



# **Annual Report and Accounts**

## **2019 – 2020**



# **Gloucestershire Hospitals NHS Foundation Trust**

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





# **GLOUCESTERSHIRE HOSPITALS NHS FOUNDATION TRUST: ANNUAL REPORT AND ACCOUNTS 2019/20**

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### **Copies of the Annual Report and Summary Financial Statements are available for inspection at:**

Trust Headquarters, Cheltenham General Hospital, Alexandra House, Sandford Road, Cheltenham, GL53 7AN  
Or visit the Trust website: [www.gloshospitals.nhs.uk](http://www.gloshospitals.nhs.uk)

Copies of the full Financial Accounts are available for inspection at Trust Headquarters, Cheltenham General Hospital, Alexandra House, Sandford Road, Cheltenham, GL53 7AN

## 1. MESSAGE FROM THE CHAIR

In a year when the NHS was rarely out of the headlines I am delighted to say that our hospitals have performed well in 2019/20. As the financial year closed and preparations for the onset of the COVID-19 pandemic intensified, I witnessed first-hand the incredible efforts put in by clinical and non-clinical colleagues to safeguard our patients as best as possible. It embodied everything that makes all of us so proud of our NHS. Selflessness. Compassionate. Caring. It's these qualities which I know will endure in the months ahead and guide the way our teams respond to these challenges.

Preceding these extraordinary times, our hospitals continued to make good progress over the previous 12 months. It's right to highlight the significant achievements made, and on that front cancer performance improved, staff engagement is better (but always with more to do) and patients tell us we get it right most of the time.

We mapped out our strategic vision for the five years ahead, setting out our ambitions for transforming hospital care by 2024. We call it our Journey to Outstanding. As part of that journey both our hospitals in Cheltenham and Gloucester have an exciting and pivotal role to play, with specialist services innovating, developing and thriving in their pursuit of world-class service provision for our patients.

As part of this we started an intensive dialogue with the public. Called Fit for the Future, we have been sharing the possibilities, the potential, and the opportunity to co-design and co-produce the next generation of healthcare in Gloucestershire in response to the many challenges facing us today and in the longer term. That dialogue has incorporated some of the most innovative engagement techniques available, from a Citizens' Jury to an engagement hearing, all designed to place residents at the centre of the design and delivery process fostering and leveraging collective ownership. Our governors have remained an influential partner in this dialogue - playing an increasingly active role in connecting us with the public and strengthening two-way communication which is so vital in taking us forward. To date thousands of people have contributed and we are excited at the prospect of continuing this public narrative in the year ahead.

When I came into post in 2016, the Trust was facing a significant financial deficit. It gives me enormous pride therefore to report that in the financial year 2019/20, we have recorded a £50,000 surplus. People who come into the health sector do so because they want to provide high quality care and services to patients. To perform so well in financial recovery while maintaining and in very many cases improving vital service provision, is an immense achievement.

Demonstrating financial governance and improvement was key in being able to attract £39.5m of capital funding from the government during the same period. Those plans have progressed significantly over the last year and we remain optimistic of starting work next year. The money will be invested in both hospitals – at Cheltenham General Hospital the investment will support the development of theatre and day surgery facilities and at Gloucestershire Royal Hospital the money will improve acute care facilities.

In the face of ever increasing demand and limited resources, continually improving the performance of one of the largest acute hospital trusts in the country, needs exceptional leadership at every level. I strongly believe that our Board continues to

grow in its effectiveness, demonstrating ambition, courage and compassion while working in a mutually supportive way. The executive team has demonstrated inspirational leadership under our excellent Chief Executive, Deborah Lee, while the wide experience of our non-executives has also played an important part. More broadly, the leadership capability across the whole organisation from ward to board and everywhere else in between has been astonishing.

One of the underpinning structures that has supported this improvement is undoubtedly our Gloucestershire Safety and Quality Improvement Academy which has been so instrumental in helping to shape the landscape and shift the cultural dials. It has been a delight to see the work of teams in all areas benefiting patients so effectively while also developing colleagues' skills in so many areas.

Of course our partners in health and care continue to play a significant part in our journey. In Dame Gill Morgan we have appointed a Chair to our Integrated Care System who has an exceptional reputational for being independently minded and impartial with a deep understanding of the health and care system both nationally and locally. I look forward to working with her and all system leaders to further attain the benefits to health and care by working without boundaries.

Equally, as we move into 2020/21 and manage our way through a pandemic which we know will be indiscriminate in the way it will take loved ones from us, there will be many silver linings and from that new and better ways of working will emerge.

Despite the considerable challenges which we are currently facing and those still to come, I remain optimistic about the future ahead and with good reason. With the way our colleagues have risen to the challenge and with the right strategies in place, I know we can continue to do great things for the people of Gloucestershire that need our services.

As we strive to deliver against our vision of Best Care for Everyone, the words 'Thank you' seem too small to capture my gratitude for all those who are performing such great work. But the words come heartfelt, so:-

Thank you!

A handwritten signature in black ink, appearing to read 'Peter Lachecki', written in a cursive style.

Signed:

**Peter Lachecki**  
**Chair**

**23 June 2020**

## 2. MESSAGE FROM THE CHIEF EXECUTIVE

I am delighted to introduce the Annual Report of Gloucestershire Hospitals NHS Foundation Trust 2019/20. Whilst NHS Trusts are required to publish an Annual Report, we aim to make this so much more than just a mandated report. It is about celebrating our achievements from the last year, showing where we have learnt and improved the experience of our patients, their families and our staff. Equally, it is an opportunity to shine a spotlight on our approach to Quality Improvement which, increasingly, is the way in which we support and enable our staff to address the challenges and seize the opportunities they encounter.

Inevitably, given the context in which the NHS is operating as I write this year's report, it is an Annual Report with a difference given the inevitable impact that COVID-19 will have on our hospitals, the health and care system locally and the community of Gloucestershire as a whole. Given the preparations already made, I'm confident we have the right team to see us through this unprecedented period. More on this later.

### **The Year Just Gone**

For many of us, 2018/19 was the year in which we achieved our Care Quality Commission (CQC) 'Good' rating. Following on from this theme, this last year has very much been characterised by the progress we have made on Our Journey To Outstanding. Whilst for many, outstanding is associated with the 'official' recognition by our regulator, the CQC, but for the Trust Board it is about living up to our own sense of what "outstanding" means to all of us. Personally, I like to think of the CQC outstanding rating as the minimum standard we should strive for, not a target to be met!

In the pages ahead, this Annual Report sets out the many, many things that we achieved in the last year but, as is always the case, there are a number of things that stand out in my mind, which I'd like to highlight.

Given the very busy nature of healthcare and acute hospitals in particular, taking time to look ahead to ensure that we have a bright and sustainable future is vital. With this in mind, under the leadership of Simon Lanceley, Director of Strategy and Transformation, we listened to the views of more than 1000 colleagues to develop a new five year strategy for the organisation, and out of this came not only a clear direction and sense of ambition for the organisation but ten new strategic objectives. The team went above and beyond to ensure that these ambitions and priorities were clearly communicated and I'm especially proud of some of the ways we achieved this – a particular favourite is the cartoon-like animation which brings them to life!

One of the ten objectives describes our ambition for the way hospital services in Gloucestershire might look in the future and co-designing services, by involving and engaging the public, our patients and our staff, has been a feature of the past year particularly in our Fit for the Future programme. This programme of activities, under the banner of One Gloucestershire, brings together the thinking of all organisations in our Integrated Care System (ICS) to ensure that our urgent and emergency care services are joined up and respond to the needs of local people; this sits alongside an exciting strand of work, being led by this Trust, to work with local people and staff to explore what is the best configuration of services across our two acute hospital sites in Gloucester and Cheltenham. We have captured and expressed this

thinking in a vision described as our Centres of Excellence - two thriving hospitals, each with their own distinct identity, bringing together related services, making the best use of scarce resources and organised to ensure that you receive the very best care, in a timely way and with the aim of ensuring the very best outcomes for your health.

From my viewpoint, it feels like we are finally making real and significant progress towards our vision of developing best in class services, which embrace the opportunity that comes from having two separate hospital sites, whilst addressing the many challenges that run alongside this model such as increasingly scarce specialist staff and equipment. Experience tells me that we will encounter the inevitable 'bumps in the road' as we progress towards our goal but last year, firmly set us on our way.

It may feel like an overused adage but it remains as relevant today, as it ever has: "our staff are our greatest asset". With this at the forefront of my mind, 2019/20 was a year when the Board and leadership team gave unprecedented amounts of thought to how we further develop our culture to reflect one within which staff flourish and patients receive the very best care. We refreshed our values and, perhaps more importantly, worked with our teams and individual colleagues to understand the sorts of behaviours which should underpin our values; taking this work forward will be a huge priority in 2020. Alongside this, never has the health and wellbeing of our staff mattered to me more. Increasingly, we are asking our teams to do more, and to do things differently, as demand for our services continues to increase. One of the highlights of last year was the launch of the 2020 Staff Health and Wellbeing Hub, which has been operating since May 2019. Very much the "brainchild" of Emma Wood, Director of People, the Hub was a response to feedback from the previous year's national staff survey when colleagues told us that they lacked access to information and advice to remain well and provide support to them when the need arose. Since its launch, the Hub has provided support to 3,503 colleagues, a staggering 43% of our workforce. Latest figures show that the Hub website and online resources have had 27,759 hits since its launch – all in all, an incredible resource that is supporting teams across our organisation. I'd like to say a special big thank you to Michele Pashley and Emily Hoddy at the Hub for their passion and drive to ensure the Hub was established so successfully and for their ongoing, wider focus on staff health and wellbeing.

Given our recent history with respect to information systems, I am immeasurably proud of what the Trust has achieved in the past year under the leadership of our Chief Digital and Information Officer, Mark Hutchinson. Mark and his team, working closely with our clinical leaders, set out not just to recover from the legacy of our previous IT deployment but to seize the opportunity to go further, faster. With this goal driving our approach, this year we developed and approved our first ever Digital Strategy but more impressively, we also implemented two key elements of it, in super quick time. Just a few months in, this new system is realising our original vision of creating a fully electronic patient record (EPR) which enables increasingly safe and reliable care to be delivered to our patients, whilst releasing time for our clinicians to care and lead. The launch has been an unequivocal success and this is undoubtedly due to the phenomenal amount of engagement between the digital team and our clinical teams. Of particular note, in this first phase, has been the engagement and enthusiasm from nursing colleagues – one particular highlight for me has been the extent to which our Health Care Assistants (HCAs) have embraced this agenda and as a result have been drivers of our success. We now have the seven key nursing assessments live on EPR on all of our wards and,

despite the timing, we held our nerve and implemented electronic observations in mid-March which gave us sight of our sickest patients, at a time when we most needed it. Although we are still on our digital journey, this year has been a “game changer” in respect of our progress and has made more difference to the safety and quality of care, than anything I can remember – a HUGE thank you to everyone involved in making this happen for their engagement, hard work and enthusiasm.

One of the legacies from the IT challenges described above, was a significant increase in the numbers of patients waiting for care, both inpatients and outpatients. Under the leadership of Dr Rachael De Caux, Chief Operating Officer, with phenomenal support from operational managers and their teams, we have transformed this picture. These teams have worked tirelessly alongside clinical colleagues to redesign pathways of care, to validate tens of thousands of patient records and treat more patients (in more innovative ways). As a consequence, last year we achieved and sustained for six consecutive months, the national standard for the two week cancer wait which, given 90% of patients will have cancer excluded following this initial assessment, is a huge boost to cancer patient experience. December 2019 also saw the first month that we achieved the standard in all specialties, not just at an aggregate Trust level, since May 2013. From a high of 120 patients in August 2018, who had waited more than 52 weeks for their treatment, we achieved a reduction of 73.1% from January 2019 to January 2020. Finally, the seemingly intractable issue of backlogs in follow-up outpatient care is at long last moving forward considerably thanks to everyone’s efforts in 2019/20. Our longest waiting patients overdue follow up, without a booked appointment, has reduced from a staggering 57,213 in January 2019 to 5,071 in January 2020. The total number of patients now on an active follow up has also reduced significantly (30,271) reflecting the focus on discharging those patients who can be safely cared for outside a specialist setting or for whom follow up is no longer necessary. We know, from our work with patients and local communities, that NHS waiting times remain one of the biggest public concerns and it is especially heartening therefore that we have achieved so much in this past year.

Exciting plans to transform our two hospitals as part of a £39.5m investment took a big step forward last year, when the Trust Board approved the Outline Business Case (OBC); I think it may only be, with the benefit of hindsight, that we appreciate what a huge milestone this was. Under these plans, Cheltenham General Hospital (CGH) will benefit from better day case surgery facilities with the development of two additional theatres and a Day Surgery Unit. The new facilities will improve patient experience, reduce waiting lists and result in fewer operations being cancelled. Gloucestershire Royal Hospital (GRH) will benefit from an improved Emergency Department (ED) and acute medical care facilities designed to speed up diagnosis, assessment and treatment. There will be a redesigned outpatients and fracture clinic accommodation for orthopaedic outpatients, additional x-ray capacity and a programme of ward refurbishment.

Once completed, colleagues will have a more modern, spacious environment in which to work, enabling them to achieve their ambitions of delivering even better patient care. In particular, the work at GRH will help to relieve crowding at ED during busy periods which is something both patients and staff have flagged as a priority.

The Full Business Case will be submitted to the Trust Board and NHSE towards the end of the year. Assuming that’s successful, we anticipate construction work to

begin in 2021 with the new facilities opening to patients in 2022/23 – exciting times ahead!

Thanks to the efforts of one very brave young woman, Greta Thunberg, 2019/20 felt like a watershed year when globally and locally people appeared to wake up to the threats facing us from climate change, with many commentators describing it as the greatest public health issue of the 21st Century. I was especially proud therefore to be a member of a Board that not only recognised the threat but, in declaring a climate emergency, pledged to do something about it. Under the leadership of Professor Steve Hams, Director of Quality and Chief Nurse, the Trust held two “big green conversations” to explore what more it could do to contribute to the County’s ambition of reducing carbon emissions by 80% by 2030. Colleagues from right across the Trust have engaged with this agenda in an unprecedentedly exciting way and numerous initiatives are already in place to make our Trust a cleaner, greener place to work and receive care.

Finally, nobody could have predicted the way in which 2019/20 would end with the advent of the COVID-19 coronavirus outbreak; the consequences of which will be felt for years to come. Sadly, with months to run it feels premature to comment too much at this time but equally it would feel wrong not to take the opportunity to acknowledge the phenomenal and unprecedented response from colleagues, partners and even strangers inside and outside the Trust. I am immeasurably proud of how this Trust has responded; under the superbly calm, clear and compassionate leadership of Medical Director, Professor Mark Pietroni, the Trust is well prepared for what lies ahead. Whilst none of us would ever have wished to encounter such difficult times, there will be some important silver linings which emerge from these times, which I am determined we embrace as we move into recovery and back to some form of “normal” - from the innovations that have surfaced through necessity to the sheer scale of human kindness I have seen my colleagues and communities show to each other. I couldn’t be prouder to be associated with such a phenomenal institution as the NHS and such a caring community of people as I have encountered in Gloucestershire.

### **The Year Ahead**

Given the current context, the next year looks uncertain and the usual description of aims and goals feels at odds with the time we are in, and the times which lay ahead. However, there will be a number of constants and one very important one will be the care of our staff and the compassion that we show to each other, during the most difficult times.

Before the COVID-19 pandemic, the Board had signalled the importance of furthering the work on developing a culture that enables staff to be the very best version of themselves and this enables us to provide truly compassionate care, to everyone. Our recent staff survey confirms we are making positive progress in this regard but we have more to do to engage all of our teams and colleagues on our Journey to Outstanding. Having spent a lot of time in 2019/20 developing our new strategic objectives and vision, our focus for 2020/21 will be not be on the “what” but rather on the “how”. Our values of caring, listening and excelling underpinned by the behaviours developed from the Board’s work with culture guru Professor Michael West of attending, understanding, empathising and helping have been co-designed with colleagues, and provide a clear focus on kindness and compassion to ourselves, our colleagues and our patients. I asked Michael how he judges success, and what success might look like for me as an NHS Chief Executive; he

shared his personal definition of culture which, for me, said it all culture is the way we do things around here, when nobody is looking.

### **Thank you**

It serves for me to thank you the reader for everything that you have brought to the Trust, whether as a colleague, a governor, a partner, a public member or patient. We have achieved such a lot in the last year but are undoubtedly facing some of our greatest challenges in the year to come. I thank each and every one of you, from the bottom of my heart, for what you have done but moreover what you will do for us in the year to come.

### **Formal bit**

And finally, the formal bit – I can confirm that to the best of my knowledge, the information included in this report has been subject to all appropriate scrutiny and validation checks and as such represents a true picture of the Trust's activities and achievements in respect of quality.



Signed:

**Deborah Lee**  
**Chief Executive Officer**

**23 June 2020**

### **3. PERFORMANCE REPORT**

#### **3.1 OVERVIEW**

The purpose of this section of the report is to give the reader a short summary that provides them with sufficient information to understand the Trust, its purpose, the key risks to the achievement of its objectives and how it has performed during the year.

#### **3.2 BACKGROUND TO THE TRUST**

Gloucestershire Hospitals NHS Foundation Trust received authorisation on 1 July 2004. It was formed from Gloucestershire Hospitals NHS Trust, which was established following a reconfiguration of health services in Gloucestershire in 2002. The Trust provides acute hospital services from two large district general hospitals, Cheltenham General Hospital and Gloucestershire Royal Hospital. Maternity Services are also provided at Stroud Maternity Hospital. Outpatient clinics and some surgery services are provided by Trust staff from community hospitals throughout Gloucestershire.

#### **3.3 STRUCTURE OF THE TRUST**

##### **Council of Governors**

The Council of Governors has an important role to play in the governance of a Foundation Trust. When Parliament created NHS Foundation Trusts, it provided them with independence from central government and a governance structure that ensured participation from the local communities they serve. NHS Foundation Trust governors are the direct representatives of local interests. Governors do not undertake operational management of Trusts; rather they challenge Non-Executive Directors individually and collectively to hold them to account for the Trust's performance. Additionally, the Governors' Governance and Nominations Committee is responsible for advising the Council on the appointment of Non-Executive Directors and appraisal of the Chair.

Governors have a responsibility to represent the interests of the public and members in their constituencies (including staff members), particularly in relation to the strategic direction of the Trust and provide input and feedback to support the strategy development. The Board has agreed to have governor observers on Board Committees to add a governor perspective to their business.

##### **Board of Directors**

The strategic direction of the Trust is set, and its business governed, by the Board of Directors, who (subject to the constitution) exercise all the powers of the Trust. The Board of Directors may delegate any of its powers to a committee of Directors or to an Executive Director. Exceptionally the Board has reserved issues set out in Standing Financial Instructions and Standing Orders for Board level decision.

The Directors have collective responsibility for:

- Setting the strategic direction for the Trust;
- Providing leadership and governance within a framework of effective controls;

- Providing accountability to Governors and being responsible to Members and stakeholders;
- Understanding and managing the operational, business and financial risks to which the Trust is exposed;
- Monitoring the work undertaken and the effectiveness of the formal Board Committees;
- Reviewing the performance of the senior management team.

## Management Structure

The Trust's management structure is based around Divisions. These are designed to support and facilitate delegation of decision making to clinical teams and to enable more involvement of clinical leaders in strategic issues. The composition of each Division is summarised below.

<b>DIVISION COMPOSITION – SERVICE LINES</b>	
<b>WOMEN &amp; CHILDREN</b>	
Acute Paediatrics Clinical Genetics Community Paediatrics Gynaecology	Midwifery Obstetrics Special Care Baby Unit (SCBU) / Neonatal Intensive Care Unit (NICU)
<b>SURGERY</b>	
Anaesthetics Breast Chronic & Acute Pain Services Colorectal Critical Care Ear/Nose & Throat (ENT) Ophthalmology	Oral & Maxillo Facial Theatre & Day Surgery Trauma & Orthopaedics Upper Gastrointestinal (GI) Urology Vascular
<b>MEDICINE</b>	
Acute Medicine Cardiology Dermatology Diabetes Emergency Department Endoscopy Gastroenterology	General Old Age Medicine Neurology Rehabilitation Renal Services Respiratory Rheumatology
<b>DIAGNOSTIC &amp; SPECIALIST</b>	
Clinical Haematology Dietetics Health Psychology Health Records Infection Control Medical Photography Medical Physics	Oncology Outpatients and Booking Services Palliative Care Pathology Pharmacy Physiotherapy Services Private Patients/Overseas Patients Radiology
<b>CORPORATE SERVICES</b>	
Business Development Marketing & Communications Business Intelligence Clinical Audit Contracting Corporate Governance (Trust Secretary)	Legal Services Nursing Management Patient Experience (incl Complaints & PALS) Procurement Programme Management

Finance including Payroll Human Resources IT Services	Research and Development Safety (incl Emergency Planning) Strategy and Planning
<b>GLOUCESTERSHIRE MANAGED SERVICES<sup>1</sup></b>	
Catering and Domestic Services Energy Management Glos Hospitals Parking (GHP) Contract	Property Services & Medical Engineering Support Services Sustainability

<sup>1</sup> Gloucestershire Managed Services is the trading name of Gloucestershire Hospitals Subsidiary Company. It replaced the Estates and Facilities on 1 April 2018.

### 3.4 VISION, PURPOSE AND STRATEGIC OBJECTIVES

This is the first year of our 2019 – 24 five-year Trust Strategy, summarised in the figure below. This is supported by an animated film which describes our ambition and priorities. It is available here to view: <https://www.gloshospitals.nhs.uk/about-us/our-trust/who-we-are-and-what-we-do/>

Fig: Our Journey to Outstanding

## Our Journey to Outstanding 2019–2024

**Our Vision:** Best Care for Everyone

**Our Purpose:** To improve the health, wellbeing and experience of the people we serve by delivering outstanding care every day

**Our Strategic Objectives for 2019–2024**

<b>Outstanding care</b>	<b>Compassionate workforce</b>	<b>Quality improvement</b>	<b>Care without boundaries</b>	<b>Involved people</b>
We are recognised for the excellence of care and treatment we deliver to our patients, evidenced by our CQC Outstanding rating and delivery of all NHS Constitution standards and pledges	We have a compassionate, skilful and sustainable workforce, organised around the patient, that describes us as an outstanding employer who attracts, develops and retains the very best people	Quality improvement is at the heart of everything we do; our staff feel empowered and equipped to do the very best for their patients and each other	We put patients, families and carers first to ensure that care is delivered and experienced in an integrated way in partnership with our health and social care partners	Patients, the public and staff tell us that they feel involved in the planning, design and evaluation of our services
<b>Centres of Excellence</b>	<b>Financial balance</b>	<b>Effective estate</b>	<b>Digital future</b>	<b>Driving research</b>
We have established Centres of Excellence that provide urgent, planned and specialist care to the highest standards, and ensure as many Gloucestershire residents as possible receive care within the county	We are a Trust in financial balance, with a sustainable financial footing evidenced by our NHS Outstanding rating for Use of Resources	We have developed our estate and work with our health and social care partners, to ensure services are accessible and delivered from the best possible facilities that minimise our environmental impact	We use our electronic patient record system and other technology to drive safe, reliable and responsive care, and link to our partners in the health and social care system to ensure joined-up care	We are research active, providing innovative and groundbreaking treatments; staff from all disciplines contribute to tomorrow's evidence base, enabling us to be one of the best University Hospitals in the UK

**Our Values:**

Caring

Listening

Excelling

www.gloshospitals.nhs.uk
BEST CARE FOR EVERYONE

Our strategic intent is to provide outstanding **care through two thriving but distinct hospital sites** and, as a lead provider within an Integrated Care System (ICS), through a range of community facilities and integrated models of care.

We want to be a Hospital Trust **patients, families and carers recommend and staff are proud to be part of.**

We will be a **collaborative ICS partner** to ensure patients, families, carers, staff and other stakeholders benefit from the value a high performing, high energy acute Trust can bring to this partnership.

We have **no plans to merge with other organisations** but we recognise that as the ICS develops, partners may need to adapt their organisational form to ensure opportunities to improve patient experience and outcomes, staff experience and value for money do not get delayed. For example by ensuring the timescale and flexibility of our decision making processes align.

We will continue to provide acute and specialist care for residents of Gloucestershire and adjacent regions; Herefordshire, South Worcestershire, Wiltshire, and where it is the right thing to do for patients, and this can be supported by a strong clinical and financial business case, **we will work with commissioners, providers and clinical networks in these regions to secure and extend our clinical service offer.**

We want the quality of care we provide to be **rated Outstanding by the Care Quality Commission (CQC)** and our use of resources to be rated **Outstanding by NHS Improvement.**

We believe becoming an accredited **University Hospital Trust** will increase our capacity and capability to deliver Best Care for Everyone and are committed to exploring the best way to achieve this.

The strategy was co-designed with staff and partners using a range of internal and external drivers including strength, weakness, opportunity and threat (SWOT) analysis, risk registers, benchmarking data, market analysis, Gloucestershire Integrated Care System (ICS) objectives and national direction such as the NHS Long Term Plan.

### **Our Values:**

Our Values underpin everything we do and describe the way we expect staff to behave towards patients, their families and carers, and colleagues. We have three values, described below in the words of patients:

**Caring** Patients said: "Show me that you care about me as an individual. Talk to me, not about me. Look at me when you talk to me."

**Listening** Patients said: "Please acknowledge me, even if you can't help me right now. Show me that you know that I'm here."

**Excelling** Patients said: "I expect you to know what you're doing and be good at it."

The strategy is being delivered through the eight enabling strategies shown below. Five of the eight strategies were approved by Trust Board in 2019/20.

Of those remaining, our Clinical Strategy will be produced once we have completed the Fit for the Future public consultation in 2020/21, our Engagement & Involvement Strategy is due to go to Board in July 2020 and our Financial Strategy in September 2020.

**Fig: Eight Enabling Strategies**



**2019/24 Strategic Plan: Progress in Year 1**

The table below summarises key milestones completed in year one of our strategy

<p><b>Outstanding Care</b></p>	<ul style="list-style-type: none"> <li>➤ CQC overall rating 'Good'; 'Caring' domain rated as 'Good' with 'Outstanding' Critical Care</li> <li>➤ Range of care and support initiatives launched, including: Patient Support Hub, Every Name a Person, Supportive Care Team, Respiratory Yellow Lanyard Team, Personal Protective Equipment (PPE) Safety Officer Role</li> <li>➤ Redesigning pathways of care to deliver the national standard for the two week cancer wait</li> <li>➤ 73.1% reduction in the number of patients waiting 52 weeks for treatment (Jan 2019 – Jan 2020)</li> <li>➤ #EquallyOutstanding work stream has begun with developing our policies with our community (Trans)</li> <li>➤ We are working on improving our protected characteristics data collection so that we can review our performance across the national access standards.</li> <li>➤ We completed the Learning Disability National Audit data collection and have an improvement plan for people with learning disabilities.</li> <li>➤ The Safeguarding Hub has been formed to support and train staff dealing with our most vulnerable patients.</li> </ul>
<p><b>Compassionate Workforce</b></p>	<ul style="list-style-type: none"> <li>➤ Delivered and embedded the 2020 staff health &amp; wellbeing hub</li> <li>➤ Board approved People &amp; Organisational Development Strategy</li> <li>➤ Third Accelerated Development Pool</li> <li>➤ Refreshed values and behaviours linked to compassionate care</li> <li>➤ Extensive staff development programme including Nye Bevan, Fellowship Programme, South West and national aspiring directors programmes, Stepping up</li> <li>➤ Finance team achieved Level 1 Future Focus Finance (Count Me In)</li> <li>➤ Registered Nurse retention rate 88.38% higher than Model Hospital Peers (86.8%) and University/Teaching Peers (87%)</li> <li>➤ Sickness absence rates stable (3.91%) and lower than Model Hospital Peers (4.01%) and University/Teaching Peers (4.05%)</li> <li>➤ Improved reporting of bullying, harassment resolution to ensure faster resolution of cases</li> </ul>

<p><b>Quality Improvement</b></p>	<ul style="list-style-type: none"> <li>➤ Gloucestershire Safety and Quality Academy (GSQIA) programme – further regular cohorts of 508 Bronze, 111 Silver and 16 Gold programmes.</li> <li>➤ 36 Silver projects delivering measurable quality improvement</li> <li>➤ Board approved Quality Strategy</li> <li>➤ Pathway to Excellence programme established</li> <li>➤ Implementation of the Nursing Accreditation and Assessment Standards (NAAS) and Pathways to Excellence</li> <li>➤ We have staff trained in co-design and Always Events so that we can involve our patients more in our improvement programmes.</li> <li>➤ The Patient Experience Faculty has been formed to bring in quantitative and qualitative improvement methodologies within the GSQIA.</li> <li>➤ Collaborative plans are being developed with frontline staff to prevent harm in hospital (pressure ulcers and falls).</li> <li>➤ We have rolled out real time patient experience survey collection The "Enhanced Care" work stream has been developing an improvement programme for our vulnerable patients making sure that they have person centred care whilst in our care.</li> <li>➤ The Human Factors Faculty has been formed as part of the GSQIA and has begun training our colleagues.</li> <li>➤ We produced our first in depth learning report of the themes and trends from all our Serious Incidents, Duty of Candour and complaints.</li> <li>➤ We have a Quality Improvement plan for deteriorating patients (including sepsis management) which we can now monitor digitally.</li> <li>➤ We now have a maternal and neonatal safety programme which is focused on reducing smoking in families.</li> </ul>
<p><b>Care Without Boundaries</b></p>	<ul style="list-style-type: none"> <li>➤ Active leadership and partnership in the One Gloucestershire Integrated Care System (ICS), including Trust involvement in Integrated Locality Partnerships and Primary Care Networks</li> <li>➤ Development of the local healthcare system response to the NHS Long Term Plan.</li> <li>➤ Integrated care progressed in key pathways through Clinical Programme Board</li> <li>➤ Co-designed Assistant Practitioner opportunities and Health Care Scientists with ICS partners</li> <li>➤ Delivered a five year workforce plan for the Trust alongside the ICS workforce plan to establish gaps, future gaps and provided plans to resolve these</li> <li>➤ Delivered upon an ICS workforce plan and commenced solution building work in partnership rather than competition</li> </ul>
<p><b>Involved People</b></p>	<ul style="list-style-type: none"> <li>➤ Over 1000 colleagues helped develop our five year Trust Strategy</li> <li>➤ Over 1,600 staff and 3,300 local people engaged as part of our Fit for the Future programme, which included roadshows, workshops and a Citizens' Jury</li> <li>➤ 189 patients engaged in £39.5M Strategic Site Development Programme to inform design priorities</li> <li>➤ Engaging with colleagues on the staff survey results and equality objectives to form and action plan and a 4% increase in the number of staff completing Annual Staff Survey</li> <li>➤ Improved reporting of bullying, harassment resolution to ensure faster resolution of cases</li> <li>➤ Developed programmes which enable colleagues to develop personal skills via either accredited or non-accredited means</li> <li>➤ Active Diversity Network launched three sub-groups; LBGTQ+, BAME and Disability and engaged over 1700 colleagues in defining our values and behaviours</li> <li>➤ Engaging with nursing colleagues on the implementation of the Nursing Accreditation and Assessment Standards (NAAS) and Pathways to Excellence</li> <li>➤ We have developed a retention plan called "Person Centred Careers" for</li> </ul>

	<p>our nursing colleagues which was co-designed and has which was then approved and supported by NHSI.</p> <ul style="list-style-type: none"> <li>➤ We have procured a digital system to get real-time feedback from our staff (HAPPi App).</li> </ul>
<b>Centres of Excellence</b>	<ul style="list-style-type: none"> <li>➤ Extensive public and staff engagement programme run August 2019 to February 2020</li> <li>➤ Pre Consultation Business Case produced based on short-list of options informed by engagement programme, ready for public consultation in 2020/21</li> </ul>
<b>Financial Balance</b>	<ul style="list-style-type: none"> <li>➤ £14.8m Cost Improvement Programme (CIP) schemes being delivered; monitored through regular Division 'deep dives' with executives and PMO to increase and sustain pace</li> <li>➤ £50k surplus delivered in 2019/20</li> <li>➤ Registered Nurse retention rate 88.38% higher than Model Hospital Peers (86.8%) and University/Teaching Peers (87%)</li> <li>➤ Sickness absence rates stable (3.91%) and lower than Model Hospital Peers (4.01%) and University/Teaching Peers (4.05%)</li> <li>➤ Increased supply routes for key roles and developed more bank staff networks</li> <li>➤ £400k less on agency spend when compared to 18/19</li> </ul>
<b>Effective Estate</b>	<ul style="list-style-type: none"> <li>➤ Board approved Outline Business Case (OBC) submitted to NHSE in February 2020 for £39.5M estates programme. Work started on Full Business Case (FBC)</li> <li>➤ Board approved Strategic Outline Case (SOC) for extended Gloucestershire Cancer Institute. Work started on OBC and fund raising campaign</li> <li>➤ Board approved Estates Strategy and work started on phased implementation plan</li> <li>➤ Integrated Care System Estates Strategy rated 'Good' by NHS England</li> <li>➤ Sustainability programme launched with a series of Big Green Conversations and declaration of 'Climate Emergency' to drive changes</li> </ul>
<b>Digital Future</b>	<ul style="list-style-type: none"> <li>➤ Board approved Digital Strategy</li> <li>➤ Introduction of brand new electronic patient record (EPR) called Sunrise to provide a real-time picture of what is happening across both hospitals whilst releasing more time to care for patients</li> <li>➤ Sunrise EPR supports sustainability and financial balance ambitions saving money and trees from the reduction in printing costs</li> <li>➤ Electronic nurse observations implemented improving safety through real-time awareness of patient acuity (NEWS score)</li> <li>➤ Remote working response to COVID-19 allowed virtual outpatient appointments to continue and staff to work from home effectively</li> </ul>
<b>Driving Research</b>	<ul style="list-style-type: none"> <li>➤ Board approved Research Strategy</li> <li>➤ Business Case drafted for University Hospital status</li> <li>➤ Increased awareness through Research 4 Gloucestershire launch event and Research Festival</li> <li>➤ Active participant in COVID-19 research trials</li> </ul>

## 3.5 PATIENT CARE AND STAKEHOLDER RELATIONS

### The Policy Context

#### The settlement

The settlement announced in June 2018 promised NHS England's revenue funding would grow by an average of 3.4% per year average over five years, delivering a real terms increase of £20.5 billion by 2023/24, moving closer to the NHS long-term average funding trend of 3.7% per year since 1948. The extra spending will need to deal with current pressures and unavoidable demographic change and other costs, as well as new priorities. The NHS Long Term plan, published in January 2019, sets out five key 'tests' against this funding increase:

- The NHS (including providers) will return to financial balance;
- The NHS will achieve cash-releasing productivity growth of at least 1.1% a year, with all savings reinvested in frontline care;
- The NHS will reduce the growth in demand for care through better integration and prevention;
- The NHS will reduce variation across the health system, improving providers' financial and operational performance;
- The NHS will make better use of capital investment and its existing assets to drive transformation.

The December 2019 Queen's Speech, following the General Election, set out the intention to enshrine in law the pledge to increase the NHS budget by £33.9 billion in cash terms by the end of the parliament. The commitment will mean that NHS England's £115 billion budget (2018/19) will increase by 3.2% per year over the course of this parliament, although increases in inflation could reduce this.

Expenditure excluded from this budget included capital funds for buildings and new technology, workforce training, and public health funding to local authorities. In recent years, significant amounts of capital funding have been reallocated into day-to-day NHS spending, leaving buildings and infrastructure depleted and in need of investment; this is reflected in our hospitals.

The Government also made pledges on the recruitment, training and retention of nurses; however detail about the status of the wider NHS training budget was not made available during the year.

We anticipate the passing of the *NHS Long Term Plan Bill* will aim to provide a legal footing to the move towards increased cooperation between commissioners and healthcare providers without another formal reorganisation of the NHS.

#### Local Operating Context

We work within the Gloucestershire health and social care system alongside partner organisations including:

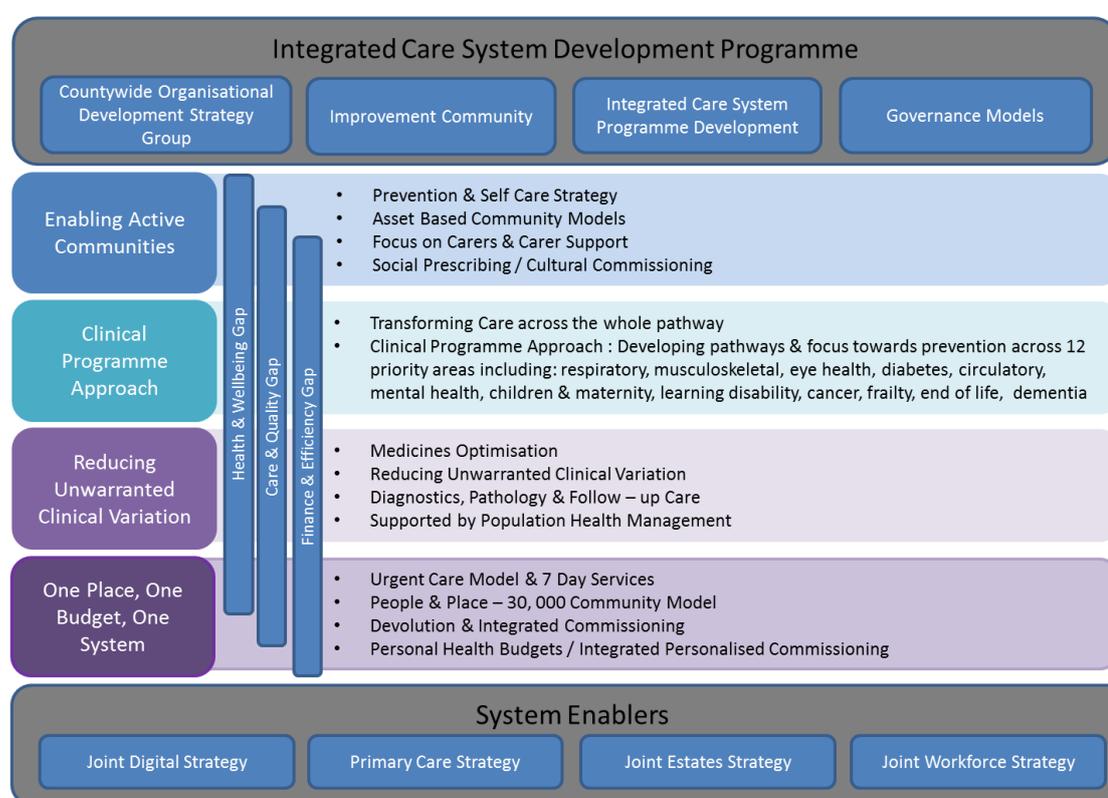
- Gloucestershire Clinical Commissioning Group (CCG);
- Gloucestershire Health and Care NHS Foundation Trust (GHC), a single new organisation formed during the year from 2Gether NHS Foundation Trust (mental health services) and Gloucestershire Care Services NHS Trust (community services)

- South West Ambulance Service NHS Foundation Trust (SWAST);
- Nearly 80 GP surgeries;
- Gloucestershire County Council (Tier 1) and six Tier 2 Local authorities.

Collectively these partner organisations form the One Gloucestershire Integrated Care System (ICS); our collective vision is to improve health and wellbeing - we believe that by all working better together, in a more joined up way, and using the strengths of individuals, carers and local communities, we will transform the quality of care and support we provide to local people.

The ICS's four priority transformational programmes and four enabling programmes remain our focus and we believe they will set a good foundation for our delivery against the first five years of the NHS Long-Term Plan.

**Fig:** ICS Development Programme



The Gloucestershire Strategic Forum reviewed ICS priorities for 2019/20, and emphasised:

- **Improving mental health:** including improving dementia care and a renewed focus on mental health and wellbeing, and support for regular users of health and care services;
- **Urgent & Emergency Care:** the One Place programme remained central to delivering our new model of care within Gloucestershire;
- **Focus on proactive care in partnership with local communities:** including building capacity in primary, community and Voluntary Community and Social Enterprise (VCSE) care, reducing demand for acute services and improving end of life care;

- **Improve population health:** rapid delivery of place-based integrated working through Integrated Locality Partnerships and a focus on wellbeing, prevention, and self-care. Increasingly we are influencing the wider determinants of health including loneliness and isolation whilst also improving our use and application of population health management;
- Focus on **enabling conditions** including: a culture that fosters engagement and co-creation; existing enabling programmes of workforce, estates and digital; maturing the system approach to allocation of resources to ensure investments are used to create greatest improvement; effective governance that facilitates shared decision making.

Additional milestones we set for 2019/20 were:

- **Clinical Programme Approach:** the clinical programmes have expanded to encompass 12 pathways and the transformation approach is beginning to bear fruit within the system;
- **Pathway integration** across a number of pathways including musculoskeletal, diabetes and respiratory;
- **Peri-natal mental health** including the introduction of a new specialist mental health team and expansion of the community support offer;
- **Children’s and Young People Mental Health Trailblazer** of four Mental Health Support Teams (MHSTs) developing models of early intervention on mild to moderate mental health issues. We also trialled a four-week waiting time for referral to treatment for specialist children and young people’s mental health services by Spring 2020;
- Increased focus on cross-cutting requirements of vulnerable groups, **including Learning Disabilities**, and increasing support in these areas;
- Reducing Unwarranted Clinical Variation - whilst continuing to deliver on our successful medicines optimisation work, the progress around diagnostic and outpatient optimisation was accelerated, supported by improved benchmarking and analytics;
- **Urgent & Emergency Care** - The One Place and Centres of Excellence Programmes progressed our central priority of increasing out of hospital care and same day emergency care. They continue to work towards ensuring our system can be organised to deliver better health outcomes and more efficient care pathways for our population, through a fully integrated urgent care system and optimal, expert elective care;
- **Place based primary care & community partnerships:** our system has 100% coverage of primary care networks. The Integrated Locality Partnership (ILP) model is in place for our whole population, and our trust has executive representation on each of them. The ILPs are supported by specialists in managing complex frail patients, and those with complex long term conditions creating a “channel shift” from hospital-based to community-based care. The merger of two of the main community-based partners, Gloucestershire Care Services NHS Trust and 2gether NHS Foundation Trust in autumn 2019 was a critical milestone for our system as we more closely align our objectives particularly around our integrated locality teams;
- **Enablers** - good progress is being made by these programmes and they increased priority in 2019/20. Our digital programme went live with the joint care record in 2018/19 and this was further expanded during 2019/20 with primary care and acute trust information becoming available. Our first full population health management cycle was completed by April 2019 and embedding this further into our business as usual will take place through the

year to maximise opportunities for prevention, supported self-management and enhanced community activation;

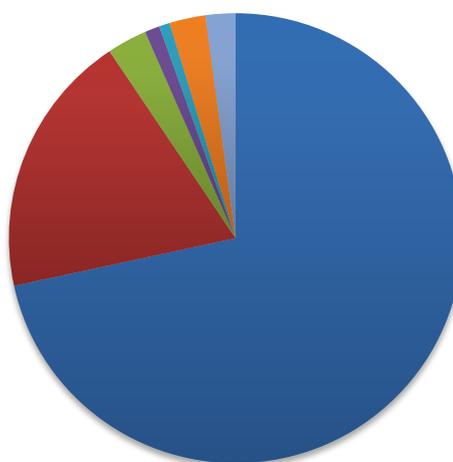
- **Efficiency:** Overall the ICS transformation schemes aim to ensure sustainable, high quality models of care, and shifting care out of hospitals wherever possible. We remain committed to an ‘open book’ approach to financial and activity planning and have moved to a model of full involvement from all partners in prioritising investments and agreeing areas of efficiency. This underpinned our formal system response to the NHS Long Term Plan in early 2020. As we move our partnership forwards we will increase the responsibility on the system to deliver against the successive years of our five year plan towards achieving NHS Long Term Plan ambitions.

Gloucestershire Hospitals NHS Foundation Trust is committed to fully contributing to further development and delivery of system-wide transformational programmes to ensure that we can deliver on our commitments to our population and contribute towards improving health and well-being across our county.

### The Trust’s Market Position

The Trust continues to be the market leader for the provision of acute health services in Gloucestershire; the value of planned GCCG income was around £345 million and planned income for specialised services is in the region of £92 million. The trend in 2020/21 is that the Trust’s level of market share is likely to continue, with only a marginal transfer of some activity and income to other providers.

