Hampshire Hospitals
NHS Foundation Trust

Annual Report and Accounts

2019/20

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

Hampshire Hospitals NHS Foundation Trust
Annual Report for the year ended 31 March 2020

Chairman's Introduction

Being Chairman of Hampshire Hospitals NHS Foundation Trust is a great honour; one which enables me to work with some of the very best people. It is a feeling that has been with me since day one and I feel it more keenly than ever after a year in the role.

As such, it is a very great pleasure to be able to introduce the annual report for 2019/20 and to set it before Parliament.

This year has been one of both opportunities and challenges for HHFT. That the NHS is under pressure is no secret. Demand has continued to rise; with records set only to often be broken a week later - at times I know the struggle has been very real.

And of course towards the end of the year the Trust was hugely impacted by the Covid-19 virus. No-one could have predicted just how much Covid would affect our hospitals but as always, our staff reacted magnificently in the face a significant adversity and personal risk in many cases to look after patients. Something that really stood out to me were the hundreds of small acts of kindness shown by staff to staff. Meeting the challenge of continuing to deliver outstanding patient care in these circumstances has sometimes meant making sacrifices and I recognise that this is not always easy. To all our wonderful staff, our executive and non-executive Board members, and our governors I would like to simply say:

Thank you.

These are not the only challenges the Trust has faced. The Trust has been working hard to address the Care Quality Commission rating of 'requires improvement' from the previous and the Trust remains in financial difficulty. In the circumstances it would have been all too easy to become demoralised.

Instead, the challenge has been met head on.

The quality improvement and culture change programmes have been embraced, with some fantastic results. A personal favourite of mine (among many) are the yellow socks that have been introduced to help reduce patient falls – ingenious! Difficult decisions, far from being avoided, have been made and steps taken to ensure we get the most out of every penny we spend.

There remains work to do but I am confident that we now have a robust plan in place that, with the continued hard work of all our staff, the Board and the support of our governors, we can implement. The first signs of this came just before Christmas when the CQC lifted a number of conditions they had placed on our emergency departments. This is testament to the hard work of the teams involved. This then led to the Trust being rated as Good by the Care Quality Commission (CQC) with a rating of Outstanding for the Caring domain.

The start of the New Year is great time to look forward and I can honestly say that I am very excited by what 2020/21 holds.

Thanks to additional money as part of the governments Healthcare Infrastructure Plan (HIP) it is likely that HHFT will be able to make a considerable investment in its facilities in the coming years. It's very early in the process but with careful planning and by working with all our NHS and local government partners we can deliver truly integrated care; to the benefit of all our patients.

Work also continues apace on the development of the Hampshire and Isle of Wight Integrated care System within which HHFT plays a key role working with partners to deliver joined up care for patients in support of the NHS Long Term Plan.

Finally, the NHS is our gift to society and to each other; it is a privilege to be part of it. Above all it is about people; with its staff as the beating heart, supported by volunteers, governors and the community.

And it is people that we will continue to place at the centre of all we do in the year ahead.

I commend this Annual Report to its readers.

