trust who is the Corporate Trustee of the Frimley Health Charity holds charitable funds for which transactions between parties are not deemed material. Included within operating income in respect of non cash donations credited to income are £263k relating to PPE additions. (2018/19 £156k).

Board members have only received short term employee benefits from the Trust as shown in note 4.4. No post employment benefits, other long term benefits, share based payments or termination benefits have been paid to the Directors.

18 Related Party Transactions 2018/19

The Trust had significant transactions, defined as an income/expenditure balance of over £1,500k or a receivables/ payables balance of over £750k, with the following related bodies:

	2019/20 Income £000	2019/20 Expenditure £000	31/3/2020 Receivables £000	31/3/2020 Payables £000
Royal Berkshire NHS Foundation Trust	1,134	1,734	3,403	531
Royal Surrey County Hospital NHS Foundation Trust	2,915	3,892	2,218	1,386
NHS East Berkshire CCG	236,187	432	11,576	2,395
NHS Buckingham CCG	54,576	68	2,368	348
NHS Guildford and Waverley CCG	6,830	0	28	12
NHS Hillingdon CCG	2,194	0	35	13
NHS North East Hampshire and Farnham CCG	140,840	50	5,704	914
NHS North Hampshire CCG	7,871	0	727	50
NHS North West Surrey CCG	8,300	0	130	388
NHS South Eastern Hampshire CCG	2,481	0	218	26
NHS Surrey Heath CCG	57,156	174	345	392
NHS Berkshire West CCG	8,951	0	928	32
Department of Health and Social Care	21,634	0	710	0
NHS England - Core	29,983	58	12,804	67
NHS England - South East Local Office	16,469	0	2,935	0
NHS England - South West Local Office	4,315	0	1,405	0
Health Education England	15,577	50	883	1
NHS Resolution (formerly NHS Litigation Authority)	0	22,890	0	30
NHS Property Services	0	4,825	0	2,855
HM Revenue & Customs	0	35,890	0	9,215
NHS Pension Scheme	0	39,362	0	0
NHS England - Wessex Specialised Commissioning Hub	56,248	0	10,571	0
Berkshire Healthcare NHS Foundation Trust	1,606	680	556	82
Ashford and St Peter's Hospitals NHS Foundation Trust	1,281	26	3,098	18
Pennine Acute Hospitals NHS Trust	3	0	0	835

The Trust who is the Corporate Trustee of the Frimley Health Charity holds charitable funds for which transactions between parties are not deemed material. Included within operating income in respect of non cash donations credited to income are £156k relating to PPE additions. (2017/18 £943k).

Board members have only received short term employee benefits from the Trust as shown in note 4.4. No post employment benefits, other long term benefits, share based payments or termination benefits have been paid to the Directors.

19 Financial Instruments

International Accounting Standards IAS 32, IAS 39 and IFRS 7, require disclosure of the role that financial instruments have had during the year in creating or changing the risks an entity faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with local NHS Commissioners and the way those NHS Commissioners are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which these standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated through day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

Financial Instruments

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's Standing Financial Instructions and Treasury Management Policy agreed by the Board of Directors. Trust treasury activity is routinely reported and is subject to review by the Trust's internal auditors.

Currency Risk

The Trust is principally a domestic organisation with the majority of transactions, assets and liabilities being in the UK and sterling based. As such, the Trust does not normally undertake transactions in currencies other than sterling and is therefore not exposed to movements in exchange rates over time. All currency payments are translated into sterling at the exchange rate ruling on the date of the transaction. The total value of payments made in Euro denomination was 90,373 as at 31 March 2020 (2018/19 87,573).

The Trust's main exposure to interest rate fluctuations arises where it utilises external borrowings. The Trust has no external borrowing apart from several finance leases as per note 12.5 and accordingly has not been required to manage exposure to interest rate fluctuations.

Credit Risk

Due to the fact that the majority of the Trust's income comes from legally binding contracts with NHS bodies and Government departments the Trust does not believe that it is exposed to significant credit risk in relation to cash.

The Trust's deposits are routinely monitored in accordance with guidance issued by Monitor and are overseen by the Audit Committee, the Trust typically invests in A-1 institutions for short term investments.

Liquidity Risk

The Trust's net operating costs are incurred under legally binding contracts with local CCGs, which are financed from resources voted annually by Parliament. The Trust has the potential to fund its capital expenditure from funds obtained within the Prudential Borrowing Limit. The Trust is not, therefore, exposed to significant liquidity risks.

19.1 Financial Instruments

Of the totals at 31 March 2020 and 31 March 2019 all assets were valued in line with valuation methods set out in Note 1.6.

19.1.1 Financial Assets

Financial assets	Carrying Value £000
Denominated in £ sterling	255,766
Gross financial assets at 31 March 2020	**255,766**

Denominated in £ sterling	197,057
Gross financial assets at 31 March 2019	**197,057**

19.1.2 Financial liabilities

Financial liabilities	Carrying Value £000
Denominated in £ sterling	123,829
Gross financial liabilities at 31 March 2020	**123,829**

Denominated in £ sterling	70,886
Gross financial liabilities at 31 March 2019	**70,886**

The above financial assets have been included in the accounts at amortised cost as "loans and receivables", with no financial assets being classified as "assets at fair value through the profit and loss", "assets held to maturity" nor "assets held for resale".

Prepayments of £10,563k (2018/19 - £9,686k) are not considered to be financial instruments.