Income source	£m
Gloucestershire CCG	345.4
Specialised Commissioning	91.7
Herefordshire & Worcestershire CCG	13.8
Other NHS England	12.4
Other	10.3
Welsh Commissioners	5.1
Other CCGs	3.7
<b>Total</b>	<b>482.4</b>

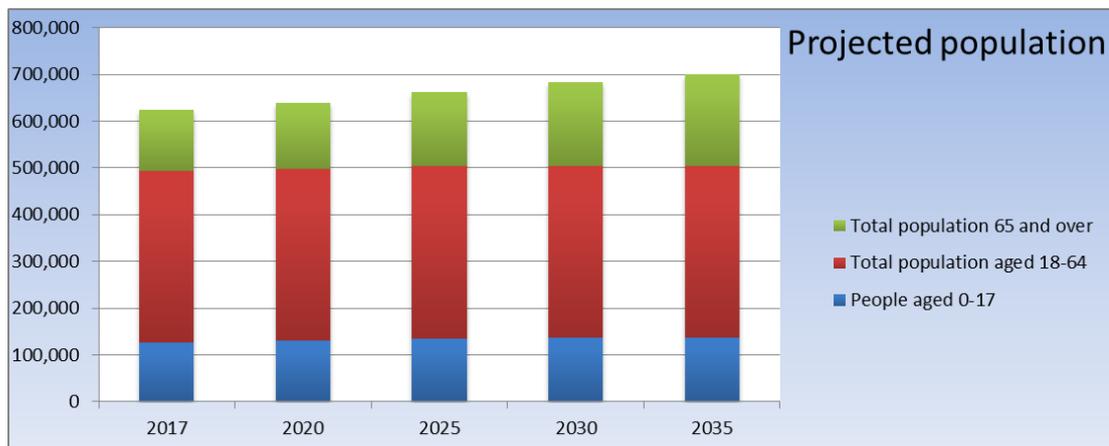
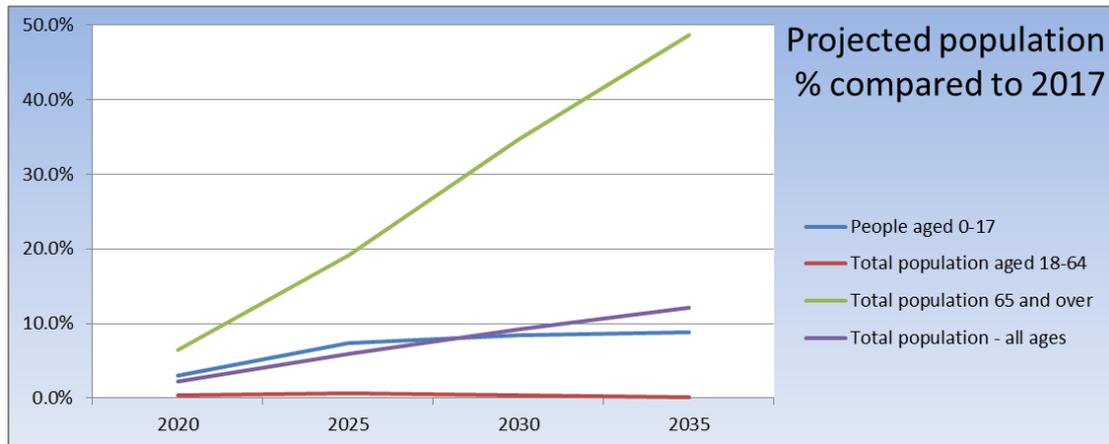


Our market share within the health economy is stable. As the only major provider of NHS acute care in Gloucestershire we have little competition for our non-elective services. Whilst the independent and third sector provision in Gloucestershire is growing it remains a small proportion of commissioning expenditure. Strategic initiatives in neighbouring Trusts have not had significant impact on the flow of patients. Our main challenge is the increasing demand for acute healthcare and how it is managed through increased efficiency and new approaches. Further to this, we remain focused on repatriating as much activity carried out by alternative providers as we develop capacity through our efficiency and improvement work.

## Main trends and factors underlying current position and likely to affect future development and performance

### Demographic Changes

Some local planning needs are related to specific age groups and therefore it is important to understand the possible changes to the age structure of an area when planning for the future. The Trust serves a local population of approximately 630,000, of which around 29% live in rural areas. By 2035 this population is projected to grow to just over 700,000, largely in the over-65 demographic.



The risk of all major causes of early death and serious illness increases with age. This means that the number of people living longer with a long-term illness will rise much more quickly than the growth in the population. Care for people with multiple long term conditions is often very complex. In recent years we have continued to see an increase in the number of frail elderly people admitted, who need to stay with us for longer periods of time.

However, there is a wide range of factors that should, in the same period, rationalise the demand for hospital beds. New technologies and innovations constantly offer opportunities for less invasive or more local interventions. The ICS strategy for healthcare in Gloucestershire reflects the NHS Long Term Plan commitment to reduce the reliance on hospital-based care by changing pathways in collaboration with our partners, and providing alternatives to hospital admission that enable people to access care as close to home as is safe and feasible.

In our hospitals we continue to implement the Getting It Right First Time (GIRFT) programme, and have been cited in the NHS Long Term Plan for the positive impact this has had for our Trauma and Orthopaedic surgery patients. Significant work has also continued on the urgent care pathway, with the Trust implementing new ways of assessing and treating emergency patients, seeing our performance against the four hour wait standard achieved as a system through 2019/20. Our hospital standardised mortality ratio remained within the expected range and both weekday and weekend hospital standardised mortality ratio for emergency admissions are within the expected range.

Evidence from 2019/20 is that the healthcare community in Gloucestershire continues to struggle to balance demand against capacity; our internal and system-wide transformation programmes continue to address this, and will be reflected in our Operational Plan trajectories for 2019/20 when planning resumes following the peak of the COVID-19 pandemic.

### **Development of our Services**

The Trust has an excellent record of service development to meet changing demands and the requirements of commissioners. The Trust reviews proposals and development schemes for their potential to contribute to the delivery of our strategic objectives, with robust quality impact assessments to guarantee that financial and efficiency benefits never compromise the safety and quality of the care we deliver.

## **3.6 STATEMENT FROM THE CHIEF EXECUTIVE ON THE PERFORMANCE OF THE TRUST**

### **Overview**

The COVID-19 pandemic in the latter part of Q4 2019/20 has had a far reaching impact on all aspects of Trust performance and operations. This consequently resulted in a number of nationally agreed suspensions of reporting requirements to support the NHS response. However, the improvements in patient access to services and the quality of care delivered throughout the majority of 2019/20 should be acknowledged, alongside recognition of the delivery of the Trust's control total through sustained financial performance.

The Trust made significant positive progress against all of the key national access standards for emergency access, elective care, and cancer services.

Improvements were evident in planned care to achieve the 2 week wait (2WW) cancer care standard, and at a sustained Q3/4 performance level of 95.9% the Trust ended the year 4th nationally. The Trust also demonstrated early compliance against shadow reporting of the 28 day faster diagnostic standard, the introduction of which was delayed nationally in April due to COVID-19.

Following recommencement of the reporting on the Referral to Treatment standard in 2018/19, the Trust made progress during 2019/20 to within the agreed trajectory and significantly reduced the number of our longest waiting patients. Audiology services also saw a return to RTT reporting in year and this was also accompanied by a notable improvement in performance. A concerted effort was made to address the Trust's overall waiting list and this was successfully achieved.

With regard to Unscheduled Care, the Trust was challenged by patient demand and saw an increase in attendances year on year of 6.8%. This was in parallel to an increase in patient acuity of 10% and pressures of the early arrival of seasonal flu. However, the Trust was able to respond in accordance with its Winter plan and remained largely in the upper decile in terms of National 4 hour performance metrics throughout the year.

The Trust's response to the pandemic has been exceptional and made possible through the relentless hard work and dedication of all our staff. During this time, the Trust continued to provide access to emergency and planned secondary care as part of an Integrated Care System response to primary care partners.

### **3.7 DEVELOPING OUR SERVICES AND IMPROVING PATIENT CARE**

#### **Patient experience performance data - making better use of patient experience data for service improvement**

Patient experience is one of the three main pillars of quality of care alongside safety and effectiveness. The "Golden Thread" within all our service and quality improvement work is to improve patient experience across the organisation whilst focusing on providing best personalised care for all.

Gloucestershire Hospitals NHS Foundation Trust actively seeks feedback from patients, their friends and families and then acts on it. This is because we want every patient to have the best experience possible. Insight and feedback helps our staff to know what we are doing well (and the things we should keep on doing) as well as what we need to change. Good experience of care, treatment and support are essential parts of our service alongside clinical effectiveness and safety.

We use quantitative and qualitative patient experience data to support our change processes:

- We assess what experience is currently like, and measure whether improvement activities have made a difference;
- We use insight data to help us understand why reported experience is sometimes not as good as we might hope and then generate ideas for change.

We collect and use feedback/insight data by:

- Using questionnaires, text messaging and comment cards;
- Listening to what our patients tell us in person;
- Reviewing online feedback such as NHS Choices, Google, Twitter, Facebook etc;
- Responding to letters and emails patients send us;
- Listening and improving in response to our feedback given to the Patient Advice and Liaison (PALS) and Complaints Services;
- Holding meetings with patient groups (focus groups);
- Seeking 'patient stories' (asking patients to give us an in-depth account of their experience to help us understand the issues better);
- Shadowing our patients to then assist us with co-designing services;
- Using insight experience data, not just to respond to when things have gone wrong, but to shape what 'outstanding' looks like and things we could do

better: our patients often suggest better ways of doing things, simple ideas to make it a better experience for them;

- Carrying out quality improvement project work supported by Gloucestershire Safety and Quality Improvement Academy (GSQIA) with the Patient Experience Improvement Team leading;
- Forming project teams coached by the Patient Experience Improvement team, to support teams in driving QI projects using experience based co-design methodologies.

## Friends and Family Test

### Summary of Friends and Family Test (FFT) performance during quarter 4 2019/20

In Quarter 4 the Trust positive score of 91% did not meet the strategic target of a 93% positive recommendation score overall. There is great variation across some of our ward areas in both response rate and satisfaction score, which triangulates with our staff insight (for example where areas have a higher vacancy rate and lower patient FFT score). The Patient Experience team are currently working with some of these teams to understand how we can improve low response rates by using different methods, and also to map out improvement projects where we know there are areas of concern. In 2020/21 the FFT question will be changing, and the Patient Experience team are working with teams to review how we can adapt how and when we ask for feedback, to see if this improves the quantity and quality of feedback received.

**Table:** Breakdown by quarter of each area against the Trust target

	Target 2019 /20	Q1 2019 /20	Q2 2019 /20	Q3 2019 /20	Q4 2019 /20
Trust positive score	93%	91%	91%	92%	91%
Inpatient FFT positive score ( <i>includes day case</i> )	93%	91%	91%	91%	84%
Emergency Department FFT positive score	93%	83%	82%	82%	79%
Outpatient FFT positive score	93%	93%	93%	93%	93%
Maternity (Birth) FFT positive score	93%	93%	95%	97%	97%

### Engaging with our patients and stakeholders

Patients, carers, communities and colleagues were involved in a number of engagement activities in 2019/2020, including:

- **Centres of Excellence** - This included a programme of staff and public engagement, and a Citizens Jury in January 2020. A full 'Fit for the Future' (FFTF) engagement report produced by Patient Engagement & Inclusion Team at Gloucestershire Clinical Commissioning Group summarises the work carried out for the Centres of Excellence programme;

- **Strategic Site Development** - To support the development of our Outline Business Case for Gloucestershire Hospitals Strategic Site Development Plan patients and their carers were asked to complete surveys in the autumn of 2019 to find out their views on Day Surgery Units and Inpatient Wards across both our sites and our ED at Gloucester Royal Hospital. The focus was on the physical environment, with a total of 189 surveys completed. Through our surveys we also generated interest in patients and carers becoming more involved in future engagement opportunities;
- **Youth Forum** - A group of young people and professionals working with young people from within and outside the Trust met in July 2019, to listen to a range of ideas and thoughts about how the Trust could engage with young people in Gloucestershire, to understand what a forum would look like for young people, and the key subject areas they would want to discuss. From this, planning began for an Open Day in March 2020; this was postponed due to COVID-19 but will be rearranged for later in 2020/21;
- **Black Asian and Minority Ethnic Workshops** - Local Black Asian and Minority Ethnic Community Groups, NHS organisations and Police attended a number of sessions at the Friendship Café, Gloucester, focusing on how we can work together better. Key themes that were raised were
  - issues with signage at the hospitals;
  - communication from organisations with communities (with a suggestion that more use should be made of local community and faith leaders);
  - a focus on recruitment of people from BAME communities.
 Work will continue in 2020/21 with BAME communities as part of our Conversations with Communities programme, in addition to engagement on focussed pieces of work such as the Centres of Excellence programme;
- **Neurology Engagement** - The Trust and the CCG have led a targeted engagement programme with people with lived experience of neurology services, support groups and staff, as part of a decision to bring forward the public consultation on proposed changes to Emergency General Surgery and Neurology. This engagement included a face to face workshop, and a survey with the support of a Trust volunteer, with 42 responses. All questions and suggestions from this engagement are currently being reviewed.

### **Patient Experience Improvement Coaching – GSQIA**

Training has been developed for both Silver and Gold QI programmes specifically focussed on patient experience improvement. The first sessions have been delivered and evaluated by colleagues, and the training is now being rolled out as part of all Silver and Gold QI cohorts. The training equips colleagues across the Trust with the confidence, skills and knowledge to understand and measure patient experience, and look at how they can involve patients and carers in their QI projects to deliver improvements in their service. In addition to training as part of the GSQIA, the Trust has launched a Patient Experience Improvement Faculty. As part of this:

- We have completed many “silver level” quality improvement projects that have a patient experience focus through our **Gloucestershire Safety Quality Improvement Academy**  
Examples of our projects:  
[S.H.E.D:- To improve the support offered to dads in the first 24 hours from delivery by 50% in six \(6\) months](#)

1/10 babies born in Gloucestershire Royal Hospitals are admitted to the Neonatal Unit. Parents partnering in care for their baby is important but the priority of the baby's need for stabilization in the first 24 hours results in dads feeling fearful their concerns are insignificant. Dads feeling lonely/lacking purpose make it difficult to cope/bond with their babies and families, leading to increased mental health issues and safeguarding concerns. This project aimed to improve Dad's involvement in the Neonatal journey to promote immediate care-giving engagement.

#### [Homelessness in the Emergency Departments \(ED\)](#)

As a Trust we see approximately 1000 homeless presentations to our ED's annually. In 2018 the Homeless Reduction Act came into force placing a legal duty for the Trust to refer all those that are homeless or at risk of homelessness to a local authority. The project was set to also improve the care given to homeless patients in ED, working closely with local services to create referral pathways for homeless patients direct from the ED. These referrals can be made 24 hours a day. Our data showed that over the three months since implementation of the checklist our compliance rate went from 0% to 84%. The checklist is now a core part of ED documentation, and a new role of Homeless Specialist nurse has been introduced to work alongside external agencies and trust housing officers.

- We are re-developing our cancer services patient experience improvement pathway to make improvements following the findings of the **National Cancer Survey**. The Trust's Lead Cancer Nurse has led focus groups and surveys with patients from a range of cancer pathways, to design an improvement programme for 2020/21;
- After the publication of our **National Children and Young People Survey**, we are planning a Patient Experience Improvement Collaborative which is being delivered in Q4 and into 2020/21 in partnership with student nurses at University of Gloucestershire, as part of their final year work. There will be 10 projects supported by the student nurses from our Cancer and CYPS services, all of which are focussed on patient experience improvement;
- As part of our **Conversations with Communities programme**, one of our Equality Objectives, we held a focus group with colleagues, members of the Trans community and Trans allies, reviewing the Trust's Transgender Care Policy, associated Action Cards and the development of an 'About Me' card. The event was well received by trans people who gave their time and experience, and staff who reported gaining valuable insight into what really matters to trans people and felt more confident in their roles as a result. There are now plans to develop a system-wide 'About Me' card led by the Patient Experience Improvement Manager (Disability Equality), and to develop a working group to continue engagement and conversations around getting it right for our trans patients.

#### **Information on complaints handling**

The Trust aims to adhere to the *Principles of Remedy* produced by the Parliamentary and Health Service Ombudsman in 2007 and the *Local Authority Social Services and National Health Service Complaints (England) Regulations 2009*, in order to produce reasonable, fair and proportionate resolutions as part of our complaints handling procedures.

We are committed to responding to issues of concern raised by a patient, relative or carer and learning from these. We provide an accessible and impartial service, with

all issues raised being handled not only with the seriousness they deserve, but also in a way that provides answers that are full, frank and honest.

Our complaints team submit an annual report for assurance to Quality and Performance Committee, and the Trust Board.

### 3.8 FINANCIAL PERFORMANCE

The Trust was set a challenging control total for 2019/20 totalling £1.5m deficit, this included the receipt of Financial Recovery Funding (FRF) £15.8m, Marginal Rate Emergency Tariff (MRET) funding of £4m and a Cost Improvement Programme (CIP) requirement of £22.3m. The Trust Board approved this plan recognising the challenges ahead, in particular around the delivery of CIP whilst improving our position on the operational performance of the organisation.

It was clear within the first half of the year that CIP delivery was under considerable pressure and those schemes that were identified showed a large proportion of non-recurrent efficiencies when compared to previous years. In addition contractual financial pressure became a very real risk in particular around 52 week waits.

Financial governance and reporting played a key role in providing assurance that although there were pressures the re-prioritisation of investments and contingencies along with the removal of contractual penalties meant the Trust achieved its control total. Due to this achievement the Trust received an incentive payment from NHSE/I of £1.5m resulting in a year end position of a small surplus.

The table below provides a high level overview of the financial position for 2019/20. This shows that although the Trust achieved a year end surplus, which is a significant milestone, the underlining position still remains very challenging.

	£'000s
Surplus / (deficit) including impairments	-18,335
Core PSF/FRF	15,801
MRET	3,997
Surplus / (deficit) including impairments with PSF/FRF/MRET funds	-1,463
Impact of incentive FRF funding	1,513
Updated surplus / (deficit) to be reported	50

In response to the COVID-19 global pandemic a number of decisions were taken by NHS England at the end of March 2020 which impacted upon all NHS providers in terms of access to and delivery of service. In addition to this, locally the Trust has taken to supporting a virtual environment wherever possible e.g. video consultations, non-clinical staff working remotely wherever possible etc. Moving into 2020/21 these revised ways of working continue.

During this time the Trust, like others, has faced challenges in relation to staffing and sickness but has been able to realign clinical staff and used temporary staff as needed. In addition the procurement team has worked with regional and national colleagues to support the provision of Personal Protective Equipment (PPE).

In order to remove uncertainty of income for the first four months of the year NHS England have put in place block funding arrangements, with adjustments for actual cost incurred. This means that for the first four months of the year the Trust will be reporting a breakeven position – discussions are on-going nationally about the

future funding regime.

### **Income disclosures required by section 43(2a) of the NHS Act 2006.**

Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) requires that the income from the provision of goods and services for the purposes of the health service in England must be greater than its income from the provision of goods and services for any other purposes. The Trust can confirm compliance with this requirement for the 2019/20 financial year.

### **Information on the impact that other income it has received has had on its provision of goods and services for the purposes of health services in England**

Other income received has had no impact on the provision of goods and services for the purposes of the health service in England.

### **Cost Improvement Programme (CIP)**

The Trust has delivered CIP to the value of £14.8m in the 2019/20 financial year which represents 2.52% of annual turnover. This reflects under-performance of £7.5m against a planned value of £22.3m. Of the £14.8m 64% has been delivered through recurrent schemes.

For comparison in 2018/19 the Trust delivered £27m (representing 5.1% of annual turnover) against a CIP target of £30.3m which is a delivery of 89% (78% recurrently), against a CIP delivery of 66% in 19/20 (64% recurrently). The shows CIP delivery is becoming more difficult and transformation change needs to be the focus for the coming years if CIP targets remain at similar levels.

## **3.9 KEY ISSUES AND RISKS**

The Trust has significantly strengthened its approach to the identification and control of risks. Risks to the Trust's strategic objectives are captured in the Board Assurance Framework and risks of an operational nature are captured through divisional and departmental risk registers.

The major risks facing the organisation are those from operational pressures driven by demand exceeding capacity, risks to patient experience and potentially outcomes associated with significant backlogs of patients awaiting routine outpatient or inpatient care, risks to do with recruitment and retention of clinical staff, and risks associated with delivery of the Trust's financial plan.

Towards the end of the year, like the rest of the NHS and wider society, the Trust faced challenges arising from the Coronavirus. In response the Trust has identified a number of opportunities from the new ways of working that could support the delivery of the strategic objectives, improve sustainability and enhance the patient experience if continued and developed in the post-pandemic period.

## **3.10 GOING CONCERN**

The Executive management team have considered and approved the attached report that presents the case that the Trust has prepared its accounts on a "going-concern" basis.

## Background

NHS Bodies are statutorily obliged to comply with the determination and directions given by the Secretary of State for Health in the preparation of their annual accounts and report. This direction is provided within the Manual for Accounts which also takes into consideration IFRS requirements.

One such requirement is that the accounts are prepared on a going-concern basis. This is defined in the public sector as follows:

*The financial statements are prepared on the assumption that the entity is a going concern and will continue its operations for the foreseeable future. General purpose financial statements are prepared on a going concern basis of accounting, unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.*

NHS England has recently provided guidance to state that all providers and commissioners will have their accounts prepared on a going concern basis (unless there are exceptional circumstances) given that the government has issued a mandate to NHS England for the continued provision of services.

In addition to this statement the Executive team have considered other areas to form a conclusion of whether the Trust is a going concern, covering the following areas:

- Historical financial performance
- Future financial plans
- Risk issues for consideration
- Other considerations

## Historical financial performance

Across the last 3 years the Trust has seen an improving financial position:

### GHNHSFT - Trust Position

	2019/20	2018/19	2017/18
	£k	£k	£k
Operating income from patient care activities	515,562	458,985	439,159
Other operating income	88,872	70,358	59,262
Operating expenses	-600,703	-556,796	-541,341
Operating surplus/(deficit) from continuing operations	<u>3,731</u>	<u>-27,452</u>	<u>-42,920</u>
Finance income	2,760	1,029	51
Finance expenses	-7,699	-6,214	-5,508
PDC dividends payable	-1,178	-1,845	-3,721
Net finance costs	<u>-6,117</u>	<u>-7,030</u>	<u>-9,178</u>
Other gains	0	0	534
Surplus / (deficit) for the year from continuing operations	<u>-2,386</u>	<u>-34,482</u>	<u>-51,564</u>
Impairments	3,319	4,774	19,971
Donated assets	-884	143	90
Other			-1,536
Performance against Control Total	<u>50</u>	<u>-29,565</u>	<u>-33,039</u>

## Future financial plans

Looking ahead to 2020/21, and the plan submitted to NHSE, the Trust are continuing to plan on delivering an improved financial position:

	<b>2020/21</b>
	<b>Plan</b>
	<b>£k</b>
Operating income from patient care activities	529,225
Other operating income	84,385
Employee expenses	-387,791
Operating expenses excluding employee expenses	-216,810
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>9,009</b>
Finance income	98
Finance expense	-5,157
PDC dividends payable/refundable	-3,388
<b>NET FINANCE COSTS</b>	<b>-8,448</b>
Other gains/(losses) including disposal of assets	0
<b>SURPLUS/(DEFICIT) FOR THE PERIOD/YEAR</b>	<b>561</b>

This position includes inflation uplifts and growth funding within it. In order to deliver this position a savings target of £15.8m, or 3% of income from patient activities, is required. However, this is dependent on the achievement of £15.8 million of cash savings during the year. Due to the challenges that Covid-19 poses impacting the ability to make those savings, the Trust has indicated a material uncertainty in relation to achieving the £15.8 million savings in 2020/21 that may cast significant doubt on the Trust's ability to continue as a going concern.

#### **Risk issues for consideration**

Issue	Response
Net asset of net current liability position	Total net assets employed at 31st March 2020 was £80.9m, an increase of £10.2m from 2018/19 which is reflective of the Trust's strengthening balance sheet
Cash position	Total cash position at 31st March 2020 was £37.4m, an increase of £30.1m from 2018/19.
Debt repayment	All PDC payments made by due dates with no suspensions or arrears
PFI payments and impact	No issues to report
ICS Financial support arrangements	No additional funding support provided by ICS partners to underpin the Trust position
Inability to pay creditors on due dates	During 2019/20, the Trust paid 87% of invoices within the target outlined in the Better Payment Practice code. During 2018/19, the comparable performance was 77%
Reduction in normal terms of trade credit by suppliers	No issues to report
Loss of key management without replacement	Key colleagues are replaced should vacancies arise. The Trust has a succession planning process in place and an Accelerated Development Pool which seeks to develop key staff. The Trust also supports staff through national programmes and have shared leadership programmes at an ICS level. Key staff are replaced should vacancies arise
Loss of key staff without replacement	
Staffing difficulties or shortages of important supplies	Recruitment remains a risk to all providers but is not at uncommon levels for the Trust – overall trust vacancy levels in March were 5.9% compared with 6.1% across acute Trusts in the South West.

Issue	Response
	Supplies are sourced without significant shortages.
Non-compliance with statutory requirements	No issues to report
Pending legal or regulatory proceedings against the trust, which if successful, would result in claims that are not capable of being satisfied	No issues to report
Changes in legislation or government policy expected to adversely affect the entity	None anticipated
Covid pandemic makes the trust non viable	NHS England have provided financial assurance for the first four months of the year with additional resources for organisations. An extension of this arrangement is likely with a further review of the financial framework for 2020/21 – whilst it is not anticipated that this will make the trust unviable the future funding arrangements are not certain at this time.

### Other considerations

The local NHS commissioner has highlighted a number of key services provided by the Trust as designated services. In the event that the Trust was not able to operate these services would be required to be continued, potentially by a successor public sector body. This is important in the context of going concern as a key test is whether operations can continue and the designation of services supports this continuation.

As mentioned previously NHSE/I have provided guidance to state all providers and commissioners will prepare their accounts on a going concern basis given that the government has mandated NHS England to support the provision of services (see appendix 1).

### Conclusions

The executive management team considered which of the three scenarios detailed below is the most appropriate:

- a) the body is clearly a going concern and it is appropriate for the accounts to be prepared on the going concern basis;
- b) the body is a going concern but there are uncertainties regarding future issues which should be disclosed in the accounts to ensure the true and fair view;
- c) the body is not a going concern and the accounts will need to be prepared on an appropriate alternative basis which would require additional disclosures and redrafting of certain elements of the notes and statements.

From the assessment undertaken it is management's view that based on the following:

- The Trust has an improving and stable financial position;
- There are no operational or other risks that would jeopardise the Trusts continuing operation;
- NHS England statement on going concern for all providers;
- That a number of key services are designated services

The Trust is aware, however, that the impact of Covid-19 in relation to achieving £15.8m savings in 2020/21 gives rise to a material uncertainty and that may cast significant doubt about the Trust's ability to continue as a going concern.

The executive management team have concluded that the Trust is a going concern.

### 3.11 BETTER PAYMENT PRACTICE CODE PERFORMANCE (BPPC)

For the financial year 2019/20 the Better Payment Practice Code (BPPC) performance was 86% by value and 87% by number as detailed below. 95% is the best practice benchmark and work to improve the Trust position against this benchmark is ongoing.

	Cumulative for Financial Year	
	Number	£'000
Total Bills paid within Period	104,920	234,604
Total Bills paid within Target	91,061	200,716
Percentage of Bills paid within target	87%	86%

The split between NHS and non-NHS payables are shown below.

	Cumulative for Financial Year NHS Payables		Cumulative for Financial Year Non NHS Payables	
	Number	£'000	Number	£'000
	Total Bills Paid Within period	2,312	46,564	102,608
Total Bill paid within Target	1,822	36,699	89,239	164,016
Percentage of Bills paid within target	79%	79%	87%	87%

The Trust has not paid any interest under the Late Payment of Commercial Debts (Interest) Act. The notional interest under the terms of the Act for 2019-20 would be £83.5k.

The Trust income from the provision of goods and services for the purposes of the health service in England was 84.7% of our total income. The Trust has therefore met the requirement that our income from the provision of goods and services for the purpose of health services in England must be greater than its income from the provision of goods and services for any other purposes.

### 3.12 IMPORTANT EVENTS SINCE THE END OF THE FINANCIAL YEAR AFFECTING THE TRUST

The only event that is having an impact on all health care organisations in the Country is the global Coronavirus pandemic. Direct costs incurred to prepare the Trust for this pandemic and to deliver high quality care to these patients prior to April 2020 have been fully funded by NHSE/I. Internal governance to capture ongoing costs are in place and further submissions to NHSE/I for financial support will continue into 2020/21.

### **3.13 DETAILS OF ANY OVERSEAS OPERATIONS**

Not applicable.

### **3.14 GLOUCESTERSHIRE MANAGED SERVICES PERFORMANCE REVIEW**

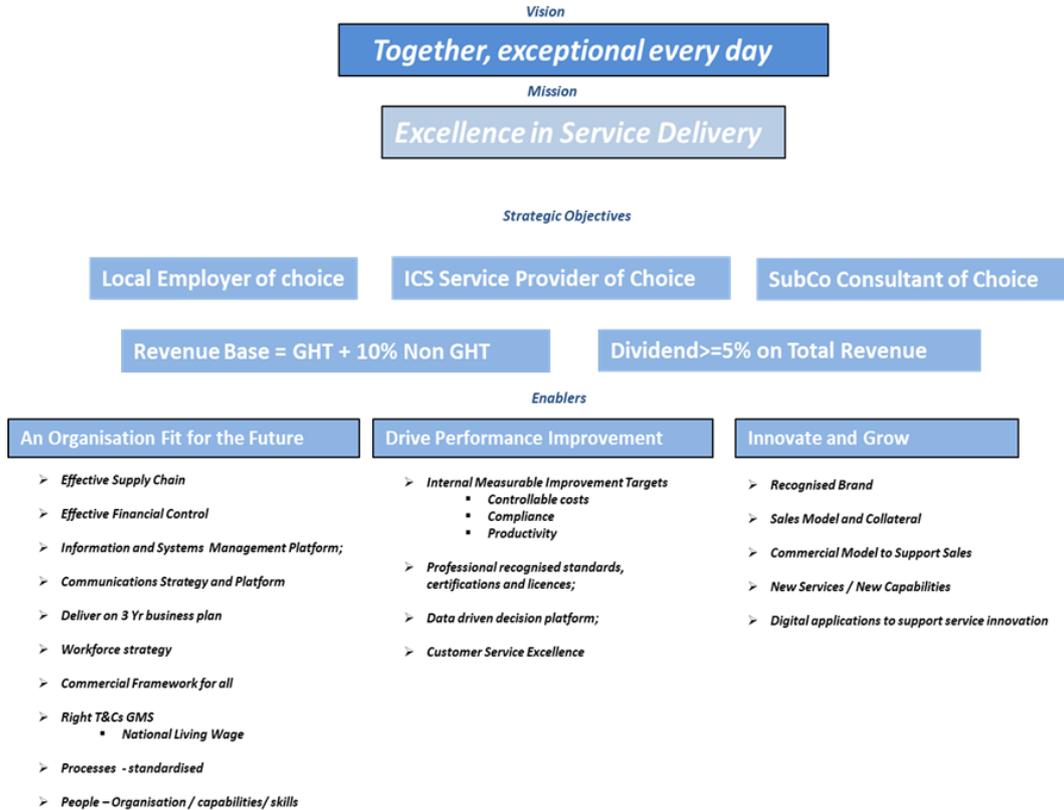
#### **Overview**

Gloucestershire Managed Services (“GMS”) is the trading name for Gloucestershire Hospitals Subsidiary Company Limited. GMS is a company limited by shares and a wholly owned subsidiary of Gloucestershire Hospitals NHS Foundation Trust (“the Trust”). The company was incorporated on 22 December 2017 and remained dormant until 1 April 2018. On that date GMS took over the running of the Facilities and Estates functions for the Trust under the auspices of an Operated Healthcare Facilities Agreement (“OHFA”). Under this arm’s length agreement GMS runs support services for the Trust and to enable this 660 staff formerly directly employed by the Trust transferred to GMS under TUPE arrangements. Subsequent to this a further 126 staff TUPE transferred from Interserve Ltd to GMS on the termination date (Sept 2018) of the cleaning subcontract for Cheltenham General Hospital.

GMS remains an integral part of the Trust providing and managing all of the buildings and associated infrastructure and providing a range of non-clinical services that contribute to the overall success of the group. Whilst a number of other NHS Trusts have contracted out large parts of their non-clinical services to private sector providers, the Trust has retained strategic control of its assets and supporting services directing improved efficiency and raised quality standards.

#### **Highlights**

GMS introduced a new Strategic Framework to take GMS through to 2022 including mission, a vision and a set of values that were launched with new GMS branding.



- The Linen contract was renewed with annual cost savings of £96k;
- GMS recruited 79 starters on GMS T&Cs and 11 promotions;
- GMS staff received ten GEM awards & two Trust annual awards nominations;
- GMS commenced a Leadership reorganisation to align service delivery and management more effectively;
- GMS invested in a sustainability initiative for packaging & delivered 360 tonnes of carbon footprint improvement;
- GMS Service improvement initiatives included improved retail profitability & domestic cleaning standards improvements in collaboration with Trust Infection Control team whilst reducing agency spend within Catering, Domestic and Management;
- Accreditation of processes & standards were achieved within Sterile Services
- Internal audits of cleaning & decontamination services reported high levels of assurance regarding process compliance.

### Achievement of Year 2 Business Plan Objectives

The initial objectives for GMS in the Year 2 Business Plan were:

#### Financial Objective:

To achieve financial sustainability by delivering year-on-year profit and dividend targets as agreed with shareholders.

**Measures:**

Profit before tax (PBT), dividend payments.

**Target:**

2019/20 - PBT £2,400k, with an implied post tax dividend £1,900k.

**Outcome:**

GMS made a profit post tax of £2,541k, the directors recommended that this was paid in full as a dividend to the Trust.

Total sales turnover in the year was £56.7m compared with £45.9m previous year.

Within that non contractual income increased from £2m to £2.5m through growth in Catering and Medical Engineering & Sterile services business.

GMS supported the Trust to deliver its capital programme for Financial Year 2019/20 delivering £15.8m of Capital expenditure and providing management services to support the wider Trust capital programme.

**Customer Objective:**

To deliver exemplary and responsive support services that are aligned to customer needs, and so be seen as a trusted partner to GHFT.

**Measures:**

Customer feedback analysis.

**Target:**

2019/20 - minimum 90% positive rating from GHFT customers. This rating methodology is to be agreed with GHFT.

**Outcome:**

The results of the survey are yet to be published but will be shared with the Trust in FY20/21

**Operational, Delivery and Performance Objective:**

To demonstrate the achievement of defined service standards, and build capacity and capability through innovation and continuous improvement.

**Measures:**

Meeting contractual services standards that demonstrate improved productivity.

**Target:**

99% compliance with agreed services standards.

**Outcome:**

GMS did not achieve the desired level of compliance due to missing monthly cleaning KPI targets on more than one occasion. GMS has undergone a rebaselining exercise with the customer and will be reviewing performance in FY20/21 closely.

**Regulatory Objective:**

To be compliant with all relevant regulatory requirements and statutory duties, and to respond fully to any identified improvement actions within agreed or prescribed timescales.

**Measures:**

Levels of verified non-compliances.

**Target:**

No verified non-compliances against all material regulatory and statutory requirements in 2019/20.

**Outcome:**

GMS achieved the target of no verified non-compliances against all material regulatory and statutory requirements in 2019/20

**Growth & Organisational Development Objective:**

To grow and expand the business with new customer acquisition (subject to Teckal constraints) and develop new service offers.

**Measures:**

New offers and income from new services and/or new customers.

**Target:**

To develop at least three new "significant" service offers to existing customers - for example Managed Ward Service, New Portering Offer, Integrated Linen Service.

**Outcome:**

GMS paused the progress of this target to focus on the Operational, Delivery & Performance objective and stabilise the KPI performance within Estates maintenance & Cleaning

**Operational Challenges**

GMS has had a number of operational challenges which include but not limited to:

- Variable KPI performances within Estates Maintenance & Cleaning;
- Challenges around cleaning outcomes with budget available;
- Increased Asset Maintenance Backlog;

- Significant increase in supplier costs within Waste Management Services;
- Staff industrial relations, developing GMS T&Cs and 65 leavers with some difficult to recruit posts remaining vacant.

### **3.15 GLOUCESTERSHIRE HOSPITALS NHS FOUNDATION TRUST CHARITABLE FUND**

#### **Charity vision and purpose**

The Gloucestershire Hospitals NHS Foundation Trust (GHNHSFT) General Charitable Fund is an independent registered charity (registered number 1051606). Cheltenham and Gloucester Hospitals Charity is the registered working name for the charity. The charity exists to raise funds and receive donations and grants for the benefit of our patients. By securing donations, legacies, grants and sponsorship, Cheltenham and Gloucester Hospitals Charity can provide additional funds that make a real difference for our patients, their families, friends and the staff who treat them.

Cheltenham and Gloucester Hospitals Charity has a shared vision with GHNHSFT, “Best care for everyone”, with the aim of raising funds to create the best possible experience for patients, their families and staff by funding extra care and equipment over and above that provided by the NHS.

#### **Charity objectives**

The Charity's objectives are such that the area of intended benefit relates to the NHS, patients and staff at large. By virtue of these objectives the public benefit is inherently considered in all activities undertaken.

Our mission:

The charity raises funds, for the public benefit, ‘for any charitable purpose or purposes relating to the National Health Service wholly or mainly for the service provided by the Gloucestershire Hospitals NHS Foundation Trust.’

#### **Governance**

GHNHSFT is the Corporate Trustee of the charity, and the charity is bound by charity law, being regulated by the Charity Commission, as well as NHS legislation. The Trustee delegates responsibility for some of the day to day running of the charity to the Charitable Funds Committee, chaired by a Non-Executive Director. In 2018/19 the Trustee established the Investment Committee to oversee the development of an investment strategy and policy, and monitor the charity's investments.

The charity consists of over 120 charitable funds, each dedicated to an individual ward or service. Whilst the charitable funds share the same financial systems as GHNHSFT, a separate bank account is maintained for the charity. Each fund is managed by nominated fund advisors who, along with the Director of Fundraising, are responsible for ensuring that expenditure is in accordance with the funds governing documents. Expenditure in excess of £1,000 but below £5,000 on single items requires the authority of the Chief Nurse and Director of Quality and the Director of Fundraising, whilst proposed expenditure in excess of £5,000 requires the approval of the Charitable Funds Committee and the Capital Control Group.

The Charitable Funds Committee is responsible for considering the Annual Accounts, fund balances and investment performance together with approving requests for expenditure above the current delegated limit of £5,000.

In terms of risk management, the charity's systems and protocols are to some degree homogenous with that of the Trust itself. Accordingly, the Trust's risk system has been utilised to track and mitigate for the charity. The Charity Risk Register is reviewed by the Charitable Funds Committee at their meetings every two months.

The Charity operates within the overall governance arrangements of GHNHSFT. From the 1 April 2013 the Charitable Funds were required to be consolidated as part of the Trust's Annual Accounts.

### **Financial Review**

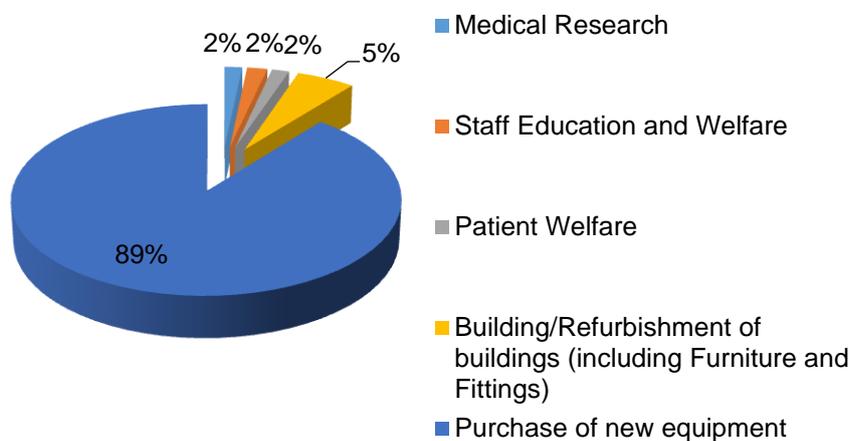
In 2019/20 the charity was in receipt of £2.1 million in donated income, including £613k of grant income. A total of £1.7 million was spent on projects including the purchasing of equipment, support for medical research and staff training. This was an increase of £1million over the previous year due to expending funds on two CT scanners and two digital mobile X-ray machines, the CT scanners being commissioned in Gloucestershire Royal Hospital in June 2019.

The charity expends funds across both the hospitals and on services provided by GHNHS FT in the wider community.

The overall fund balance is £4.3 million, down from £4.4 million in 2018/19. Funds totalling £1.2 million are still being held as restricted income for the Scanner Appeal towards a third CT scanner and the associated commissioning works for Cheltenham General Hospital, and donations towards a further digital mobile X-ray machine.

The charity's reserves as at 31 March 2020 were £318,876, with investments carrying an unrealised loss of £200,994.

## Analysis of Charitable Expenditure



The charity receives generous donations from grateful patients, their families, friends, people within the local community and staff. The hospitals are also supported by grants from a number of local and national charities, for which we are very grateful and who include LINC, Robocap and community groups such as Rotary Clubs. The League of Friends of Cheltenham Hospital provided generous support to improve the day rooms for patients with dementia, as well as a contribution to the CT scanner appeal. The Gloucestershire Eye Therapy Trust and the Charles Irving Trust together with funding from a legacy bequest are funding a major refurbishment of the East Block Outpatients waiting and clinical areas for ophthalmology and optometry. Pied Piper Appeal have continued to support a wide range of paediatric projects including equipment such as paediatric Arivo's, a paediatric simulation training manikin and electric couches for clinics.

Cobalt Health undertook a fundraising appeal to provide state of the art 3D mammography equipment in the Thirlestaine Breast Centre, and Daisychain Benevolent Fund are supporting improvements to the paediatric clinical and waiting areas in the A&E Department at Cheltenham General Hospital. Funding from Gloucestershire Arthritis Trust has supported a pilot project to provide a Rheumatology Nurse Specialist to support 80 paediatric patients with the provision of home visits and information materials. We are extremely grateful for all of the support that is received.

The charity has provided grants through its FOCUS Fund for the reconfiguration of the Pamington Suite to provide a bespoke space for patients receiving chemotherapy together with scalp cooling treatments to reduce hair loss. Amongst other projects, FOCUS continued the support of the successful Apollo poet-in-residence project within the oncology department for the eleventh year. A pilot project to provide a Pharmacy Research Post to support the set-up of local and clinical trials was jointly funded through the FOCUS Fund and from the charity's General Purpose grant fund. Other grants awarded included the purchase of a

Spectrophotometer for AMU, AED training provision for clinical staff and support for the annual Staff Awards.

### **2019/20 Fundraising Highlights**

The charity successfully completed the CT Scanner Appeal in June 2019, exceeding the target of a further £1.2 million towards the appeal. A message of "1.2million Thank Yous" went out to supporters and in the local press. The appeal has continued as the Scanner Appeal, raising funds for more digital mobile x-ray machines and a foetal scanner.

Staff continued to provide amazing support, with the Chaplaincy team undertaking a static bike ride raising £1,250 towards the scanner appeal, and many staff joined Walk for Wards in October 2019, achieving a fantastic total of £20,000.

Corporate support increased in the year, with the street velodrome event raising £10,000 and Hit Cancer 4 Six in its fourth year at the Cheltenham Cricket Festival raised £13,000 towards the breast cancer Biophotonics Research project. Community fundraising had many highlights during the year including the Farming Females Feeling Fabulous who raised over £17,000 through the sale of a calendar, a fashion show and other fundraising events.

The planned Christmas 2019 Appeal for the Chemotherapy Suite was delayed due to an election being called and Purdah was instated. The appeal launched successfully in the New Year, but was not completed due to the COVID-19 pandemic and the launch of the Charity's Rapid Response Appeal in March 2020. The introduction of 'lock down' measures in the UK from 25 March 2020 has severely impacted on economic activity in the UK, and it is not known at this time what the long term effect will be. However NHS Charities have benefitted from a huge swell of support from the nation, nationally through NHS Charities Together, and our own local appeal. The charity responded quickly to the crisis, benefitting from the first donations to appeal at the end of March. Working with front line staff, the charity was able to enhance provision from the NHS with the setting up of additional support for staff including equipping sleep pods and comfort rooms, and the provision of boost boxes containing items such as face and hand creams and other toiletries as well as healthy snacks and meals.



Signed:

**Deborah Lee**  
**Chief Executive Officer**

**23 June 2020**

## **4. DIRECTOR'S REPORT – OUR ORGANISATIONAL STRUCTURE**

### **4.1 BOARD OF DIRECTORS**

The Chair of the Board of Directors is Peter Lachecki, who was appointed Chair of Gloucestershire Hospitals NHS Foundation Trust in November 2016 and then reappointed in November 2019. The Chair is also the Chair of the Council of Governors and is appointed or removed by the Council of Governors. Thirteen meetings of the Board of Directors were held in 2019/20. The dates of the meetings of the Board are advertised on the Trust's web site and displayed publicly at the entrance to Trust Headquarters, Alexandra House, Cheltenham General Hospital, Sandford Road, Cheltenham GL53 7AN. Agendas, papers and minutes are published on the website.

The Board is required to comply with its Standing Orders, Standing Financial Instructions and the Licence as issued by NHS Improvement, the independent regulator for Foundation Trusts. The Board is required to submit an annual plan to NHS Improvement and regular reports to confirm compliance with both the Trust's Financial and Governance targets.

The Directors are responsible for preparing the annual report and accounts and they consider that, taken as a whole, are fair, balanced and understandable and provide the information necessary for patients, regulators and stakeholders to assess the Trust's performance, business model and strategy.

Details of the individuals who at any time during the financial year were directors of the Trust are set out below.

#### **Chair**

##### **Peter Lachecki**

Peter Lachecki is a former Non-Executive Director of Worcestershire Health & Care NHS Trust (2011 – 2016). He Chaired the Quality & Safety Committee, was a member of the Audit Committee and was deputy Chairman. His most senior appointment in a corporate role was as Global Category Director at Kraft Foods, where he led a complex group of internal functions including finance, sales and research and development.

Peter is a qualified executive coach and continues to run a coaching and team development business. He has been Chair at Gloucestershire Hospitals NHS Foundation Trust since November 2016.

Appointed until: 6 November 2022. Attended: 13/13 Board meetings.

#### **Non-Executive Directors**

Non-Executive directors are appointed for three-year terms of office as agreed by the Council of Governors. They may serve two three-year terms. Appointments may be terminated by the Council of Governors. All the Non-Executive Directors meet the independence criteria detailed in NHS Improvement's Code of Governance. Details of current terms of office are provided below.

### **Vice Chair: Rob Graves**

Rob Graves has had an extensive career in the finance function of 3M Company (a component of the Dow Jones Industrial Average) including director level positions in the U.S.A, Belgium and the United Kingdom.

A qualified accountant, he has significant experience of leading large finance teams, serving complex business units, spanning operational accounting and business planning functions and has been instrumental in establishing a European shared service operation.

Prior to joining the Trust, Rob had served as a non-executive director and audit chair on the boards of NHS Gloucestershire and Gloucestershire Care Services NHS Trust.

Rob is also the Senior Independent Director (SID),

Appointed until: 29 January 2021. Attended: 13/13 Board meetings.

### **Claire Feehily**

Claire Feehily has more than 30 years' experience in social care, health and housing sectors.

Formerly the Chair of Healthwatch Gloucestershire and an NHS non-executive director since 2010, Claire is also a qualified accountant. Currently Claire holds board positions with The Guinness Partnership, Alliance Homes and is the Audit Chair at The National Archive.

Claire has particular expertise in financial and risk governance, and in helping organisations to engage properly with those who use services and to learn from what they say. Claire provides Board oversight on Raising Concerns with the Freedom to Speak Up Guardian reporting to her on these issues.

Appointed until: 30 January 2023. Attended: 12/13 Board meetings.

### **Balvinder Kaur Heran (from 6 May 2019)**

Balvinder is Joint Strategic Director Information Assets and Digital Development for Buckinghamshire NHS Healthcare Trust, Clinical Commissioning Group, and County Council and Chief Information Officer (CIO) for the Buckinghamshire Integrated Care System (ICS). She is responsible for the strategic direction of technology, information and digital across all three organisations, as well as defining the strategic direction and business priorities for the development of technology across the ICS.

Balvinder specialises in transforming services shaped around individual needs through the effective use of ICT, digital solutions, information, performance improvement measures and service re-design.

Appointed until: 5 May 2022. Attended: 9/12 Board meetings.

### **Mike Napier**

Mike Napier is an experienced senior executive with a background covering a range of corporate services. He spent 31 years with Royal Dutch Shell plc, during which time he headed their global Procurement, Real Estate and Corporate Communications divisions. He has lived and worked in a number of countries across five continents. He also has more than ten years' experience as a non-executive director in the UK.

Mike is a keen sportsman; he runs, plays golf and club cricket and also follows Gloucester County Cricket Club and Gloucester Rugby Club.

Appointed until: 9 May 2021 Attended: 11/13 Board meetings.

### **Keith Norton (until 30 April 2019)**

Keith Norton is a retired Management Consultant, and spent the last part of his full-time career working on major projects in Cheltenham for eight years. He has extensive business skills, and is an experienced Non-Executive Director and Pension Trustee.

Keith lives near Tewkesbury and is a Life Patron (with his son) of the Cheltenham Music, Science, Jazz and Literature Festivals, a Volunteer at the Foodbank in Tewkesbury, and a member of Ronnie Scott's in London.

Appointed until: 30 April 2019. Attended: 1/1 Board meetings.

### **Alison Moon**

A nurse since 1980 and with an MA in Management, Alison's focus is to ensure the highest possible quality healthcare services for all. Having trained at Bristol's Frenchay Hospital, Alison has held a variety of clinical and leadership roles across the NHS. Alison is an experienced Board level director having worked in a variety of NHS organisations in the South West and she has been on the Board of Trustees at St Peter's Hospice, Bristol since 2012.

Alison is the Independent Registered Nurse on the Governing Body of Bristol, North Somerset and South Gloucestershire Clinical Commissioning Group and also provides Executive Coaching.

Alison has previously worked for Gloucestershire Hospitals NHS Foundation Trust and is delighted to be able to contribute again to developing and delivering high quality, patient-centred healthcare services for the people of Gloucestershire.

Appointed until: 3 September 2020. Attended: 11/13 Board Meetings.

### **Elaine Warwicker (from 19 August 2019)**

Elaine Warwicker has held senior and board level positions at various corporate financial services and energy companies, such as the Chelsea Building Society, Ecotricity and Bristol Energy.

She has particular expertise in marketing, sales and customer focused operations; and is passionate about the difference the right culture can make to the success of an organisation.

Elaine lives and works in Cheltenham, and currently runs a management consultancy business which specialises in helping senior leaders to have better quality conversations in the workplace; whether that's with customers, with teams or with peers around the senior table.

Appointed until: 18 August 2022. Attended: 8/8 Board Meetings

### **Associate Non-Executive Directors**

#### **Marie-Annick Gournet (from 1 April 2019)**

Marie-Annick Gournet has over 20 years' experience of working in senior leadership roles both in higher education and the voluntary sector. Her formative years in teaching started in two Bristol secondary schools in 1987. She worked at both; the University of Bristol for five years, while completing her PhD there and the University of the West England (UWE) for 25 years. There she occupied a range of senior leadership roles, including Programme Leader, Director of Widening Participation and Disability, and Director of the Learning for All Hub.

Throughout her professional career she has volunteered with a range of organisations in diverse Non-Executive Director roles including Governor at South Gloucestershire and Stroud College, Chair of the Strategic Advisory Group for Avon and Somerset Constabulary, Chair of Governor at Bristol Future Academy, Chair of the Black South West Network and Trustee at St Georges Bristol where she chairs the Education sub-committee.

In September 2017, Marie-Annick set up MAG Consulting which offer services in pedagogy, diversity and intercultural communication. She is passionate about diversity and inclusion and this sits at the heart of her professional approach. She enjoys working collaboratively and is always thriving to learn more.

Appointed until: 31 March 2021. Attended: 11/13 Board meetings.

#### **Bilal Lala (until 13 February 2020)**

Originally from India, Bilal grew up and studied in Gloucester and lives in the county with his family. He is a qualified accountant with over twenty years post qualification experience, the majority of which has been as Finance Director of numerous different national businesses, largely delivering outsourced services in to the public sector. Bilal also served as an employee nominated trustee of a large pension scheme, as well as Chair of a smaller pension scheme.

Bilal is a graduate of the Gatenby Sanderson's Insight programme, run in conjunction with a number of NHS Trusts in the South West. The programme provides insight for prospective NEDs about the role of a NED in the NHS and in so doing help promote diversity. As part of the program, Bilal spent time initially with Royal United Hospitals Bath NHS Foundation Trust and more recently with Gloucestershire Care Services NHS Trust.

Attended: 9/11 Board meetings.

## **Executive Directors**

### **Chief Executive Officer: Deborah Lee**

Deborah Lee joined the Trust as Chief Executive Officer (CEO) in June 2016 from the University Hospitals Bristol NHS Foundation Trust (UHB NHSFT) where she was the Chief Operating Officer and Deputy CEO. As CEO, Deborah is ultimately responsible for the day-to-day leadership of the organisation through her executive team and for ensuring the implementation of the Board's strategic objectives.

Deborah has been nationally recognised by the Health Service Journal as one of the Top 50 Inspirational Women in Healthcare and has made the Top 50 NHS Chief Executives list for the last two years running. She qualified originally as a registered nurse, before returning to university to read economics and subsequently gained an MBA from Bristol Business School.

Deborah started her NHS management career in 1990 and has worked in acute, primary and community sectors, holding board appointments in five different organisations.

Attended: 11/13 Board meetings.

### **Director of People and Organisational Development and Deputy CEO: Emma Wood**

Emma is an experienced executive whose specialisms include employee relations and engagement, organisational design and development, resourcing and talent development.

With a strong track record across both private and public sector, Emma previously worked at South Western Ambulance Service NHS Foundation Trust as well as Avon and Somerset Constabulary. Emma holds a BA in Psychology and Education and an MSC in Integrated Professional Practice from UWE. She is a Chartered Fellow of the Chartered Institute of Personnel and Development.

Attended: 13/13 Board meetings.

### **Director of Corporate Governance: Lukasz Bohdan (until 29 August 2019)**

Lukasz had responsibility for corporate governance across the Trust and acted as the principal advisor to the Chair, Chief Executive, Board, Council of Governors, clinical Divisions and the organisation as a whole on all aspects of governance ensuring the Trust benefits from high quality, progressive governance practices.

Prior to joining Gloucestershire Hospitals, Lukasz led Oxfordshire Health and Care Transformation Programme and the Oxfordshire Clinical Commissioning Group's (CCG) Programme Office, contributing to financial recovery of the CCG, system risk mitigations and new models of care across the health and care system.

His previous roles included leading corporate strategy, performance and change functions at Avon and Somerset Police, leading strategy development and implementation at the Audit Commission, business transformation work in local government and consultancy projects for government and private sector clients in Poland and the US.

Lukasz holds a Master of Law degree from the Jagiellonian University in Krakow, Poland, an MA from the University of Exeter, an MBA from the Open University Business School and the NHS Leadership Academy Award in Executive Healthcare Leadership

Attended: 5/5 Board meetings.

**Chief Operating Officer: Rachael De Caux**

Rachael joined the Trust in April 2019 from NHS Improvement where she was Regional Medical Director for the South of England.

Rachael has worked in the NHS for 17 years and still practices part time as an Emergency Medicine Consultant at the Royal Berkshire Hospital Reading. She has a clinical interest in trauma (having flown as an Air Ambulance Doctor for 8 years). Before joining NHS Improvement, Rachael completed the NHS Fast Track Executive Programme with the NHS Leadership Academy, Harvard Kennedy School and the Institute for Healthcare Improvement and has held roles as Transformation Director, Divisional Director Women and Children's, Medical Director and Regional Director of the Emergency Care Improvement Programme. She has experience in delivering large Theatres and Outpatient transformation programmes.

Rachael is responsible for the day to day operational delivery of the services across the Trust and ensuring that we provide high quality services in an efficient manner. She has shared responsibility for the overall strategic direction, performance and success of the Trust.

Rachael lives in South Oxfordshire with her husband and family.

Attended: 10/13 Board meetings.

**Director of Quality and Chief Nurse: Steve Hams**

Professor Steve Hams joined us as Executive Director of Quality and Chief Nurse in October 2017 and is responsible for nursing, midwifery, allied health professions and quality. He is also the Director of Infection Prevention and Control and professor at the Three Counties School of Nursing and Midwifery.

Steve has been a registered nurse for more than 20 years, having initially specialised in coronary care. Steve has held a number of senior nursing and commissioning posts in the NHS, voluntary sector and higher education and he and his family are residents of Gloucestershire.

Attended: 10/13 Board meetings.

**Digital and Chief Information Officer: Mark Hutchinson**

Mark Hutchinson began as the Chief Digital and Information Officer at the Trust in October 2018. During 22 years working in acute NHS hospitals Mark has been involved in a number of ground-breaking projects. While Chief Information Officer (CIO) at Airedale NHS Trust he set up the first Telemedicine service in the NHS in England. Salford Royal NHS Trust was recognised as the most digitally mature hospital in the NHS after Mark implemented an Electronic Patient Record in 2013.

Attended: 11/13 Board meetings.

**Director of Strategy and Transformation: Simon Lanceley**

Simon joined the Trust in January 2018, from GE Healthcare Finnermore, a health and social care consultancy, where he worked with providers and commissioners across the country to design, plan and implement strategic and operational service change to improve clinical, operational and financial performance. He had previously worked for the Trust in the role of Associate Director for Programme Management and Service Improvement and has over 12 years' experience of working in the NHS.

Simon is responsible for working with our partners, staff and patients to define the Trust's Strategy and for leading the Transformation Programme to get us there. Simon also has responsibility for Innovation, Research & Development, Business Planning and Communications.

Attended: 12/13 Board meetings.

**Medical Director: Mark Pietroni**

Professor Mark Pietroni was appointed on 1 March 2019.

Mark's career path has been varied, having spent 15 years in Bangladesh and, more recently, as Director of Public Health for South Gloucestershire; alongside this latter role Mark has worked as an Acute Physician and most recently also as Specialty Director for Unscheduled care at Gloucestershire Hospitals NHS Foundation Trust.

Mark will continue to practice as an acute physician one day a week while dedicating the rest of his week to his executive role.

Attended: 13/13 Board meetings.

**Director of Finance: Sarah Stansfield (until 31 October 2019)**

Sarah Stansfield joined the Trust as Director of Operational Finance in May 2016 from Ernst & Young LLP where she was a consultant in the healthcare management team.

She started her NHS finance career in 2004 on the NHS Graduate Financial Management Training Scheme in Northamptonshire and has worked in Acute and Mental Health Trusts for over 10 years.

She has a BA in Economics and Econometrics from the University of Sheffield and is an Associate Member of the Chartered Institute of Management Accountants.

Attended: 6/7 Board meetings.

### **Interim Director of Finance: Jonathan Shuter (1 November 2019 until 5 January 2020)**

Jonathan Shuter was Interim Director of Finance covering from November 2019 until January 2020. Jonathan's substantive role within the Trust was Director of Operational Finance.

Attended: 2/2 Board meetings.

### **Director of Finance: Karen Johnson (from 6 January 2020)**

Karen Johnson is responsible for ensuring good stewardship of the public finances. She has worked in the public sector for 23 years and prides herself on helping to make a difference to individuals and the community. She is fully committed to ensuring the Trust provides good value for money while maintaining good quality services.

Her key focus is to move the Trust to a financially sustainable position and will work closely with divisions and individuals to achieve this.

Karen joined the Trust in January 2020 from Great Western Hospitals NHS Foundation Trust, where she was Director of Finance from 2015.

Attended: 4/4 Board meetings.

## **4.2 BOARD'S BALANCE, COMPLETENESS AND APPROPRIATENESS**

Overall, the Board considers it possess the appropriate balance, completeness and appropriateness of skills. Addressing the Board's diversity and ensuring the Board members represent the communities the Trust serves is an ongoing effort.

## **4.3 PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES, AND ITS DIRECTORS**

The Board and its committees undertake their performance evaluation both on an ongoing basis, through 'Board/Committee reflections' at the end of each meeting and, periodically, through formal self-assessments and using best practice checklists.

The Chair undertakes the appraisal of the Chief Executive and Non-Executive Directors. The Senior Independent Director/Vice Chair undertakes the Chair's appraisal. The Chief Executive undertakes performance evaluation of Executive Directors.

## **4.4 REGISTER OF INTERESTS**

A summary of the Register of Interests is given below. The full Register of Interests of the Board of Directors is available for public inspection at Trust Headquarters, Alexandra House, Cheltenham General Hospital, Sandford Road, Cheltenham GL53 7AN and is published annually on the Trust website.

<b>Name</b>	<b>Title</b>	<b>Interest</b>
Lukasz Bohdan	Director of Corporate Governance	Director of Gloucestershire Hospitals Subsidiary Company (trading as Gloucestershire Managed Services)
Rachael De Caux	Chief Operating Officer	Nil returns
Claire Feehily	Non-Executive Director	Friend of Sue Ryder Trustee of the Heritage Lottery Fund / National Heritage Memorial Fund Director – Guinness Care (01/02/09 – 30/09/18) Trustee – Stroud Cotswold Citizens Advice Chair – Alliance Living Care & Independent Board Member Non-Executive Board Member of the National Archives
Rob Graves	Non-Executive Director	Nil returns
Steve Hams	Director of Quality and Chief Nurse	Director of Curhams Ltd Partner is an employee of Oxford Radcliffe Hospitals NHSFT
Balvinder Kaur Heran	Non-Executive Director	Nil returns
Mark Hutchinson	Chief Digital and Information Officer	Formerly employed by Allscripts UK Formerly purchased an EPR from Allscripts whilst working for Salford Royal NHS Trust Formerly purchased an EPR from Allscripts whilst working for University Hospital South Manchester NHS Foundation Trust
Karen Johnson	Director of Finance	Nil returns
Peter Lachecki	Trust Chair	Managing Director, Lachecki Consulting Ltd
Simon Lanceley	Director of Strategy and Transformation	Nil returns
Deborah Lee	Chief Executive	My husband is an independent healthcare practitioner, though does not work within the Gloucestershire health system
Alison Moon	Non-Executive Director	Director A J Moon & Associates Ltd Trustee St Peters Hospice, Bristol Independent Registered Nurse, Governing Body of Bristol, North Somerset and South Gloucestershire Clinical Commissioning Group
Mike Napier	Non-Executive Director	Nil returns
Keith Norton	Non-Executive Director	Trustee Director, PA Pension Trustees Creditor of PA Consulting group Chair, Roses Theatre, Tewkesbury Managing Director – the Dower House Cider Company LTD (dormant)
Mark Pietroni	Medical Director	Nil returns
Sarah Stansfield	Interim Finance Director	Director – Gloucestershire Managed Services (to 13 September 2018)
Elaine Warwicker	Non-Executive Director	Director – Canny Conversations Ltd
Emma Wood	Director of People and Organisational Development	Nil returns

**4.5 DECISIONS DELEGATED TO MANAGEMENT BY THE BOARD OF DIRECTORS**

The Scheme of Delegation is included in the Trust’s Standing Orders and the documents outlining Reservation of Powers to the Board and Delegation of Powers. This sets out the decisions which are the responsibility of the Board of Directors. These are actioned either by the Trust Board or a Committee of the Board.

**4.6 STEPS THAT THE BOARD OF DIRECTORS HAVE TAKEN TO UNDERSTAND THE VIEWS OF GOVERNORS AND MEMBERS**

The Chair of the Trust Board is also the Chair of the Council of Governors and is the conduit between the two bodies. The full Council of Governors meets at least six times a year and also holds an annual meeting. The Chief Executive and the Trust Secretary attend Council meetings and Executive Directors attend when necessary.

Non-Executive Directors attend each Council of Governors meeting where they can be held to account for the performance of the Board.

The Chair reports to Board any issues raised by the Council of Governors and the Board receives the minutes of Council of Governors meetings for information. Further, as Board members are encouraged to regularly attend Council of Governors and participate in Governor working groups, they have first-hand knowledge of the issues raised by Governors. Nominated Governors attend Board Committees as observers and feed in views of Governors as part of each meeting’s agenda.

**4.7 INFORMATION TO AUDITORS**

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

**4.8 BOARD COMMITTEES**

The Trust has a number of Board Committees involving Non-Executive Directors:

Committee	Non-Executive Director Representative
Audit and Assurance Committee	Claire Feehily (Chair) Alison Moon Mike Napier
Estates and Facilities Committee	Mike Napier (Chair) Claire Feehily Rob Graves
Finance and Digital Committee	Rob Graves (Chair) Balvinder Kaur Heran Mike Napier
People and Organisational Development Committee	Balvinder Kaur Heran (Chair) Alison Moon Rob Graves Marie Annick Gournet

Quality and Performance Committee	Alison Moon (Chair) Claire Feehily Elaine Warwicker
Remuneration Committee	Peter Lachecki (Chair) Rob Graves (Vice Chair) Claire Feehily Mike Napier Alison Moon Balvinder Kaur Heran Elaine Warwicker

#### 4.9 COUNCIL OF GOVERNORS

As an NHS Foundation Trust we have established a Council of Governors, elected by our Membership base. At the end of March 2020 the Trust had 10,639 Public members and 9619 Staff members giving a total of 20,258 Foundation Trust Members.

The Council of Governors has an agreed Code of Conduct, a programme of meetings and a programme of involvement in Trust affairs. The Council of Governors is composed of 22 Governors. They represent Trust staff, public and patient constituencies and stakeholders: Governors act in the best interests of the Trust and adhere to its values and code of conduct. Alan Thomas is the Lead Governor who works closely with the Chair and Chief Executive and the relationship is based on mutual trust, integrity and openness.

Governor's statutory duties are to:

- hold the Non-Executive Directors individually and collectively to account for the performance of the Board of Directors;
- appoint or remove the Chairman and Non-Executive Directors of the Trust;
- approve the appointment of the Chief Executive;
- appoint or remove the Trust's external auditors;
- receive the Trust's accounts and annual report at the General Meeting;
- decide the remuneration, allowances and terms and conditions of office of the Chair and Non- Executive Directors;
- represent the interests of Members of the Trust as a whole and the interests of the public;
- approve "significant transactions";
- approve an application by the Trust to enter into a merger, acquisition, separation or dissolution;
- decide whether the Trust's non-NHS work would significantly interfere with its principal purpose, which is to provide goods and services for the health service in England, or performing its other functions;
- with the Board of Directors approve amendments to the Trust's Constitution.

Governors have been involved in these activities during 2019/20 where appropriate and have been involved in many other activities during the year over which they continue to have an influence. They:

- engaged members within their constituencies and contributed to the development of the Governors' engagement plan;
- attended the Annual Meeting;

- attended Governor development sessions;
- been engaged in service reconfiguration discussions/planning.

The responsibilities of the Board of Directors in relation to Governors are:

- to present to the Council of Governors at a general meeting the Annual Accounts, any report of the auditor on them and the Annual Report;
- to have regard to the views of the Council of Governors in preparing its forward plan.

Non-Executive Directors of the Board regularly attend Council of Governor meetings and membership events to understand the views of Governors and Members. Executive Directors attend when necessary.

#### 4.10 CONSTITUENCES EXPLAINED

The **Public Constituencies** are geographical areas which share the same boundaries as Gloucestershire's six city, borough and district council areas. There is also a public constituency, Out of County, which is open to all patients who live outside Gloucestershire but who have been treated in the Trust's hospitals in the last three years.

The **Staff Constituency** is open to all those who are employed under a permanent contract of employment by the Trust, are employed for a minimum of twelve months on a short term contract, or are employed by shared or hosted services or working for external contractors in the Trust for at least 12 months.

There are also appointed **Stakeholder Governors** representing the local Clinical Commissioning Group, County Council, Age UK Gloucestershire and the Gloucestershire Healthwatch.

#### 4.11 ELECTIONS

In 2019/20 elections were held to fill governor vacancies caused by terms of office ending as well as some resignations. The Trust commissioned Electoral Reform Services (ERS) to conduct the elections on its behalf using the single transferrable vote system. The Board of Directors confirms that all elections to the Council of Governors have been held in accordance with the election rules as set out in the Trust's constitution.

Summary of Results for September 2019:

Constituency	Governor	New Governors
Cheltenham	Alan Thomas	Re-elected
Forest of Dean	Hilary Bowen	Elected
Forest of Dean	David Adams	Elected (since resigned)
Gloucester City	Graham Coughlin	Re-elected
Stroud	Pat Eagle	Re-elected
Tewkesbury	Geoff Cave	Re-elected
Tewkesbury	Kedge Martin	Elected
Nursing/Midwifery Staff	Julia Preston	Elected

There were also two Stakeholder Governors appointed during 2019/20

Stakeholder Governors		
Gloucestershire County Council	Matt Babbage	Appointed
Age UK Gloucestershire	Pat Le Rolland	Appointed

The Governors who currently serve on the Council are as follows:

CONSTITUENCY	NAME	LAST RESULT	FIRST ELECTED	TERM OF OFFICE	TERMS SERVED	ELECTION DUE
<b>PUBLIC GOVERNORS</b>						
<b>Cheltenham Borough Council Area</b>	Alan Thomas	Re-elected 2019	Jul 2013	3 years	3	2022
	Tim Callaghan	Elected 2018	May 2018	3 years	1	2021
<b>Cotswold District Council Area</b>	VACANCY					
	Anne Davies	Re-elected 2017	October 2016	3 years*	2	2020
<b>Forest of Dean District Council Area</b>	VACANCY					
	Hilary Bowen	Elected 2019	October 2019	3 years	1	2022
<b>Gloucester City Council Area</b>	Liz Berragan	Elected 2017	October 2017	3 years	1	2020
	Graham Coughlin	Re-elected 2019	October 2016	3 years	2	2022
<b>Out of County</b>	Marguerite Harris	Elected 2017	October 2017	3 years	1	2020
<b>Stroud District Council Area</b>	Jeremy Marchant	Elected 2017	October 2017	3 years	1	2020
	Pat Eagle	Re-elected 2019	October 2016	3 years	2	2022
<b>Tewkesbury Borough Council Area</b>	Geoff Cave	Re-elected 2019	October 2016	3 years	2	2022
	Kedge Martin	Elected 2019	October 2019	3 years	1	2022
<b>STAFF</b>						
<b>Allied Healthcare Professionals</b>	Charlotte Glasspool	Elected 2017	October 2017	3 years	1	2020
<b>Medical/Dental Staff</b>	Tom Llewellyn	Re-elected 2017	July 2015	3 years	2	2020
<b>Nursing/Midwifery Staff</b>	Sarah Mather	Elected 2017	October 2017	3 years	1	2020
	Julia Preston	Elected 2019	October 2019	3 years	3**	2022
<b>Other/Non-Clinical Staff</b>	Nigel Johnson	Elected 2017	June 2017	3 years	1	2020
<b>STAKEHOLDER</b>						
<b>Gloucestershire County Council</b>	Matt Babbage	Appointed September 2019	Appointed September 2019	3 years***	1	2022
<b>Gloucestershire CCG</b>	Colin Greaves	Reappointed September 2019	Appointed April 2016	3 years	2	2022
<b>Healthwatch</b>	Maggie Powell	Appointed December 2017	Appointed December 2017	3 years	1	2020
<b>Age UK Gloucestershire</b>	Pat Le Rolland	Appointed March 2020	Appointed March 2020	3 years	1	2023

\* Elected for one year term and then re-elected for three year term.

\*\* Julia Preston served a one year term from 2004, being re-elected in 2005 and resigned in September 2007.

\*\*\* or to date of next County Council election, whichever is soonest.

## 4.12 REGISTER OF INTERESTS

Under Section 30 of Schedule 7 of the National Health Service Act 2006, a Register of Governors' interests must be kept by each NHS Foundation Trust.

The full Register of Governors' interests is available for public inspection at Trust Headquarters, Alexandra House, Cheltenham General Hospital, Sandford Road, Cheltenham. GL53 7AN and is published annually on the Trust website.

The main purpose of this Register is to provide information of any pecuniary interest or other material benefit which a Governor receives, which might reasonably be thought by others to influence his/her actions, speeches or votes at Council meetings or actions taken in his/her capacity as a member of the Council of Governors.

<b>Governor</b>	<b>Interests</b>
Matt Babbage	Gloucestershire County Councillor Cheltenham Borough Councillor
Liz Berragan	Lecturer at the University of Gloucestershire
Hilary Bowen	Nil returns
Tim Callaghan	Wife is a Gloucestershire GP, Cancer Clinical Lead for Gloucestershire CCG and Chair of the Gloucestershire GP Education Trust (GGPET) - various from 2010
Geoff Cave	Nil returns
Graham Coughlin	Nil returns
Anne Davies	Nil returns
Pat Eagle	Nil returns
Charlotte Glasspool	Nil returns
Colin Greaves	Nil returns
Marguerite Harris	Nil returns
Nigel Johnson	Nil return
Tom Llewellyn	Nil returns
Jeremy Marchant	Nil returns
Kedge Martin	Nil returns
Sarah Mather	Nil returns
Maggie Powell	Representing Healthwatch Gloucestershire
Pat Le Rolland	Represent and deal with healthcare scientists (which are commissioned service) which could arise as a potential conflict.
Julia Preston	Bank nurse at Nuffield Hospital.
Alan Thomas	Wife is a member of the Trust. Various PPV appointments with; GHC (Mental Health Act Manager); GCCG; PHWE and BRC Bristol; National Medicines Safety Programme Board; and NICE (Technical and Highly Specialised Technologies Appeal Panel). None are salaried but some pay involvement fees
Sandra Attwood	Nil returns
David Adams	Nil returns
Andrew Gravells	Nil returns

Governor	Interests
Jenny Hincks	CTC -Councillor-none pecuniary 2007- 2019 CDC - councillor- none pecuniary 2011-2019 DART - Trustee -1997-current Watermoor school Board member - 2016-current Sarah Bowley Almshouses - 2016 - current Carers Glos Chair Alliance and CoAG 2015- 2019 Healthwatch member 2017-current WRVS (RVS) 1971-current GHNHSFT Governor Current Scope member 1995- current Temperance Trust - 2016-current
Alison Jones	Nil returns
Ann Lewis	Nil returns
Julius Marstrand	Nil returns
Valerie Wood	Nil returns

#### 4.13 GOVERNOR ATTENDANCE AT COUNCIL MEETINGS

Governor attendance at Council meetings is recorded and reported to demonstrate to constituents that their elected and appointed governors are attending to discharge their duties and to fulfil a statutory requirement.

		17 April 2019	19 June 2019	21 August 2019	16 October 2019	17 December 2019	Total
Tim Callaghan	Cheltenham Borough Council Area	✓	x	x	✓	x	2/5
Alan Thomas	Cheltenham Borough Council Area	✓	✓	✓	✓	✓	5/5
Jenny Hincks	Cotswold District Council Area	x	✓	-	-	-	1/2
Anne Davies	Cotswold District Council Area	x	✓	✓	✓	✓	4/5
Alison Jones	Forest of Dean District Council Area	✓	✓	-	-	-	2/2
Valerie Wood	Forest of Dean District Council Area	✓	x	x	-	-	1/3
Liz Berragan	Gloucester City Council Area	✓	x	✓	✓	✓	4/5
Graham Coughlin	Gloucester City Council Area	✓	✓	✓	✓	x	4/5
Jeremy Marchant	Stroud District Council Area	✓	✓	✓	✓	✓	5/5
Pat Eagle	Stroud District Council Area	x	✓	✓	✓	✓	4/5
Geoff Cave	Tewkesbury Borough Council Area	✓	✓	✓	✓	✓	4/5
Ann Lewis	Tewkesbury Borough Council Area	x	x	✓	-	-	1/3
Marguerite Harris	Out of County	x	✓	✓	✓	✓	4/5
Tom Llewellyn	Staff (Medical/Dental)	x	✓	✓	✓	✓	4/5
Sarah Mather	Staff (Nursing/Midwifery)	✓	✓	✓	x	✓	4/5

		17 April 2019	19 June 2019	21 August 2019	16 October 2019	17 December 2019	Total
Sandra Attwood	Staff (Nursing/Midwifery)	✓	✓	✓	-	-	3/3
Charlotte Glasspool	Staff (Allied Healthcare Professionals)	✓	✓	✓	✓	✓	5/5
Nigel Johnson	Staff (Non-clinical/Other Staff)	x	✓	✓	✓	x	3/5
Andrew Gravells	Appointed (Gloucestershire County Council)	✓	x	-	-	-	1/2
Colin Greaves	Appointed (Gloucestershire Clinical Commissioning Group)	✓	✓	✓	✓	✓	5/5
Maggie Powell	Appointed (Healthwatch)	✓	✓	✓	✓	x	4/5
Kedge Martin	Tewkesbury Borough Council Area	-	-	-	✓	x	1/2
David Adams	Forest of Dean District Council Area	-	-	-	✓	x	1/2
Hilary Bowen	Forest of Dean District Council Area	-	-	-	✓	✓	2/2
Matt Babbage	Appointed (Gloucestershire County Council)	-	-	-	✓	✓	2/2
Julia Preston	Staff (Nursing/Midwifery)	-	-	-	✓	✓	2/2
Jacky Martel	Appointed (Carers Gloucestershire)	✓	✓	✓	-	-	3/3

✓= present x = apology - = not in office

#### 4.14 GOVERNANCE AND NOMINATIONS COMMITTEE

The Council of Governors has a Governance and Nominations Committee. This is chaired by the Chair of the Trust/Council of Governors and its membership and attendance is shown in the table below. The Committee conducts the general business on behalf of the full Council, such as the development and revision of processes and protocols for Chair and Non-Executive Director recruitment and their appraisals, the review of governor expenses and the work plan for the Council of Governors. Additionally, the Council of Governors has delegated to the Governance and Nominations Committee work to undertake some of its statutory roles in particular the process for the re-appointment of Non-Executive Directors.

Six meetings were held during the year and members' attendance is recorded below:

<b>Governor Attendance at Governance &amp; Nomination Committee meeting</b>						
	10 April 2019	8 July 2019	4 September 2019	14 October 2019	13 January 2020	31 March 2020
Peter Lachecki Chair	✓	✓	X	✓	✓	✓
Rob Graves Senior Independent Director	X	✓	X	✓	✓	✓
Alan Thomas Lead Governor	✓	✓	✓	✓	X	✓
Nigel Johnson Governor	✓	✓	✓	✓	-	-
Tom Llewellyn Governor	✓	✓	✓	X	✓	✓
Geoff Cave Governor	✓	✓	✓	✓	X	X
Marguerite Harris Governor	-	-	-	-	✓	✓

✓ = present x = apology - = not in office

#### 4.15 GOVERNORS ATTENDANCE AT BOARD COMMITTEES

Nominated Governors attend Trust Board Committees as Observers as follows:

<b>MEETING</b>	<b>GOVERNOR REPRESENTATIVE</b>
Trust Board	Alan Thomas <i>(all governors welcome)</i>
Audit & Assurance Committee	Marguerite Harris Tim Callaghan <i>(alternating)</i>
Finance & Digital Committee	Alan Thomas <i>(Deputy: Marguerite Harris)</i>
Estates & Facilities Committee	Geoff Cave Graham Coughlin <i>(alternating)</i>
Quality & Performance Committee	Jeremy Marchant Pat Eagle Charlotte Glasspool
People & Organisational Development Committee	Staff: Nigel Johnson and Julia Preston Public: Hilary Bowen and Kedge Martin

## 4.16 OTHER MANDATORY DISCLOSURES

### Anti-Bribery

Gloucestershire Hospitals NHS Foundation Trust (GHNHSFT) is committed to applying the highest standards of ethical conduct and integrity in its business activities. Every employee and individual acting on behalf of GHNHSFT is responsible for maintaining the organisation's reputation and for conducting GHNHSFT's business lawfully and professionally.

The Trust defines bribery as a financial advantage or other reward that is offered to, given to, or received by an individual or company (whether directly or indirectly) to induce or influence that individual or company to perform public or corporate functions or duties improperly. Bribery does not have to involve cash or an actual payment exchanging hands and can take many forms such as a gift, lavish treatment during a business trip or tickets to an event. Employees and others acting for or on behalf of the organisation are strictly prohibited from making, soliciting or receiving any bribes or unauthorised payments. Employees and other individuals acting for the organisation should note that bribery is a criminal offence that may result in up to ten years' imprisonment and/or an unlimited fine for the individual and an unlimited fine for the organisation.

Bribery and corruption has a detrimental impact on the GHNHSFT business by undermining good governance and organisational integrity. We benefit from carrying out our functions in a transparent and ethical way and thereby helping to ensure that there is honest, open and fair competition in the NHS. Where there is a level playing field, GHNHSFT can lead by example and deliver excellent services to our patients.

The Board and senior management team are committed to implementing and enforcing effective systems throughout GHNHSFT to prevent, monitor and eliminate bribery, in accordance with the Bribery Act 2010.

The Trust has developed, and regularly reviews, key policies outlining our position on preventing and prohibiting fraud and bribery, promoting the highest standards of business conduct and managing conflicts of interest. These policies include the Counter Fraud, Bribery and Corruption policy, Standards of Business Conduct and the Speaking Out Policy. These policies, which are available on the Trust intranet, apply to all employees as well as temporary and agency workers, management consultants and contractors acting for or on behalf of the GHNHSFT. All employees and other individuals acting for the Trust are required to familiarise themselves with the policies and comply with any amendments with immediate effect.

As part of its anti-bribery measures, the organisation is committed to transparent, proportionate, reasonable and bona fide hospitality and promotional expenditure. Such expenditure must only be offered or accepted in accordance with the procedures set out in the organisation's policies. A breach of the organisation's Standards of Business Conduct policy by an employee will be treated as grounds for disciplinary action, which may result in a finding of gross misconduct, and immediate dismissal.

The Trust will not conduct business with service providers, agents or representatives that do not support the organisation's anti-bribery objectives. We reserve the right to terminate its contractual arrangements with any third parties

acting for, or on behalf of, the organisation with immediate effect where there is evidence that they have committed acts of bribery.

The success of the organisation's anti-bribery measures depends on all employees, and those acting for the organisation, playing their part in helping to detect and eradicate bribery. Therefore, all employees and others acting for, or on behalf of, the organisation are encouraged to report any suspected bribery. Employees are encouraged to use internal reporting procedures as set out in the Speaking Out Policy and the Counter Fraud, Bribery and Corruption policy. GHNHSFT will support any individuals who make such a report, provided that it is made in good faith.

However, employees can also report their concerns externally as an alternative to internal reporting procedures if they wish to remain anonymous to the Local Counter Fraud Service by email ([ghn-tr.fraudaccountmailbox@nhs.net](mailto:ghn-tr.fraudaccountmailbox@nhs.net)), phone (0300 422 2726/2753 or 01452 318 842/826) or website; <http://www.gloshospitals.nhs.uk/en/Wards-and-Departments/Other-Departments/Counter-Fraud-Service/Contact-Us>.

Alternatively the NHS Fraud and Corruption Reporting Line (0800 028 40 60) provides an easily accessible route for the reporting of genuine suspicions of fraud / bribery within or affecting the NHS. All calls are dealt with by experienced caller handlers. There is also an online form at [www.reportnhsfraud.nhs.uk](http://www.reportnhsfraud.nhs.uk).

#### **Compliance with cost allocation and charging guidance issued by HM Treasury**

The Directors confirm that the Trust has complied with the cost allocation and charging guidance issued by HM Treasury.

#### **Details of political donations (if any)**

Not applicable.

#### **Disclosures relating to NHS Improvement's well-led framework**

***Material inconsistencies between the Annual Governance Statement (AGS) , the corporate governance statement, the quality report, and annual report and reports arising from Care Quality Commission planned and responsive reviews of the NHS foundation trust and any consequent action plans developed by the NHS foundation trust.***

There are no material inconsistencies between the Annual Governance Statement and the Annual Report and reports arising from Care Quality Commission planned and responsive reviews of the NHS foundation trust and any consequent action plans developed by the NHS foundation trust.

***How the foundation trust has had regard to NHS Improvement's well-led framework in arriving at its overall evaluation of the organisation's performance, internal control and board assurance framework and a summary of action plans to improve the governance of quality.***

Gloucestershire Hospitals NHS Foundation Trust has had regard to NHS Improvement's well-led framework in arriving at its overall evaluation of the

organisation's performance, internal control and board assurance framework. Detailed discussion of the Trust's performance is included in the Performance report and Annual Governance Statement.

During 2018/19 the Trust underwent the CQC Well-Led inspection, which led to an overall 'Good' rating. There was no inspection in 2019/20.



Signed:

**Deborah Lee**  
**Chief Executive Officer**

**23 June 2020**

## 5. MEMBERSHIP REPORT

This section describes the current state of the Trust membership including the number of members per constituency, the movement of members, and their representation in relation to each constituency population. It also outlines the steps for future recruitment.

### Patient and Public Constituency Numbers

Cheltenham	2,166
Cotswolds	1,233
Forest of Dean	1,118
Gloucester	2,214
Stroud	1,532
Tewkesbury	1,588
Out of County	788

**TOTAL 10,636**

### Staff constituency

AHP/scientific/technical staff	1,025
Medical/Dental	1,079
Nursing/Midwifery	2,675
Other	4,840

**TOTAL 9,619**

**Table: Membership size and movement**

<b>Public constituency</b>	<b>2017/2018</b>	<b>2018/2019</b>	<b>2019/2020</b>
At year start (1 April)	10,434	10,120	11,060
New members	75	126	154
Members leaving	389	14	578
At year end (31 March)	10,120	10,233	10,636
<b>Staff constituency</b>	<b>2017 - 2018</b>	<b>2018 - 2019</b>	<b>2019/2020</b>
At year start (1 April)	8,849	8,967	9,070
New members	1,650	1,803	2,259
Members leaving	1,619	1,646	1,710
At year end (31 March)	8,880	9,124	9,619
<i>Staff data supplied from ESR by GHNHSFT Workforce Information Department</i>			

**Table: Analysis of current membership**

<b>Analysis of current membership</b>		
<b>Public constituency</b>	<b>Number of members</b>	<b>Eligible membership</b>
Age (years):		
0-16	1	122,439
17-21	37	33,856
22+	3,580	480,995
Ethnicity:		
White	8502	569,647
Mixed	49	8,661
Asian or Asian British	406	12,433
Black or Black British	94	5,150
Other	0	1,093
Socio-economic groupings:		
AB	3,256	66,694
C1	3,052	88,992
C2	2,117	60,769
DE	2,015	61,815
<b>Gender analysis</b>		
Male	4,301	312,633
Female	6,248	324,655

The analysis section of this report excludes:

- 7018 public members with no dates of birth, 1587 members with no stated ethnicity and 89 members with no gender

## **Membership Commentary**

### **Movement of Members**

The public constituencies have seen a decrease of 424 members. The Trust has not actively recruited new members during 2019-2020. Members have been recruited through our volunteering scheme, staff leavers being invited to join the public constituency and through the Trust webpages.

### **Representation of Membership**

#### **Public Constituency**

Any resident over the age of 16 in the Gloucestershire County can become a member of the Public Constituency.

#### **Age**

The 22+ age group remains over represented with the 0-16 and 17-21 age groups under represented.

## **Gender**

Gender analysis identifies that our membership is balanced against the eligible population, with a good representation in the Male Gender category and an even better representation in the female category.

## **Ethnicity**

There is reasonably balanced ethnic representation in membership.

## **Staff constituency**

Staff members are part of an 'opt out' scheme and so the membership will for the most part be reflective of our workforce. Staff members rarely opt-out of membership.

## **Membership Eligibility**

The Trust has two types of membership constituencies: public constituencies and staff constituencies.

Members of the Public Constituency are individuals who:

- Live in the area of the Trust;
- Are not eligible to become members of the Staff Constituency;
- Are not disqualified from Membership;
- Are at least 16 years of age at the time of their application to become a Member.

The Public Constituency is divided in the following classes:

- Cheltenham Borough Council Area;
- Tewkesbury Borough Council Area;
- Stroud District Council Area;
- Cotswolds District Council Area;
- Gloucester City Council Area;
- Forest of Dean District Council Area;
- Out of County;

Out of County membership applies to those who live in areas outside of Gloucestershire where the Trust provides services, including:

- Bristol;
- Herefordshire;
- Oxfordshire;
- Somerset;
- South Gloucestershire;
- Swindon;
- Warwickshire;
- Wiltshire;
- Worcestershire;
- Aneurin Bevan University Health Board area;
- Powys Teaching Health Board area.

Members of the Staff Constituency are individuals who are:

- employed under a contract of employment with the Trust which has no fixed term or a fixed term of at least 12 months; or
- have been continuously employed under a contract of employment with the Trust for at least 12 months; or
- not so employed but who nevertheless exercise functions for the purposes of the Trust and who have exercised the functions for the purposes of the Trust continuously for at least 12 months. For the avoidance of doubt, this does not include those who assist or provide services to the Trust on a voluntary basis.
- who have not been disqualified from Membership

The Staff Constituency is divided into the following classes:

- Medical and Dental Staff class;
- Nursing and Midwifery Staff class;
- Allied Health Professionals Staff class;
- Other/ Non-Clinical Staff class;

### **Membership Strategy**

A membership strategy was developed during 2017 and agreed by Governors at their Strategy and Engagement meeting on 15 June 2017. The agreed objectives for 2017-2020 were:

- Objective 1 – To build and maintain our membership numbers by actively recruiting and retaining members
- Objective 2 – To effectively engage and communicate with members

A membership database is in place and has allowed us to increase the number of members receiving email communication and this continues to remain an area of focus, in terms of effective engagement and aligned to our sustainability ambitions.

Members continue to receive the membership newsletter, Involve, and provide positive feedback on its content and presentation. Work continues to ensure that members can also learn about the work of the Trust's charity. During 2019/20, members have also had the opportunity to:

- Review patient information through the regular patient experience report shared with the Council of Governors;
- Deliver patient stories to Board;
- Become a Governor;
- Attend the Annual Members Meeting;
- Become Patient Assessors for Patient Led Assessments of the Care Environment (PLACE);
- Get involved in engagement activities for the Fit for the Future programme.

A refreshed Membership Strategy will be developed throughout 2020 for 2021 with membership priorities for the Trust as directed by the Governors.

## 5.1 CONTACTING TRUST GOVERNORS AND DIRECTORS

Members who wish to contact Governors or Directors may do so by writing to the Trust Secretary, at Trust Headquarters, Alexandra House, Cheltenham General Hospital, Sandford Road, Cheltenham GL53 7AN

A handwritten signature in blue ink, appearing to read 'Deborah Lee' followed by a stylized initial or mark.

Signed:

**Deborah Lee**  
**Chief Executive Officer**

**23 June 2020**

## 6. REMUNERATION REPORT

### 6.1 ANNUAL STATEMENT ON REMUNERATION

The Remuneration Committee of the Trust is established in accordance with Schedule 7 of NHS Act 2006, applicable sections of the Companies Act 2006 (420-422), Regulation 11 and parts 3 and 5 of schedule 8 of the Large and medium sized companies and groups (accounts and reports). Regulations 2008 (SI 2008/410), parts 2 and 4 of schedule 8 of the Regulations as adopted by NHSI and the NHS Foundation Trusts Code of Governance.

The Committee determines the remuneration, allowances and other terms of office of the Executive Directors. The Trust's Remuneration Committee comprises the Trust Chair and all Non-Executive Directors. The Committee is attended by the Chief Executive and others at the request of the Chair in an advisory capacity where appropriate.

Four meetings were held during the financial year and attendance is recorded below:

Members Present	13 June 2019	14 November 2019	13 February 2020	12 March 2020
Peter Lachecki	✓	✓	✓	✓
Claire Feehily	✓	✓	✓	✓
Rob Graves	✓	✓	✓	✓
Alison Moon	✓	✓	✓	✓
Mike Napier	✓	✓	✓	✓
Balvinder Heran	x	x	✓	✓
Elaine Warwicker	-	✓	✓	✓
<b>In Attendance</b>				
Deborah Lee	✓ <sup>1</sup>	✓ <sup>3</sup>		✓ <sup>5</sup>
Lukasz Bohdan	✓ <sup>2</sup>	-	-	-
Sim Foreman <sup>4</sup>	-	✓	✓	✓
Key = ✓ Present; x Apologies; - Not in post				

1. The CEO was in attendance to present a report on Executive Remuneration and plans for the Corporate Governance Portfolio.
2. The Director of Corporate Governance was in attendance to present a report on Recruitment of Interim and Substantive Managing Director Of Gloucestershire Managed Services
3. The CEO was in attendance to present reports on Confirmation Of Appointment And Remuneration of the Medical Director, Executive Director Remuneration and Trust Arrangements Related to Pension Allowances and Salary
4. The Trust Secretary attends at the request of the Chair, in their capacity as the Officer to the Committee to minute the proceedings.
5. The CEO was in attendance to present a report on Pensions Lifetime Allowance, Very Senior Manager (VSM) Pay Guidance and New Executive Director Terms and Conditions.