Other tax and social security payables amounts of £9,591k (2018/19 - £9,215k) and deferred income of £24,967k (2018/19 - £28,186k) are not considered to be financial instruments under IFRS and therefore have been excluded from the above analysis.

All financial liabilities are classified as "other financial liabilities", with no financial liabilities being classified as "liabilities at fair value through the I&E".

19.2 Financial Assets by Category

Assets as per statement of financial position	Total £000	Loans and receivables £000
Receivables (excluding non financial assets) - with DHSC group bodies	59,708	59,708
Receivables (excluding non financial assets) - with other bodies	4,533	4,533
Cash and cash equivalents	191,525	191,525
Total at 31 March 2020	**255,766**	**255,766**

Assets as per statement of financial position	Total £000	Loans and receivables £000
Receivables (excluding non financial assets) - with DHSC group bodies	62,886	62,886
Receivables (excluding non financial assets) - with other bodies	915	915
Cash and cash equivalents	133,256	133,256
Total at 31 March 2019	**197,057**	**197,057**

19.3 Financial liabilities by category

Liabilities as per statement of financial position	Total £000	Other financial liabilities £000
Trade and other payables (excluding non financial liabilities) with DHSC group bodies	17,949	17,949
Trade and other payables (excluding non financial liabilities) with other bodies	44,883	44,883
Finance lease obligations	1,139	1,139
Other loans - salix	4,013	4,013
Loans with the Department of Health and Social Care	55,845	55,845
Total at 31 March 2020	**123,829**	**123,829**

Liabilities as per statement of financial position	Total £000	Other financial liabilities £000
Trade and other payables (excluding non financial liabilities) with DHSC group bodies	13,267	13,267
Trade and other payables (excluding non financial liabilities) with other bodies	51,234	51,234
Finance lease obligations	1,367	1,367
Other loans - salix	5,018	5,018
Total at 31 March 2019	**70,886**	**70,886**

19.4 Fair values

Financial Assets	31 March 2020 Book Value £000	31 March 2020 Fair Value £000
Financial assets	255,766	255,766
Financial assets	**255,766**	**255,766**

Financial Liabilities	31 March 2020 Book Value £000	31 March 2020 Fair Value £000
Payables over 1 year - Finance Lease obligations	929	929
Payables over 1 year - Loans	2,977	2,977
Loans from the Department of Health and Social Care	48,740	48,740
Other	71,183	71,183
Financial liabilities	**123,829**	**123,829**

Financial Assets	31 March 2019 Book Value £000	31 March 2019 Fair Value £000
Financial assets	197,057	197,057
Financial assets	**197,057**	**197,057**

Financial Liabilities	31 March 2019 Book Value £000	31 March 2019 Fair Value £000
Payables over 1 year - Finance Lease obligations	1,139	1,139
Payables over 1 year - Loans	3,971	3,971
Other	65,776	65,776
Financial liabilities	**70,886**	**70,886**

As at 31 March 2020 there are no significant differences between fair value and carrying value of any of the Trust's financial instruments.

For financial assets and financial liabilities carried at fair value, the carrying amounts are classified as the carrying value net of the Trusts best estimates of bad and doubtful debts.

Discounted cash flows have not been performed on non-current liabilities due to the fact that the major lease is in Euros and the result would not be material.

19.5 Maturity of financial assets

All of the Trust's financial assets mature in less than one year.

19.6 Maturity of financial liabilities

	31 March 2020 £000	31 March 2019 £000
Less than one year	71,183	65,860
In more than one year but not more than five years	24,104	3,814
Others	28,542	1,212
Total	**123,829**	**70,886**

19.7 Derivative financial instruments

In accordance with IAS39, the Trust has reviewed its contracts for embedded derivatives that are required to be separately accounted for if they do not meet the requirements set out in the standard.

20 Third Party Assets

The Trust held £0.00 cash and cash equivalents at 31 March 2020 (31 March 2019 - £1,013) which relates to monies held by the Trust on behalf of patients. This has been excluded from the cash and cash equivalents figure reported in the accounts.

21 Losses and Special Payments

There were 568 cases of losses and special payments (2018/19 - 877 cases) totalling £1,191,000 (2018/19 - £615,000) approved during 2018/19. Losses and special payments are charged to the relevant functional heading in expenditure on an accruals basis, inlcuding losses which would have been made good through insurance cover had the entity, not been bearing its own risks, with insurance premiums then being incldued as normal revenue expenditure.

There were no clinical negligence cases where the net payment exceeded £300,000 (2018/19 - nil). These would relate to payments made by the Trust and would not relate to any payments made by NHS Resolution in respect of the Trust.

There were no fraud cases where the net payment exceeded £300,000 (2018/19 - nil).

There were no personal injury cases where the net payment exceeded £300,000 (2018/19 - nil).

There were no compensation under legal obligation cases where the net payment exceeded £300,000 (2018/19 - nil).

There were no fruitless payment cases where the net payment exceeded £300,000 (2018/19 - nil).

There were no Claims waived or abandoned where the net payment exceeded £300,000 (2018/19 - nil).

There were no stores losses and damage to property where the next payment exceeded £300,000 (2018/19 - nil).

The total costs in this note continue to be disclosed on a cash basis, under IFRS this should be on an accruals basis, however it is acknowledged that the amounts are immaterial and therefore continue to be on a cash basis.