The Committee considers and acts with delegated authority from the Board on all matters concerning Executive Director remuneration and terms of service. It considers internal and external comparisons on Executive Director remuneration using available market intelligence, a review of regional trends, NHS provider data and the NHSI VSM benchmarks.

In 2019/20 the remuneration committee agreed to implement the NHSI recommended VSM uplift across the Executive Team where the eligibility criteria had been met.

In addition the Remuneration committee increased the CEO's remuneration to ensure it was aligned to the national benchmarks, having been below the lower quartile benchmark for Very Large Acute Trusts. Due process was followed in terms of seeking NHSI and ministerial opinion.

Non-Executive remuneration and terms and conditions of service are reviewed and decided periodically by the Governance and Nominations Committee and ratified by the Council of Governors. The G&N Committee agreed and oversaw recruitment and appointment of Balvinder Heran and Elaine Warwicker as Non-Executive Directors during the year following an open advertising campaign.

All Directors of the Trust are subject to individual performance review. This involves the setting and agreeing of objectives for a 12 month period running from 1 April to 31 March for Executives and on the anniversary of appointment for Non-Executives. In terms of measuring performance:

- Executive Director performance is reviewed by the Chief Executive throughout the year at regular one to ones and annually in an appraisal; this is informed by 360 feedback from Board members and direct reports;
- The Chairman undertakes the performance review of the Chief Executive and Non-Executive Directors; these are also informed by 360 feedback from Board members and in the case of the Chief Executive also includes external stakeholders. The appraisal of Non-Executive Directors is overseen by the G&N Committee;
- The Chair is appraised by the Senior Independent Director who seeks views widely from members of the Board, governors and other stakeholders.

Following the establishment of the Estates and Facilities Subsidiary Company, Gloucestershire Managed Services (GMS), the Remuneration Committee also oversees the terms and conditions of the Subsidiary's Directors as a reserved matter linked to the Company's articles of association. Remuneration for Directors of GMS is established given due regard to internal benchmarks and the market place as applied to private estates and facilities companies in the region.



Signed:

**Peter Lachecki**  
**Chair**

**23 June 2020**

**6.2 SENIOR MANAGERS’ REMUNERATION POLICY**

Executive Directors are employed on permanent contracts. Their remuneration is set with consideration of the NHSI benchmarks for very large acute trusts, and final salary influenced by other market factors to ensure the Trust attracts and retains the very best talent. Additional allowances relating to car and relocation are offered to those who qualify and are paid in line with HMRC guidance.

Executives are contracted to six months’ notice and termination/loss of office period and benefit from standard NHS terms and conditions relating to sickness benefits, pension, redundancy, maternity, paternity and others. Loss of office could be unremunerated if there was a finding of gross misconduct. Further details of these standard offers can be found on the Department of Health website. Following these terms ensures consistency with other employee benefits and terms of conditions and parity against all groups of employees. The Trust does not consult employees on senior manager remuneration as the standard terms and conditions are offered and national benchmarks for remuneration met and not exceeded.

**Remuneration Components**

The table below describes the elements of remuneration that support attraction and retention of Senior Management talent into our Trust, supporting the delivery of our short and long term strategic objectives.

In line with NHSI requirements, all Executive Directors are subject to a potential claw back of 10% annual salary for Executives who fail to meet adequate standards of performance; no Executive in 2019/20 had monies clawed back.

Where Executives have met or exceeded the £150,000 threshold, opinion has been sought and obtained in accordance with the Treasury rules.

<b>Remuneration Component</b>	<b>Description</b>	<b>Maximum amount available</b>
Annual Salary	Determined through NHSI Benchmarks for very large Acute Trusts Consideration given to market forces and breadth of role.	In line with NHSI requirements, all Executive Directors are subject to a potential claw back of 10% annual salary, for Executives who fail to meet adequate standards of performance
Relocation Allowance	Relocation expenses offered where appropriate, subject to local policy and HMRC rules	Payment in line with HMRC guidance.
Car Lease Allowance or Salary Uplift	Optional car lease or salary uplift (Executive Directors)	Up to 3% salary uplift, or car lease allowance
Other Agenda for Change Terms	Standard NHS terms and conditions relating to sickness benefits, pension, redundancy, maternity, paternity and others	Maximum available in accordance with Agenda for Change

The start and end dates for Executive Directors are:

<b>Name</b>	<b>Appointed</b>	<b>Resigned</b>
Lukasz Bohdan	13 November 2017	29 August 2019
Rachael DeCaux	1 April 2019	In post
Steve Hams	25 September 2017	In post
Mark Hutchinson	1 October 2018	In post
Karen Johnson	6 January 2020	In post
Simon Lanceley	8 January 2018	In post
Deborah Lee	13 June 2016	In post
Mark Pietroni (secondment)	1 March 2019	In post
Jonathan Shuter	1 November 2019	5 January 2020
Sarah Stansfield (acting up)	18 April 2018	31 October 2019
Emma Wood	1 November 2017	In post

The start and end dates for Non-Executive Directors are:

<b>Name</b>	<b>Term start</b>	<b>Term end</b>
Claire Feehily (1 <sup>st</sup> Term)	1 February 2017	31 January 2020
Claire Feehily (2 <sup>nd</sup> Term)	1 February 2020	31 January 2023
Rob Graves (1 <sup>st</sup> Term)	1 February 2017	30 January 2020
Rob Graves (2 <sup>nd</sup> Term)	31 January 2020	30 January 2021
Balvinder Kaur Heran	6 May 2019	5 May 2022
Peter Lachecki (1 <sup>st</sup> Term)	7 November 2016	6 November 2019
Peter Lachecki (2 <sup>nd</sup> Term)	7 November 2019	6 November 2022
Alison Moon	4 September 2017	3 September 2020
Mike Napier	10 May 2018	9 May 2021
Elaine Warwicker	19 August 2019	18 August 2022

The start and end dates for Associate Non-Executive Directors are:

<b>Name</b>	<b>Term start</b>	<b>Term end</b>
Bilal Lala	4 February 2019	13 February 2020
Marie-Annick Gournet	1 April 2019	31 March 2021

The start dates for Gloucestershire Managed Services (GMS) Non-Executive Directors are:

<b>Role</b>	<b>Post Holder</b>	<b>Appointed*</b>	<b>Resigned*</b>
<b>Chair</b>	Kathy Headdon	10 April 2018	N/A
<b>Independent Non-Executive Director</b>	Kaye Law-Fox	8 November 2018	N/A
<b>Trust-appointed Non-Executive Director</b>	Lukasz Bohdan	22 December 2017	11 July 2019
<b>Trust-appointed Non-Executive Director</b>	Jonathan Shuter	13 September 2018	10 January 2020
<b>Trust-appointed Non-Executive Director</b>	Alison Koetlgen	11 July 2019	N/A
<b>Managing Director</b>	Neil Jackson	8 March 2018	15 July 2019
<b>Managing Director</b>	Keith Hamer	15 July 2019	N/A
<b>Finance and Commercial Director</b>	Simon Wadley	18 March 2019	N/A
<b>Trust-appointed Non-Executive Director</b>	Steve Perkins	23 March 2020	N/A

'Appointed' and 'Resigned' dates reflect Companies House records.

### **Governor Expenses**

In 2019/20: 26 governors have been in office and eligible to claim travel and parking expenses. Ten governors claimed expenses totalling £3,110.96.

This compares to a total number of seven governors claiming expenses in 2018/19 at a total value of £1,802.00. This follows a clarification of guidance as approved by governors.

### **Non-Executive Director Expenses**

In 2019/20: Eight non-executive directors have been in office and eligible to claim travel and parking expenses.

The total number of non-executive directors claiming expenses was seven and total amount of expenses claimed was £9,504.64

This compares to a total number of five non-executive directors claiming expenses in 2018/19 totalling £1408.15. This follows a clarification of guidance as approved by governors.



**Gloucestershire Hospitals**  
NHS Foundation Trust

<b>Salary and Pension entitlements of executive and non-executive directors</b>							
<b>Name and title</b>	<b>Salary</b>	<b>Expense payments (taxable) to nearest £100</b>	<b>Performance pay and bonuses</b>	<b>Long term performance pay and bonuses</b>	<b>All pension related benefits</b>	<b>Total Remuneration</b>	
<b>Year ended 31 March 2020</b>	<b>(Bands of £5,000)</b>	<b>(£)</b>	<b>(Bands of £5,000)</b>	<b>(Bands of £5,000)</b>	<b>(Bands of £2,500)</b>	<b>(Bands of £5,000)</b>	
Peter Lachecki Chair	50-55	0	N/A	N/A	0	50-55	
Elaine Warwicker Non Executive Director (with effect from 19 August 2019)	5-10	0	N/A	N/A	0	5-10	
Keith Norton Non Executive Director (with effect until 30 April 2019)	0-5	0	N/A	N/A	0	0-5	
Claire Feehily Non Executive Director	15-20	0	N/A	N/A	0	15-20	
Robert Graves Non Executive Director	15-20	0	N/A	N/A	0	15-20	
Alison Moon Non Executive Director	10-15	0	N/A	N/A	0	10-15	
Mike Napier Non Executive Director	10-15	0	N/A	N/A	0	10-15	
Balvinder Heran Non Executive Director (with effect from 6 May 2019)	10-15	0	N/A	N/A	0	10-15	
Deborah Lee Chief Executive	225-230	0	N/A	N/A	135-137.5	360-365	
Rachel De Caux Chief Operating Officer (appointed 1 April 2019)	150-155	0	N/A	N/A	230-232.5	380-385	
Simon Lanceley Director of Strategy and Transformation	135-140	0	N/A	N/A	30-32.5	165-170	
Steve Hams Director of Quality and Chief Nurse	145-150	0	N/A	N/A	80-82.5	230-235	
Emma Wood Director of Human Resources	145-150	0	N/A	N/A	37.5-40	185-190	
Sarah Stansfield Director of Finance (left 31 October 2019)	90-95	0	N/A	N/A	25-27.5	115-120	
Karen Johnson Director of Finance (appointed 6 January 2020)	35-40	0	N/A	N/A	45-47.5	80-85	
Lukasz Bohdan Director of Corporate Governance (Left 29 August 2019)	40-45	0	N/A	N/A	27.5-30	65-70	
Mark Pietroni Director of Safety and Medical Director	130-135	0	N/A	N/A	45-47.5	175-180	
Jonathan Shuter Acting Director of Finance (1 November 2019 to 11 January 2020)	25-30	0	N/A	N/A	0-2.5	25-30	
Mark Hutchinson Digital & Chief Information Officer	125-130	0	N/A	N/A	47.5-50	170-175	

Salary and Pension entitlements of executive and non-executive directors						
Name and title	Salary	Expense payments (taxable) to nearest £100	Performance pay and bonuses	Long term performance pay and bonuses	All pension related benefits	Total Remuneration
Year ended 31 March 2019	(Bands of £5,000)	(£)	(Bands of £5,000)	(Bands of £5,000)	(Bands of £2,500)	(Bands of £5,000)
Peter Lachecki Chair	50-55	0	N/A	N/A	0	50-55
Tony Foster Non Executive Director	0-5	0	N/A	N/A	0	0-5
Keith Norton Non Executive Director	10-15	0	N/A	N/A	0	10-15
Tracey Barber Non Executive Director	5-10	0	N/A	N/A	0	5-10
Claire Feehily Non Executive Director	10-15	0	N/A	N/A	0	10-15
Robert Graves Non Executive Director	15-20	0	N/A	N/A	0	15-20
Alison Moon Non Executive Director	10-15	0	N/A	N/A	0	10-15
Mike Napier Non Executive Director	10-15	0	N/A	N/A	0	10-15
Deborah Lee Chief Executive	225-230	0	N/A	N/A	137.5-140	360-365
Caroline Landon Chief Operating Officer	140-145	0	N/A	N/A	47.5-50	190-195
Sean Elyan <sup>1</sup> Medical Director (1 November 2005 - 1 March 2019)	175-180	0	N/A	N/A	0-2.5	175-180
Simon Lanceley Director of Strategy and Transformation	135-140	0	N/A	N/A	135-137.5	270-275
Steve Hams Nursing Director	135-140	0	N/A	N/A	87.5-90	225-230
Emma Wood Director of Human Resources	145-150	0	N/A	N/A	42.5-45	185-190
Sarah Stansfield Director of Finance (acting 18 April - 11 June 2018, substantive 11 June 2018)	145-150	0	N/A	N/A	80-82.5	230-235
Lukasz Bohdan Director of Corporate Governance	95-100	0	N/A	N/A	30-32.5	130-135
Mark Pietroni Medical Director (secondment 1 March 2019)	5-10	0	N/A	N/A	42.5-45	50-55
Steve Webster Director of Finance ( 19 June 2017 - 12 April 2018)	5-10	0	N/A	N/A	0-2.5	5-10
Mark Hutchinson Digital & Chief Information Officer (from 1 October 2018)	55-60	0	N/A	N/A	12.5-15	70-75

**Note:**

<sup>1</sup> Sean Elyan received salary of £87,854 for clinical duties that is included in salary and fees

Director Pensions 2019/20								
Pension benefits of Senior Managers		Real increase/(decrease) in pension at pension age	Real increase/(decrease) in pension lump sum at pension age	Total accrued pension at pension age at 31 March 2020	Lump sum at pension age related to accrued pension at 31 March 2020	Cash Equivalent Transfer Value as at 1 April 2019	Real increase/(decrease) in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value as at 31 March 2020
		(Bands of £2,500)	(Bands of £2,500)	(Bands of £5,000)	(Bands of £5,000)	£'000	£'000	£'000
Deborah Lee	Chief Executive	5 to 7.5	15 to 17.5	50 to 55	150 to 155	1,042	155	1,222
Mark Pietroni	Medical Director (secondment 1 March 2019)	2.5 to 5	0 to 2.5	15 to 20	5 to 10	199	47	250
Rachel De Caux	Chief Operating Officer (from 1 April 2019)	10 to 12.5	25 to 27.5	30 to 35	65 to 70	295	179	481
Karen Johnson	Director of Finance (6 January 2020)	0 to 2.5	0 to 2.5	20 to 25	0 to 5	246	8	287
Mark Hutchinson	Digital & Chief Information Officer (from 1 October 2018)	2.5 to 5	2.5 to 5	40 to 45	100 to 105	609	55	678
Simon Lanceley	Director of Strategy and Transformation	2.5 to 5	0 to 2.5	15 to 20	0 to 5	159	31	194
Steve Hams	Director of Quality and Chief Nurse	2.5 to 5	5 to 7.5	35 to 40	95 to 100	553	80	646
Emma Wood	Director of Human Resources	2.5 to 5	0 to 2.5	10 to 15	0 to 5	130	38	172
Sarah Stansfield	Director of Finance (left 31 October 2019)	0 to 2.5	0 to 2.5	20 to 25	0 to 5	181	12	206
Jonathan Shuter	Acting Director of Finance 1 November 2019 to 5 January 2020 *	N/A	N/A	30 to 35	80 to 85	N/A	N/A	646
Lukasz Bohdan	Director of Corporate Governance (left 29 August 2019)	0 to 2.5	0 to 2.5	5 to 10	0 to 5	82	9	105

\* Note: Jonathan Shuter - Prior year comparative figures not available.

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual.

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

No adjustments have been made to the pension and lump sum data in relation to the McCloud judgement, an ongoing legal case in relation to age discrimination benefits. The impacts will be assessed once the legal proceedings are completed.

Following the Government's announcement in 2019 on GMP indexation for public sector schemes, with effect from August 2019 the NHS Pensions updated their methodology for calculating their CETVs. As a result the method in force at 31 March 2019 differs to that in force at 31 March 2020 and will impact the real increase in the CETV as it will include an increase due to the change in GMP indexation methodology.

Director Pensions 2018/19								
Pension benefits of Senior Managers		Real increase/(decrease) in pension at pension age	Real increase/(decrease) in pension lump sum at pension age	Total accrued pension at pension age at 31 March 2019	Lump sum at age pension age related to accrued pension at 31 March 2019	Cash Equivalent Transfer Value as at 1 April 2018	Real increase/(decrease) in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value as at 31 March 2019
		(Bands of £2,500)	(Bands of £2,500)	(Bands of £5,000)	(Bands of £5,000)	£'000	£'000	£'000
Deborah Lee	Chief Executive	7.5 to 10	15 to 17.5	45 to 50	130 to 135	806	236	1,042
Mark Pietroni	Medical Director (secondment 1 March 2019)	0 to 2.5	0 to 2.5	10 to 15	5 to 10	142	5	199
Caroline Landon	Chief Operating Officer	2.5 to 5	0 to 2.5	15 to 20	0 to 5	137	65	202
Sean Elyan <sup>1</sup>	Medical Director (1 November 2005 - 1 March 2019)	0 to 2.5	0 to 2.5	0 to 5	0 to 5	1,560	0	0
Mark Hutchinson	Digital & Chief Information Officer (from 1 October 2018)	0 to 2.5	0 to 2.5	35 to 40	95 to 100	512	48	609
Simon Lanceley	Director of Strategy and Transformation	7.5 to 10	0 to 2.5	10 to 15	0 to 5	58	101	159
Steve Hams	Nursing Director	5 to 7.5	7.5 to 10	30 to 35	85 to 90	418	135	553
Emma Wood	Director of Human Resources	2.5 to 5	0 to 2.5	10 to 15	0 to 5	78	52	130
Sarah Stansfield	Director of Finance (acting 18 April - 11 June 2018, substantive 11 June 2018)	5 to 7.5	0 to 2.5	15 to 20	0 to 5	109	68	181
Steve Webster	Director of Finance ( 19 June 2017 - 12 April 2018)	0 to 2.5	0 to 2.5	0 to 5	0 to 5	1,398	0	0
Lukasz Bohdan	Director of Corporate Governance	0 to 2.5	0 to 2.5	5 to 10	0 to 5	48	35	82

No pension contributions were made in 2018/19 in respect of Steve Webster

<sup>1</sup> Sean Elyan opted out of contributions from 01-01-2018

### 6.3 PAY MULTIPLE AND YEAR-ON-YEAR VARIANCE

All NHS Foundation Trusts are required to disclose the relationship between the remuneration of the highest paid director in its organisation and the median remuneration of the Trust's workforce.

The banded remuneration of the highest paid director in Gloucestershire Hospitals NHS Foundation Trust in the financial year 2019/20 was £225k to £230k (2018/19 £225k to £230k). This was 7.6 times (2018/19 8.2) the median workforce, which was £30,112 (2018/19 £28,050)

In 2019/20, no employees received remuneration in excess of the highest-paid director (2018/19 zero employees).

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.

For future years the remuneration committee will continue to follow national pay guidance where appropriate.

The salary and pension entitlements of executive and non-executive directors table, the directors' pension table and the pay multiple calculations are subject to audit.

When we compare the banded remuneration of the highest paid Director in Gloucestershire Hospitals for the financial year 2019/20 against 2018/19, there was no increase.

It should be noted that during 2019/20 the Trust appointed a number of new members of the Trust Board:

- Director of Finance
- Medical Director
- Chief Operating Officer
- New Trust Non-Executive Directors: Balvinder Kaur Heran and Elaine Warwicker
- New Gloucestershire Managed Services Non-Executive Director: Steve Perkins (replacing Jonathan Shuter)

As noted in the Annual statement on remuneration, during 2019/20 the Remuneration Committee agreed remuneration of the appointee Executive Directors, using the NHS Improvement's benchmarking data.



Signed:

**Deborah Lee**  
**Chief Executive Officer**

**23 June 2020**

## 7. STAFF REPORT

### 7.1 OVERVIEW – STAFF DATA

With circa 9,600 employees (headcount) inclusive of our bank staff, the Trust is the largest employer in the county. The majority of its colleagues live in the local community and so they and their families are also users of Trust services. On both a national and local basis, workforce supply and in particular, clinical workforce supply has become one of the most challenging issues that NHS organisations are currently facing. The attraction, recruitment, retention and engagement of our workforce remain a significant current and future priority for the Trust.

#### Staff analysis

1 Apr 2019 to 31 Mar 2020

#### Average number of employees (includes Hosted GP Trainees and GMS staff) (WTE basis)

Group	Permanent Number	Other Number	2019/20	2018/19
			Total Number	Total Number
Medical and dental	1,389	19	1,408	1,363
Ambulance staff	-	-	-	-
Administration and estates	1,750	29	1,779	1,685
Healthcare assistants and other clinical support staff	1,303	-	1,303	1,188
Nursing, midwifery and health visiting staff	2,023	88	2,111	2,079
Scientific, therapeutic and technical staff	867	17	884	875
Healthcare science staff	246	-	246	248
Social care staff	-	-	-	-
Other	10	3	13	9
<b>Total average numbers</b>	<b>7,588</b>	<b>156</b>	<b>7,744</b>	<b>7,447</b>

#### Gender Split of Workforce

The table below shows the breakdown of staff in terms of gender (excludes bank & locum staff);

Head	Men	Women	Total	Men%	Women%
Chair & Directors ( <i>inc. GMS</i> )	9	11	20	45%	55%
Band 8a+ staff	88	240	328	27%	73%
All Employees	1,900	7,098	8,998	21%	79%

The number of women exceeds the number of men across all staff groups, albeit the ratio of women to men reduces with seniority. The overall percentage split is identical to last year. There is a very slight decrease in the ratio of men employed at Band 8a+ (2018-19 was 28%). The Board and Chair/Non Executive numbers have increased with the formation of GMS and the balance has changed to a majority of women (40% in 2018-19).

## Sickness Absence

The Trust's sickness rate for the period 2019 to 2020 was 3.84% as compared to 2018 to 2019 (3.81%). This compares to its Model Hospital recommended Peer group rate of 4.01%. However, when March 20 COVID-19 absence is factored in, the annual rate rises to 4.15%. There are no Model Hospital comparator figures at point of publication of this report.

	Without COVID	With COVID
Sickness Absence Long Term	1.96%	1.97%
Sickness Absence Short Term	1.88%	2.18%
Annual Sickness Absence	3.84%	4.15%

## 7.2 STAFF POLICIES AND ACTIONS APPLIED DURING THE FINANCIAL YEAR

### 7.2.1 RECRUITMENT POLICY FOR DISABLED PERSONS/ APPLICANTS

#### Recruitment and Selection Policy

As stated within the Recruitment and Selection Policy; the Trust positively supports and encourages applications from disabled candidates. As a member of the 'two ticks' scheme, the Trust is committed to interview all disabled applicants who meet the minimum criteria for the role. Shortlisting managers are proactively notified of candidates who meet the requirement to be interviewed under the guaranteed interview scheme and will signpost managers for further support where reasonable adjustments / special arrangements are required.

As part of the standard interview assessment, all candidates are asked whether they are able to meet the physical demands of the job as outlined in the job description, including the Manual Handling tasks of the post.

Between April 2019 and March 2020, the Trust including Gloucestershire Managed Services (GMS) received 24,861 applications for employment (an increase of 8,314 from 18 / 19). 4.6% (1,149) of these candidates declared a disability during the application process (an increase of 1% from 3.6% representing 599 candidates in 2018/19). However, 42.8% of the candidates who declared a disability met the basic criteria for the position (decrease from 51% in 2018/19) and were shortlisted for interview. From the 492 disabled candidates shortlisted for interview, 66 were appointed into roles within Gloucestershire Hospitals NHS Foundation Trust. This represents an increase when compared to 2018/19 data. It should be noted that the number of candidates opting not to disclose their disability status continues to rise year on year, this has increased from 266 in 2017/18, 386 2018 /19 and 581 in the past year.

## Gloucestershire Hospitals NHS Foundation Trust

		Applications	%	Shortlisted	%	Recruited	%
<b>Disability</b>	<b>Yes</b>	1,072	4.5%	464	5.8%	63	3.3%
	<b>No</b>	22,029	93.2%	7,332	92.4%	1,828	95.1%
	<b>Undisclosed</b>	543	2.3%	139	1.8%	32	1.7%

## Gloucestershire Managed Services (GMS)

		Applications	%	Shortlisted	%	Recruited	%
<b>Disability</b>	<b>Yes</b>	77	6.3%	28	5.6%	3	2.3%
	<b>No</b>	1,102	90.6%	470	93.3%	127	96.9%
	<b>Undisclosed</b>	38	3.1%	6	1.2%	1	0.8%

## Recruitment Training

Gloucestershire Hospitals NHS Foundation Trust offers training for recruiting managers through a number of mechanisms. All recruiting managers received unconscious bias training throughout 2018/2019 as an important part of delivering our Equality Action Plan. In addition to this training colleagues were offered recruitment workshops, these supported the development of anyone involved in the recruitment process to be knowledgeable, skilled and confident interviewers ensuring the most suitable candidates were selected for employment. Unconscious Bias training has now been embedded into these recruitment workshops and existing recruiters are expected to attend refresher recruitment workshops every three years. Safer recruitment training is also offered through e-learning packages and the Trust is developing a recruitment toolkit, in addition to ongoing advice and support to recruiting managers provided through dedicated recruitment advisor support and recruitment intranet pages.

### 7.2.2 REASONABLE ADJUSTMENTS FOR PEOPLE WHO HAVE BECOME DISABLED DURING THE YEAR

All colleagues are encouraged to declare their protected characteristics. New staff employed with a disability are assessed by occupational health to establish the reasonable adjustments they may require. These are facilitated by the division or the 2020Hub. The Trust is supported by numerous bodies such as Access to Work to assist with adjustments.

All staff members are encouraged to join/engage with our Diversity Network, and the committee consists of colleagues who volunteer for a particular role that interests them. The Trust executive lead for the protected characteristic of Disability - mental health and learning is Medical Director, Mark Pietroni. The lead for Disability – physical is Emma Wood, Director of People & OD / Deputy CEO alongside the Non-Executive Director, Alison Moon. In October 2019, the Trust celebrated World Mental Health Day by re-committing to the Time to Change pledge and advocating the #AskTwice campaign between colleagues.

Gloucestershire Hospitals NHS Foundation Trust recognises the importance for our employees of being able to access swift support for a variety of individual health

and wellbeing needs. In May 2019, the 2020 Staff Advice and Support Hub opened for staff to access support relating to physical, mental and financial health. From 14 May to 31 December, the Hub took 452 enquiries, 42% of which related to mental health, 30% to workplace issues, and 22% to physical health. The Hub also manages and ensures reasonable adjustments are made at a local level and 4% of calls have related to the provision of these. The Hub has a digital presence and publishes a monthly newsletter to all colleagues and regularly sees 13,454 hits to its webpage since opening (up to January 2020).

More recent data shows the value of the 2020Hub service during the coronavirus outbreak. Between 4 March and 26 April, the Hub received 2,293 points of contact, 35.5% of these were by email and the remaining 64.5% were phone calls. To meet this increased demand, the Hub extended its opening times by 61 additional hours over seven days each week.

The most frequent queries in this time frame related to staff testing (15%), symptoms (18%), medical conditions/ pregnancy/ household concerns/ self-isolation (16%), absence reporting (9%), accommodation (8%), and anxiety (4%).

The Diversity network has over 100 members, consisting of colleagues from across our Trust and Gloucestershire Managed Services (GMS). The Network also launched three sub-groups, each with their own leads, including LGBTQ+, BAME, and Disability groups. Members of these groups include 'allies' who champion equal rights within the Trust. As part of the Network's Terms of Reference - to influence policy making and ensure that the equality perspective is proactively considered - Network members assisted the drafting of our Transgender Care policy and Menopause at Work guidance in 2019/20.

In June 2019, the Trust launched the NHS Rainbow badge campaign which has been hugely successful with well over 1,500 colleagues pledging support and wearing their badge as part of their uniform to help champion a culture of equality. The anniversary will be marked with a virtual celebration and the Trust will launch the trans-NHS badge

In September 2019, the Director of People and OD/ Deputy CEO, Emma Wood, supported NHS Employers' national 'inclusive recruitment' campaign by sharing her story of working with an invisible disability and her experiences of the Trust making reasonable adjustments to support her. More recently, Emma shared with the Trust her experiences of shielding and working from home to protect her physical health during the COVID-19 pandemic.

### **7.2.3 TRAINING, CAREER DEVELOPMENT AND PROMOTION OF DISABLED EMPLOYEES**

A variety of mechanisms have been put in place to help colleagues requiring additional support in learning and development. Where the Trust is made aware of specific needs, adjustments are made to the learning environment and the learning methodology, including additional resources or room changes.

All training videos now have a transcript and 90% have subtitles (work in progress but slightly delayed due to the new work created by COVID-19).

The Education teams have designed an eLearning “wrapper” for accessibility so that it works with screen readers, has flexible contrast settings and variable font sizes all aiding accessibility.

The Post Graduate Medical Education team regularly offer additional support for Medical teaching events/courses and examinations that are open to all to attend from all over the country, and indeed worldwide for examinations; for these events the following requests/needs have been successfully accommodated:

- Mobility;
- Reduced hearing;
- Injuries requiring additional physical support;
- Dyslexia;
- Nasogastric (NG) feeding.

The Trust Apprenticeship and Careers team work closely with managers to provide any additional support for apprentices and other members of staff with disability onto programmes and into the workplace. The Education Team’s Lecturer Practitioners have supported and signposted nursing staff with dyslexia and provide flexible support to any delegate who requires additional help, regardless of whether or not they formally identify as disabled.

#### **7.2.4 ACTION TAKEN TO UPDATE EMPLOYEES ON MATTERS OF CONCERN TO THEM**

##### **Our new strategic objectives**

2019 saw the Trust embed its Journey to Outstanding programme further and utilise it to engage colleagues in refreshing our strategic objectives. In 2018 the #J2O initiative saw divisions, departments, wards and teams define what outstanding looked like for them as staff members and for their patients and customers. The outputs of this were reviewed and themes collated. Further engagement with each Division, Managers and Colleagues took place to encourage staff to define and agree the future trajectory of the Trust for the Board to consider in setting new objectives. This was achieved by utilising forums already planned with leaders and other colleagues, running workshops, providing material for divisions to engage their teams in, engaging new consultant groups, holding face to face sessions and designing online surveys. This culminated in the 100 leaders’ forum reviewing a shortlist of objectives and voting for the ones they felt would achieve our vision. Over 2,000 ‘votes’ were cast and from this the Board were able to agree ten objectives and redefine the Trust’s purpose in the knowledge that colleagues would recognise their input into defining these. The Trust also developed a video to describe the objectives which was viewed 1,700 times and is a standard part of our on boarding.

To support the new objectives, enabling strategies were developed. The first to be launched was the People and OD ‘Caring for those who care’ strategy. It was clear from colleagues, patients and partners that they wanted the Trust to be ambitious and live by our values and encourage them to participate in decisions which mattered to them.

The strategy focuses on delivering upon two specific outcomes defined in the overall Trust Strategy:

- To have a compassionate, skillful and sustainable workforce, organised around the patient, that describes us as an outstanding employer who attracts, develops and retains the very best people
- To place Quality improvement at the heart of what we do; our staff feel empowered and equipped to do the very best for our patients and one another

The strategy describes four pillars which act as enablers to the delivery of the outcomes described above:

**Workforce sustainability** – to continue to develop our skilled, compassionate and caring workforce to meet the needs of our patients, colleagues and partners whilst being mindful of future needs and service demands. To attract, recruit, develop and retain the best people.

**Equality, Diversity, Inclusion and Human Rights** – colleagues will recognise we act with fairness, respect, equality, dignity and encourage autonomy. Colleagues will recognise that this is central to our values and behaviours.

**Colleague experience** – colleagues will recognise the Trust as outstanding, they feel empowered and are confident that the Trust is driven by its values and ambition to excel in patient care.

**Transformation** – colleagues are organised around the patient, equipped and inspired to deliver the best care for everyone.

### **Defining our values and behaviours**

As part of the engagement on the Trust objectives, colleagues were asked to consider the relevance and appropriateness of the Trust Values and behaviours. This recognised the growing scientific evidence that excellence in healthcare is dependent on team members being able to safely express their views/speak up to reduce errors and stress. This engagement resulted in the confirmation of our core three values, but more importantly began a conversation and dialogue about compassionate leadership and culture and the relevancy of the national work Civility Saves Lives. Colleagues began to define the behaviours they wanted to experience in the workplace and those they wanted the Trust to eliminate. Over 1,700 colleagues were engaged through the Diversity Network, arranged leadership and professional forums, multi-disciplined working groups, face to face meetings, emails and on line surveys.

### **Contributing to our future operating model and footprint**

#### **Centres of Excellence (Fit for the Future)**

The focus of the engagement activities under the Centres of Excellence programme was to describe how hospital services could be modelled to meet our vision.

The Trust involved staff to:

- get clinical input into the development of a clinical model;
- test the vision with wider staff groups and system partners;
- raise awareness of the programme;
- seek feedback on the programme as it progresses.

In total 1,624 staff from across Gloucestershire Hospitals NHS Foundation Trust and the wider Integrated Care System (ICS) contributed their ideas to the solutions which led to the Fit For the Future strategy. Staff contributed through semi structured interviews, workshops, engagement road shows and structured meetings with independent chairs who established criteria and assessed options with clinicians.

### **Contributing to our future Estate – Strategic Site Development**

As part of the Trust's programme to invest £39.5m into the two acute sites, the development of the Outline Business Case (OBC) had full engagement from staff, patients and wider stakeholders.

Four levels of engagement were planned:

- Clinical;
- Non-Clinical;
- Patient & Public Involvement;
- Leadership.

The principles of engagement established were:

- It happens early and continues throughout the process;
- Is inclusive;
- Is informed;
- Is fit for purpose;
- Is transparent;
- Is influential – it makes a difference;
- Is reciprocal – includes feedback;
- Is proportionate to the issue.

The Trust surveyed patients, stakeholders and colleagues to gain views on the physical sites and how the Trust could invest the capital funding provided to meet the objectives set. Plans, models and detail of possible build options have been used to engage staff to make the build 'feel real' and enable the Trust Leadership Team and Board to agree the particulars of the Outline Business Case and ultimately the Final Business Case.

### **Defining our commitment to sustainability**

In September 2019, an invitation was extended to all staff to join a half day interactive 'Big Conversation' on sustainability. The aim was to explore how the organisation could rise to the challenges and opportunities presented by climate change and the sustainability agenda. As a result of this engagement, a few months later in December 2019, and marked by a public tree planting ceremony, the Trust formally declared a climate emergency, recognising climate change as one of the biggest threats to public health. Further activities including a network of enthusiasts and champions are planned for 2020.

### **Engaging on digital solutions**

A brand new electronic patient record (EPR), developed and designed with Trust nursing and clinical teams, launched successfully in adult inpatient wards in December 2019. Called Sunrise EPR, it allows nursing staff to complete admission

documents, risk assessments and log essential patient observations in one system, using mobile computers at the bedside.

The hospital has already realised huge benefits from Sunrise EPR, ranging from the clinical management of patients, to the reporting of essential data. Clinicians are able to instantly monitor and track (even remotely) the most unwell patients; acute care response teams can effectively manage caseloads and there is a real-time picture of what's happening across both hospitals. As well as releasing more time to care for patients, it is estimated that Sunrise EPR has saved £80,000 on printing costs and 80 trees to date.

Designing and implementing the new Electronic Patient Record solution involved engagement with staff to ensure the system was meaningful to users. This was achieved by:

- involving 300 clinicians in developing and testing the system;
- the EPR team attended over 100 departmental meetings ahead of rollout;
- recruiting 120 Digital Super Users across all adult inpatient wards – ward based and clinical staff with an interest in digital;
- running 23 digital super user sessions between October and March – with sessions ranging from systems training, to coaching skills;
- ensuring 2,000 clinical staff were released to complete classroom or online training;
- providing more than 100 floorwalkers across all wards on the three go live dates supported by executive presence and launch communications and gifts for colleagues.

### **Other forms and methods of communication**

During 2019, the Trust increased its presence across social media channels such as Facebook, LinkedIn and Twitter; recognising these as popular platforms from which to communicate with our workforce.

In terms of updating staff on programmes of work and operational matters the Trust has used a variety of methods to communicate. This has included podcasts with supporting infographics to communicate updates to staff on more complex matters such as the Trusts' financial health and digital enhancements. The Trust have also launched 'Count me in' a programme of training for budget holders to increase understanding of finance performance and governance.

Whilst the Trust has embraced these new methods of communication, it recognises that in order to update an entire workforce, a variety of communication tools are necessary. To this end, the Trust publishes weekly CEO and Executive blogs and vlogs, holds monthly 'Involve' sessions which are videoed and uploaded onto the intranet, publishes 'Outline' newsletters and facilitates face-to-face staff briefings and workshops. All to enable the Board and Senior Leadership Team to connect with colleagues on issues that matter to them.

The Board regularly meets with its 100 leaders and the Extended Leaders Network and have commenced new professional groups such as the Senior Nursing and Midwifery Council and Colleague and Patient Experience and Improvement Group. Senior leaders at a Divisional level also prepare engagement plans, drop in clinics and safety visits to keep staff connected with their priorities and the strategic objectives.

Operational changes such as moves between wards are now guided by a process of change which sets out best practice for communicating change to affected staff even where the change is not regarded to need formal consultation.

Notable examples of engagement include:

- Engaging with colleagues on the staff survey results and equality objectives at a multidisciplinary, cross divisional forum to identify key objectives and actions forming the Trust's Staff Survey Action plan for 2020-2021;
- Supporting the first BAME conference and celebrating Deaf Awareness week, LGBT History month and Pride whilst using these forums to seek feedback on equality priorities and initiatives;
- Engaging with nursing colleagues on the implementation of the Nursing Accreditation and Assessment Standards and Pathways to Excellence;
- Engaging on winter planning and reconfiguration of wards and specialisms;
- Engaging on the supporting and enabling strategies which support the Trust objectives;
- Engaging on digital programmes of work like Sunrise EPR and E-obs.

#### **7.2.5 ACTIONS TAKEN TO CONSULT WITH STAFF, OR REPRESENTATIVES, TAKING VIEWS INTO ACCOUNT ON MATTERS LIKELY TO AFFECT THEIR INTERESTS**

There are a number of ways in which the Trust's Leadership Team seeks to listen to the voice of its workforce, whilst consulting with teams and individuals in a meaningful way. At a local level, this is demonstrated through encouraging an open and transparent culture, sharing news and ideas with teams and listening to employee views. The Board, Executive and Trust Leadership Team is visible, utilising opportunities through planned and unplanned 'back to the floor' events to seek feedback and listen to staff views on current issues. The large programmes of work of engagement provided a great opportunity to connect with employees, listen to their experiences and opinions on what matters to them.

Formally, our Executive Team proactively engages with a well embedded committee of elected staff side representatives in the Joint Strategic Staff Council and a Local Negotiating Committee representing Medical staff. Whilst the independent committee structures and constitution agreements provide a formal mechanism for consultation, these forums are commonly utilised to share less formal updates on day to day business and to discuss issues that really matter to staff. Issues can range from updates on the Trust's financial position and local consultation exercises; to everyday concerns such as car parking and estate issues. In addition to staff side colleagues, the Trust has a number of elected Staff Governors who are committed to representing the voice of their constituents and whom regularly provide feedback via the Council of Governors, Board and its sub-committees.

The Director of People and OD/Deputy CEO, and Director of Operational People and OD regularly meet staff side representatives on a one-to-one basis and their regional counterparts. The People and OD team such as the Human Resource Business Partners liaise with staff side on programmes of work, initiatives and employee issues. The newly established People and OD governance structure encourages members of staff side to be represented at each working group.

The Director of People and OD sits on a regional and county ICS Staff Partnership Forum.

The Staff Survey results are a focus of discussions with all staff side groups. These results provide the Trust with a regular opportunity to consider feedback on a number of key issues, whilst our Colleague and Patient Experience and Improvement Group seeks to triangulate this data with a wide range of other metrics and feedback, such as Freedom to Speak Up data, Employee Relations cases, Staff absence and staff turnover, patient experience information to identify areas of concern.

#### **7.2.6 ACTIONS TAKEN TO ENCOURAGE THE INVOLVEMENT OF EMPLOYEES IN OUR PERFORMANCE**

Through the range of aforementioned communication methods, the Trust Leadership Team seeks to involve employees by providing regular updates regarding the Trust's performance. Regular presentations to the staff side joint committee and the Local Negotiating Committee by both the Chief Executive and Executives, provide an opportunity to share key messages and capture staff feedback.

Staff are encouraged to put forward ideas for performance and service improvements through a number of our governance forums, the Service Delivery Group and mail boxes such as #CIP ideas. The Trust's Freedom to Speak Up Guardians also play an instrumental role in raising concerns which improve performance and quality issues.

In addition the Trust is renowned for its improvement culture and approach to quality improvement with extensive staff involvement in leading projects which improve patient care, experience and ultimately Trust performance.

As noted in the CQC 2019 report: *“Across the trust there was a fully embedded and systematic approach to improvement called the Gloucestershire Safety and Quality Improvement Academy (GSQIA). This framework empowered front line staff with the tools to support a change and implement a quality improvement project. Staff said that this had created a recognisable brand, and some described it as a “social movement”. Throughout all the focus groups there was a narrative on quality improvement and innovation. Staff at all levels were engaged in the process and could give examples where quality of care for patients had improved because of quality improvement projects.”*

In 2019, 508 staff undertook Bronze QI training, 111 Silver and 16 Gold. Four graduations were held and 36 Silver projects completed. Each project has a direct impact on performance and examples include:

- A multi-professional approach to improve postnatal care in the community;
- Implementing continuity of carer pathway for low risk pregnant women;
- Fast and Flexible; Therapy to improve flow and support early discharge from Hospital;
- Fluids Balance Charts: improving completion and accuracy;
- To Reduce Length of Time to Post Discharge Therapy for Fractured Neck of Femur Patients (#NOF);

- The introduction of dietetic supplementary prescribing in the renal dialysis population in the management of Chronic Kidney Disease-Mineral Bone Disorder (CKD-MBD);
- S.H.E.D:- To improve the support offered to dads in the first 24 hours from delivery by 50% in six months;
- Improving patient safety in enteral feed and fluid prescription and administration in community care settings;
- Development & delivery of a training programme to ensure all staff achieve stroke specific competencies at the new Vale Community Hospital Stroke Unit;
- Improving the Discharge Prescription (TTO) process for Day Surgery Patients;
- Quality Improvement initiative to improve staff experience that could lead to effective communication, good team relations, retention and enhanced patient care.

## **7.2.7 INFORMATION ON HEALTH AND SAFETY (H&S) PERFORMANCE AND OCCUPATIONAL HEALTH**

The Trust has a contract in place with Working Well, operated by Gloucestershire Health and Care NHS Foundation Trust, for the provision of Occupational Health Services which supports our 2020 Staff Health and Wellbeing Hub. The hub offers assistance to colleagues with regard to physical, mental health and financial issues.

The Trust offers psychological support through on-site 'staff support' provision and an Employee Assistance Provider. The staff support service also run learning events such as resilience training and debriefs following critical or major incidents.

The Health and Safety Committee is chaired by the Director of People and OD/Deputy CEO and assurance on compliance is managed through the People and OD Committee. The Trust has an expert Health and Safety/Corporate Risk Manager and have centralised divisional Risk Managers into a single team. Health and Safety objectives and measures have been approved by the Trust Leadership Team and ratified by the Board through the committee structure. The Board are regularly updated on HSE / CQC visits and any improvement notices and serious incidents relating to health and safety matters.

### **H&S Performance**

The Trust has a number of two year health and safety objectives (H&S Plan 2019-2021). Good progress has been made in the reporting period against these objectives, including a reduction in sharps injuries, the creation of a risk assessment library and a significant improvement around timely RIDDOR reporting and investigations.

### **HSE Improvement Notices**

On 29 November 2018 the HSE inspected the Trust in relation to SHARP devices and identified two main concerns. One was discharged in the last reporting period. The second notice described the lack of an effective SHARPS management system (Improvement Notice JL211218B). To comply with this notice the Trust created a detailed action plan covering the following elements of a management system - Plan, Organisation, Control, Monitoring and Review and report RIDDOR within the expected timescales. This Notice was discharged in May 2019.

## **IRMER Improvement Notice**

The Improvement Notice from CQC was issued on 25 July 2019 under the Ionising Radiation (Medical Exposure) Regulations 2017 (IRMER), Regulation 6, Employer's duties: establishment of general procedures, protocols and quality assurance programmes:

- 6(1)(a) The employer must ensure that written procedures are in place in respect of those matters described in Schedule 2;
- 6(2) The employer must take steps to ensure that any written procedures are complied with by the referrer, practitioner or operator; and
- 6(5)(b) The employer must establish quality assurance programmes for written procedures and written protocols.

All documentation has been approved by the Radiation Committee and submitted to the CQC. The CQC confirmed on 6 December 2019 that the Notice had been discharged.

### **7.2.8 COUNTER FRAUD POLICIES AND CORRUPTION**

The Trust has a designated Local Counter Fraud Team and works within the 'countering fraud and corruption' policy framework. The Raising Concerns Policy and the promotion of Freedom to Speak Up Guardians, provide a framework for staff to raise concerns anonymously or to selected senior managers. The Trust also support an online system which enables anonymous reporting of issues of concern.

The Gloucestershire Local Counter Fraud Service provides Gloucestershire Hospitals NHS Foundation Trust with prevention advice, detection and investigation of fraud, theft, embezzlement, corruption and any other irregularities against our hospitals. Every employee and individual acting on behalf of our organisation is responsible for maintaining the Trust's reputation and for conducting business lawfully and professionally.

The Board and senior management team are committed to implementing and enforcing effective systems throughout the Trust to prevent, monitor and eliminate bribery, in accordance with the Bribery Act 2010.

### **7.3 STAFF SURVEY**

#### **7.3.1 RESPONSE RATES**

Response rates for the 2019 Staff Survey were up 4% to 50%, and 3% above the median response rate for comparator organisations (acute Trusts).

## 7.3.2 SUMMARY OF PERFORMANCE AT THE TRUST

Theme	2018 score	2018 respondents	2019 score	2019 respondents	Statistically significant change?
Equality, diversity & inclusion	9.2	3089	9.1	3345	↓
Health & wellbeing	5.8	3098	5.8	3368	Not significant
Immediate managers	6.7	3113	6.8	3379	↑
Morale	6.0	3068	6.1	3339	↑
Quality of appraisals	5.1	2629	5.2	2883	Not significant
Quality of care	7.2	2755	7.3	2995	Not significant
Safe environment - Bullying & harassment	8.0	3087	8.0	3355	Not significant
Safe environment - Violence	9.5	3084	9.4	3348	Not significant
Safety culture	6.5	3086	6.5	3360	Not significant
Staff engagement	6.8	3142	6.9	3401	Not significant
Team working	6.5	3076	6.5	3347	Not significant

<sup>†</sup> Statistical significance is tested using a two-tailed t-test with a 95% level of confidence.

### Changes since 2018 survey

- Statistically significant improvement in two themes: Morale and Immediate Managers;
- Improvements also reported in the following themes: Quality of Appraisals; Quality of Care, Staff Engagement;
- Scores in four themes remain unchanged since 2018: Health and Wellbeing; Bullying and Harassment; Safety Culture; Team Working
- Scores have dropped in two themes: Equality Diversity and Inclusion (statistically significant); Violence. However, scores for both of these remain above or in line with the average for acute Trusts.

### 7.3.3 SUMMARY OF PERFORMANCE AT THE TRUST AGAINST COMPARATORS



In 2019, against its acute benchmark, the Trust responses were:

- above average: equality, diversity & inclusion (+0.1) and bullying and harassment (+0.1) – a continuing the upward trend from last year
- on average: immediate managers; morale, violence – two more than last year
- below average: quality of appraisals (-0.4); quality of care (-0.2); safety culture (-0.2) health and wellbeing (-0.1); staff engagement (-0.1) and new theme team working (-0.1).

### 7.3.4 PRIORITIES FOR 2020/21

Following engagement with multidisciplinary colleagues representing all divisions, the action plan below was devised. In the context of COVID-19, these actions will cover a two-year period.

Priority	Specific Actions	Linked to theme/s
1. Develop and strengthen our compassionate culture	<ul style="list-style-type: none"> <li>• Launch revised values and new compassionate behaviour framework</li> <li>• Design and deliver Compassionate Leadership programme for leaders and managers, which includes a clear section on both giving and seeking feedback on work/changes</li> </ul> <p><b>Priority divisions/staff groups:</b></p> <ul style="list-style-type: none"> <li>• D&amp;S</li> <li>• Healthcare Scientists</li> <li>• Medical &amp; Dental</li> </ul>	Immediate Managers Team Working Staff Engagement

Priority	Specific Actions	Linked to theme/s
	<ul style="list-style-type: none"> <li>• 16-20 and 21-30 year olds</li> </ul>	
<p>2. Proactively address bullying, harassment and discrimination experienced by colleagues</p>	<p>As above, plus</p> <ul style="list-style-type: none"> <li>• Embed principles and practice of Civility Saves Lives</li> <li>• Extend the support to colleagues around Speaking Up/Raising Concerns</li> <li>• Launch and embed Reasonable Adjustments passport</li> </ul> <p><b>Priority divisions/staff groups:</b></p> <ul style="list-style-type: none"> <li>• Medicine</li> <li>• Surgery</li> <li>• Medical &amp; Dental</li> <li>• Nursing &amp; Midwifery</li> <li>• BAME</li> <li>• Disabled</li> <li>• 21-30 year olds</li> <li>• LGBT+</li> </ul>	<p>Bullying and Harassment Equality Diversity &amp; Inclusion Safety Culture</p>
<p>3. Continue to improve experience of appraisals and access to education and talent development opportunities</p>	<ul style="list-style-type: none"> <li>• Launch revised Appraisal paperwork (updated following feedback)</li> <li>• Expand talent development opportunities (ADP) with explicit focus on under-represented groups including BAME and disabled colleagues</li> <li>• Improve experience of medical appraisals</li> </ul> <p><b>Priority divisions/staff groups:</b></p> <ul style="list-style-type: none"> <li>• Women &amp; Children</li> <li>• Medical &amp; Dental</li> <li>• BAME</li> <li>• Disabled</li> </ul>	<p>Quality of Appraisals</p>
<p>4. Continued focus on the safety, health and wellbeing of colleagues</p>	<ul style="list-style-type: none"> <li>• Extend the support to colleagues around Speaking Up/Raising Concerns</li> <li>• Identify specific activities and support for colleagues and managers around stress/resilience and MSK injuries</li> <li>• Identify the learning and actions taken from the Covid-19 response that we can usefully embed into our daily BAU practice to promote colleague safety and wellbeing</li> </ul> <p><b>Priority divisions/staff groups:</b></p> <ul style="list-style-type: none"> <li>• Medicine</li> <li>• Surgery</li> <li>• Additional Clinical Services</li> <li>• Nursing &amp; Midwifery</li> </ul>	<p>Health and Wellbeing Safety culture Violence</p>

Priority	Specific Actions	Linked to theme/s
	<ul style="list-style-type: none"> <li>Healthcare Scientists</li> <li>Medical &amp; Dental</li> <li>BAME</li> <li>Disabled</li> <li>21-30 year olds</li> <li>LGBT+</li> </ul>	

The Colleague and Patient Experience Improvement Group will continue to monitor progress and delivery of specific actions against these priorities regularly. This will be overseen by the People and OD Delivery Group and the Board People and OD Committee.

### 7.3.5 PROGRESS AGAINST PEOPLE & ORGANISATIONAL DEVELOPMENT STRATEGIC PRIORITIES

In the People & OD Strategy 2019-24 the Trust identified five staff survey themes where it would like to make significant progress by March 2022. Below are details of the progress.

Staff Survey Theme	Staff Survey 2018	Staff Survey 2019 Target	Staff Survey 2019 Actual	Comments
<b>Staff Engagement</b> <small>Staff engagement</small> 	6.8	7.0	6.9	<b>0.1 improvement</b> from 2018 to 2019, although slightly lower than the national average score and the target score set for 2019 (7.0).
<b>Equality Diversity and Inclusion</b> <small>Equality and Diversity</small> 	9.2	9.3	9.1	A <b>statistically significant drop of 0.1</b> , which is 0.2 points below the target score. Even so, we remain above the national average for this theme (9.0).
<b>Health and Wellbeing</b> <small>Health and Wellbeing</small> 	5.8	6.0	5.8	Beneath the stable score there are indications of improved perceptions of the organisation taking positive action on health-wellbeing and opportunities for flexible working. The number of colleagues reporting musculoskeletal issues reflects a national

Staff Survey Theme	Staff Survey 2018	Staff Survey 2019 Target	Staff Survey 2019 Actual	Comments
				upward trend although we remain in a more positive position than the average with a 3% difference.
<b>Immediate Managers</b> Immediate managers 	6.7	7.0	6.8	<b>0.1 improvement</b> from 2018 to 2019, and we are now in line with the national acute average.
<b>Morale</b> Morale 	6.0	6.2	6.1	<b>0.1 statistically significant improvement</b> from 2018 to 2019, and we are now in line with the national acute average.

### 7.3.6 WORKFORCE RISK - PROGRESS MADE AGAINST THE PEOPLE AND ORGANISATIONAL DEVELOPMENT STRATEGY

#### Workforce Sustainability

A caring, compassionate and skilled workforce. A Trust able to attract, retain and develop the best people.

Under workforce sustainability the Trust's key initiatives are:

- Embed a strong unique employer brand to attract the best talent and embed value based recruitment
- Recognise the talent of colleagues and retain
- Develop new roles and career pathways
- Understand supply changes and demands and analyse current and future needs
- Develop and implement new workforce models within the Trust and with partners
- Integrated Care System (ICS) education and workforce collaboration
- Placement capacity and student experience

Successes during the 2019-2020 year against these objectives include:

- We have improved supply routes to the Trust for key roles and built more bank networks.
- We have improved attraction and pipeline of nurses and established a pipeline that looks to improve supply by 5-10% annually.

- We have reduced turnover in Health Care Assistants and Admin and Clerical roles by at least 1% per annum to ensure parity with other Trusts
- We have reduced overall Trust turnover to benchmark with peers in the top quartile
- We have developed 'step on' nurse degree pathways to BSc
- We have co-designed MSc modules with Higher Education Institutes for Advanced Clinical Practitioner (ACP) roles and aligned supply with the workforce plan
- We have developed the ACP role and delivery into these roles in Stroke, ICU, Frailty and the acute response team
- We have implemented Associate Specialist roles in Acute medicine
- We have commenced radiography in-house training programmes
- We have embedded talent development processes
- We have co-designed Assistant Practitioner opportunities and Health Care Scientists with Integrated Care System (ICS) partners
- We have developed a 5 year workforce plan which establishes gaps, future gaps and provides plans to resolve these within divisions
- We have grown our apprenticeships by at least 10% and add 5 new standards per annum to our offer
- We have developed the Apprenticeship hub model with Health Education England
- We have delivered an education 'plan on a page' for year one
- We have delivered upon programmes of work together with Health Education England (Nursing Associates, leadership skills and tool kits, OD Skills, Advanced Clinical Practitioners)
- We have delivered upon an Integrated Care System (ICS) workforce plan and commence solution to building work in partnership rather than competition
- We have taken action to encourage BAME colleagues to participate in the organisation and ICS –wide Leadership Development Programmes
- We have increased adult nursing placements by 10%
- We have bid for Health Education England funds to improve student experience
- We have improved collaboration with Higher Education Institutes to ensure local educational provision meets the Trust and Integrated Care System (ICS) 5 year workforce plan

#### 7.4 TRADE UNION FACILITY TIME DISCLOSURE

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the following facility time is disclosed:

<b>Relevant union officials</b>	
<i>Number of employees who were relevant union officials during the relevant period</i>	<i>Full-time equivalent employee number</i>
14	11.6

<b>Percentage of time spent on facility time for each relevant union official</b>	
<i>Percentage of time</i>	<i>Number of employees</i>
0%	0
1-50%	13
51%-99%	0

100%	1
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<b>Percentage of pay bill spent on facility time</b>	
Total cost of facility time	£47,248
Total pay bill	£355,816,008
Percentage of the total pay bill spent on facility time (total cost of facility time ÷ total pay bill) x 100	0.013%
<b>Percentage of total paid facility time hours spent by employees who were relevant union officials, on paid trade union activities</b>	
100%	

## 7.5 EXPENDITURE ON CONSULTANCY AND OFF PAYROLL ENGAGEMENTS

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

Number of existing engagements as of 31 March 2020	14
Of which...	
No. that have existed for less than one year at time of reporting	2
No. that have existed for between one and two years at time of report	9
No. that have existed for between three and four years at time of reporting	2
No. that have existed for four or more years at time of reporting	1

**Table: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020, for more than £245 per day and that last for longer than six months**

Number of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	3
Of which:	
Number assessed as within the scope of IR35	0
Number assessed as not within the scope of IR35	3
Number engaged directly (via PSC contracted to trust) and are on the trust's payroll	0
Number of engagements reassessed for consistency/ assurance purposes during the year	3
Number of engagements that saw a change to IR35 status following the consistency review	0

**Table: For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020**

Number of off-payroll engagements of board members and/or senior officials with significant financial responsibility, during the financial year	0
Number of individuals that have been deemed 'board members and/or senior officials with significant financial responsibility' during the financial year. This figure must include both off-payroll and on-payroll engagements.	19

## 7.6 EXIT PACKAGES

The regulatory framework applicable to public sector organisations, including the National Health Service, imposes strict parameters and restrictions with regard to expenditure of public monies.

Regulatory bodies, including NHS Improvement [formerly Monitor], Her Majesty's Revenue and Customs [HMRC] and the national standing financial instructions framework prevent misuse of public monies, including any payment of non-contractual monies to which employees or former employees are disentitled according to the individual's employment contract.

Non-contractual payments, sometimes enclosed within the legally binding 'Settlement Agreement' [formerly Compromise Agreement] may include, for example, a one-off non-contractual payment [such as a lump sum payment] as part of an individual's agreement to depart the organisation for a variety of reasons, including performance related matters. There were no non-contractual payments agreed with HM Treasury during the period 2019 to 2020.

The Trust agreed four contractual exit packages, via settlement agreements, to the value of: £24,518.75, £18,149.25, £6,988.57, £5,469 respectively.

## 8. NHS FOUNDATION TRUST CODE OF GOVERNANCE

The Trust Board has overall responsibility for the administration of sound corporate governance throughout the Trust and recognises the importance of a strong reputation.

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

The Board considers that for 2019/20 the Trust has complied with the Code.

Relating to	Summary of requirement	Response
Board and Council of Governors	The schedule of matters reserved for the board of directors should include a clear statement detailing the roles and responsibilities of the council of governors. This statement should also describe how any disagreements between the council of governors and the board of directors will be resolved. The annual report should include this schedule of matters or a summary statement of how the board of directors and the council of governors operate, including a summary of the types of decisions to be taken by each of the boards and which are delegated to the executive management of the board of directors.	See Directors Report
Board, Nomination Committee(s), Audit Committee, Remuneration Committee	The annual report should identify the chairperson, the deputy chairperson (where there is one), the chief executive, the senior independent director and the chairperson and members of the nominations, audit and remuneration committees. It should also set out the number of meetings of the board and those committees and individual attendance by directors.	See Directors Report
Council of Governors	The annual report should identify the members of the council of governors, including a description of the constituency or organisation that they represent, whether they were elected or appointed, and the duration of their appointments. The annual report should also identify the nominated lead governor.	See Directors Report
Council of Governors	The annual report should include a statement about the number of meetings of the council of governors and individual attendance by governors and directors.	See Directors Report
Board	The board of directors should identify in the annual report each non-executive director it considers to be independent, with reasons where necessary.	See Directors Report

<b>Relating to</b>	<b>Summary of requirement</b>	<b>Response</b>
Board	The board of directors should include in its annual report a description of each director's skills, expertise and experience. Alongside this, in the annual report, the board should make a clear statement about its own balance, completeness and appropriateness to the requirements of the NHS Foundation Trust.	See Directors Report
Board	The annual report should include a brief description of the length of appointments of the non-executive directors, and how they may be terminated	See Directors Report
Nominations Committee(s)	A separate section of the annual report should describe the work of the nominations committee(s), including the process it has used in relation to board appointments.	See Remuneration Report
Nominations Committee(s)	The disclosure in the annual report on the work of the nominations committee should include an explanation if neither an external search consultancy nor open advertising has been used in the appointment of a chair or non-executive director.	See Director's Report
Chair / Council of Governors	A chairperson's other significant commitments should be disclosed to the Council of Governors before appointment and included in the annual report. Changes to such commitments should be reported to the council of governors as they arise, and included in the next annual report.	See Director's Report
Council of Governors	Governors should canvass the opinion of the Trust's members and the public, and for appointed governors the body they represent, on the NHS Foundation Trust's forward plan, including its objectives, priorities and strategy, and their views should be communicated to the board of directors. The annual report should contain a statement as to how this requirement has been undertaken and satisfied.	See Director's Report and Membership Report

Relating to	Summary of requirement	Response
Council of Governors	<p>If, during the financial year, the Governors have exercised their power* under paragraph 10C** of schedule 7 of the NHS Act 2006, then information on this must be included in the annual report.</p> <p>This is required by paragraph 26(2)(aa) of schedule 7 to the NHS Act 2006, as amended by section 151 (8) of the Health and Social Care Act 2012.</p> <p>* Power to require one or more of the directors to attend a governors' meeting for the purpose of obtaining information about the Foundation Trust's performance of its functions or the directors' performance of their duties (and deciding whether to propose a vote on the Foundation Trust's or directors' performance).</p> <p>** As inserted by section 151 (6) of the Health and Social Care Act 2012)</p>	Not applicable
Board	The board of directors should state in the annual report how performance evaluation of the board, its committees, and its directors, including the chairperson, has been conducted.	See Directors Report
Board	Where there has been external evaluation of the board and/or governance of the Trust, the external facilitator should be identified in the annual report and a statement made as to whether they have any other connection to the Trust.	Not applicable (comply)
Board	The directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they 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 NHS Foundation Trust's performance, business model and strategy. Directors should also explain their approach to quality governance in the Annual Governance Statement (within the annual report).	See Directors Report
Board	The annual report should contain a statement that the board has conducted a review of the effectiveness of its system of internal controls.	See Annual Governance Statement
Audit Committee / control environment	<p>A Trust should disclose in the annual report:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	The internal audit function in 2019/20 was performed by BDO

<b>Relating to</b>	<b>Summary of requirement</b>	<b>Response</b>
Audit Committee / Council of Governors	If the Council of Governors does not accept the Audit Committee's recommendation on the appointment, reappointment or removal of an external auditor, the board of directors should include in the annual report a statement from the audit committee explaining the recommendation and should set out reasons why the Council of Governors has taken a different position.	Not applicable (comply)
Audit Committee	A separate section of the annual report should describe the work of the Audit Committee in discharging its responsibilities. The report should include: <ul style="list-style-type: none"> <li>the significant issues that the Committee considered in relation to financial statements, operations and compliance, and how these issues were addressed;</li> <li>an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or re-appointment of the external auditor, the value of external audit services and information on the length of tenure of the current audit firm and when a tender was last conducted; and</li> <li>if the external auditor provides non-audit services, the value of the non-audit services provided and an explanation of how auditor objectivity and independence are safeguarded.</li> </ul>	See Annual Report of the Audit and Assurance Committee
Board / Remuneration Committee	Where an NHS Foundation Trust releases an executive director, for example to serve as a non-executive director elsewhere, the remuneration disclosures of the annual report should include a statement of whether or not the director will retain such earnings.	Not applicable
Board / Membership	The board of directors should monitor how representative the NHS Foundation Trust's membership is and the level and effectiveness of member engagement and report on this in the annual report.	See Membership Report
Membership	Contact procedures for members who wish to communicate with governors and/or directors should be made clearly available to members on the NHS Foundation Trust's website and in the annual report.	See Membership Report page

<b>Relating to</b>	<b>Summary of requirement</b>	<b>Response</b>
Membership	The annual report should include: <ul style="list-style-type: none"> <li>• brief description of the eligibility requirements for joining different membership constituencies, including the boundaries for public membership;</li> <li>• information on the number of members and the number of members in each constituency; and</li> <li>• a summary of the membership strategy, an assessment of the membership and a description of any steps taken during the year to ensure a representative membership including progress towards any recruitment targets for members.</li> </ul>	See Membership Report
Board / Council of Governors	The annual report should disclose details of company directorships or other material interests in companies held by governors and/or directors where those companies or related parties are likely to do business, or are possibly seeking to do business, with the NHS Foundation Trust. As each NHS Foundation Trust must have registers of governors' and directors' interests which are available to the public, an alternative disclosure is for the annual report to simply state how members of the public can gain access to the registers instead of listing all the interests in the annual report.	See Director's Report Page
Board	The board should ensure that adequate systems and processes are maintained to measure and monitor the NHS Foundation Trust's effectiveness, efficiency and economy as well as the quality of its health care delivery	Comply
Board	The board should ensure that relevant metrics, measures, milestones and accountabilities are developed and agreed so as to understand and assess progress and delivery of performance	Comply
Board	The board should report on its approach to clinical governance.	Comply
Board	The chief executive as the accounting officer should follow the procedure set out by NHS Improvement for advising the board and the council and for recording and submitting objections to decisions.	Comply
Board	The board should establish the constitution and standards of conduct for the NHS Foundation Trust and its staff in accordance with NHS values and accepted standards of behaviour in public life	Comply
Board	The board should operate a code of conduct that builds on the values of the NHS Foundation Trust and reflect high standards of probity and responsibility.	Comply

<b>Relating to</b>	<b>Summary of requirement</b>	<b>Response</b>
Board	The NHS Foundation Trust should arrange appropriate insurance to cover the risk of legal action against its directors.	Comply
Chair	The chairperson should, on appointment by the council, meet the independence criteria. A chief executive should not go on to be the chairperson of the same NHS Foundation Trust.	Comply
Board	In consultation with the council, the board should appoint one of the independent non-executive directors to be the senior independent director.	Comply
Board	The chairperson should hold meetings with the non-executive directors without the executives present.	Comply
Board	Where directors have concerns that cannot be resolved about the running of the NHS Foundation Trust or a proposed action, they should ensure that their concerns are recorded in the board minutes.	Comply
Council of Governors	The council of governors should meet sufficiently regularly to discharge its duties.	Comply
Council of Governors	The council of governors should not be so large as to be unwieldy.	Comply
Council of Governors	The roles and responsibilities of the council of governors should be set out in a written document.	Comply
Council of Governors	The chairperson is responsible for leadership of both the board and the council but the governors also have a responsibility to make the arrangements work and should take the lead in inviting the chief executive to their meetings and inviting attendance by other executives and non-executives, as appropriate.	Comply
Council of Governors	The council should establish a policy for engagement with the board of directors for those circumstances when they have concerns.	Comply
Council of Governors	The council should ensure its interaction and relationship with the board of directors is appropriate and effective.	Comply
Council of Governors	The council should only exercise its power to remove the chairperson or any non-executive directors after exhausting all means of engagement with the board.	Not applicable during the year
Council of Governors	The council should receive and consider other appropriate information required to enable it to discharge its duties.	Comply

Relating to	Summary of requirement	Response
Board	<p>At least half the board, excluding the chairperson, should comprise non-executive directors determined by the board to be independent.</p> <p><i>When fully constituted, the Trust Board complies with the statement. There is currently a non-executive director vacancy which will be filled in due course. In the interim and in the event of a vote, the number of voting executive directors would be reduced to match the number of non-executive directors and maintain the balance.</i></p>	See italics in left column.
Board / Council of Governors	No individual should hold, at the same time, positions of director and governor of any NHS Foundation Trust.	Comply
Nomination Committee(s)	The nominations committee or committees, with external advice as appropriate, are responsible for the identification and nomination of executive and non-executive directors.	Comply
Board / Council of Governors	Directors on the board of directors and governors on the council should meet the “fit and proper” persons test described in the provider licence.	Comply
Nomination Committee(s)	The nominations committee should regularly review the structure, size and composition of the board and make recommendations for changes where appropriate.	Comply
Nomination Committee(s)	The chairperson or an independent non-executive director should chair the nominations committee.	Comply
Nomination Committee(s) / Council of Governors	The governors should agree with the nominations committee a clear process for the nomination of a new chairperson and non-executive directors.	Comply
Nomination Committee(s)	Where an NHS Foundation Trust has two nominations committees, the nominations committee responsible for the appointment of non-executive directors should consist of a majority of governors.	Comply
Council of Governors	When considering the appointment of non-executive directors, the council should take into account the views of the board and the nominations committee on the qualifications, skills and experience required for each position.	Comply
Council of Governors	The annual report should describe the process followed by the council in relation to appointments of the chairperson and non-executive directors.	Comply
Nomination Committee(s)	An independent external adviser should not be a member of or have a vote on the nominations committee(s).	Comply

<b>Relating to</b>	<b>Summary of requirement</b>	<b>Response</b>
Board	The board should not agree to a full-time executive director taking on more than one non-executive directorship of an NHS Foundation Trust or another organisation of comparable size and complexity.	Comply
Board / Council of Governors	The board and the council of governors should be provided with high-quality information appropriate to their respective functions and relevant to the decisions they have to make.	Comply
Board	The board and in particular non-executive directors, may reasonably wish to challenge assurances received from the executive management. They need not seek to appoint a relevant adviser for each and every subject area that comes before the board, although they should, wherever possible, ensure that they have sufficient information and understanding to enable challenge and to take decisions on an informed basis.	Comply
Board	The board should ensure that directors, especially non-executive directors, have access to the independent professional advice, at the NHS Foundation Trust's expense, where they judge it necessary to discharge their responsibilities as directors.	Comply
Board / Committees	Committees should be provided with sufficient resources to undertake their duties.	Comply
Chair	The senior independent director should lead the performance evaluation of the chairperson.	Comply
Chair	The chairperson, with assistance of the board secretary, if applicable, should use the performance evaluations as the basis for determining individual and collective professional development programmes for non-executive directors relevant to their duties as board members.	Comply
Chair / Council of Governors	Led by the chairperson, the council should periodically assess their collective performance and they should regularly communicate to members and the public details on how they have discharged their responsibilities.	Comply
Council of Governors	There should be a clear policy and a fair process, agreed and adopted by the council, for the removal from the council of any governor who consistently and unjustifiably fails to attend the meetings of the council or has an actual or potential conflict of interest which prevents the proper exercise of their duties.	Comply

Relating to	Summary of requirement	Response
Board / Remuneration Committee	The remuneration committee should not agree to an executive member of the board leaving the employment of an NHS Foundation Trust, except in accordance with the terms of their contract of employment, including but not limited to service of their full notice period and/or material reductions in their time commitment to the role, without the board first having completed and approved a full risk assessment.	Comply
Board	The directors should report that the NHS Foundation Trust is a going concern with supporting assumptions or qualifications as necessary.	Comply
Board	At least annually and in a timely manner, the board should set out clearly its financial, quality and operating objectives for the NHS Foundation Trust and disclose sufficient information, both quantitative and qualitative, of the NHS Foundation Trust's business and operation, including clinical outcome data, to allow members and governors to evaluate its performance.	Comply
Board	<p>The board of directors must notify NHS Improvement and the council of governors without delay and should consider whether it is in the public's interest to bring to the public attention, any major new developments in the NHS Foundation Trust's sphere of activity which are not public knowledge which it is able to disclose and which may lead by virtue of their effect on its assets and liabilities, or financial position or on the general course of its business, to a substantial change to the financial wellbeing, health care delivery performance or reputation and standing of the NHS Foundation Trust.</p> <p>The board of directors must notify NHS Improvement and the council of governors without delay and should consider whether it is in the public interest to bring to public attention all relevant information which is not public knowledge concerning a material change in:</p> <ul style="list-style-type: none"> <li>• The NHS Foundation Trust's financial condition;</li> <li>• The performance of its business; and/or</li> <li>• The NHS Foundation Trust's expectations as to its performance which, if made public, would be likely to lead to a substantial change to the financial wellbeing, health care delivery performance or reputation and standing of the NHS Foundation Trust.</li> </ul>	Comply

<b>Relating to</b>	<b>Summary of requirement</b>	<b>Response</b>
Board / Audit Committee	The board should establish an audit committee composed of at least three members who are all independent non-executive directors.	Comply
Council of Governors / Audit Committee	The council should take the lead in agreeing with the audit committee the criteria for appointing, re-appointing and removing external auditors.	Comply
Council of Governors / Audit Committee	The NHS Foundation Trust should appoint an external auditor for a period of time which allows the auditor to develop a strong understanding of the finances, operations and forward plans of the NHS Foundation Trust.	Comply
Council of Governors	When the council ends an external auditor's appointment in disputed circumstances, the chairperson should write to NHS Improvement informing it of the reasons behind the decision.	Comply (not applicable)
Audit Committee	The audit committee should review arrangements that allow staff of the NHS Foundation Trust and other individuals where relevant, to raise, in confidence, concerns about possible improprieties in matters of financial reporting and control, clinical quality, patient safety or other matters.	Comply
Remuneration Committee	Any performance-related elements of the remuneration of executive directors should be designed to align their interests with those of patients, service users and taxpayers and to give these directors keen incentives to perform at the highest levels.	Comply (not applicable)
Governance and Nominations Committee	Levels of remuneration for the chairperson and other non-executive directors should reflect the time commitment and responsibilities of their roles.	Comply
Remuneration Committee	The remuneration committee should carefully consider what compensation commitments (including pension contributions and all other elements) their directors' terms of appointments would give rise to in the event of early termination.	Comply
Remuneration Committee	The remuneration committee should have delegated responsibility for setting remuneration for all executive directors, including pension rights and any compensation payments.	Comply
Council of Governors	The council should consult external professional advisers to market-test the remuneration levels of the chairperson and other non-executives at least once every three years and when they intend to make a material change to the remuneration of a non-executive.	Comply

<b>Relating to</b>	<b>Summary of requirement</b>	<b>Response</b>
Board	The board should clarify in writing how the public interests of patients and the local community will be represented, including its approach for addressing the overlap and interface between governors and any local consultative forums.	Comply
Board	The chairperson should ensure that the views of governors and members are communicated to the board as a whole.	Comply
Board	The board should be clear as to the specific third party bodies in relation to which the NHS Foundation Trust has a duty to co-operate.	Comply
Board	The board should ensure that effective mechanisms are in place to co-operate with relevant third party bodies and that collaborative and productive relationships are maintained with relevant stakeholders at appropriate levels of seniority in each.	Comply

## 9. NHS ENGLAND AND NHS IMPROVEMENT'S SINGLE OVERSIGHT FRAMEWORK

### *NHS Oversight Framework*

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

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

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

### *Segmentation*

Gloucestershire Hospitals NHS Foundation Trust is currently placed in Segment 3 "Mandated support".

This segmentation information is the Trust's position as at 31 March 2020. Current segmentation information for NHS Trusts and Foundation Trusts is published on the NHS Improvement website.

### **Finance and use of resources**

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

Area	Metric	2019/20 scores				2018/19 scores			
		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial sustainability	Capital service capacity	3	4	4	4	4	4	4	4
	Liquidity	4	4	4	4	4	4	4	4
Financial efficiency	I&E margin	2	4	4	4	4	4	4	4
Financial controls	Distance from financial plan	1	1	1	1	3	2	1	1
	Agency spend	3	3	3	4	3	3	3	2
<b>Overall scoring</b>		<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>

## 10. STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

### Statement of the Chief Executive's responsibilities as the accounting officer of Gloucestershire Hospitals NHS Foundation Trust

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

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Gloucestershire Hospitals NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair state of the affairs of Gloucestershire Hospitals NHS Foundation Trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

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

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

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

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

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



Signed:

**Deborah Lee**  
**Chief Executive Officer**

**23 June 2020**

## **11. ANNUAL GOVERNANCE STATEMENT 2019/20**

### **11.1 SCOPE OF RESPONSIBILITY**

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

### **11.2 THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

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

### **11.3 CAPACITY TO HANDLE RISK**

As Chief Executive Officer, I have overall responsibility for risk management within the Trust, for meeting all statutory requirements and adhering to the guidance issued by NHS Improvement and the Department of Health and Social Care in respect of governance.

The Trust Leadership Team (TLT), which I chair, has the remit to ensure the adequacy of structures, processes and responsibilities for identifying and managing key risks facing the organisation, prior to board discussion.

The Risk Management Strategy outlines and reflects the organisation's view of risk. The Trust's risk appetite is changing. It is not a single, fixed concept but a range of appetites for different risks. As part of the review, our Risk Appetite will be realigned to our organisational objectives and will be set in line with our risk management capability and maturity.

The Trust's risk maturity is evolving as is the level of skill, knowledge and attitude to risk, combined with the level of sophistication of the risk management systems progresses. The amount and type of risk that the Trust is willing to take in order to meet its strategic objectives will be reflected in the Risk Appetite by defining the risks that the Trust actively wishes to engage with in order to progress business. Conversely, the Trust's Risk Tolerance will form the boundaries of risk taking outside of which the organisation is not prepared to venture in the pursuit of its long term objectives.

Day to day management of risks is undertaken by operational management, who are charged with ensuring risk assessments are undertaken proactively throughout

their area of responsibility and remedial action is carried out where problems are identified. There is a process of escalation to executive directors, relevant committees and governance groups to support plans for mitigation.

Board members' training in risk management includes an overview of the risk systems. Staff training covers the identification, analysis, evaluation and reporting of risk. Training at induction covers the wider aspects of governance.

The process of identification, assessment, analysis and management of risks (including incidents) is the responsibility of all staff across the Trust and particularly of all managers.

The Risk Register outlines the key strategic risks facing the Trust, the controls currently in place to respond to these risks and any further action required to properly manage these risks. The risk register operates on three levels, Specialty risks that are low risks managed locally, Divisional risks that are moderate and Trust risks that are high-extreme.

The Trust Risk Register comprises the most significant operational risks facing the Trust and the controls and mitigation showing how well the risks are being managed. The Trust Risk Register is representative of the challenges facing the organisation and includes clinical, financial, operational, reputational, environmental and other risk areas.

The Board Assurance Framework (BAF) ensures that there is clarity about the risks that may impact on the Trust's ability to deliver its strategic objectives together with any gaps in control or assurance.

#### **11.4 THE RISK AND CONTROL FRAMEWORK**

A risk and control framework designed to provide assurance that there is an effective system of internal control to manage the principal risks identified by the organisation was in operation throughout 2019/20.

The Quality Framework is the key document describing the quality governance arrangements within the Trust. The framework describes quality under the Key Lines of Enquiry (KLOEs), namely, Well-Led, Safe, Effective, Responsive and Caring. A reporting framework and committee structure reaching into the organisation provides assurance against the Care Quality Commission (CQC) regulations on a continuous basis and identifies good practice and areas of concern.

Key quality risks are monitored through the risk management process on the Trust Risk Register and the Board Assurance Framework (BAF). The BAF and Trust Risk Register reflect the organisation's risk profile and support the Board in making a declaration on the effectiveness of the Trust's system of internal control in the Annual Governance Statement.

Board committees scrutinise risks scoring 12 or above using the risk domains in the risk matrix on a quarterly basis as follows:

- Quality and Performance Committee – Oversight of patient safety, quality, reputation and statutory risks

- People and Organisational Development Committee – Oversight of workforce and health & safety
- Finance and Digital Committee – Oversight of finance and business
- Estates and Facilities Committee – Oversight of risks relating to estates and facilities and the subsidiary company, Gloucestershire Managed Services (GMS)
- Audit and Assurance Committee – responsible for scrutinising the overall systems of internal control and for ensuring the provision of effective independent assurance via internal audit, external audit and local counter fraud services

The role of the Committees in this respect is to review the current controls and mitigation plans and to refer or re-evaluate risks for further consideration by the Trust Leadership Team.

During 2019/20 risks were managed by the Executive led Risk Management Group, chaired by the Deputy CEO, whose remit is to scrutinise the risk management processes and reporting mechanisms to provide system assurance and hold Divisions and Directors to account for the devolved management function. In response to COVID-19, the Trust established Risk Management Group met every three weeks to review incidents and risks to provide an additional level of assurance related to risk management and shared risk entries with the Executive team weekly.

### **The Board Assurance Framework**

The BAF acts as the Trust's primary mechanism for ensuring that the Board receives assurance that the Trust is actively pursuing its corporate objectives and the risks to these objectives are being treated and mitigated. It enables the Board to understand the risks which have the potential to impact on the organisation's strategic objectives and how these are being managed.

The risks identified in the BAF cover the full range of strategic objectives and include consideration of present risks, future risks, risks arising from within the organisation and risks occurring as a result of external pressures and changes. Executive Leads refresh the content of the BAF for each strategic objective on a quarterly basis with controls in place, sources of assurance and any gaps. Progress is tracked using a RAG rating of 'achievability' of the objective within the strategic period.

Board Committees undertake a detailed scrutiny of their risks, controls, assurances and gaps of their assigned strategic objectives following which the BAF report for all strategic objectives is reviewed by the Audit and Assurance Committee and then presented to the Board.

During 2019/20, there was further development of the BAF, following the approval of new Strategic Objectives as set out in 'Our Journey to outstanding 2019 - 2024.' Each Board Committee was allocated scrutiny and assurance responsibility for one or more strategic objective(s) and work continues to strengthen the reporting processes for reporting on updates and refreshes of content.

## Trust's Risk Monitoring, Escalation and Assurance Process

The Board-approved Risk Management Strategy sets out the Trust's framework within which the Trust leads, directs and controls the risks to its key functions. The strategy is supported by associated policies and procedures, systems, processes and assurance mechanisms. The Risk Register Procedure outlines the processes for updating and disseminating the Trust's Risk Register, agreeing and monitoring the action plans to eliminate or reduce risk.

The Trust's current risk appetite framework which identifies patient and staff safety as the least tolerable risk and, for this reason, safety risks scoring 12 and above are included within the Trust Risk Register. All other risks scoring 15 and above, or 12 and above for safety, will be reviewed and assessed against the impact on the strategic objectives by the Executive team as part of the BAF oversight.

A risk that scores 15 and above or 12 and above for safety domain, using the Trust risk matrix (see below), will be defined as significant. The management of the risk may still reside with the presenting risk owner, but adding it to the Trust Risk Register results in extra scrutiny at an appropriate nominated senior committee and increased awareness of its implication across the entire Trust Leadership Team. This allows oversight and scrutiny of significant risks by the Board who receive and review the Trust Risk Register at every Board meeting.

Risk scoring = consequence x likelihood (C x L)

Impact / Consequence	Likelihood				
	1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost certain
5 Catastrophic	5	10	15	20	25
4 Major	4	8	12	16	20
3 Moderate	3	6	9	12	15
2 Minor	2	4	6	8	10
1 Negligible	1	2	3	4	5

For grading risk, the scores obtained from the risk matrix are assigned grades as follows:

	1 - 3	Low risk
	4 - 6	Moderate risk
	8 - 12	High risk
	15 - 25	Extreme risk

To support decision-making, the Trust's Board set out its relative willingness to accept risk across domains as follows:

	Relative willingness to accept risk				
	Low		Medium		High
	1	2	3	4	5
<b>Safety</b>					
<b>Quality</b>					
<b>Workforce</b>					
<b>Statutory</b>					
<b>Reputation</b>					
<b>Business</b>					
<b>Finance</b>					
<b>Environmental</b>					

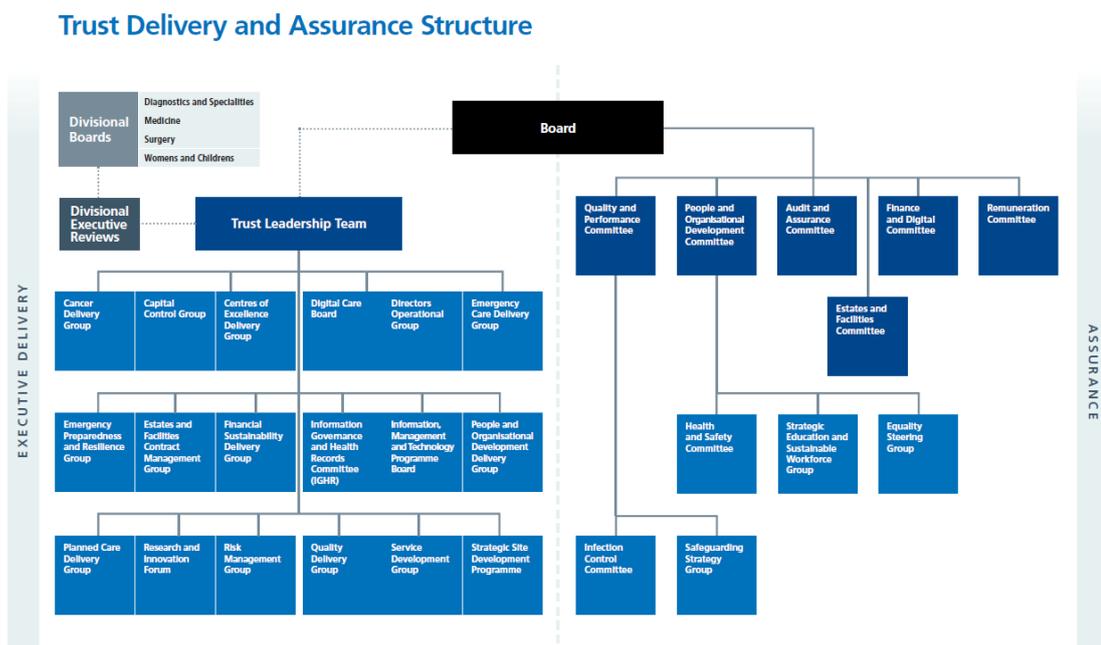
The Board uses risk appetite to inform strategic decision-making.

#### **Principal risks to compliance with the NHS foundation trust licence condition 4 (FT governance) and actions identified to mitigate these risks**

The major risks facing the organisation are those from operational pressures driven by demand exceeding capacity, risks to patient experience and potentially outcomes associated with significant backlogs of patients awaiting routine outpatient or inpatient care, risks associated with recruitment and retention of clinical staff, and risks associated with delivery of the Trust's financial plan. Towards the end of 2019/20 significant risks related to the Coronavirus pandemic emerged and have been included within the risk registers.

During 2019/20 the Trust continued to refine its governance arrangements in line with The NHS Foundation Trust Code of Governance which included reviewing the organisation's Standing Orders, Standing Financial Instructions and Scheme of Delegation. Other related work on governance, risk and assurance included and reviewing the efficacy and performance of Board committees against their remit, the development of the BAF and a review of the meetings within the Trust's Delivery and Assurance structure to reduce the number of groups from 17 to seven from 2020/21. The structure in place through 2019/20 is shown below:

Figure: Trust Delivery and Assurance Structure



The Executive and the wider management structure across the Trust, continue to apply dynamism to all aspects of risk management (identification, assessment and mitigation), with this being truly evident in the response to the threat from COVID-19. This has been greatly assisted by the continued focus on ensuring the organisational culture, alongside the governance arrangements, continues to be based on support, challenge, openness, candour and transparency.

The Board has sight of timely and accurate information to assess risks to compliance with the Trust's licence. Trust performance is reviewed by the Finance and Digital Committee, the People and Organisation Development Committee and the Quality and Performance Committee and by the Board at each meeting. The Committees undertake detailed reviews of any indicators that show sustained adverse performance.

**Key ways that the Trust is able to assure itself of the validity of its Corporate Governance Statement, required under NHS foundation trust condition 4(8)(b)**

The BAF enables the Board to understand the risks which have the potential to impact on the organisation's strategic objectives. The BAF provides the Trust with a single but comprehensive method for the effective and focused management of the principal risks to meeting the Trust's overall strategic objectives. The risks identified from the BAF cover the full range of strategic objectives and include consideration of present risks, future risks, risks arising from within the organisation and risks occurring as a result of external pressures and changes.

In assuring itself of the validity of its Annual Governance Statement, the Board takes into account:

- Its own work programme and assurance received throughout the year;
- Board Committees' work programmes, with issues escalated to the Board, via the Audit and Assurance Committee's Chair's report;

- the work of the internal audit, as reviewed at the Audit and Assurance Committee (with issues escalated to the Board, via the Audit and Assurance Committee's Chair's report);
- self-assessment against the Well-led framework and the CQC Well-Led inspection report;
- challenge and scrutiny undertaken as part of the dedicated Board meeting to sign-off the Annual Report and Accounts and self-certifications.

### **Integration of risk management with other organisational processes**

Risk management is embedded in the activity of the organisation and integrated with business, financial and workforce planning. For example, the intolerable risks process, undertaken as part of the business planning cycle, used information on Trust risk registers to inform priority funding decisions.

### **Local and Divisional Risk Registers**

Each Division has its own risk register, which captures how divisional risks are being managed and each Specialty has its own sub-set of the Divisional risk register to ensure local ownership and management of the risks. Management of the Trust Risk Register is through the Risk Management Group, Directors Operational Group to the Trust Leadership Team, which meets monthly to validate new significant risks, and remove mitigated risks from the register. This process is replicated at governance meetings throughout the Trust at the appropriate levels, to ensure that current risks and their controls / actions are on risk registers and managed dynamically as the risk environment changes.

### **Incident reporting**

The Trust has a strong culture of reporting incidents. To reinforce the importance of this, the Trust incident reporting process enables staff to submit reports and encourages them to seek feedback on these reports from local managers. Themes are reported by divisional Health and Safety Boards and Health and Safety Committee and the Risk Management Group monitors performance against key performance indicators. The Risk Management Group reports to the Audit and Assurance Committee.

Serious Incidents (SIs) are identified via the weekly SI panel. These are reported to the Quality and Performance Committee on a monthly basis, together with evidence of our meeting reporting standards. A summary of the current SIs is reported to the Trust Board on a monthly basis. A quarterly report on learning from SIs is also presented to the Quality and Performance Committee. In most cases a SI investigation is triggered when the impact of the incident reaches level four or five "Impact" on the Trust matrix, this usually in the category for harm, publicity or service continuity. The purpose of the report is to provide assurance that SI investigations are carried out in a timely way and investigations and their action plans are closed.

The operational committee responsible for SIs is the Safety and Experience Review Group (SERG). Chaired by the Director of Safety, it also has the Executive Medical Director, Executive Director of Quality and Chief Nurse and a Clinical Commissioning Group representative included in its membership. The SERG monitors progress of the investigations and any high level trends recommending any further investigation.

Information on the complaints and concerns reported to the Trust during each quarter is presented to the Quality and Performance Committee. An update of lessons learned is included in the report.

Business continuity plans, dealing with emergency preparedness and civil contingency requirements, are in place across the Trust and the Chief Operating Officer is responsible for oversight of these plans and this function.

Public stakeholders are involved in managing risks which impact on them through appropriate partnership fora, including the STP governance mechanisms.

### **Regulatory Compliance**

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

As part of the lifting of the Trust's Financial Special Measures (FSM) in November 2018, the regulator, NHS Improvement, supported the Trust to agree to a financial recovery plan for 2019/20. The Trust delivered the planned control total.

During 2019/20 the Trust remained within Segment 3 under the Single Oversight Framework.

The Annual Governance Statement provides assurance that risks to compliance with the terms of its licence are being appropriately addressed. Reports are presented to the Board throughout the year in assessing our Trust's performance, compliance with relevant legislation and ensuring the effective, efficient and economic operation of our Trust. The Council of Governors provides a further layer of governance by holding Non-Executive Directors individually and collectively to account for the performance of the Board.

The Board and its Committees (Quality and Performance and People and Organisational Development) ensure that short, medium and long-term workforce strategies and staffing systems are in place, which assure the Board that staffing processes are safe, sustainable and effective. Relevant reports are presented to the Committees and the Board and the People and OD Strategy was approved in July 2019.

The Operational Director of People and OD is the nominated lead for workforce safeguarding concerns, acting as a nominated point of contact for the Local Authority Safeguarding Team. The 'Developing Workforce Safeguards' build on the National Quality Board's (NQB) expectations as outlined in 'Supporting NHS providers to deliver the right staff, with the right skills, in the right place at the right time – Safe sustainable and productive staffing' (2016). The Trust can confirm that the NQB guidance is embedded in our safe staffing governance and that the three components of evidence-based tools (where they exist), professional judgement and outcomes are used in our safe staffing processes.

The Director of Quality and Chief Nurse is responsible for leading the Trust's review of nurse staffing and reporting on this to the Quality and Performance Committee and People and Organisational Development Committee.

The Trust has a twice daily process for assessing nursing workforce deployment to ensure patient need matches effective deployment. Where operational demands require a temporary increase in workforce supply this is fulfilled through the internal bank service or through a master vendor agency supplier; overall fill rates are within tolerable limits at circa. 90% and reviewed monthly by the Quality and Performance Committee.

With respect to the medical workforce, junior doctor training posts are regulated by the Deanery and feedback on training posts is received through the Junior Doctor Forum, to the Medical Education Board within the People and OD Delivery Group. The Board receives a quarterly Guardian Report on Safe Working Hours from the Guardian for Safe Working.

The Trust maintains a register of interests for staff to declare interests that could result or be perceived as a conflict in their Trust duties. The Trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by the Trust with reference to the guidance) within the past twelve months as required by the Managing Conflicts of Interest in the NHS22 guidance.

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

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

### **How risks to data security are being managed and controlled as part of the Risk and Control Framework**

In addition to monitoring against the Data Security and Protection toolkit self-assessment tool, risks to data security within our Trust are managed through multiple technical, process and governance controls. The Trust uses the National Cyber Security Centre's "10 steps to Cyber-Security" as a framework for our data risk management and during the 2019/20 reporting period the Trust achieved external accreditation against the CyberEssentials Plus standard.

### **Risks related to the Sustainable Development Management Plan**

The Trust has undertaken risk assessments and has a sustainable development management plan in place which takes account of UK Climate Projections 2018 (UKCP18). The Trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

## **11.5 REVIEW OF ECONOMY, EFFICIENCY AND EFFECTIVENESS OF THE USE OF RESOURCES**

The Trust operates a comprehensive and inclusive annual business planning process, which helps strengthen the organisation's clinical, financial and operational sustainability and supports delivery of its strategic objectives. The plan is approved by the Board each year and submitted to NHS Improvement. Overall

performance is monitored at meetings of the Trust Board and its Committees which cover the areas of audit, quality, performance, workforce, finance and subsidiary company activities. Any areas of concern are highlighted and mitigating actions taken where required. The Committees meet monthly and provide assurance to the Trust Board of all areas within their scope to its monthly meetings.

The Trust delivered £14.8m (64% through recurrent schemes) of Cost Improvement Plan (CIP) performance in the 2019/20 financial year against a planned value of £22.3m. CIPs are subject to a comprehensive quality impact assessment, which considers any potential impacts on service delivery and quality, before being approved for implementation. Performance management of CIPs delivery is exercised via the Finance and Digital Committee provides the environment for a robust “confirm and challenge” process of delivery against plan.

Delivery of economic, efficient and effective services is an underpinning focus of the Trust’s governance arrangements which are supported by internal and external audit reviews. Findings and recommendations from audits are monitored and reported through the Audit Committee. The Trust’s external auditors are required as part of their annual audit to satisfy themselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception if, in their opinion, the Trust has not. The Trust also has a Counter Fraud service for the proactive prevention, detection and reactive investigation of fraud.

## **11.6 INFORMATION GOVERNANCE**

### **Data Security and Protection Toolkit (DSPT) Submission**

All organisations that have access to NHS patient data and systems must use the toolkit to provide assurance that they are practicing good data security and that personal information is handled correctly.

The annual return is required to be published 31 March each year. In recognition of COVID-19 pressures NHSX have deferred the final deadline for 2019 /20 DSPT submission to 30 September 2020.

The standards assessed within the DSPT are based on the National Data Guardian’s ten published Data Security Standards and provide an overall test of the quality of data systems standards and processes within an organisation.

The Trust’s 2018/19 self-assessment published 31 March 2019 has a status of “Standards Not Fully Met - Plan Agreed”. There were two areas of non-compliance covered in the submitted improvement plan:

- The Trust achieved 87% against a mandatory target of 95% for staff completing annual Information Governance refresher training.
- A specific requirement that a Penetration test be conducted in the previous 12 months to confirm that all networking components have had their default passwords changed was accidentally omitted from the test specification.

The penetration test has been completed as part of the plan resulting in this requirement now being met. The mandatory training percentage has improved by 5% to 92% by March 2020 and efforts will continue to achieve the 95% target prior to publication in 2020.

## **Cyber Essentials Plus**

During the 2019/20 reporting period the Trust has achieved external accreditation against the CyberEssentials Plus standard. This is a Government backed scheme, supported by the National Cyber Security Centre, that helps protect organisations, against a range of the most common cyber attacks. It provides automatic assurance of compliance with 28 of the Toolkit's 119 mandatory requirements and an additional 14 non-mandatory requirements.

## **Technical, Process and Governance controls**

In addition to monitoring against the DSP toolkit self-assessment tool, risks to data security within the Trust are managed through multiple technical, process and governance controls. The Trust uses the National Security Centre's "10 steps to Cyber-Security" as a framework for our cyber risk management.

Technical controls include software applications for anti-virus (server and desktop), anti-spamming, firewall protection, internet filtering and software patching for IT infrastructure (servers, networks, and PCs).

Process controls include subscription to national CareCERT alerts and a process for tracking the implementation of these alerts. A multi organisation major cyber incident response plan is in place across ICS partners, and has been tested by a desktop exercise during the year.

Governance controls include monthly countywide cyber security forums, risks review through monthly Information Management and Technology (IM&T) Board, and quarterly Information Governance forums. Risk escalation is as per the Trust's risk management policy.

## **Policy Review**

During 2019/20 key Information Governance policies have been reviewed and updated including the introduction of new Confidential Communications and Freedom of Information Policies, and revisions to the Acceptable Use of Information Systems and Equipment Policy, the IT Security Policy, and the Storing and Sharing Electronic and Paper Records Policy to reflect changes in the working environment including the introduction of the Electronic Patient Record and enhanced sharing with health and social work partners through the Gloucestershire wide JUYI (Joining Up Your Information) portal.

## **Information Governance Incidents**

Information governance incidents are reviewed and investigated throughout the year and reported internally through the Committees. Any incidents which meet the criteria set out in NHS Digital Guidance on notification, based on the legal requirements of the General Data Protection Regulation (GDPR) and guidance from the Information Commissioner's Office (ICO), are reported to the ICO through the DSP Toolkit where they may also be monitored by NHS England.

Fourteen incidents have been reported to the ICO during the 2019/20 reporting period. This compares to three reported in the previous period. This largely reflects the fact that reporting criteria under the GDPR have a lower threshold than under the previous Data Protection Act.

<b>Summary of incidents reported to the ICO under Article 33 GDPR</b>				
<b>Month of Incident</b>	<b>Nature of Incident</b>	<b>Number Affected</b>	<b>How Patients informed</b>	<b>Lessons Learnt</b>
June 2019	A letter addressed to the natural mother of a child was sent and included the address of the foster parents.	3	Social worker	Review of practice for cc letters for children in care. Improved visibility of children in care status on trust clinical information and administration systems. Ensure there are appropriate checking and verification measures in place
July 2019	Package containing copy patient records being sent to patient by post broken in transit	1	Correspondence following patient enquiry	Improvement made to packaging used to send copies of records in the post
August 2019	Spreadsheet containing staff information saved in a shared drive was moved / copied in error to a shared drive with insufficient access control	75	Face to face (for those of the 75 where sensitive data involved )	Improved project governance for new data processing initiatives. Restricted access to shared drives. Reduction in amount of data held. Sensitive data to be password protected
August 2019	A letter, intended to inform a patient of the outcome of tests, included in a collection of documents sent to another patient.	1	Letter from service	Element of human error. Ensure there are appropriate checking and verification measures in place
September 2019	A copy of a ward nursing handover sheet was accidentally included in paperwork given	14	Not informed	Element of human error. Ensure there are appropriate checking and verification

	to a patient to take home on discharge.			measures in place
October 2019	Several emails relating to other patients were included in a Pregnancy Pack given to a patient. Emails related to safeguarding issues.	5	Not informed	Review of management of safeguarding information prepared for safeguarding reviews.
October 2019	Paediatric Safeguarding Notification forms being emailed to internal and external recipients accidentally copied to a member of public – wrong email address selected.	7	Not informed	Review of email safeguards in place where external recipients are involved and outside of organisation warning present
November 2019	Care Plans were printed to be sent to patients. Plans for patients A and B were accidentally picked up together and posted to patient A in the same envelope.	1	Letter from service	Human error rather than systemic failure. Example to be used in IG training
November 2019	Member of staff inappropriate access to patient record	2	Correspondence following patient enquiry / complaint	Personal reasons motivated access. Additional communications reminding staff of responsibilities
February 2020	Member of staff inappropriate access to patient record (2)	1	Correspondence following patient enquiry / complaint	Personal reasons motivated access. Additional communications reminding staff of responsibilities
February 2020	Member of staff inappropriate access to patient record (3)	1	Correspondence following patient enquiry / complaint	Personal reasons motivated access. Additional communications reminding staff of responsibilities
February	Report relating to	2	Correspondence	Improved visibility

2020	a nine year old child inadvertently disclosed to the ex-wife of the child's father who was not the child's mother and had no parental rights.		following patient enquiry / complaint	of parental responsibility required within trust clinical information and administration systems. Ensure there are appropriate checking and verification measures in place
February 2020	Member of staff inappropriate access to patient record (4)	2	Correspondence following patient enquiry / complaint	Personal reasons motivated access. Additional communications reminding staff of responsibilities
February 2020	Medical report sent to patient's employer without consent	1	Correspondence following patient enquiry	Human error rather than systemic failure. Consent thought to have been obtained.

The majority of the incidents have been now been closed by the ICO with the ICO expressing satisfaction with the steps taken by the Trust to mitigate the effects and minimise the risk of recurrence. With respect to the number of incidents of inappropriate access by staff there has been a communications exercise to remind staff of the requirements of the Code of Confidentiality.

A large number of the near miss reported incidents (189) relate to lost SmartCards which are disabled when reported as missing.

<b>Summary of confidentiality incidents internally reported 2019/20</b>	
Reportable breaches	(detailed above) 14
Number of confirmed Non-reportable breaches	153
Number of no breach / Near miss incidents.	266
Total number of confidentiality incidents internally reported	433

The effectiveness and capacity of these systems has been routinely monitored by our Trust's Information Governance and Health Records Committee and will continue to be monitored by the Digital Care Delivery Group under new governance arrangements. A performance Summary is presented to our and Finance and Digital Committee and/or Trust Board annually.

## 11.7 DATA QUALITY AND GOVERNANCE

The Trust took the following actions to assure the Board that there are appropriate controls in place to ensure the accuracy of the data.

The Director of Quality and Chief Nurse jointly with the Medical Director leads the production of the Quality Report. The governance and production of the Quality Report is overseen by the Quality and Performance Committee. The committee is a subcommittee of the Board and has clinical and managerial representation from across the Trust and includes Non-Executive Directors, Directors, a Governor and representation from Gloucestershire Clinical Commissioning Group (GCCG). Much of the data contained within the report is reviewed by the Committee throughout the year.

Quality priorities are identified with regard to local and national priorities, performance against quality metrics within the organisation, and the views of our stakeholders, leading to the selection of those that have the highest possible impact across the overall Trust. Board members, Governors, GCCG, Gloucestershire Healthwatch and the Gloucestershire Health Overview and Scrutiny Committee were invited to input into the Quality Report. GCCG, Gloucestershire Healthwatch and Gloucestershire Health Overview and Scrutiny Committee were also invited to provide statements for inclusion in the Report.

Our quality improvement plans play a key role in our report as the plans are monitored quarterly across the year at the Quality Delivery Group which is chaired by the Director of Quality and Chief Nurse so that if support can be given to the project this is done in a timely way. Contributions to the Quality Account are made by staff across the whole organisation. Support is given to those contributing who have not written reports before.

Most local quality data is collected through the Business Intelligence Unit and where relevant our Clinical Audit department. The Trust adopts the national definitions when available or agrees data definitions with the relevant lead. The results are then reported in the Quality and Performance Report and Trust Quality reports and Quality Accounts. The accuracy of elective waiting time data and the risks to the quality and accuracy of this data were impacted in December of 2016 we launched a new patient administration system, TrakCare, designed to modernise the way we manage clinical information supporting improvements in care delivery. It is clear that we underestimated the impact it would have, and continues to have, on our services. We are working hard to address the operational and reporting issues that have arisen since we went live and to ensure that, until such time as the issues are resolved and benefits realised, we limit the impact on our patients' experience, particularly in outpatient care where the impact is being felt most acutely.

The Trust produces a series of data quality reports which enable operational and validation team staff to review a wide range of data including waiting times data for accuracy and if necessary, to amend or update it. Operational staff work to detailed protocols to allow them to record the various component that contribute to the waiting times datasets in line with national definitions.

## 11.8 REVIEW OF EFFECTIVENESS

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

During 2019/20, the Board and its Committees continued to review their performance and efficacy to ensure they remained saw further strengthening and maturing of the controls environment, including the form, function and modus operandi of Board committee arrangements to ensure they are well placed to provide Board with the required levels of assurance.

The Audit and Assurance Committee has encompassed an assurance function and sought assurances in respect of the major systems of internal control.

The overall opinion of the Head of Internal Audit on the adequacy and effectiveness of the organisation's risk management, control and governance processes is that they "are able to provide moderate assurance that there is a sound system of internal control, designed to meet the Trust's objectives and that controls are being applied consistently".

In forming of Internal Audit's view they took into account that the majority of audits provided moderate assurance in the design and effectiveness of controls. The Trust has maintained its CQC 'good' rating and at month 10 it was £0.3m better than budget for the year.

Although the overall opinion is the same as last year, the Head of Internal Audit commented that they had seen an improvement in governance and controls. There were no high priority recommendations this year (last year 16%) and no limited opinions (last year 9% design and 36% effectiveness) and a large increase in substantial opinions on the design of controls (42% v 0%). The Head of Internal Audit commended the Trust on these improvements.

Internal Audit completed 12 internal audit reviews for the year ended 31 March 2020. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and management systems reviewed.

The assurance levels are: 'substantial', 'moderate', 'limited' or 'no'. The systems were rated as follows:

Audit	Level of Assurance		Number of Recommendations		
	Design	Effectiveness	High	Medium	Low
Divisional Governance			0	6	0
RTT Clock Stops			0	4	0
Central Booking Office			-	3	-
GDPR			-	3	-
Learning from SI's & Deaths			-	4	-
CIP Reporting Processes			-	-	-
Consultant Job Planning			0	4	0
Data Protection and Security Toolkit		N/A	N/A	N/A	N/A
Payroll			0	1	1
Accounts Receivable			0	2	2
GMS Cleaning & Decontamination Standards			-	1	-
GMS Cash Handling			0	3	1

Internal Audit's work has identified no critical, no high, 31 medium and 4 low risk rated findings to improve weaknesses in the design of controls and/or operating effectiveness. The Trust has implemented a number of the recommendations raised during 2019/20 and has action plans in place to implement those that have not been implemented.

The number and priority of critical risk recommendations (reports rated as having 'no' level of assurance) is the same as last year (none). There are no high risk rated recommendations (compared to 10 last year), less medium risk recommendations (31 compared to 46) and less low risk recommendations compared to the prior year (4 compared to 7). This reflects the Executive Team's approach of directing the internal audit resources to known areas of concern.

## 11.9 CONCLUSION

The Board is committed to continuous improvement of its governance arrangements to ensure that systems are in place which ensure risks are correctly identified and managed and that serious incidents and incidents of non-compliance with standards and regulatory requirements are escalated and are subject to prompt and effective remedial action, so that the patients, service users, staff and stakeholders of the Trust can be confident in the quality of the service we deliver and the effective, economic and efficient use of resources.

I am very pleased with progress made in improving and strengthening the Trust's internal control environment during 2019/20 and the positive direction of travel, as recognised in the overall opinion of the Head of Internal Audit on the adequacy and effectiveness of the organisation's risk management, control and governance processes, who "are able to provide moderate assurance that there is a sound system of internal control, designed to meet the Trust's objectives and that controls are being applied consistently". I can confirm that action plans are in place to

embed and ensure continuous improvement of the arrangements and to address outstanding issues.

I can confirm that no significant internal control issues have been identified.



Signed:

**Deborah Lee**  
**Chief Executive Officer**

**23 June 2020**

## **12. SUSTAINABILITY REPORT 2019-20**

### **12.1 EXECUTIVE SUMMARY**

December 2019 marked a key milestone in sustainability within the Trust with the declaration of a climate emergency. By doing so we confirmed our acknowledgement of the threat that climate changes poses to public health and the need for urgent action. New governance arrangements support the focus on sustainability, with the appointment of Steve Hams, Director of Quality and Chief Nurse as the lead executive director for sustainability and Elaine Warwicker as the lead non-executive director and the establishment of a Climate Emergency Response Group. GHT staff support and engagement have been instrumental in making this happen.

The Trust has also signed up to the NHS Single-Use Plastics Reduction campaign and this initiative is supported by the retail organisations on both sites. Carbon emissions from energy continue to decline due to the combined heat and power units on both main sites.

Unfortunately the COVID-19 outbreak has put on hold progress towards the climate change emergency. This includes the review of the Greener Plan (Sustainable Development Management Plan), the appointment of a project manager to lead the response and the re-development of a staff sustainability champions network. It is now hoped to progress all this later in 2020. Further challenges for 2020/21 include sustainable travel, with the review of the travel policy especially in connection with staff parking, although this will be positively impacted by the number of staff who are likely to continue working from home.

Work continues on energy reduction, increases in recycling and more sustainable procurement.

### **12.2 INTRODUCTION**

As an NHS organisation we have an obligation to work in a way that has a positive effect on the communities we serve. The three pillars of sustainability – society, environment, and economy are interconnected and reliant on each other. The Sustainable Development Strategy for the NHS, Public Health and Social Care System (2014) says: *“A sustainable health and care system works within the available environmental and social resources, protecting and improving health now and for future generations. This means working to reduce carbon emissions, minimising waste and environmental pollution, making the best use of scarce resources, building resilience to a changing climate and nurturing community strengths and assets.”*

Gloucestershire Hospitals NHS Foundation Trust acknowledges the impact we have on the local economy, society and environment and are therefore committed to continually work to actively integrate sustainable development into our core business. The Climate Change Act (2008) requires us to contribute towards reducing the carbon footprint of the NHS, public health and social care system by 34% by 2020 (from a 1990 baseline), 51% by 2025 and 80% by 2050.

Gloucestershire Managed Services (GMS) provides a complete Estates and Facilities services provision to Gloucestershire Hospitals NHS Foundation Trust (GHFT) through a Operated Healthcare Facilities Agreement (OFHA), the

arrangements include the provision of professional services such as sustainably advice in addition to improving the sustainability of the services GMS provides to the Trust.

### **12.3 DECLARATION OF A CLIMATE CHANGE EMERGENCY**

In December 2019 GHFT declared a climate change emergency. This declaration sends a clear message that the Trust recognises and gives weight to the threat that climate breakdown poses to public health, and that we lead other healthcare organisations in committing to fast track plans to achieve carbon neutrality and improving the health of our population in the process.

The Trust aims to achieve carbon neutrality before 2050. To do this we will work with partner organisations and especially Gloucestershire County Council and the six local councils within Gloucestershire, who all declared a climate emergency in 2019.



Steve Hams, Keith Hamer, Deborah Lee and Elaine Warwicker planting a tree at GRH to mark the declaration of the climate change emergency in December 2019.

### **12.4 STAFF ENGAGEMENT**

In September 2019 the #BigGreenConversation was held and over 80 staff from across the organisation met to discuss our approach to environmental sustainability. The presentations and discussions covered symbolic and strategic actions and resulted in over 100 ideas. In particular it was the presentation from another NHS Trust that inspired the attendees to ask for the Board to consider the declaration of

the climate emergency. In December a second event, the #NextBigConversation, widely applauded the announcement of the Board decision to declare the climate emergency. Attendees also put themselves forward as participants in future workstreams including the promotion of sustainability through communication, awareness and training; waste and recycling; sustainable transport; sustainability within clinical delivery; reward and recognition for sustainability initiatives; and sustainable catering / reduction in food waste.

The staff awards, held each November, will now include a sustainability category to recognise a member of staff or a team who have made a significant contribution to sustainability within the Trust.

Staff are also able to access some 'Just sort it' funds for small value sustainable initiatives and a cost improvement plan with funding specifically for sustainable projects has also been established.

## **12.5 GOVERNANCE, MONITORING AND POLICY**

The Trust has appointed Steve Hams, Director of Quality and Chief Nurse as the lead executive director for sustainability and Elaine Warwicker as the lead non-executive director. Funding has been secured for additional sustainability expertise.

The new Climate Emergency Response Group will lead, develop and monitor progress on sustainability and compliance with sustainable legislation. It will oversee the reduction of carbon emissions within the Trust, ensuring progress towards net zero carbon neutrality by 2050; develop and deliver a sustainability cost improvement programme and embed a sustainability culture throughout the Trust, encouraging all staff and other stakeholders to be more sustainable in their activities. It will also ensure effective collaboration between the Trust and relevant countywide partnerships and other groups in areas relating to sustainability and carbon reduction. The group will report to the Board through the Estates and Facilities Committee.

The Trust's Sustainable Development Management Plan is for the period 2015-2020 and will be renewed, updated and rebranded as the 'Greener Plan' and will outline the actions and targets associated with the climate emergency declaration.

Sustainability will be incorporated into one of the Trust's strategic objectives.

## **12.6 SINGLE USE PLASTICS**

In November 2019 the Trust signed up to the NHS Single-Use Plastics Reduction campaign. As part of this the Trust agreed (unless there was a clinical need e.g. drinking straws for some patients):

- From April 2020 not to purchase single-use plastic straws or coffee stirrers
- By April 2021, not to purchase single-use plastic cutlery, plates or single-use cups made of expanded polystyrene or oxo-degradable plastics
- By April 2021, to go beyond these commitments in reducing single-use plastic food containers and other plastic cups for beverages – including covers and lids.

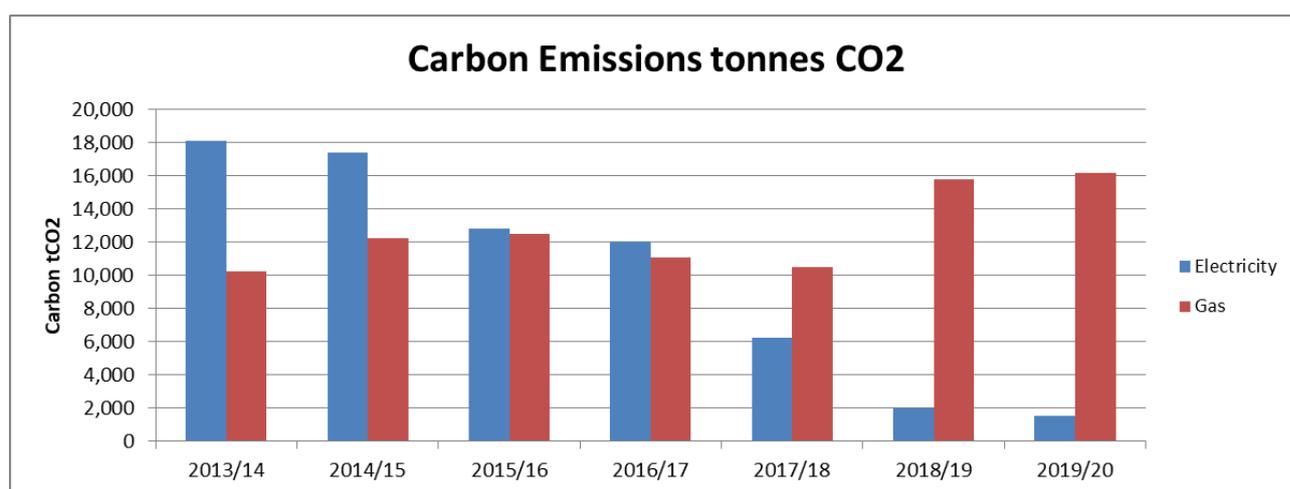
This pledge applies not just to the Trust areas and catering facilities but is also supported by the external providers and retail partners including the RVS and Compass Group.

In 2019-20 over 1 million items of plastic cutlery were purchased and over 390,000 plastic cups. To achieve these targets all the organisations will need to work with their suppliers and consider the sourcing and use of alternative products. This will need to be balanced against a number of factors including: clinical requirements; food hygiene legislation; business continuity measures (plastic plates and cutlery are used when dishwashers fail) and the practicalities of washing re-usable items etc.

## 12.7 ENERGY AND WATER

GHNHSFT has spent £3.2m on gas, electricity and water in 2019/20.

Resource		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Gas	Use (kWh)	48,136,497	58,423,482	59,520,043	60,062,487	56,854,097	85,965,330	87,932,803
	tCO <sub>2</sub> e	10,212	12,257	12,487	11,085	10,471	15,814	16,176
Oil	Use (kWh)	54,546	79,435	64,443	58,190	24,279	No data	No data
	tCO <sub>2</sub> e	17	25	21	18.3	6	No data	No data
Electricity	Use (kWh)	32,323,886	31,724,857	22,273,744	22,633,386	17,791,983	7,027,940	5,528,742
	tCO <sub>2</sub> e	18,098	17,381	12,806	12,066	6,255	1,989	1,565
Total Energy CO <sub>2</sub> e		28,328	29,664	25,314	23,151	16,731	17,803	17,741



The combined heat and power plant at Gloucestershire Royal came online in May 2018. This has generated a considerable saving in electrical consumption from the national grid although there is a corresponding increase in the gas consumption.

The NHSI directive to reduce reliance on oil and coal fed electrical generation has been met. The Trust does not use any electricity generated by coal. Oil is for back-up generators only.

GMS will work with electricity suppliers to ensure that only electricity generated from 100% renewable sources is purchased from April 2021. This is a requirement of the NHS Operational Planning Contracting Guidance 2020 <https://www.england.nhs.uk/publication/nhs-operational-planning-and-contracting-guidance-2020-21/>

The Trust was granted £600,000 from NHS Improvement for LED lighting. This allows for smart controls e.g. 50% corridor lights on all the time but PIR and daylight detectors mean the other 50% lights come on only when needed. Unfortunately the installation work for this project is on hold due to the Covid-19 lockdown. Once completed the scheme should generate financial savings of £193,000 per year and carbon savings of 794 tCO<sub>2</sub>.

In June 2019 two CT scanners were installed. The manufacturers, Canon Medical Systems, operate a carbon offset scheme to ensure their products are carbon zero. As such the Trust has received confirmation of these offsets against two projects in Africa - one in Uganda providing water boreholes and another in Kenya providing more carbon efficient stoves.

## 12.8 TRAVEL

We can improve local air quality and improve the health of our community by promoting active travel – to our staff and to the patients and public that use our services. We support a culture for active travel to improve staff wellbeing and reduce sickness.

### Travel to Work

From April 2019 to March 2020 the shuttle bus (service 99) covered 176,847 miles, carried 222,252 passengers and produced 303 tCO<sub>2</sub>. Passenger numbers in March 2020 are 3,856 lower than March 2019 (no doubt due to the Covid-19 outbreak) but despite this there has been an increase of over 10,000 passenger journeys from the previous year. Over 18,500 journeys are now made each month with about 71% of those made by staff. Fee paying public are only about 3% with about 26% of users being members of the public who hold a concessionary bus pass. Of the annual 15,345 journeys from the Arle Court park and ride 77% are made by staff.

A reduced fare is available to Trust staff with two local bus companies, one of which also offers a monthly travel pass paid through a salary sacrifice arrangement proving further savings to the staff member. Information about buses and the fare discounts are advertised on the Trust internet, intranet, through staff communications and at occasional bus promotion events.

In 2020 the Trust began a review of the 'Travel to Work' programme. This aims to help staff find alternative, more sustainable methods of travelling to work and to reduce on site car parking to manageable levels, available to those with a need to park on site. The changes should promote staff health and wellbeing and reduce the congestion on the hospital sites. Implementing this programme will be an immense challenge and require behaviour change from staff, as well as investment

from the Trust. It had been hoped to introduce this for autumn/winter 2020 but this date is likely to be pushed back due to the Covid-19 situation.

However the programme will benefit from lessons learnt in the current situation. Many staff are successfully working from home and this will be promoted in 2020 with the experience of Covid-19 changing our practice and culture. There is a great increase in tele and video conferencing with patients, and if this use and development of technology continues it will reduce the number of people needing to travel in the future. The positives of this change will include decreased pressure on car parking, less congestion on all roads and in particular around the hospital sites, a reduction in pollution levels and therefore an improvement in air quality, and reduced stress on all travellers.

The Travel to Work programme will sit alongside a new travel survey which will be commissioned later in 2020. This will be part of the new travel strategy and will link with Gloucestershire County Council and other local partners.

### Cycling and Walking

The Trust continues to offer a salary sacrifice scheme for the purchase of bicycles and there are discounts with local bike shops. The Bicycle Users Group manages access to on-site facilities such as the secure bike sheds across both the acute sites. There are showers and changing facilities on both sites.

GMS continues to work with Gloucestershire County Council on the development of the Local Cycling and Infrastructure Plan, which is looking to provide additional safe cycling and walking routes.

### Car scheme

The Trust offers staff the ability to lease a new car through a salary sacrifice scheme. The car can have maximum carbon emissions of 110g/km CO<sub>2</sub>.

In addition, Tusker (the lease car scheme company) has included a Carbon Offsetting Initiative at no cost to the Trust. This allows staff to offset the carbon emissions of their new car and therefore to have a carbon neutral car for the duration of their lease agreement. Staff choose from one of four schemes (based in India, Chile, Brazil or Indonesia) and receive a regular newsletter to keep them informed on the schemes progress.

Since the scheme began in June 2016 92 members of staff have received cars or have them on order. The carbon offset is 393 tonnes CO<sub>2</sub>.

### Joint transport groups

The Trust is working with the Gloucestershire County Council transport team and the other NHS organisations within the county on a variety of transport projects. A number of short-life working groups are looking at an assortment of projects including electric vehicles and clean fleet. GMS are scoping the options for electric vehicle charging points at Cheltenham and Gloucester.

## Business travel and fleet

The NHS Operational Planning Contracting Guidance (2020) requires all trusts to cut business mileage and fleet air pollutant emissions by 20% by 2023/24. In 2020/21 the Trust will sign up for a Green Fleet Review and ensure all fleet vehicles purchased or leased from April 2020 support the transition to low and ultra-low emissions.

<https://www.england.nhs.uk/publication/nhs-operational-planning-and-contracting-guidance-2020-21/>

## **12.9 WASTE**

The Trust continues to recycle a wide variety of materials. The Glaxo-Smith-Klein national inhaler recycling scheme is used by the Pharmacy department. Green waste is composted on site and used catering oil is recovered as bio-fuel. Out of date clinical consumables are sent to wildlife and animal charities for reuse e.g. feeding tubes and dressing packs. All black bag waste is disposed of at Energy from Waste plant. The energy generated from each tonne of waste is between 500 – 600 kWh. Using average monthly tonnage figures GHT's black bag waste generates between 34,250 and 41,100 kWh of electricity. A large volume of cardboard is recycled each month with over 5 tonnes per month at Cheltenham General and 8.5 tonnes a month at Gloucestershire Royal Hospital.

Waste auditors audit all wards and departments through an ongoing programme. The internal audits identify areas that need to improve on segregation and increase recycling volumes. The waste auditors also encourage staff to have Waste Watchers (staff waste champions) in their department/ward.

In January 2020 a Sterimelt machine was been installed in the waste yard at GRH. It provides a sustainable solution for the disposal of polypropylene tray wraps from Sterile Services Department and non-soiled patient slide sheets. The wraps and sheets are recycled into blocks which generates revenue. It is estimated that this will remove eleven tonnes of GHT waste from the orange bag waste stream per month – resulting in carbon and financial savings. Six times more carbon is produced in the disposal process for orange bags than is produced when recycling the orange bags in the Sterimelt machine.

GMS are still hoping to be able to introduce three new waste minimisation projects during 2020 (subject to Covid-19 developments).

- re-usable sharps bins would save up to 307 tonnes of carbon and £30,000 per year
- Single use metal instrument recycling to be planned so that instruments can be sterilised and recycled rather than incinerated - resulting in reduced carbon emissions and incineration costs
- sign up to Warp It - Furniture and resource re-use programme. Unwanted items are shared within the organisation or with partners. The eco tool improves sustainability, reduces waste, reduces spend and improves internal/external collaboration and resilience. Warp It is part of the circular and collaborative economy - the tool is also considered to be part of the collaborative consumption movement.

## **12.10 CATERING**

GMS and the Trust follow the Government Buying Standards, fresh meat is from the Red Tractor assurance scheme and all fish and palm oil products are from sustainable sources. Dairy and bakery products, fruit and vegetables and fresh meat are all from suppliers within the county or the South-West. The menus change twice a year so there are spring-summer and autumn-winter patient menus which allow greater use of seasonal local fruit and vegetables reducing food miles. More vegetarian and vegan options are available in the restaurants which GMS manage.

Catering services have been undertaking pilot studies on new ways of delivering food to patients. It is hoped that one benefit of a new delivery method will be a reduction in food waste at ward level.

The in-house production of cakes, sandwiches and salads has enabled a move to paper and cardboard packaging for these items and hot food take-out containers are now bio-degradable. Plastic disposable cutlery is now only available to customers who purchase takeaway food, helping to reduce its usage. Cardboard and cans are recycled and provide a small income for the Trust. All plastic products are recycled and the department continue to reduce disposables. The Catering department no longer use black plastic for ready meal containers or disposable coffee lids as they were not recyclable and have moved to a white plastic instead.

As part of their commitment to sustainability, our retail outlets are encouraging the use of re-usable cups by offering a bamboo travel mug at a promotional price. They also offer a discount to customers who bring their own mugs for hot beverages and have signage by their hot drinks machines encouraging customers to use the china mugs rather than disposable. They have also removed plastic cups from the water fountains and supply glasses instead.

## **12.11 PRIVATE FINANCE INITIATIVE (PFI)**

Part of the Gloucestershire Royal site is a Private Finance Initiative (PFI) scheme and Apleona PPP Limited are responsible for the maintenance and upkeep of that part of the building. The contract requires them to replace items on a like-for-like basis but as the building is now 16 years old replacement equipment tends to be more efficient than the original.

This year Apleona are focusing on bathroom and toilet refurbishments and are stripping and laying the floor first so that any leaks have a greatly reduced chance of affecting any other areas. The installed equipment is much more resilient to flood damage and far easier to clean. They have reduced aerosol to inhibit legionella infection potential and make it simpler to maintain and test from a water viewpoint.

## **12.12 PROCUREMENT**

GMS and Trust procurement services are committed to meeting industry best practice of incorporating both environmental and the wider Social Economic Responsibilities (SER) principles into all contracting activity undertaken. They support GMS and the Trust in meeting the procurement elements of the NHS Sustainable Development Assessment Tool (SDAT) which is aligned to the UN Sustainable Development Goals (SDGs).

Procurement continue to build on the foundation of previous work undertaken, which has focused on environmental sustainability, for example: requesting our suppliers to support moves towards less packaging, use of higher percentages of recycled materials in their products/packaging, to use more fuel efficient and/or alternative fuel vehicles, to share innovations in carbon offsetting and supporting the reduction of the Trust's carbon footprint.

There is zero tolerance of modern slavery within our immediate and extended supply chain(s). This includes evaluating suppliers on how they monitor their supply chains and how they ensure no materials used to deliver contract(s) are created through the use of bonded labour or infringement of human rights. It incorporates the wider SER principles e.g. ensuring there is no unnecessary use of zero hours contracts, that supplier's staff have an active voice in their workplace and that they are already moving to, or signed up to the national living wage.

All procurement exercises undertaken are reviewed and relevant sustainability and SER factors incorporated into the specifications and the evaluation methodologies, to ensure the Trust gets a sustainable solution that demonstrates the best value for public money being spent.

### 12.13 MATERIALS MANAGEMENT / RECEIPT & DISTRIBUTION

Materials Management have been working on improving the bulk storage of Personal Protective Equipment (PPE) items and a small amount of ward consumables. This gives the department the ability to react to ward demands quickly ensuring agreed sustainable products are available rather than sourcing alternatives. This also gives a financial saving due to buying in bulk, reduces packaging and reduces the number of deliveries thereby helping to reduce road congestion.

### 12.14 FUTURE DEVELOPMENTS

In April 2018 we were successful in a Sustainability & Transformation (STP) bid to NHSE for £39.5m to develop both of our sites (GRH & CGH) to resolve a number of issues within planned and urgent care across Gloucestershire. Final options are being detailed but there will be both new build and redevelopment and both will aim for the highest level in BREEAM Healthcare, with buildings incorporating high energy efficiency and flexible designs. This project will comply with the NHS Operational Planning and Contracting Guidance (2020) to ensure new builds and refurbishment projects are delivered to net zero carbon standards.

<https://www.england.nhs.uk/publication/nhs-operational-planning-and-contracting-guidance-2020-21/>

### 12.15 SCOPE 1, 2 AND 3 EMISSIONS

Area	Type	Unit	Cost £
Greenhouse Gas Emissions	Scope 1 (gas consumption, fleet vehicles and anaesthetic gases)	17,384 tCO <sub>2</sub> e	Total Scope 1, 2 and 3 emissions (not including anaesthetic gas) £3,094,575
	Scope 2 (electricity consumption)	1,565 tCO <sub>2</sub>	

	Scope 3 (business travel)	178 tCO <sub>2</sub>	
Water	Water consumption 266,073m <sup>3</sup>		£637,409
Waste minimisation and management	(a) total waste arising = 2,365 tonnes (b) waste to energy = 857 tonnes (c) waste recycled/reused = 546 tonnes (d) waste incinerated = 229 tonnes (e) waste sent to landfill = 38 tonnes (f) waste sent to an AT plant = 695 tonnes  Overall waste tonnage decreased by 20 tonnes from 2018-19 but cost up by £100,000 as disposal costs increased due to contract changes.		£649,544

There has been a further decrease in the carbon emissions from the anaesthetic gases (nitrous oxide, Entonox, Desflurane and Sevoflurane) used in theatres or the maternity units. In 2017/18 these produced 2,144 tCO<sub>2</sub>e, in 2018/19 1,582 tCO<sub>2</sub>e and in 2019/20 1,080 tCO<sub>2</sub>e. The use of Isoflurane has now ceased, but much of the reduction is due to an award winning initiative in 2018 to decrease the use of Desflurane. This work has supported the requirement laid out in the NHS Operational Planning Contracting Guidance (2020) to reduce the carbon footprint associated with anaesthetic gases by reducing the use of Desflurane to Sevoflurane used in surgery to less than 20% by volume. <https://www.england.nhs.uk/publication/nhs-operational-planning-and-contracting-guidance-2020-21/>

## 12.16 IMPACT OF COVID-19

Unfortunately the current situation has had an impact on sustainability within the Trust. On the negative side the volume of clinical waste has increased dramatically with the additional PPE, similarly the volume of stock used and lorry movements to supply it all have also increased.

The outbreak has put on hold progress towards the climate change emergency. This includes the review of the Greener Plan (Sustainable Development Management Plan), the appointment of a project manager to lead the response and the re-development of a staff sustainability champions network. It is now hoped to progress all this later in 2020.

On the positive side the reduction in travel has reduced congestion and improved air quality. New ways of working have been tested and can hopefully continue, reducing the need to travel, the demand on car parking and potentially releasing office space for clinical care. The sustainable benefits of these opportunities must be explored and considered for future implementation.

## **13. ANNUAL REPORT OF THE AUDIT AND ASSURANCE COMMITTEE**

### **13.1 INTRODUCTION**

In accordance with best practice, the Audit and Assurance Committee produces an Annual Report setting out how the Committee has met its Terms of Reference during the past year.

### **13.2 REMIT AND TERMS OF REFERENCE**

In addition to the normal range of financially based responsibilities the Committee has responsibility for scrutinising all risks and controls which may affect the Trust's business. This particularly relates to areas of risk management and clinical governance where the Committee is responsible for advising the Main Board as to whether a robust assurance framework is in place and operating effectively. The Committee is also acting as the Group Audit Committee ensuring that the subsidiary company (trading as Gloucestershire Managed Services (GMS)) has effective audit arrangements in place.

### **13.3 MEMBERSHIP**

The Committee consists of three Non-Executive Directors, one of whom is required to have recent relevant financial experience. There is also regular attendance at the meeting from the Chief Executive Officer, Director of Finance, Director of Safety, Local Counter Fraud Specialist, Director of People and Organisational Development (as executive lead for corporate governance and risk) Trust Secretary (replacing the Director of Corporate Governance) and both the Internal and External Auditors. Representatives of GMS, the Trust's estates and facilities subsidiary company, attend for relevant agenda items. A representative from the Council of Governors observes each meeting. Time is also allocated, prior to each meeting, for private discussion to take place between Committee Members and the internal and external auditors.

Claire Feehily replaced Rob Graves as Chair of the Committee in July 2019.

### **13.4 2019/20 REVIEW OF THE YEAR**

The Committee met six times during the year (in accordance with its terms of reference) with meetings based around the reporting cycle of Internal and External Auditors and the Annual Report and Accounts of the Foundation Trust. An additional meeting was held in April 2019 for Members of the Committee to be briefed by the Finance Team on year end accounts and to review a draft Annual Report.

#### **Governance, Risk Management and Internal Control**

The Committee has reviewed relevant disclosure statements, in particular the Annual Governance Statement (AGS) together with the Head of Internal Audit Opinion, external audit opinion and other appropriate independent assurances and considers that the AGS is consistent with the Committee's view on the Trust's system of internal control. Accordingly, the Committee supports Board Approval of the AGS.

The Committee has reviewed the completeness of the risk management system and the extent to which it is embedded in the organisation. The Committee believes that adequate systems for risk management are in place; ongoing work is required to ensure these are complied with throughout the whole organisation and continue to evolve to meet the needs of the Trust.

### **Internal Audit**

Internal Audit provides a report to the Committee at each meeting. The Committee and Internal Audit have worked effectively together throughout the year to strengthen and be assured on the Trust's internal control processes. Significant progress continues to be made in responding to internal audit findings, with no outstanding actions resulting from previous years' audits and good executive management engagement and ownership of the internal audit plan and individual audits within it.

The Committee has also in year:

- Reviewed and approved the internal audit programme, operational plan and more detailed programme of work;
- Considered the major findings of internal audit and are assured that management have responded in an appropriate manner and that the Head of Internal Audit Opinion and that the Annual Governance Statement reflects any major control weaknesses.

### **External Audit**

Ernst and Young were the Trust's External Auditors throughout the financial year.

The Committee has in year:

- Reviewed and agreed external audit's annual plan;
- Reviewed and commented on the reports prepared by external audit;
- Reviewed and commented on regular updates on matters impacting on the wider sector prepared by external audit;
- Considered the interim audit findings and received assurance that these have been addressed prior to final annual accounts audit;
- Reviewed and commented on the reports and opinion delivered as part of the final accounts audit.

### **Management**

The Committee has challenged the assurance process when appropriate and has requested and received assurance reports from Trust management and various other sources both internally and externally throughout the year.

### **Financial Reporting**

The Committee has reviewed the annual financial statements before submission to the Board and are entirely satisfied with the submission.

## **Other Matters**

Further examples of the Audit and Assurance Committee's work during 2019/20 include:

- Review of cyber security assurance report;
- Review of clinical audit arrangements;
- Review of GDPR compliance;
- Obtaining assurance on the Trust's Emergency Prevention, Preparedness and Response (EPPR) arrangements, including a review of NHS England's EPPR external assurance report;
- Obtaining assurance on the design and effectiveness of the Trust risk management arrangements;
- Scrutiny of counter fraud reports;
- Review of the Board Assurance Framework.

## **Conclusion**

The Committee is of the opinion that this annual report is consistent with the Annual Governance Statement and Head of Internal Audit Opinion and there are no matters that the Committee is aware of at this time that have not been disclosed appropriately.

Gloucestershire Hospitals NHS Foundation Trust

Annual accounts for the year ended 31 March 2020

## Foreword to the accounts

### Gloucestershire Hospitals NHS Foundation Trust

These accounts, for the year ended 31 March 2020, have been prepared by Gloucestershire Hospitals NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.



**Signed**

<b>Name</b>	<b>Deborah Lee</b>
<b>Job title</b>	<b>Chief Executive Officer</b>
<b>Date</b>	<b>23 June 2020</b>

## Consolidated Statement of Comprehensive Income

		Trust	Group	Trust	Group
		2019/20	2019/20	2018/19	2018/19
	Note	£000	£000	£000	£000
Operating income from patient care activities	3	514,893	515,562	458,985	458,985
Other operating income	4	88,772	95,440	70,358	76,443
Operating expenses	7, 9	(600,304)	(604,317)	(556,796)	(560,922)
<b>Operating surplus/(deficit) from continuing operations</b>		<b>3,361</b>	<b>6,685</b>	<b>(27,452)</b>	<b>(25,494)</b>
Finance income	12	2,760	297	1,029	196
Finance expenses	13	(7,442)	(7,442)	(6,214)	(6,214)
PDC dividends payable		(1,178)	(1,178)	(1,845)	(1,845)
<b>Net finance costs</b>		<b>(5,860)</b>	<b>(8,323)</b>	<b>(7,030)</b>	<b>(7,863)</b>
Other gains/(losses)	14	-	(200)	-	77
Corporation tax expense		-	(624)	-	(212)
<b>(Deficit) for the year</b>		<b>(2,499)</b>	<b>(2,462)</b>	<b>(34,482)</b>	<b>(33,492)</b>
<b>Other comprehensive income</b>					
<b>Will not be reclassified to income and expenditure:</b>					
Impairments	8	(17)	(17)	(19,615)	(19,615)
Revaluations	19	5,994	5,994	-	-
<b>Total comprehensive income / (expense) for the period</b>		<b>3,478</b>	<b>3,515</b>	<b>(54,097)</b>	<b>(53,107)</b>
<b>(Deficit) for the period attributable to:</b>					
Gloucestershire Hospitals NHS Foundation Trust		(2,499)	(2,462)	(34,482)	(33,492)
<b>TOTAL</b>		<b>(2,499)</b>	<b>(2,462)</b>	<b>(34,482)</b>	<b>(33,492)</b>
<b>Total comprehensive income/ (expense) for the period attributable to:</b>					
Gloucestershire Hospitals NHS Foundation Trust		3,478	3,515	(54,097)	(53,107)
<b>TOTAL</b>		<b>3,478</b>	<b>3,515</b>	<b>(54,097)</b>	<b>(53,107)</b>

The Trusts' control total surplus for 2019/20, excluding the impact of impairments, was £0.05m, as detailed in Note 2 on page 17 (2018/19 £29.6m deficit).

## Statements of Financial Position

		Trust	Group	Trust	Group	
		31 March	31 March	31 March	31 March	
		2020	2020	2019	2019	
Note		£000	£000	£000	£000	
<b>Non-current assets</b>						
	Intangible assets	16	8,435	8,435	10,412	10,412
	Property, plant and equipment	17	254,554	254,768	231,338	231,216
	Other investments / financial assets	20	-	1,741	-	1,954
	Receivables	24	5,889	5,889	5,185	5,185
	Other assets	25	600	-	600	-
	<b>Total non-current assets</b>		<b>269,478</b>	<b>270,833</b>	<b>247,535</b>	<b>248,767</b>
<b>Current assets</b>						
	Inventories	23	8,704	9,121	7,434	7,571
	Receivables	24	32,173	31,527	23,784	25,431
	Cash and cash equivalents	27	31,502	39,783	4,836	9,846
	<b>Total current assets</b>		<b>72,380</b>	<b>80,432</b>	<b>36,054</b>	<b>42,849</b>
<b>Current liabilities</b>						
	Trade and other payables	28	(74,864)	(79,956)	(50,420)	(54,432)
	Borrowings	30	(132,582)	(132,582)	(12,527)	(12,527)
	Provisions	32	(170)	(170)	(160)	(160)
	Other liabilities	29	(3,401)	(3,401)	(5,837)	(5,837)
	<b>Total current liabilities</b>		<b>(211,017)</b>	<b>(216,109)</b>	<b>(68,945)</b>	<b>(72,956)</b>
	<b>Total assets less current liabilities</b>		<b>130,841</b>	<b>135,156</b>	<b>214,644</b>	<b>218,660</b>
<b>Non-current liabilities</b>						
	Borrowings	30	(40,609)	(40,609)	(135,295)	(135,294)
	Provisions	32	(2,850)	(2,850)	(1,434)	(1,434)
	Other liabilities	29	(6,484)	(6,484)	(6,860)	(6,860)
	<b>Total non-current liabilities</b>		<b>(49,943)</b>	<b>(49,943)</b>	<b>(143,589)</b>	<b>(143,588)</b>
	<b>Total assets employed</b>		<b>80,898</b>	<b>85,213</b>	<b>71,055</b>	<b>75,072</b>
<b>Financed by</b>						
	Public dividend capital		179,302	179,302	172,676	172,676
	Revaluation reserve		29,683	29,683	23,706	23,706
	Other reserves		209	209	209	209
	Income and expenditure reserve		(128,296)	(128,296)	(125,536)	(125,898)
	Charitable fund reserves	22	-	4,315	-	4,379
	<b>Total taxpayers' equity</b>		<b>80,898</b>	<b>85,213</b>	<b>71,055</b>	<b>75,072</b>

The notes on pages 6 to 48 form part of these accounts.

Name Deborah Lee  
 Position Chief Executive Officer  
 Date 23 June 2020

*Deborah Lee*

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

Group	Public dividend capital £000	Revaluation reserve £000	Other reserves £000	Income and expenditure reserve £000	Charitable fund reserves £000	Total £000
Taxpayers' and others' equity at 1 April 2019 - brought forward	172,676	23,706	209	(125,898)	4,379	75,072
At start of period for new FTs	-	-	-	-	-	-
Surplus/(deficit) for the year	-	-	-	(2,398)	(64)	(2,462)
Impairments	-	(17)	-	-	-	(17)
Revaluations	-	5,994	-	-	-	5,994
Public dividend capital received	6,626	-	-	-	-	6,626
<b>Taxpayers' and others' equity at 31 March 2020</b>	<b>179,302</b>	<b>29,683</b>	<b>209</b>	<b>(128,296)</b>	<b>4,315</b>	<b>85,213</b>

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

Group	Public dividend capital £000	Revaluation reserve £000	Other reserves £000	Income and expenditure reserve £000	Charitable fund reserves £000	Total £000
Taxpayers' and others' equity at 1 April 2018 - brought forward	168,768	43,321	209	(91,424)	3,397	124,271
Surplus/(deficit) for the year	-	-	-	(34,474)	982	(33,492)
Impairments	-	(19,615)	-	-	-	(19,615)
Public dividend capital received	3,908	-	-	-	-	3,908
<b>Taxpayers' and others' equity at 31 March 2019</b>	<b>172,676</b>	<b>23,706</b>	<b>209</b>	<b>(125,898)</b>	<b>4,379</b>	<b>75,072</b>

## **Information on reserves**

### **Public dividend capital**

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. Additional PDC may also be issued to trusts by the Department of Health and Social Care. A charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health as the public dividend capital dividend.

### **Revaluation reserve**

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating income. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

### **Other reserves**

On the original setting up of the Trust in 2003 there was an error made on the initial PDC to cover the value of the net assets of the new organisation. The adjustment was credited to other reserves and will remain with the Trust until the Trust is dissolved.

### **Income and expenditure reserve**

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

### **Charitable funds reserve**

This reserve comprises the ring-fenced funds held by the NHS charitable funds consolidated within these financial statements. These reserves are classified as restricted or unrestricted; a breakdown is provided in note 22

## Statements of Cash Flows

		Trust	Group	Trust	Group
	Note	2019/20	2019/20	2018/19	2018/19
		£000	£000	£000	£000
<b>Cash flows from operating activities</b>					
Operating surplus / (deficit)		3,361	6,685	(27,452)	(25,494)
<b>Non-cash income and expense:</b>					
Depreciation and amortisation	7.1	15,114	15,153	13,803	13,803
Net impairments	8	3,332	3,332	4,774	4,774
Income recognised in respect of capital donations	4	(1,352)	(1,352)	(320)	(320)
(Increase) / decrease in receivables and other assets		(6,622)	(6,690)	(5,593)	(7,240)
(Increase) / decrease in inventories		(1,270)	(1,550)	(303)	(441)
Increase / (decrease) in payables and other liabilities		23,054	24,168	7,778	11,131
Increase / (decrease) in provisions		1,382	1,382	(54)	(54)
Movements in charitable fund working capital		-	(267)	-	125
Tax (paid) / received		-	(623)	-	(212)
<b>Net cash flows from / (used in) operating activities</b>		<b>36,999</b>	<b>40,238</b>	<b>(7,367)</b>	<b>(3,928)</b>
<b>Cash flows from investing activities</b>					
Interest received		219	219	124	124
Purchase of intangible assets		(3,726)	(3,726)	(1,282)	(1,282)
Purchase of PPE and investment property		(29,699)	(29,745)	(15,902)	(15,902)
Net cash flows from charitable fund investing activities		-	78	-	71
<b>Net cash flows from / (used in) investing activities</b>		<b>(33,206)</b>	<b>(33,174)</b>	<b>(17,060)</b>	<b>(16,989)</b>
<b>Cash flows from financing activities</b>					
Public dividend capital received		6,626	6,626	3,908	3,908
Movement on loans from DHSC		26,870	26,870	29,501	29,501
Capital element of finance lease rental payments		(1,699)	(1,699)	(2,055)	(2,055)
Capital element of PFI, LIFT and other service concession payments		(568)	(568)	(103)	(103)
Interest on loans		(4,716)	(4,716)	(3,868)	(3,868)
Interest paid on finance lease liabilities		(94)	(94)	(170)	(170)
Interest paid on PFI, LIFT and other service concession obligations		(2,505)	(2,505)	(1,927)	(1,927)
PDC dividend (paid) / refunded		(1,041)	(1,041)	(1,470)	(1,470)
<b>Net cash flows from / (used in) financing activities</b>		<b>22,873</b>	<b>22,873</b>	<b>23,816</b>	<b>23,817</b>
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>26,666</b>	<b>29,937</b>	<b>(611)</b>	<b>2,899</b>
<b>Cash and cash equivalents at 1 April - brought forward</b>		<b>4,836</b>	<b>9,846</b>	<b>5,447</b>	<b>6,947</b>
<b>Cash and cash equivalents at 31 March</b>	27	<b>31,502</b>	<b>39,783</b>	<b>4,836</b>	<b>9,846</b>

## Notes to the Accounts

### Note 1 Accounting policies and other information

#### Note 1.1 Basis of preparation

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

#### Accounting convention

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

#### Note 1.2 Going concern

These accounts have been prepared on a going concern basis.

The accounting rules (IAS1) require management to assess, as part of the accounts preparation process, the Gloucestershire Hospitals NHS Foundation Trust's (the Trust) ability to continue as a going concern. NHS England have produced a statement advising that all providers and commissioners are a going concern given the government direction to NHS England to support the provision of services. Trust management have also considered other issues and have concluded that these accounts have been prepared on a going concern basis, as we do not either intend to apply to the Secretary of State for the dissolution of the Trust without the transfer of the services to another entity, or consider that this course of action will be necessary.

The Trust has modelled income, expenditure and cash flows for the coming twelve months to June 2021 and these show a small surplus expected to be achieved at 31 March 2021. However, this is dependent on the achievement of £15.8 million of cash savings during the year. Due to the challenges that Covid-19 poses impacting the ability to make those savings, the Trust has indicated a material uncertainty in relation to achieving the £15.8 million savings in 2020/21 that may cast significant doubt on the Trust's ability to continue as a going concern.

The Trust has considered the impact of COVID-19 on all areas of the financial statements and considered recoverability of financial assets and valuation and impairment and have concluded that there are no material further potential financial impacts of the pandemic on the remaining areas.

The Trust achieved a surplus in the year of £50k (2018/19 deficit £34.1m) against a planned deficit of £1.5m.

A financial plan was put in place for 2019/20 which enabled the continuity of services and distress funding was both planned and received over the course of the year to ensure that liabilities could be met and services provided. The Trust plan was submitted to NHS Improvement at the start of the year which indicated a material deficit for 2019/20 and consequent significant cash funding requirements to enable the Trust to meet its liabilities and to continue the provision of services. At the point of finalising these financial statements we note that to date the Trust has received distress funding of £106m from the Department of Health and Social Care.

Whilst the directors have concluded there are material uncertainties that cast significant doubt on the Trust's ability to continue as a going concern in relation to the achievement of savings assumed within the Trust's financial plan for 2020/21, the likelihood of securing additional financial funding from DHSC to support the financial operations means that the directors have determined that it remains appropriate to prepare these accounts on a going concern basis. The accounts do not include any adjustments that would result if Gloucestershire Hospitals NHS Foundation Trust was unable to continue as a going concern.

#### Note 1.3 Consolidation

Entities over which the Trust has the power to exercise control are classified as subsidiaries and are consolidated. The Trust has control when it has the ability to affect the variable returns from the other entity through its power to direct relevant activities. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines. The capital and reserves attributable to non-controlling interests are consolidated in full into the appropriate financial statement lines. Appropriate adjustments are made on consolidation where subsidiaries' accounting policies are not aligned with the Trust or where the subsidiaries' accounting dates are not coterminous. The amounts consolidated are drawn from the financial statements of Gloucestershire Hospitals Charitable Fund and Gloucestershire Hospitals Subsidiary Company Ltd. Intra-entity balances, transactions and gains/losses are eliminated in full on consolidation.

#### NHS Charitable Funds

The trust is the corporate trustee to the Gloucestershire Hospitals charitable fund. The trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable fund and has the ability to affect those returns and other benefits through its power over the fund.

The charitable fund's statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102. On consolidation, necessary adjustments are made to the charity's assets, liabilities and transactions to:

- recognise and measure them in accordance with the Trust's accounting policies and
- eliminate intra-group transactions, balances, gains and losses.

#### Gloucestershire Hospitals Subsidiary Company Ltd

The Trust wholly owns Gloucestershire Hospitals Subsidiary Company Ltd. (known as Gloucestershire Managed Services, GMS) which form part of the consolidated accounts. GMS provides the estates, facilities, sterile services and materials management services for the Trust. Its turnover for the period ended 31st March 2020 was £56.7m (2018-2019 £46m) and its gross assets at 31st March totalled £19.9m (2018-2019 £6.6m).

The Gloucestershire Hospitals Subsidiary Company Ltd statutory accounts are prepared to 31 March in accordance with UK Financial Reporting Standard (FRS) 102. On consolidation, necessary adjustments are made to the charity's assets, liabilities and transactions to:

- recognise and measure them in accordance with the Trust's accounting policies and
- eliminate intra-group transactions, balances, gains and losses.

#### **Note 1.4 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.

Income in respect of goods/services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the Trust is contracts with commissioners in respect of health care services. At the year end, the Trust accrues income relating to activity delivered in that year, where a patient spell is incomplete.

Where income is received for a specific activity which is to be delivered in a subsequent financial year, that income is deferred.

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 contract.

#### **Revenue from NHS contracts**

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

#### **Revenue from research contracts**

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

#### **NHS injury cost recovery scheme**

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

#### **Provider sustainability fund (PSF) and Financial recovery fund (FRF)**

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

#### **Note 1.5 Other forms of income**

##### **Grants and donations**

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

## **Apprenticeship service income**

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

## **Note 1.6 Expenditure on employee benefits**

### **Short-term employee benefits**

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

### **Pension costs**

#### *NHS Pension Scheme*

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

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the Trust commits itself to the retirement, regardless of the method of payment.

## **Note 1.7 Expenditure on other goods and services**

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

## **Note 1.8 Property, plant and equipment**

### **Recognition**

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential be provided to, the Trust
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably
- the item has cost of at least £5,000, or
- collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.

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

#### *Subsequent expenditure*

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

### **Measurement**

#### *Valuation*

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

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

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

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

A formal revaluation is required every 5 years with an interim formal valuation in the third year of each cycle. A Modern Equivalent Asset Optimised Alternative Site valuation was undertaken as at 1st April 2017 by the Trust's independent valuer. A desktop valuation, on an MEA basis and excluding VAT, was undertaken by the Trust's independent valuer as at 31st March 2020.

The Trust has also considered the impact of COVID-19 on the valuation of its property plant and equipment having regard to the specific composition of land and building assets carried on its balance sheet:

The vast majority of the Trust's building assets by number and value are considered to be specialised and are therefore valued at depreciated replacement cost. Given this valuation basis is not informed by evidence of relevant market conditions which could have been impacted by COVID-19, we are satisfied that the outbreak of COVID-19 is unlikely to have led to significant uncertainty in the valuation.

Although the valuation of land is more reliant on market evidence we consider it unlikely that the outbreak of COVID-19 would have led to a significant impairment of land values at the end of the year given that significant impacts arising from COVID-19 only started to arise from March 2020. We note that the valuer has assumed no significant change in land values from the prior year valuation which we consider to be reasonable.

We are therefore satisfied there is unlikely to be a material impact on the carrying value of land and building assets as at the balance sheet date

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

### *Depreciation*

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

Property, plant and equipment which has been reclassified as 'held for sale' cease to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

### *Revaluation gains and losses*

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

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

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

### *Impairments*

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

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

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

### **De-recognition**

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met. The sale must be highly probable and the asset available for immediate sale in its present condition.

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

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

### **Donated and grant funded assets**

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

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

## Private Finance Initiative (PFI) and Local Improvement Finance Trust (LIFT) transactions

PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's *FReM*, are accounted for as 'on-Statement of Financial Position' by the trust. In accordance with HM Treasury's *FReM*, the underlying assets are recognised as property, plant and equipment, together with an equivalent liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

The annual contract payments are apportioned between the repayment of the liability, a finance cost, the charges for services and lifecycle replacement of components of the asset. The element of the annual unitary payment increase due to cumulative indexation is treated as contingent rent and is expensed as incurred.

The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Statement of Comprehensive Income.

### Useful lives of property, plant and equipment

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

	Min life Years	Max life Years
Land	-	-
Buildings, excluding dwellings	15	79
Dwellings	90	90
Plant & machinery	5	15
Transport equipment	7	7
Information technology	3	5
Furniture & fittings	10	10

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

## Note 1.9 Intangible assets

### Recognition

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

#### *Internally generated intangible assets*

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

Expenditure on research is not capitalised. Expenditure on development is capitalised where it meets the requirements set out in IAS 38.

#### *Software*

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

### Measurement

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

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

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

*Amortisation*

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

**Useful lives of intangible assets**

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

	<b>Min life Years</b>	<b>Max life Years</b>
Information technology	2019/20	2019/20
Development expenditure	1	8

**TrakCareAsset Implementation**

During 2014/15 the Trust procured a clinical information system "TrakCare", the Trust began the implementation process in 2014/15, and it was brought into use during 2019/20. The system will be run through a managed service agreement and accounted for through the Statement of Comprehensive Income.

During the implementation phase a significant number of staff will be utilised to ensure there is appropriate knowledge within the organisation to effectively operate the system. These will be defined roles with defined benefits arising from them. The Trust is capitalising the costs arising from the implementation due to the future economic benefits that will be derived from the system. The basis for this treatment is under IAS38 Intangible Assets (Research and Development).

The Trust commenced amortising the asset in 2019/20 following the completion of the recovery and revalidation work.

### **Note 1.10 Inventories**

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

### **Note 1.11 Investment properties**

Investment properties are measured at fair value. Changes in fair value are recognised as gains or losses in income/expenditure.

Only those assets which are held solely to generate a commercial return are considered to be investment properties. Where an asset is held, in part, for support service delivery objectives, then it is considered to be an item of property, plant and equipment. Properties occupied by employees, whether or not they pay rent at market rates, are not classified as investment properties.

### **Note 1.12 Cash and cash equivalents**

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

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

### **Note 1.13 Carbon Reduction Commitment scheme (CRC)**

The CRC scheme is a mandatory cap and trade scheme for non-transport CO<sub>2</sub> emissions. The Trust is registered with the CRC scheme, and is therefore required to surrender to the Government an allowance for every tonne of CO<sub>2</sub> it emits during the financial year. A liability and related expense is recognised in respect of this obligation as CO<sub>2</sub> emissions are made.

The carrying amount of the liability at the financial year end will therefore reflect the CO<sub>2</sub> emissions that have been made during that financial year, less the allowances (if any) surrendered voluntarily during the financial year in respect of that financial year.

The liability will be measured at the amount expected to be incurred in settling the obligation. This will be the cost of the number of allowances required to settle the obligation.

### **Note 1.14 Financial assets and financial liabilities**

#### **Recognition**

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

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

#### **Classification and measurement**

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

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

Financial assets are classified as subsequently measured at amortised cost, fair value through income and expenditure.

Financial liabilities classified as subsequently measured at fair value through income and expenditure.

## **Financial assets and financial liabilities at amortised cost**

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

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

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

## **Financial assets measured at fair value through other comprehensive income**

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

## **Financial assets and financial liabilities at fair value through income and expenditure**

Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or at fair value through other comprehensive income. This category also includes financial assets and liabilities acquired principally for the purpose of selling in the short term (held for trading) and derivatives. Derivatives which are embedded in other contracts, but which are separable from the host contract are measured within this category. Movements in the fair value of financial assets and liabilities in this category are recognised as gains or losses in the Statement of Comprehensive income.

## **Impairment of financial assets**

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, the Trust recognises an allowance for expected credit losses.

The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

Credit losses are determined by: ageing Trust debts for goods or services provided where that debt is still outstanding after a specified period, and adopting the guidance from the Compensation Recovery Unit which advises Trusts the proportion of outstanding cases centrally advised to be impaired. The DoH&SC has determined that debts due from other NHS bodies will not be impaired. Debts outstanding with other NHS bodies are also not determined for credit losses because there is an annual agreement of NHS balances outstanding at the end of the financial year.

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

### **Derecognition**

Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.

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

## **Note 1.15 Leases**

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

### **The trust as a lessee**

#### *Finance leases*

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

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

The annual rental charge is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to finance costs in the Statement of Comprehensive Income.

#### *Operating leases*

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

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

#### *Leases of land and buildings*

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

### **The trust as a lessor**

#### *Finance leases*

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

#### *Operating leases*

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

## Note 1.16 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective for 31 March 2020:

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

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

	<b>Inflation rate</b>
Year 1	1.90%
Year 2	2.00%
Into perpetuity	2.00%

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

### **Clinical negligence costs**

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note **32.2** but is not recognised in the Trust's accounts.

### **Non-clinical risk pooling**

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

### **Note 1.17 Contingencies**

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 33 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 33, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

### **Note 1.18 Public dividend capital**

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

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

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

- (i) donated and grant funded assets,
- (ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and
- (iii) any PDC dividend balance receivable or payable.

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

### **Note 1.19 Value added tax**

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

### **Note 1.20 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 Trust's activities are related to core health care and are not subject to tax. However, the Trust's commercial subsidiary is subject to Corporation Tax.

The Trust operates a wholly owned subsidiary limited liability company Gloucestershire Managed Services (GMS) which has a liability for Corporation Tax due on surpluses at financial year end. Corporation Tax payable on surpluses at financial year end is assessed by a qualified financial advisor and a Corporation Tax liability is recorded in the Trust balance sheet.

**Note 1.21 Third party assets**

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

**Note 1.22 Losses and special payments**

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis.

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

**Note 1.23 Gifts**

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

#### **Note 1.24 Early adoption of standards, amendments and interpretations**

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

#### **Note 1.25 Standards, amendments and interpretations in issue but not yet effective or adopted**

##### **IFRS 16 Leases**

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

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

On transition to IFRS 16 on 1 April 2021, the trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be a rate defined by HM Treasury. Currently this rate is 1.27% but this rate may change between now and the adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2021 for existing finance leases.

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

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

##### **IFRS17 Insurance Contracts**

Application required for periods beginning on or after 1 January 2021, but not yet adopted by the FRM: The Trust has assessed that this will not have a material impact on the Trust accounts.

#### **Other standards, amendments and interpretations**

#### **Note 1.26 Critical judgements in applying accounting policies**

The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the Trust accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- a) Plant and equipment is valued at depreciated replacement cost, the valuation being assessed by the Trust's Independent Valuer who values those assets with a written down value of greater than £100k. This process also includes those equipment items currently leased.
- b) The Trust leases a number of equipment assets and the Trust has assessed the risks and rewards of ownership in categorising these leases as either operating or finance leases.
- c) The Trust is required to review property, plant and equipment for impairment in between formal valuations by a suitably qualified valuer. Management make judgements about the condition of assets and review their estimated lives taking account of the professional advice of the Trust's Independent Valuer.
- d) The Trust employed an independent consultancy to develop an optimised alternative site Modern Equivalent Asset model as the basis of the valuation. The assumption for this is that the number of buildings and size of site would reduce if building now to provide the same services. The valuation of buildings is net of VAT for the first time in the 2018/19 financial year. This reflects the set-up and operation of the Trust wholly owned subsidiary on the 1st April 2018, Gloucestershire Managed Services, and the assumption that the subsidiary company will be used to replace any such assets.

#### **Note 1.27 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:

- a) the cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements as an accrual. As the calculation involves a large number of staff, sampling techniques are used to collate the results for the entire Trust. The amount accrued in 2019-20 was £799k.
- b) The useful economic life of each category of fixed asset is assessed when acquired by the Trust. A degree of estimation is used in assessing the useful economic lives of assets asset lives are detailed in note 1.9.
- c) A desktop valuation, measured on a MEA basis, was undertaken by the Trust's Independent Valuer during February with a valuation date as at 31st March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 Red Book, the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19. The values in this report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

## Note 2 Operating Segments

The financial information presented to the Trust Board by the Director of Finance regarding performance of the Trust is based on the whole Trust as one entity (i.e. it is not split over operating segments). The Trust's internal management structure is based on operating divisions i.e. Surgery, Medicine, Diagnostics and Specialities, Women and Children, Estates and Facilities and Corporate Services. The Divisional boards are provided with financial information specific to their operational areas.

For segmental reporting, the Trust considers the presentation to inform the Board representatives of the business of healthcare as its sole segment.

Operational Division	2019/20			2018/19		
	Trust	Hosted Services	Total	Trust	Hosted Services	Total
	£000	£000	£000	£000	£000	£000
Diagnostics and Specialities	121,088	-	121,088	115,028	-	115,028
Medicine	128,406	-	128,406	121,608	-	121,608
Surgery	136,710	-	136,710	131,790	-	131,790
Women and Children	51,114	-	51,114	49,334	-	49,334
Estates and Facilities	35,694	-	35,694	37,957	-	37,957
Corporate Services	53,427	31,994	85,421	47,350	29,345	76,695
Trustwide	5,211	-	5,211	4,911	-	4,911
Capital Financing	27,191	-	27,191	27,230	-	27,230
Total Expenditure	558,841	31,994	590,835	535,205	29,345	564,550
Total Income	556,342	31,994	588,336	500,723	29,345	530,068
<b>Deficit</b>	<b>(2,499)</b>	<b>-</b>	<b>(2,499)</b>	<b>(34,482)</b>	<b>-</b>	<b>(34,482)</b>

Note: 2019/20 and 2018/19 Hosted Services relate to GP and Public Health Trainee Schemes.

### Reconciliation of Statement of Comprehensive Income (SOCl)

	2019/20	2018/19
	£000	£000
Statement of Comprehensive Income	3,579	(54,097)
Net Impairments	(5,964)	19,615
<b>Operational Deficit</b>	<b>(2,385)</b>	<b>(34,482)</b>

Note: The Trust performance on a control total basis equates to £50k surplus (Operational deficit less impairments in expenditure of £3,319k and donated asset expenditure of £884k). (2018/19 £29.6m deficit).

**Note 3 Operating income from patient care activities (Group)**

All income from patient care activities relates to contract income recognised in line with accounting policy 1.4

**Note 3.1 Income from patient care activities (by nature)**

	2019/20		2018/19	
	Trust £000	Group £000	Trust £000	Group £000
Elective income	80,780	80,780	78,495	78,495
Non elective income	133,735	133,735	111,404	111,404
First outpatient income	34,727	34,727	32,742	32,742
Follow up outpatient income	42,571	42,571	39,045	39,045
A & E income	23,084	23,084	19,021	19,021
High cost drugs income from commissioners (excluding pass-through costs)	62,837	62,837	48,630	48,630
Other NHS clinical income	116,443	116,443	117,658	117,658
Private patient income	3,475	3,475	2,981	2,981
Agenda for Change pay award central funding*	-	-	3,572	3,572
Additional pension contribution central funding**	14,801	15,470	-	-
Other clinical income	2,440	2,440	5,347	5,437
<b>Total income from activities</b>	<b>514,893</b>	<b>515,562</b>	<b>458,895</b>	<b>458,985</b>

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

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

**Note 3.2 Income from patient care activities (by source)**

	2019/20		2018/19	
	Trust £000	Group £000	Trust £000	2018/19 £000
<b>Income from patient care activities received from:</b>				
NHS England	130,531	131,200	105,565	105,565
Clinical commissioning groups	372,726	372,726	339,183	339,183
Department of Health and Social Care	-	-	3,572	3,572
Other NHS providers	286	286	291	291
NHS other	5,435	5,435	5,566	5,566
Non-NHS: private patients	3,475	3,475	2,981	2,981
Non-NHS: overseas patients (chargeable to patient)	524	524	381	381
Injury cost recovery scheme	949	949	546	546
Non NHS: other	967	967	900	900
<b>Total income from activities</b>	<b>514,893</b>	<b>515,562</b>	<b>458,985</b>	<b>458,985</b>
<b>Of which:</b>				
Related to continuing operations	514,893	515,562	458,985	458,985

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

	2019/20		2018/19	
	Trust £000	Group £000	Trust £000	Group £000
Income recognised this year	524	524	381	381
Cash payments received in-year	239	239	252	252
Amounts added to provision for impairment of receivables	650	650	100	100
Amounts written off in-year	22	22	113	113

**Note 4 Other operating income (Group)**

	2019/20			2018/19		
	Contract income £000	Non-contract income £000	Total £000	Contract income £000	Non-contract income £000	Total £000
Research and development	2,138	-	2,138	2,035	-	2,035
Education and training	13,708	572	14,280	13,791	325	14,116
Non-patient care services to other bodies	11,372	-	11,372	11,138	-	11,138
Provider sustainability fund (PSF)	8,527	-	8,527	8,575	-	8,575
Financial recovery fund (FRF)	8,787	-	8,787	-	-	-
Marginal rate emergency tariff funding (MRET)	3,997	-	3,997	-	-	-
Income in respect of employee benefits accounted on a gross basis	35,801	-	35,801	31,944	-	31,944
Receipt of capital grants and donations	-	1,352	1,352	-	320	320
Charitable fund incoming resources	-	2,067	2,067	-	1,832	1,832
Other income	7,119	-	7,119	6,483	-	6,483
<b>Total other operating income</b>	<b>91,449</b>	<b>3,991</b>	<b>95,440</b>	<b>73,966</b>	<b>2,477</b>	<b>76,443</b>
<b>Of which:</b>						
Related to continuing operations			95,440			76,443

**Note 4 Other operating income**

	2019/20		2018/19	
	Trust £000	Group £000	Trust £000	Group £000
<b>Other operating income from contracts with customers:</b>				
Research and development (contract)	2,138	2,138	2,035	2,035
Education and training (excluding notional apprenticeship levy income)	13,708	13,708	13,791	13,791
Non-patient care services to other bodies	8,282	11,372	8,382	11,138
Provider sustainability fund (PSF)	8,527	8,527	8,575	8,575
Financial recovery fund (FRF)	8,787	8,787	-	-
Marginal rate emergency tariff funding (MRET)	3,997	3,997	-	-
Income in respect of employee benefits accounted on a gross basis	35,801	35,801	31,944	31,944
Other contract income*	5,641	7,119	5,007	6,483
<b>Other non-contract operating income</b>				
Education and training - notional apprenticeship levy income	539	572	305	325
Receipt of capital grants and donations	1,352	1,352	320	320
Charitable fund incoming resources	-	2,067	-	1,832
<b>Total other operating income</b>	<b>88,772</b>	<b>95,440</b>	<b>70,358</b>	<b>76,443</b>
<b>Of which:</b>				
Related to continuing operations	88,772	95,440	70,358	76,443

\* Analysis of Other operating income: Other contract income

	2019/20	2018/19
	Total £000	Total £000
Car parking	1,532	832
Creche services	850	843
Catering	1,198	1,118
Other	3,539	3,690
<b>Total</b>	<b>7,119</b>	<b>6,483</b>

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

There was no revenue recognised in the reporting period that was included within contract liabilities, performance obligations satisfied (or partially satisfied) at the previous periods (2018/19 nil).

#### **Note 5.2 Transaction price allocated to remaining performance obligations**

There is no revenue from existing contracts allocated to remaining performance obligations (2018/19 nil).

The trust has exercised the practical expedients permitted by IFRS 15 paragraph 121 in preparing this disclosure. Revenue from (i) contracts with an expected duration of one year or less and (ii) contracts where the trust recognises revenue directly corresponding to work done to date is not disclosed.

#### **Note 5.3 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:

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Income from services designated as commissioner requested services	510,596	454,723
Income from services not designated as commissioner requested services	4,966	4,262
<b>Total</b>	<b><u>515,562</u></b>	<b><u>458,985</u></b>

#### **Note 5.4 Profits and losses on disposal of property, plant and equipment**

There were no disposals during the reporting period. (2018/19 Nil)

#### **Note 6.1 Fees and charges (Group)**

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

There were no fees or charges received that exceeded £1m during the reporting period. (2018/19 Nil)

**Note 7.1 Operating expenses (Group)**

	2019/20		2018/19	
	Trust £000	Group £000	Trust £000	Group £000
Purchase of healthcare from non-NHS and non-DHSC bodies	5,420	5,420	5,228	5,228
Staff and executive directors costs	370,008	389,885	336,824	354,334
Remuneration of non-executive directors	168	208	136	173
Supplies and services - clinical (excluding drugs costs)	36,782	40,044	35,835	40,058
Supplies and services - general	12,051	16,321	11,307	16,756
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	74,458	74,458	68,841	68,841
Consultancy costs	1,346	1,432	2,812	2,861
Establishment	4,402	5,065	4,040	4,624
Premises	53,887	26,614	49,054	23,515
Transport (including patient travel)	746	1,372	625	1,082
Depreciation on property, plant and equipment	14,296	14,368	13,803	13,803
Amortisation on intangible assets	785	785	-	-
Net impairments	3,332	3,332	4,774	4,774
Movement in credit loss allowance: contract receivables / contract assets	417	417	231	231
Change in provisions discount rate(s)	(24)	(24)	-	-
Audit fees payable to the external auditor:	-	-	-	-
audit services- statutory audit	61	65	61	65
other auditor remuneration (external auditor only)	-	9	9	9
Internal audit costs	74	74	93	93
Clinical negligence	16,467	16,467	16,938	16,938
Legal fees	179	179	165	165
Insurance	288	288	391	391
Research and development	46	46	27	27
Education and training	1,795	1,881	1,808	1,828
Rentals under operating leases	453	453	473	473
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	1,656	1,656	1,915	1,915
Car parking & security	4	245	-	259
Hospitality	8	8	13	13
Losses, ex gratia & special payments	27	27	21	22
Other NHS charitable fund resources expended	-	1,755	-	776
Other	1,172	1,467	1,372	1,668
<b>Total</b>	<b>600,304</b>	<b>604,317</b>	<b>556,796</b>	<b>560,922</b>
<b>Of which:</b>				
Related to continuing operations	600,304	604,317	556,796	560,922

**Note 7.2 Other auditor remuneration (Group)**

	2019/20		2018/19	
	Trust £000	Group £000	Trust £000	Group £000
<b>Other auditor remuneration paid to the external auditor:</b>				
Audit-related assurance services	-	9	9	9
<b>Total</b>	<u>-</u>	<u>9</u>	<u>9</u>	<u>9</u>

**Note 7.3 Limitation on auditor's liability (Group)**

The limitation on auditor's liability for external audit work is £2m (2018/19: £2m).

**Note 8 Impairment of assets (Group)**

	2019/20		2018/19	
	Trust £000	Group £000	Trust £000	Group £000
<b>Net impairments charged to operating surplus / deficit resulting from:</b>				
Other	3,332	3,332	4,774	4,774
<b>Total net impairments charged to operating surplus / deficit</b>	<u>3,332</u>	<u>3,332</u>	<u>4,774</u>	<u>4,774</u>
Impairments charged to the revaluation reserve	17	17	19,615	19,615
<b>Total net impairments</b>	<u>3,349</u>	<u>3,349</u>	<u>24,389</u>	<u>24,389</u>

**Note 9 Employee benefits (Group)**

	2019/20		2018/19	
	Trust £000	Group £000	Trust £000	Group £000
Salaries and wages	281,483	295,978	264,585	278,116
Social security costs	26,021	27,121	24,105	25,192
Apprenticeship levy	1,262	1,320	1,283	1,336
Employer's contributions to NHS pensions	47,106	49,308	31,488	33,155
Temporary staff (including agency)	14,136	15,908	15,363	16,316
NHS charitable funds staff	-	250	-	219
<b>Total gross staff costs</b>	<b>370,008</b>	<b>389,885</b>	<b>336,824</b>	<b>354,334</b>
Recoveries in respect of seconded staff	-	-	-	-
<b>Total staff costs</b>	<b>370,008</b>	<b>389,885</b>	<b>336,824</b>	<b>354,334</b>
<b>Of which</b>				
Costs capitalised as part of assets	-	-	-	-

**Note 9.1 Retirements due to ill-health (Group)**

During 2019/20 there were no early retirements from the trust agreed on the grounds of ill-health (5 in the year ended 31 March 2019). The estimated additional pension liabilities of these ill-health retirements is Nil (£312k in 2018/19).

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

## **Note 10 Pension costs**

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions). Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

### **a) Accounting valuation**

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

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

### **b) Full actuarial (funding) valuation**

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

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

The Trust has employees who are members of the National Employment Savings Trust (NEST) which is a defined contribution pension scheme. In accounting for this scheme the trust recognises expenditure for its employer contributions as they fall due.

**Note 11 Operating leases (Group)****Note 11.1 Gloucestershire Hospitals NHS Foundation Trust as a lessor**

The Trust does not receive any operating lease income. (2018/19 Nil)

**Note 11.2 Gloucestershire Hospitals NHS Foundation Trust as a lessee**

The Trust provides staff (subject to meeting certain criteria) with a lease vehicle, which is available for both personal use and business duties. This is based on the NHS lease scheme. Vehicles are initially leased on a fully maintained basis for 3 years with an option to extend to a fourth year.

The Trust occupies a former Victorian Warehouse converted to office accommodation which houses the County's Finance and Procurement Shared Services. The lease was due to expire in 2017/18 but has now been extended to September 2028. The Trust also occupies an industrial unit in Cinderford where it provides a dialysis service. The lease is due to expire in 2033.

	2019/20		2018/19	
	Trust £000	Group £000	Trust £000	Group £000
<b>Operating lease expense</b>				
Minimum lease payments	453	453	473	473
<b>Total</b>	<b>453</b>	<b>453</b>	<b>473</b>	<b>473</b>
	2019/20		2018/19	
	Trust £000	Group £000	Trust £000	Group £000
<b>Future minimum lease payments due:</b>				
- not later than one year;	389	389	437	437
- later than one year and not later than five years;	1,070	1,070	1,130	1,130
- later than five years.	937	937	1,179	1,179
<b>Total</b>	<b>2,396</b>	<b>2,396</b>	<b>2,746</b>	<b>2,746</b>

**Note 12 Finance income (Group)**

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

	2019/20		2018/19	
	Trust	Group	Trust	Group
	£000	£000	£000	£000
Interest on bank accounts	219	219	124	124
NHS charitable fund investment income		78		72
Other finance income	2,541	-	905	-
<b>Total finance income</b>	<b>2,760</b>	<b>297</b>	<b>1,029</b>	<b>196</b>

**Note 13.1 Finance expenditure (Group)**

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

	2019/20		2018/19	
	Trust	Group	Trust	Group
	£000	£000	£000	£000
<b>Interest expense:</b>				
Loans from the Department of Health and Social Care	4,799	4,799	4,100	4,100
Finance leases	94	94	171	171
Main finance costs on PFI and LIFT schemes obligations	1,272	1,272	1,288	1,288
Contingent finance costs on PFI and LIFT scheme obligations	1,233	1,233	639	639
<b>Total interest expense</b>	<b>7,398</b>	<b>7,398</b>	<b>6,198</b>	<b>6,198</b>
Unwinding of discount on provisions	44	44	16	16
<b>Total finance costs</b>	<b>7,442</b>	<b>7,442</b>	<b>6,214</b>	<b>6,214</b>

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

The Trust did not incur any late payment penalties (2018/19 Nil)

**Note 14 Other gains / (losses) (Group)**

	2019/20		2018/19	
	Trust	Group	Trust	Group
	£000	£000	£000	£000
Fair value gains / (losses) on financial assets / investments*	-	(200)	-	77
<b>Total other gains / (losses)</b>	<b>-</b>	<b>(200)</b>	<b>-</b>	<b>77</b>

\* Note: Fair value gains / (losses) 2018/19 relates to Charitable Fund investments.

**Note 15 Discontinued operations (Group)**

The Group has no discontinued operations during the accounting period.

**Note 16.1 Intangible assets - 2019/20**

<b>Group</b>	<b>Development expenditure £000</b>	<b>Total £000</b>
<b>Valuation / gross cost at 1 April 2019 - brought forward</b>	<b>10,412</b>	<b>10,412</b>
Additions	3,726	3,726
Impairments	(4,918)	(4,918)
<b>Valuation / gross cost at 31 March 2020</b>	<b>9,220</b>	<b>9,220</b>
<b>Amortisation at 1 April 2019 - brought forward</b>	<b>-</b>	<b>-</b>
Provided during the year	785	785
Impairments	-	-
<b>Amortisation at 31 March 2020</b>	<b>785</b>	<b>785</b>
<b>Net book value at 31 March 2020</b>	<b>8,435</b>	<b>8,435</b>
<b>Net book value at 1 April 2019</b>	<b>10,412</b>	<b>10,412</b>

**Note 16.2 Intangible assets - 2018/19**

<b>Group</b>	<b>Development expenditure £000</b>	<b>Total £000</b>
<b>Valuation / gross cost at 1 April 2018 - as previously stated</b>	<b>9,130</b>	<b>9,130</b>
Additions	1,282	1,282
<b>Valuation / gross cost at 31 March 2019</b>	<b>10,412</b>	<b>10,412</b>
<b>Net book value at 31 March 2019</b>	<b>10,412</b>	<b>10,412</b>
<b>Net book value at 1 April 2018</b>	<b>9,130</b>	<b>9,130</b>

Note 17.1 Property, plant and equipment - 2019/20

Group	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Valuation/gross cost at 1 April 2019 - brought forward</b>	<b>11,450</b>	<b>189,649</b>	<b>187</b>	<b>2,160</b>	<b>70,637</b>	<b>763</b>	<b>38,390</b>	<b>343</b>	<b>313,578</b>
Additions	-	6,914	-	3,047	14,435	-	5,939	22	30,357
Impairments	-	(26)	-	-	-	-	-	-	(26)
Reversals of impairments	-	48	9	-	-	-	-	-	57
Revaluations	-	(257)	-	-	-	-	-	-	(257)
Reclassifications	-	3,097	-	(3,097)	-	-	-	-	-
<b>Valuation/gross cost at 31 March 2020</b>	<b>11,450</b>	<b>199,425</b>	<b>196</b>	<b>2,110</b>	<b>85,072</b>	<b>763</b>	<b>44,329</b>	<b>365</b>	<b>343,709</b>
<b>Accumulated depreciation at 1 April 2019 - brought forward</b>	-	(0)	0	-	52,016	627	29,376	343	82,362
Provided during the year	-	7,789	-	-	3,675	13	2,879	12	14,368
Impairments	-	(9)	-	-	-	-	-	-	(9)
Reversals of impairments	-	(1,529)	-	-	-	-	-	-	(1,529)
Revaluations	-	(6,251)	-	-	-	-	-	-	(6,251)
<b>Accumulated depreciation at 31 March 2020</b>	-	(0)	0	-	55,691	640	32,255	355	88,941
<b>Net book value at 31 March 2020</b>	<b>11,450</b>	<b>199,425</b>	<b>196</b>	<b>2,110</b>	<b>29,381</b>	<b>123</b>	<b>12,074</b>	<b>10</b>	<b>254,768</b>
<b>Net book value at 1 April 2019</b>	<b>11,450</b>	<b>189,649</b>	<b>187</b>	<b>2,160</b>	<b>18,621</b>	<b>136</b>	<b>9,014</b>	-	<b>231,216</b>

Note 17.2 Property, plant and equipment - 2018/19

Restated

Group	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Valuation / gross cost at 1 April 2018 - as previously stated</b>	<b>11,450</b>	<b>223,754</b>	<b>4,069</b>	<b>1,159</b>	<b>65,547</b>	<b>763</b>	<b>35,556</b>	<b>343</b>	<b>342,640</b>
Additions	-	8,897	-	1,577	5,090	-	2,834	-	18,398
Impairments	-	(22,868)	-	-	-	-	-	-	(22,868)
Reversals of impairments	-	3,242	11	-	-	-	-	-	3,253
Revaluations *	-	(23,952)	(3,893)	-	-	-	-	-	(27,845)
Reclassifications	-	576	-	(576)	-	-	-	-	-
<b>Valuation/gross cost at 31 March 2019</b>	<b>11,450</b>	<b>189,649</b>	<b>187</b>	<b>2,160</b>	<b>70,637</b>	<b>763</b>	<b>38,390</b>	<b>343</b>	<b>313,578</b>
<b>Accumulated depreciation at 1 April 2018 - as previously stated</b>	-	11,826	3,893	-	48,131	627	26,810	343	91,630
Provided during the year	-	7,352	-	-	3,885	-	2,566	-	13,803
Impairments	-	5,853	-	-	-	-	-	-	5,853
Reversals of impairments	-	(1,079)	-	-	-	-	-	-	(1,079)
Revaluations *	-	(23,952)	(3,893)	-	-	-	-	-	(27,845)
<b>Accumulated depreciation at 31 March 2019</b>	-	(0)	0	-	52,016	627	29,376	343	82,362
<b>Net book value at 31 March 2019</b>	<b>11,450</b>	<b>189,649</b>	<b>187</b>	<b>2,160</b>	<b>18,621</b>	<b>136</b>	<b>9,014</b>	-	<b>231,216</b>
<b>Net book value at 1 April 2018</b>	<b>11,450</b>	<b>211,928</b>	<b>176</b>	<b>1,159</b>	<b>17,416</b>	<b>136</b>	<b>8,746</b>	-	<b>251,010</b>

\* Restated to reflect the writing out of £27m of brought forward depreciation relating to previous revaluations of property.

Note 17.3 Property, plant and equipment financing - 2019/20

Group	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Net book value at 31 March 2020</b>									
Owned - purchased	11,450	146,302	-	2,110	21,189	123	12,074	10	193,258
Finance leased	-	8,590	196	-	4,846	-	-	-	13,632
On-SoFP PFI contracts and other service concession arrangements	-	42,117	-	-	-	-	-	-	42,117
Owned - donated	-	2,416	-	-	3,346	-	-	-	5,762
<b>NBV total at 31 March 2020</b>	<b>11,450</b>	<b>199,425</b>	<b>196</b>	<b>2,110</b>	<b>29,381</b>	<b>123</b>	<b>12,074</b>	<b>10</b>	<b>254,768</b>

Note 17.4 Property, plant and equipment financing - 2018/19

Group	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Net book value at 31 March 2019</b>									
Owned - purchased	11,450	138,398	-	2,160	10,327	136	9,014	-	171,485
Finance leased	-	8,181	187	-	5,913	-	-	-	14,281
On-SoFP PFI contracts and other service concession arrangements	-	40,847	-	-	-	-	-	-	40,847
Owned - donated	-	2,223	-	-	2,381	-	-	-	4,604
<b>NBV total at 31 March 2019</b>	<b>11,450</b>	<b>189,649</b>	<b>187</b>	<b>2,160</b>	<b>18,621</b>	<b>136</b>	<b>9,014</b>	<b>-</b>	<b>231,216</b>

Disclosure

Included within the dwelling figures above at 31st March 2020 are a number of properties formerly in the ownership of Gloucestershire Royal NHS Trust and East Gloucestershire NHS Trust (which now form the Gloucestershire Hospitals NHS Foundation trust) sold to a registered Housing Association in April 2000 and June 2004 respectively. These units were for residential accommodation mainly to NHS staff and families. The registered Housing Association is now responsible for this provision with the Trust having nomination rights. Both separate agreements contain a 99 year lease with a Trust option to break at 30 years and every 5 years, which if exercised will enable the Trust to take back the freehold of the land and buildings with vacant possession at no cost. They have been valued by the independent professional advisor on a residual value basis.

Plant and machinery includes a number of "finance leases" included as part of the IFRS requirements which relate to high cost medical equipment which the Trust will use for the whole primary lease period which is consistent with its perceived asset life. At the balance sheet date the value of these leases equates to £4,846k. This equipment is for Radiology, linear accelerators and ultrasound machines. Also included within plant machinery is equipment relating to GMS which, at the balance sheet date the value of these assets was £214k.

Included within buildings is the PFI scheme consisting of a Diagnostic & Treatment centre, therapy services, a new accident and emergency department and 75 inpatient bed spaces. The scheme was handed over in April 2002 and runs for 31 years and 10 months from that date. The initial scheme cost including all fees was £39.6m. The value at the Statement of Financial Position date is £42.1m.

Land and Buildings values have been determined by the Trust's Independent Valuer, their revaluation of the Trust estate to DRC values is consistent with Department of Health and Social Care guidance.

The residential accommodation properties have been valued at residual value.

In April 2011 a new multi storey car park became operational. This facility has been constructed by a third party on land owned by the Trust and leased to the Third party for a period of 30 years. During that period the car park will be used for car parking by staff and visitors at Gloucestershire Royal Hospital. The Third party operator will receive all income and be responsible for all outgoings with the Trust receiving income when a certain level of receipts are achieved. The car park is accounted for as a service concession under IFRIC 12. The value of its construction was £8.7m which was brought onto the balance sheet at 31st March 2012 as a leased asset offset by deferred income.

#### **Note 18 Donations of property, plant and equipment**

Additions - donated relate to assets either purchased wholly or items partially funded from the Trust's own charitable funds. The Charitable Funds are administered by the Trust's Main Board as Corporate Trustee. Funds are registered with the Charity Commissioner as registration number 1051606. Additionally from time-to-time, an external charity working closely with the Trust may provide funding directly for a capital project. The Trust received donated medical equipment valued at £1,352k.

#### **Note 19 Revaluations of property, plant and equipment**

The value and remaining useful asset lives of land and buildings assets are estimated by the Trust's Independent Valuer. The valuations are carried out 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 for specialised operational property and existing use value for non-specialised operational property.

A Modern Equivalent Asset Optimised Alternative site valuation was undertaken as at 1st April 2017 by the Trust's Independent Valuer. The underlying principle is that the valuation of land and buildings should reflect a modern configuration of the estate required for the provision of the same services as already provided by the existing estate. With service delivery requirements evolving, this requires the Trust to consider whether the existing buildings are optimal in terms of number and size. If the Trust were starting with a "clean sheet", the Modern Equivalent Asset aligned to service delivery would be very different to the current layout in terms of buildings configuration and the number of sites.

A desktop valuation, measured on a MEA basis, was undertaken by the Trust's Independent Valuer during February with a valuation date as at 31st March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 Red Book, the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19. The values in this report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

**Note 20 Other investments / financial assets (non-current)**

	<b>Group</b>	<b>Group</b>
	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
<b>Carrying value at 1 April - brought forward</b>	<b>1,954</b>	<b>1,877</b>
Acquisitions in year	622	-
Movement in fair value through income and expenditure	(200)	77
Net impairments	65	-
Disposals	(700)	-
<b>Carrying value at 31 March</b>	<b><u>1,741</u></b>	<b><u>1,954</u></b>

Investments relate to the charitable fund investment portfolio.

**Note 20.1 Other investments / financial assets (current)**

The Group has no current investments/financial assets (2018/19 nil).

#### Note 21 Disclosure of interests in other entities

The Trust has no interests in other unconsolidated subsidiaries, joint ventures, associates or unconsolidated structured entities (2018/19 nil).

#### Note 22 Analysis of charitable fund reserves

The Gloucestershire Hospitals Charitable Fund has been consolidated within this set of accounts.

	31 March 2020	31 March 2019
	£000	£000
<b>Unrestricted funds:</b>		
Unrestricted income funds	4,315	4,379
	<u>4,315</u>	<u>4,379</u>

Unrestricted income funds are accumulated income funds that are expendable at the discretion of the trustees in furtherance of the charity's objects. Unrestricted funds may be earmarked or designated for specific future purposes which reduces the amount that is readily available to the charity.

Restricted funds may be accumulated income funds which are expendable at the trustee's discretion only in furtherance of the specified conditions of the donor and the objects of the charity. They may also be capital funds (e.g. endowments) where the assets are required to be invested, or retained for use rather than expended.

#### Note 23 Inventories

	31 March 2020		31 March 2019	
	Trust	Group	Trust	Group
	£000	£000	£000	£000
Drugs	3,682	3,682	3,147	3,148
Consumables	4,783	5,200	3,912	4,049
Energy	239	239	374	374
<b>Total inventories</b>	<u>8,704</u>	<u>9,121</u>	<u>7,433</u>	<u>7,571</u>

Inventories recognised in expenses for the year were £114,845k (2018/19: £110,652k). Write-down of inventories recognised as expenses for the year were Nil (2018/19: £0k).

**Note 24.1 Receivables**

	<b>Trust</b>	<b>Group</b>	<b>Trust</b>	<b>Group</b>
	<b>31 March 2020</b>	<b>31 March 2020</b>	<b>31 March 2019</b>	<b>31 March 2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Current</b>				
Contract receivables	29,718	28,330	21,457	22,074
Allowance for impaired contract receivables / assets	(1,704)	(1,704)	(1,373)	(1,373)
Prepayments (non-PFI)	1,700	2,135	1,501	1,855
PDC dividend receivable	349	349	486	486
VAT receivable	2,110	2,158	2,258	2,377
NHS charitable funds receivables	-	259	-	12
<b>Total current receivables</b>	<b><u>32,173</u></b>	<b><u>31,527</u></b>	<b><u>24,329</u></b>	<b><u>25,431</u></b>
<b>Non-current</b>				
Contract receivables	4,541	4,541	5,185	5,185
Other receivables	1,348	1,348	-	-
<b>Total non-current receivables</b>	<b><u>5,889</u></b>	<b><u>5,889</u></b>	<b><u>5,185</u></b>	<b><u>5,185</u></b>
<b>Of which receivable from NHS and DHSC group bodies:</b>				
Current	20,695	20,695	16,551	16,551
Non-current	1,348	1,348	-	-

Other contract receivables non-current 2019/20 includes £5,683 which consists of Residential accommodation £571k, Hereford Radiotherapy Centre £3,167k, and Road Traffic Income £1,945k (2018/19 £4,640 consisted of Residential Accommodation (£614k), Hereford Radiotherapy Centre £3,339k and Road Traffic Income £1,914k).

**Note 24.2 Allowances for credit losses - 2019/20**

	<b>Group</b>
	<b>Contract receivables and contract assets</b>
	<b>£000</b>
<b>Allowances as at 1 April 2019 - brought forward</b>	<b>1,373</b>
New allowances arising	417
Utilisation of allowances (write offs)	(86)
<b>Allowances as at 31 March 2020</b>	<b><u>1,704</u></b>

**Note 24.3 Allowances for credit losses - 2018/19**

	<b>Group</b>	
	<b>Contract receivables and contract assets</b>	<b>All other receivables</b>
	<b>£000</b>	<b>£000</b>
<b>Allowances as at 1 April 2018 - as previously stated</b>		<b>1,416</b>
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	1,416	(1,416)
New allowances arising	320	-
Reversals of allowances	(89)	-
Utilisation of allowances (write offs)	(274)	-
<b>Allowances as at 31 March 2019</b>	<b><u>1,373</u></b>	<b><u>-</u></b>

**Note 24.4 Exposure to credit risk**

The Trust considers that there is currently no exposure to credit risk, the majority of receivables value is for NHS contracts, the remaining values are for Road Traffic Accidents which has a Compensation Recovery Unit bad debt percentage notified to Trusts.

**Note 25 Other assets**

The Group had no other assets.

**Note 26 Non-current assets held for sale and assets in disposal groups**

There are no non-current assets held for sale or assets in disposal groups

### Note 26.1 Liabilities in disposal groups

The Trust has no liabilities in disposal groups.

### Note 27 Cash and cash equivalents movements

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

	<b>Trust</b>	<b>Group</b>	<b>Trust</b>	<b>Group</b>
	<b>2019/20</b>	<b>2019/20</b>	<b>2018/19</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>At 1 April</b>	<b>4,836</b>	<b>9,846</b>	<b>5,447</b>	<b>6,947</b>
Net change in year	26,666	29,937	(611)	2,899
<b>At 31 March</b>	<b>31,502</b>	<b>39,783</b>	<b>4,836</b>	<b>9,846</b>
<b>Broken down into:</b>				
Cash at commercial banks and in hand	-	8,275		2,481
Cash with the Government Banking Service	31,502	31,508	4,836	7,365
<b>Total cash and cash equivalents as in SoFP</b>	<b>31,502</b>	<b>39,783</b>	<b>4,836</b>	<b>9,846</b>
<b>Total cash and cash equivalents as in SoCF</b>	<b>31,502</b>	<b>39,783</b>	<b>4,836</b>	<b>9,846</b>

### Note 27.2 Third party assets held by the trust

The Trust does not hold any cash or cash equivalents which relate to monies held on behalf of patients or other parties (2018/19 nil).

**Note 28.1 Trade and other payables**

	<b>Trust</b>	<b>Group</b>	<b>Trust</b>	<b>Group</b>
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Current</b>				
Trade payables	11,188	14,478	7,435	8,286
Capital payables	1,992	1,992	3,415	3,415
Accruals	53,988	55,419	32,750	35,233
Social security costs	7,696	7,984	6,820	7,382
NHS charitable funds: trade and other payables		83	-	116
<b>Total current trade and other payables</b>	<b>74,864</b>	<b>79,956</b>	<b>50,420</b>	<b>54,432</b>
<b>Of which payables from NHS and DHSC group bodies:</b>				
Current	8,461	8,461	5,586	5,586

**Note 28.2 Early retirements in NHS payables above**

The Trust has no liabilities in relation to early retirements (2018/19 nil).

**Note 29 Other liabilities**

	Trust	Group	Trust	Group
	31 March	31 March	31 March	31 March
	2020	2020	2019	2019
	£000	£000	£000	£000
<b>Current</b>				
Deferred grants	3,401	3,401	5,837	5,837
<b>Total other current liabilities</b>	<b>3,401</b>	<b>3,401</b>	<b>5,837</b>	<b>5,837</b>
<b>Non-current</b>				
Deferred income: contract liabilities	6,484	6,484	6,860	6,860
<b>Total other non-current liabilities</b>	<b>6,484</b>	<b>6,484</b>	<b>6,860</b>	<b>6,860</b>

**Note 30 Borrowings**

	Trust	Group	Trust	Group
	31 March	31 March	31 March	31 March
	2020	2020	2019	2019
	£000	£000	£000	£000
<b>Current</b>				
Loans from DHSC	130,703	130,703	10,361	10,361
Obligations under finance leases	1,360	1,360	1,598	1,598
Obligations under PFI, LIFT or other service concession contracts (excl. lifecycle)	519	519	568	568
<b>Total current borrowings</b>	<b>132,582</b>	<b>132,582</b>	<b>12,527</b>	<b>12,527</b>
<b>Non-current</b>				
Loans from DHSC	19,091	19,091	112,480	112,480
Obligations under finance leases	4,073	4,073	4,852	4,852
Obligations under PFI, LIFT or other service concession contracts	17,445	17,445	17,962	17,962
<b>Total non-current borrowings</b>	<b>40,609</b>	<b>40,609</b>	<b>135,294</b>	<b>135,294</b>

**Note 30.1 Reconciliation of liabilities arising from financing activities (Group)**

<b>Group - 2019/20</b>	<b>Loans from DHSC £000</b>	<b>Finance leases £000</b>	<b>PFI and LIFT schemes £000</b>	<b>Total £000</b>
<b>Carrying value at 1 April 2019</b>	<b>122,841</b>	<b>6,450</b>	<b>18,530</b>	<b>147,821</b>
<b>Cash movements:</b>				
Financing cash flows - payments and receipts of principal	26,870	(1,699)	(568)	<b>24,603</b>
Financing cash flows - payments of interest	(4,716)	(94)	(1,270)	<b>(6,080)</b>
<b>Non-cash movements:</b>				
Additions	-	682	-	<b>682</b>
Application of effective interest rate	4,799	94	1,272	<b>6,165</b>
<b>Carrying value at 31 March 2020</b>	<b>149,794</b>	<b>5,433</b>	<b>17,964</b>	<b>173,191</b>

<b>Group - 2018/19</b>	<b>Loans from DHSC £000</b>	<b>Finance leases £000</b>	<b>PFI and LIFT schemes £000</b>	<b>Total £000</b>
<b>Carrying value at 1 April 2018</b>	<b>92,764</b>	<b>4,524</b>	<b>18,634</b>	<b>115,922</b>
<b>Cash movements:</b>				
Financing cash flows - payments and receipts of principal	29,501	(2,055)	(103)	<b>27,344</b>
Financing cash flows - payments of interest	(3,868)	(170)	(1,289)	<b>(5,327)</b>
<b>Non-cash movements:</b>				
Impact of implementing IFRS 9 on 1 April 2018	342	-	-	<b>342</b>
Additions	-	3,981	-	<b>3,981</b>
Application of effective interest rate	4,102	170	1,288	<b>5,560</b>
<b>Carrying value at 31 March 2019</b>	<b>122,841</b>	<b>6,450</b>	<b>18,530</b>	<b>147,821</b>

## Note 31 Finance leases

### Note 31.1 Gloucestershire Hospitals NHS Foundation Trust as a lessor

The Trust does not receive any finance lease income (2018/19 nil).

### Note 31.2 Gloucestershire Hospitals NHS Foundation Trust as a lessee

Obligations under finance leases where the trust is the lessee.

	Trust	Group	Trust	Group
	31 March	31 March	31 March	31 March
	2020	2020	2019	2019
	£000	£000	£000	£000
<b>Gross lease liabilities</b>	<b>5,640</b>	<b>5,640</b>	<b>6,700</b>	<b>6,700</b>
of which liabilities are due:				
- not later than one year;	1,423	1,423	1,683	1,683
- later than one year and not later than five years;	3,140	3,140	3,545	3,545
- later than five years.	1,077	1,077	1,472	1,472
Finance charges allocated to future periods	(207)	(207)	(250)	(250)
<b>Net lease liabilities</b>	<b>5,433</b>	<b>5,433</b>	<b>6,450</b>	<b>6,450</b>
of which payable:				
- not later than one year;	1,360	1,360	1,598	1,598
- later than one year and not later than five years;	3,049	3,049	3,437	3,437
- later than five years.	1,024	1,024	1,415	1,415
<b>Total Payable Obligations</b>	<b>5,433</b>	<b>5,433</b>	<b>6,450</b>	<b>6,450</b>

**Note 32.1 Provisions for liabilities and charges analysis (Group)**

Group	Pensions: early departure costs £000	Legal claims £000	Total £000
<b>At 1 April 2019</b>	<b>1,505</b>	<b>89</b>	<b>1,594</b>
Change in the discount rate	(24)	-	(24)
Arising during the year	1,505	-	1,505
Utilised during the year	(90)	-	(90)
Reversed unused	-	(9)	(9)
Unwinding of discount	44	-	44
<b>At 31 March 2020</b>	<b>2,940</b>	<b>80</b>	<b>3,020</b>
<b>Expected timing of cash flows:</b>			
- not later than one year;	90	80	170
- later than one year and not later than five years;	361	-	361
- later than five years.	2,489	-	2,489
<b>Total</b>	<b>2,940</b>	<b>80</b>	<b>3,020</b>

Staff pensions are calculated using a formula supplied by the NHS Pensions Agency. These pensions are the costs of early retirement of staff resulting from reorganisation.

Legal claims are estimates from GHNHST FT legal advisors on employer and public liability claims. The risks are limited to the excess of the policy excesses within the NHS Resolution (formerly NHS Litigation Authority) policy.

### Note 32.2 Clinical negligence liabilities

At 31 March 2020, £294,537k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Gloucestershire Hospitals NHS Foundation Trust (31 March 2019: £240,288k).

### Note 33 Contingent assets and liabilities

	Trust	Group	Trust	Group
	31 March	31 March	31 March	31 March
	2020	2020	2019	2019
	£000	£000	£000	£000
<b>Value of contingent liabilities</b>				
Other	(43)	(43)	(46)	(46)
<b>Net value of contingent liabilities</b>	<b>(43)</b>	<b>(43)</b>	<b>(46)</b>	<b>(46)</b>

The contingent liability of £43k relates to early retirement injury benefit (2018/19 £46K).

### Note 34 Contractual capital commitments

	Trust	Group	Trust	Group
	31 March	31 March	31 March	31 March
	2020	2020	2019	2019
	£000	£000	£000	£000
Property, plant and equipment	2,229	2,229	3,367	3,367
Intangible assets	1,193	1,193	1,500	1,500
<b>Total</b>	<b>3,422</b>	<b>3,422</b>	<b>4,867</b>	<b>4,867</b>

### Note 35 Other financial commitments

The Trust has no non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangements) (2018/19 nil).

### **Note 36 Defined benefit pension schemes**

The Trust's past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. It is not possible for the Trust to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme.

Employer's pension cost contributions are charged to operating expenses as and when they become due.

### Note 37 On-SoFP PFI, LIFT or other service concession arrangements

#### Note 37.1 On-SoFP PFI, LIFT or other service concession arrangement obligations

The following obligations in respect of the PFI, LIFT or other service concession arrangements are recognised in the statement of financial position:

	Trust	Group	Trust	Group
	31 March	31 March	31 March	31 March
	2020	2020	2019	2019
	£000	£000	£000	£000
<b>Gross PFI, LIFT or other service concession liabilities</b>	<b>28,647</b>	<b>28,647</b>	<b>30,488</b>	<b>30,488</b>
<b>Of which liabilities are due</b>				
- not later than one year;	1,752	1,752	1,840	1,840
- later than one year and not later than five years;	7,536	7,536	7,066	7,066
- later than five years.	19,359	19,359	21,582	21,582
Finance charges allocated to future periods	(10,683)	(10,683)	(11,958)	(11,958)
<b>Net PFI, LIFT or other service concession arrangement obligation</b>	<b>17,964</b>	<b>17,964</b>	<b>18,530</b>	<b>18,530</b>
- not later than one year;	519	519	568	568
- later than one year and not later than five years;	3,039	3,039	2,392	2,392
- later than five years.	14,406	14,406	15,570	15,570

#### Note 37.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

Total future commitments under these on-SoFP schemes are as follows:

	Trust	Group	Trust	Group
	31 March	31 March	31 March	31 March
	2020	2020	2019	2019
	£000	£000	£000	£000
<b>Total future payments committed in respect of the PFI, LIFT or other service concession arrangements</b>	<b>87,743</b>	<b>87,743</b>	<b>92,948</b>	<b>92,948</b>
<b>Of which payments are due:</b>				
- not later than one year;	5,336	5,336	5,206	5,206
- later than one year and not later than five years;	22,711	22,711	22,156	22,156
- later than five years.	59,696	59,696	65,586	65,586

#### Note 37.3 Analysis of amounts payable to service concession operator

This note provides an analysis of the unitary payments made to the service concession operator:

	Trust	Group	Trust	Group
	2019/20	2019/20	2018/19	2018/19
	£000	£000	£000	£000
<b>Unitary payment payable to service concession operator</b>	<b>5,554</b>	<b>5,554</b>	<b>5,079</b>	<b>5,079</b>
<b>Consisting of:</b>				
- Interest charge	1,272	1,272	1,288	1,288
- Repayment of balance sheet obligation	568	568	103	103
- Service element and other charges to operating expenditure	1,656	1,656	1,915	1,915
- Capital lifecycle maintenance	825	825	1,134	1,134
- Contingent rent	1,233	1,233	639	639
<b>Total amount paid to service concession operator</b>	<b>5,554</b>	<b>5,554</b>	<b>5,079</b>	<b>5,079</b>

### Note 38 Off-SoFP PFI, LIFT and other service concession arrangements

Gloucestershire Hospitals NHS Foundation Trust has no current off-statement of financial position PFI contracts.

## **Note 39 Financial instruments**

### **Note 39.1 Financial risk management**

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

IFRS 7, Financial Instruments Disclosure and Presentation, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities.

#### **Credit Risk**

Because of the continuing service provider relationship that the NHS Foundation Trust has with local Clinical Commissioning Groups and NHS England and the way those bodies are financed, the NHS Foundation Trust is not exposed to the degree of credit risk faced by many other business entities. The Trust has invoices for services and facilities provided to NHS organisations which are currently being queried by the other parties, notably NHS bodies, within Gloucestershire and Welsh NHS bodies. These are subject to a provision for impaired receivables as set out in note 21.1. Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies.

#### **Market Risk**

This is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market prices. This includes currency risk (foreign exchange rates) and interest rate risk.

The NHS Foundation Trust has limited powers to borrow or invest surplus funds. Cash is held on deposit with a number of safe harbour institutions which are deemed to have significantly low risk and high liquidity.

100% of the Foundation Trust's financial assets and 100% of its financial liabilities carry nil or fixed rates of interest. Gloucestershire Hospitals NHS Foundation Trust is not, therefore, exposed to significant interest-rate risk. The Trusts PFI scheme unitary payments are linked to RPI.

#### **Liquidity risk**

This is the risk that the NHS Foundation Trust will encounter difficulties meeting obligations associated with financial liabilities.

The NHS Foundation Trust's net operating costs are incurred under annual service agreements with local Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. The Foundation Trust also largely finances its capital expenditure from funds made available from Government under an agreed limit. Gloucestershire Hospitals NHS Foundation Trust is not, therefore, exposed to significant liquidity risks.

### Note 39.2 Carrying values of financial assets (Group)

Carrying values of financial assets as at 31 March 2020	Held at amortised	Held at fair value	Total book value
	cost	through I&E	
	£000	£000	£000
Trade and other receivables excluding non financial assets	32,515	-	32,515
Cash and cash equivalents	37,385	-	37,385
Consolidated NHS Charitable fund financial assets	2,657	1,741	4,398
<b>Total at 31 March 2020</b>	<b>72,557</b>	<b>1,741</b>	<b>74,298</b>

Carrying values of financial assets as at 31 March 2019	Held at amortised	Held at fair value	Total book value
	cost	through I&E	
	£000	£000	£000
Trade and other receivables excluding non financial assets	25,885	-	25,885
Cash and cash equivalents	7,317	-	7,317
Consolidated NHS Charitable fund financial assets	2,541	1,953	4,494
<b>Total at 31 March 2019</b>	<b>35,743</b>	<b>1,953</b>	<b>37,696</b>

### Note 39.3 Carrying values of financial assets (Trust)

Carrying values of financial assets as at 31 March 2020	Held at amortised	Held at fair value	Total book value
	cost	through I&E	
	£000	£000	£000
Trade and other receivables excluding non financial assets	35,608	-	35,608
Cash and cash equivalents	31,502	-	31,502
<b>Total at 31 March 2020</b>	<b>67,110</b>	<b>-</b>	<b>67,110</b>

Carrying values of financial assets as at 31 March 2019	Held at amortised	Held at fair value	Total book value
	cost	through I&E	
	£000	£000	£000
Trade and other receivables excluding non financial assets	25,261	-	25,261
Cash and cash equivalents	4,836	-	4,836
<b>Total at 31 March 2019</b>	<b>30,097</b>	<b>-</b>	<b>30,097</b>

#### Note 39.4 Carrying values of financial liabilities (Group)

<b>Carrying values of financial liabilities as at 31 March 2020</b>	<b>Held at amortised cost £000</b>	<b>Total book value £000</b>
Loans from the Department of Health and Social Care	149,794	149,794
Obligations under finance leases	5,433	5,433
Obligations under PFI, LIFT and other service concessions	17,964	17,964
Trade and other payables excluding non financial liabilities	71,884	71,884
Consolidated NHS charitable fund financial liabilities	83	83
<b>Total at 31 March 2020</b>	<b>245,158</b>	<b>245,158</b>

<b>Carrying values of financial liabilities as at 31 March 2019</b>	<b>Held at amortised cost £000</b>	<b>Total book value £000</b>
Loans from the Department of Health and Social Care	122,841	122,841
Obligations under finance leases	6,450	6,450
Obligations under PFI, LIFT and other service concessions	18,530	18,530
Trade and other payables excluding non financial liabilities	45,316	45,316
Consolidated NHS charitable fund financial liabilities	116	116
<b>Total at 31 March 2019</b>	<b>193,253</b>	<b>193,253</b>

#### Note 39.5 Carrying values of financial liabilities (Trust)

<b>Carrying values of financial liabilities as at 31 March 2020</b>	<b>Held at amortised cost £000</b>	<b>Total book value £000</b>
Loans from the Department of Health and Social Care	149,794	149,794
Obligations under finance leases	5,433	5,433
Obligations under PFI, LIFT and other service concessions	17,964	17,964
Trade and other payables excluding non financial liabilities	67,163	67,163
<b>Total at 31 March 2020</b>	<b>240,354</b>	<b>240,354</b>

<b>Carrying values of financial liabilities as at 31 March 2019</b>	<b>Held at amortised cost £000</b>	<b>Total book value £000</b>
Loans from the Department of Health and Social Care	122,841	122,841
Obligations under finance leases	6,450	6,450
Obligations under PFI, LIFT and other service concessions	18,530	18,530
Trade and other payables excluding non financial liabilities	44,179	44,179
<b>Total at 31 March 2019</b>	<b>195,924</b>	<b>195,924</b>

**Note 39.6 Maturity of financial liabilities**

	31 March 2020		31 March 2019	
	Trust	Group	Trust	Group
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
In one year or less	199,744	204,548	60,630	57,959
In more than one year but not more than two years	3,353	3,353	31,978	31,978
In more than two years but not more than five years	9,651	9,651	69,425	69,425
In more than five years	27,606	27,606	33,891	33,891
<b>Total</b>	<b>240,354</b>	<b>245,158</b>	<b>195,924</b>	<b>193,253</b>

**Note 40 Losses and special payments**

Group	2019/20		2018/19	
	Total	Total	Total	Total
	number of cases	value of cases	number of cases	value of cases
	Number	£000	Number	£000
<b>Losses</b>				
Bad debts and claims abandoned	441	42	1,254	266
<b>Total losses</b>	<b>441</b>	<b>42</b>	<b>1,254</b>	<b>266</b>
<b>Special payments</b>				
Ex-gratia payments	-	-	50	21
<b>Total special payments</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>21</b>
<b>Total losses and special payments</b>	<b>441</b>	<b>42</b>	<b>1,304</b>	<b>287</b>

**Note 41 Gifts**

There are no gifts that require disclosure

**Note 42 Related parties**

Gloucestershire Hospitals NHS Foundation Trust is a body corporate established by order of the Secretary of State for Health.

During the period, none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with Gloucestershire Hospitals NHS Foundation Trust.

The Department of Health and Social Care is regarded as a related party. During the period, Gloucestershire Hospitals NHS Foundation Trust, including in carrying out its role of host to the Gloucestershire Finance, Procurement and Estates Shared Services, has had a significant number of material transactions with the Department and with other entities for which the Department is regarded as the parent Department. These entities are listed below:

	Income £000	Expenditure £000
Gloucestershire Hospitals subsidiary company Ltd	1,163	51,064
NHS Gloucestershire CCG	353,307	614
NHS Wyre Forest CCG	91	
NHS Redditch & Bromsgrove CCG	109	
NHS South Worcestershire CCG	10,235	
NHS Herefordshire CCG	3,311	
NHS Wiltshire CCG	979	
NHS Swindon CCG	1,639	
NHS South Warwickshire CCG	251	
NHS Oxfordshire CCG	615	
NHS England	136,830	8
Wye Valley NHS Trust	79	6,512
The Welsh Assembly (as part of NHS Wales which includes a number of commissioners)	5,778	
Gloucestershire Health and Care NHS Trust (formerly 2gether NHS foundation Trust and Gloucestershire Care Services NHS Trust)	9,330	7,678
NHS Resolution		16,664
NHS Pensions Agency		49,308

The Foundation Trust has also received revenue and capital payments from its charitable fund. The Trustees of this fund are also members of the NHS Foundation Trust Board.

**Note 43 Transfers by absorption**

The Trust had no transfers by absorption

**Note 44 Prior period adjustments**

Note 17.2 has been adjusted to reflect the writing out of £27m of brought forward depreciation relating to previous revaluations of property.

**Note 45 Events after the reporting date**

On 2 April 2020, the Department of Health and Social Care (DHSC), NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the reissue of Public Dividend Capital (PDC to allow the repayment. Given this relates to liabilities that existed as 31 March 2020, DHSC has updated its Group Accounting Manual to advise that this is considered an adjusting event after the reporting period for providers. Outstanding interim loans totalling £128,518k as at 31 March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.

# **INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS OF GLOUCESTERSHIRE HOSPITALS NHS FOUNDATION TRUST**

## **Qualified Opinion**

We have audited the financial statements of Gloucestershire Hospitals NHS Foundation Trust for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 45, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and HM Treasury's Financial Reporting Manual (FRoM) to the extent that they are meaningful and appropriate to NHS foundation trusts.

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of Gloucestershire Hospitals NHS Foundation Trust and Group's affairs as at 31 March 2020 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the Department of Health and Social Care's Group Accounting Manual 2019/20 and the directions under paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006.

## **Basis for qualified opinion**

Due to the restrictions on movement imposed as a result of the Coronavirus pandemic, we were unable to observe the counting of physical inventories at the end of the year. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at 31 March 2020, which are included in the balance sheet at £8.7 million, by using alternative audit procedures. Consequently, we were unable to determine whether any adjustment to this amount was necessary.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Foundation Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## **Material uncertainty related to going concern – Disclosure in relation to the effects of COVID-19**

We draw attention to Note 1.2 Going Concern in the financial statements and note 3.10 of the annual report which describe the financial and operational consequences the Trust is facing as a result of COVID-19 which is impacting the ability to achieve planned cost savings and NHS funding arrangements. As stated in Note 1.2, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We describe below how our audit responded to the risk relating to going concern:

- We asked the Trust to prepare a cash flow forecast extending for at least 12 months from the end of June 2020. The Trust produced two forecasts extending to the end of July 2021, one assuming that the current 2020/21 funding regime will cease at the end of July 2020, the second assuming the current funding regime will extend to the end of March 2021.
- We agreed projections in the cash flow forecasts to external support or other corroborating evidence where possible to do so.
- We challenged the reasonableness of the assumptions made in the forecast using our own cumulative knowledge of both the Trust and its wider operating environment, and agreed the assumptions made to external support or other corroborating evidence where possible to do so.
- We asked management to enhance the going concern included as part of accounting policies in the financial statements to more clearly describe:
  - o Why it believed it to be appropriate to prepare the financial statements on a going concern basis.
  - o The continuing conditions that give rise to the material uncertainty that may cast doubt on the Trust's ability to continue as a going concern.

We reviewed this revised disclosure against our own knowledge of the Trust and our view of the continuing conditions which give rise to the material uncertainty that may cast doubt on the Trust's ability to continue as a going concern. We are satisfied that the Trust's revised disclosure is consistent with our knowledge and the results of our work.

### Overview of our audit approach

Key audit matters	<ul style="list-style-type: none"><li>• Valuation of Property, Plant and Equipment</li><li>• Risk of fraud in revenue and expenditure recognition – year end accruals and year end liabilities</li><li>• Risk of fraud in revenue recognition - Inappropriate capitalisation of revenue expenditure</li></ul>
Materiality	<ul style="list-style-type: none"><li>• Overall materiality of £5.716m which represents 1% of gross expenditure.</li></ul>

### Key audit matters

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

In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Valuation of Property, land and Equipment</b>  <i>Refer to the Accounting policies (notes 1.8); and note 17.1 of the Consolidated Financial Statements</i></p> <p>The fair value of Property, Plant and Equipment (PPE) represent significant balances in the Foundation Trust's accounts (£257m at 31 March 2020) and are subject to valuation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p> <p>Update – Covid-19 related constraints on property</p>	<p>We considered the work performed by the Foundation Trust's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work.</p> <p>We considered the appropriateness of key assumptions used to inform the valuation and of the basis on which the valuation has been undertaken, including accounting for assets net of VAT.</p> <p>We sample tested key asset information used by the valuers in performing their valuation.</p> <p>We considered changes to useful economic lives as a result of the most recent valuation.</p> <p>We tested accounting entries to ensure they had been correctly processed in the financial statements.</p> <p>Additional procedures in response to the impact of Covid-19 on our inherent risk were as follows. We:</p> <ul style="list-style-type: none"> <li>• Considered the Trust's asset base by type of asset and valuation methodology,</li> </ul> <p>We reviewed and tested the main</p>	<p>We are satisfied that the valuation of property, plant and equipment assets in the Trust's financial statements is materially accurate. Specifically:</p> <ul style="list-style-type: none"> <li>• The Trust has continued to account for the valuation of building assets net of VAT. We consider this approach to be reasonable as the clear intention of the Trust is to use its subsidiary Gloucestershire Managed Services (GMS) to develop and provide facilities management services on significant capital redevelopments. We also observed that some capital expenditure in the year has been run through the subsidiary, noting that there have been no significant capital developments in the year. For the Trust to continue to be able to value net of VAT it is, however, important that the Trust is able to show that GMS is used for major capital developments in the future;</li> <li>• We are satisfied that valuation assumptions made were reasonable and that inputs to the valuation were accurate; and</li> <li>• We are satisfied that the valuation of land</li> </ul>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>valuation</p> <p>The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, has issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty. Caveats around this material uncertainty have been included in the year-end valuation reports produced by the Trust's external valuer</p>	<p>assumptions used by the Trust's valuer in its year-end valuation of Trust buildings, including testing the accuracy of floor areas used by the valuer.</p> <ul style="list-style-type: none"> <li>• Ensured the appropriate disclosure have been made in the accounts concerning the material uncertainty;</li> <li>• Considered whether any input was required from EY Real Estates, our internal specialists on asset valuations; and</li> <li>• Considered the wider impact of material uncertainty on whether reasonable assurance over valuation could be obtained.</li> </ul>	<p>and buildings assets at year-end per the Trust valuer's report were reflected correctly in the Trust's financial statements.</p> <p>The Trust's external valuer disclosed a 'material uncertainty' in its year end valuation report in line with RICS guidance. The Trust repeated this 'material uncertainty' as part of its Statement of Accounting Policies. As part of our work we considered the extent of the valuation uncertainty and noted the following:</p> <ul style="list-style-type: none"> <li>• All but approximately £196k of the Trust's building assets are valued at DRC. Given DRC valuations are not informed by evidence of relevant market conditions which could have been impacted by Covid-19, we are satisfied that the outbreak of Covid-19 is unlikely to have led to significant uncertainty in the valuation; and</li> <li>• Although the valuation of land is more reliant on market evidence we were satisfied that the valuer's approach of not changing land values from the prior year was reasonable.</li> </ul> <p>Based on the work we have undertaken we are satisfied that the carrying value of PPE disclosed in the financial statements is materially accurate.</p>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
		<p>Finally, we detected an error in the presentation of the depreciation charge included in the financial statements:</p> <p>Accumulated depreciation had not been removed from assets which were revalued in 2018/19 and 2019/20. While the net book value of relevant assets was correctly stated, as was the Statement of Financial Position, the Property Plant and Equipment disclosure for 2018/19 and 2019/20 disclosed both the gross and net values. In the disclosure note the accumulated depreciation needed to be written out on revaluation.</p> <p>Management have now amended this disclosure note for both 2018/19 and 2019/20.</p> <p>We draw attention to Note 1.8 Property Plant and Equipment - Valuation and Note 19 Revaluations property, plant and equipment of the financial statements, which describes the valuation uncertainty the Trust is facing as a result of COVID-19 in relation to property valuations. Our opinion is not modified in respect of this matter.</p>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Risk of fraud in revenue and expenditure recognition – year end accruals and year end liabilities</b>  <i>Refer to the Annual Report of the Audit and Assurance Committee (page 144 of annual report); Accounting policies (notes 1.1 to 1.30); and Note 28.1 of the Consolidated Financial Statements</i></p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the</p>	<p>We performed walkthroughs of each significant class of expenditure transactions and assessed the design effectiveness of key controls.</p> <p>We have tested a sample of year accruals to ensure the accruals are valid and appropriately valued.</p> <p>We reviewed and tested revenue and expenditure cut-off around the period end date and extended our procedures to the end of April to address increased risk.</p> <p>We have performed unrecorded liabilities testing by reviewing payments made and invoices recorded after year-end to ensure these were recorded in the correct period. We extended this testing to the end of April to address increased risk.</p> <p>We have reviewed Department of Health (DH) agreement of balances data and investigated any significant differences (outside of DH tolerances) to determine whether the difference was caused by error in the population of the Agreement of Balances submission. Where the difference was not related to an error in the submission we obtained evidence to support the Trust's</p>	<p>We identified no evidence of management bias or manipulation of reported financial performance as a result of our work.</p> <p>Areas that we wish to draw to your attention are:</p> <p>We were unable to utilise our journals procedures to ensure journals had been correctly authorised due to Covid-19 and lockdown rules.</p> <p>The Trust raised an accrual for approximately £1.46 million relating to work in progress (WIP) at the end of the year, which is not material to our responsibilities. It relates to when the Trust's main CCG commissioner moved from a Payment by Results (PbR) contract arrangement to a block contract and there is some uncertainty over how this will ever be settled.</p> <p>We therefore challenged the Trust on why a WIP accrual should be raised given that income for all activity relating to the year had been received under the block contract. NHSI supports the treatment for 2019/20 therefore no change to the Accounts proposed.</p> <p>We also note that the WIP receivable accruals raised by the</p>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>manipulation of expenditure recognition. There is a risk that year-end accruals are misstated to influence or manipulate the recognition of revenue and expenditure. There is no change in the risk profile in the current year.</p>	<p>reported position.</p> <p>Additional procedures in response to the impact of Covid-19 on our significant risk were as follows. We:</p> <ul style="list-style-type: none"> <li>• Tested the accrual made for Covid-19 funding due to be received from DHSC</li> <li>• reviewed unusual journals related to Covid-19 and performing a search on journals posted to Covid-19 cost centres prior to March 2020.</li> </ul>	<p>Trust have been matched by the CCG in the NHS Agreement of Balances exercise. The CCGs are therefore accounting for matching payables in their financial statements. There is therefore clear counter-party support for the receivable raised.</p> <p>It is important that the Trust agrees a position with the CCG where any outstanding WIP funding is received during 2020/21 to avoid raising a year-end WIP accrual in the Trust's 2020/21 financial statements.</p> <p>Our accruals testing identified that there is a long running balance relating to amounts given to the Trust by medical staff for income generating work performed outside of their regular duties. The income has historically been held in creditors until it is matched by expenditure on a scheme. However, as there is no conditionality associated with the income or any means by which it could be repaid, we judge that this balance of £881,906 should be released to income. The client does not wish to correct this but has agreed to resolve in FY20/21.</p>
<p><b>Risk of fraud in revenue</b></p>	<p>For significant additions, we</p>	<p>Our work in this area has</p>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>recognition – Inappropriate capitalisation of revenue expenditure</b>  <i>Refer to the Accounting policies (notes 1.8); and note 17.1 of the Consolidated Financial Statements</i></p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. From our risk assessment, we have assessed that the risk could manifest itself through the inappropriate capitalisation of revenue expenditure to improve the</p>	<p>challenged the classification of additions, examining invoices, capital expenditure authorisations, leases and other data that supported these additions and challenged the appropriateness of capitalisation.</p> <p>We extended our testing of items capitalised in the year by lowering our testing threshold.</p> <p>In our journal testing, we ensured we understood the basis for any significant journals that transferred expenditure from revenue to capital codes on the general ledger at the end of the year.</p>	<p>not identified any material misstatements arising from fraud in revenue recognition due to inappropriate capitalisation of revenue expenditure.</p> <p>However, we did identify one error related to software costs that had been incorrectly included in Property, Plant and Equipment instead of intangible assets, this amounted to £2.5 million.</p>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>financial position of the Trust.</p> <p>The Trust had £30m capital additions as at 31 March 2020.</p>		

In the prior year, our auditor’s report included a key audit matter in relation to risks involved from the first year of operation of Gloucestershire Managed Services (GMS). Now in it’s second year of operation, this risk regarding GMS is no longer valid.

### **An overview of the scope of our audit**

#### **Tailoring the scope**

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Foundation Trust. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Foundation Trust and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we designated the subsidiary, Gloucestershire Managed Services, as a specific scope component to the group. The Charity was not a significant component to the group due to its size and risk profile. However, as there are balances within the Foundation Trust financial statements and related notes, we have undertaken an overall analytical review of the Charitable Fund Accounts along with an analysis of any amounts which are impacting directly on the group accounts.

For Gloucestershire Managed Services (“specific scope component”), we performed audit procedures on specific accounts within this component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile. The significant accounts tested included revenue, expenditure and creditors as well as procedures undertaken to test for cut-off and unrecorded liabilities. The audit scope of this component may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant balances tested for the Group.

#### **Materiality**

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group and Trust to be £5.7 million (2019: £5.65 million), which is 1% (2019: 1%) of operating expenses. Materiality is set using expenditure as a basis, since the main function of the entity is to provide services to the local community and as such is considered the most appropriate basis for determining materiality.

### **Performance materiality**

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2019: 75%) of our planning materiality, namely £4.3 million (2019: £4.2 million). We have set performance materiality at this percentage due to our conclusion that there is not a higher likelihood that misstatements may occur within the financial statements. The performance materiality allocated to the Trust was £4.3 million.

### **Reporting threshold**

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit and Assurance Committee that we would report to them all uncorrected audit differences in excess of £0.29m (2019: £0.28m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

### **Other information**

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

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

We read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

We have nothing to report in this regard.

## **Opinion on other matters prescribe by the Code of Audit Practice issued by the NAO**

In our opinion:

- the information given in the performance report and accountability report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the parts of the Remuneration and Staff report identified as subject to audit has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2019/20.

### **Matters on which we report by exception**

The Code of Audit Practice requires us to report to you if:

- we issue a report in the public interest under schedule 10(3) of the National Health Service Act 2006;
- we refer the matter to the regulator under schedule 10(6) of the National Health Service Act 2006 because we have reason to believe that the Trust, or a director or officer of the Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency;
- we are not satisfied that the Trust has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources as required by schedule 10(1)(d) of the National Health Service Act 2006;
- we have been unable to satisfy ourselves that the Annual Governance Statement, and other information published with the financial statements meets the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2019/20 and is not misleading or inconsistent with other information forthcoming from the audit; or
- we have been unable to satisfy ourselves that proper practices have been observed in the compilation of the financial statements.

We have nothing to report in respect of these matters.

The NHS Foundation Trust Annual Reporting Manual 2019/20 requires us to report to you if in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the NHS Foundation Trust acquired in the course of performing our audit; or
- otherwise misleading.

We have nothing to report in respect of these matters.

### **Responsibilities of Accounting Officer**

As explained more fully in the Accountable Officer's responsibilities statement set out on page 116 of the annual report, the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true

and fair view, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for 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 the Council of Governors intend to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

### **Auditor's responsibilities with respect to value for money arrangements**

We are required to consider whether the Foundation Trust has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is based on the overall criterion that "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

Proper arrangements are defined by statutory guidance issued by the National Audit Office and comprise the arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering your proper arrangements, we draw on the requirements of the guidance issued by NHS Improvement to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risk that we consider significant within the Code of Audit Practice which defines as:

*"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public. Significance has both qualitative and quantitative aspects".*

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risk there is no requirement to carry out further work. Our risk assessment considers both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders.

## **Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether the Foundation 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. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Foundation Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Foundation Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under schedule 10(1)(d) of the National Health Service Act 2006 to be satisfied that the Foundation Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Under the Code of Audit Practice, we are required to report to you if the Trust has not made proper arrangement for securing economy, efficiency and effectiveness in the use of resources. We are not required to consider, nor have we considered, whether all aspects of the Foundation Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### **Certificate**

We certify that we have completed the audit of the financial statements of Gloucestershire Hospitals NHS Foundation Trust in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice issued by the National Audit Office on behalf of the Comptroller and Auditor General (C&AG).

### **Use of our report**

This report is made solely to the Council of Governors of Gloucestershire Hospitals NHS Foundation Trust in accordance with paragraph 24(5) of Schedule 7 of the National Health Service Act 2006 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, for our audit work, for this report, or for the opinions we have formed.

Maria Grindley  
for and on behalf of Ernst & Young LLP  
Reading  
24 June 2020