……

Steve Erskine
Chair

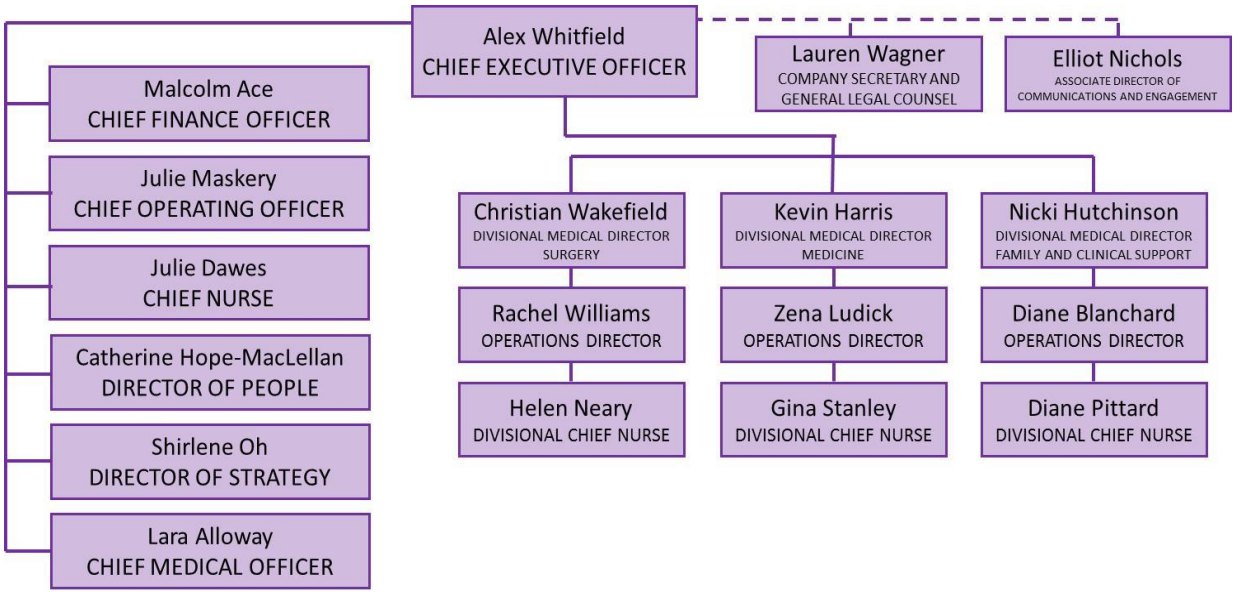
Overview and Performance Report

Overview

This section of the annual report is to provide the reader with an overview of the Trust, its purpose, the key risks we face to achieving our objectives and how we have performed during this year.

Hampshire Hospitals NHS Foundation Trust ("HHFT") is a Trust that provides hospital services to the population of Hampshire and West Berkshire. On 9 January 2012, the Foundation Trust was established by the coming together of Basingstoke and North Hampshire NHS Foundation Trust and Winchester and Eastleigh Healthcare NHS Trust.

We deliver a full range of district hospital services in a variety of locations; most acute services are provided from our two larger hospitals, Basingstoke and North Hampshire Hospital (BNHH) and the Royal Hampshire County Hospital in Winchester (RHCH). We deliver planned services, including surgery, elderly rehabilitation and maternity care in Andover War Memorial Hospital (AWMH). We also deliver outpatient services in community settings and patients' homes. We offer a small range of very specialist services to a regional and national population including surgical treatment for Pseudomyxoma Peritonei (a rare abdominal cancer), liver and colorectal cancer surgery, and intraoperative radiotherapy for breast cancer. We are also the network host for a regional haemophilia service that serves a wide population across Hampshire, Dorset, Sussex and Wiltshire.



Our services are organised into three clinical divisions; surgical services, medical services and family and clinical support services each led by a Medical Director who is supported by an Operations Director. The five Executive Directors, three very senior corporate managers, three divisional chief nurses who support the chief nurse and the divisional leadership comprises the top team who run the organisation on a day-to-day basis.

Our vision, with which our strategy is aligned, is to provide outstanding care for every patient and ensure that our services are clinically and financially sustainable into the future. Concern for the long

term sustainability of our services led to the formation of HHFT and the development of the clinical model, which focuses on delivering services locally where possible and centrally where necessary.

To make sure that our patients are seen and treated in a timely manner we monitor our performance against several local and national targets and standards. These include the Referral To Treatment targets (RTT) covering general planned care, A&E targets to ensure that patients are seen in our Emergency Departments (ED) promptly and cancer waiting time targets to ensure patients with suspected cancer are diagnosed and treated quickly.

Hampshire Hospitals Contract Services Limited is a wholly owned subsidiary of HHFT which was established in 2013 to a) support the strategic need to develop alternative income sources beyond core-NHS District General Hospital activity funded by the Clinical Commissioning Groups and b) ensure hospital support services are delivered efficiently and cost-effectively.

Wessex NHS Procurement Ltd (WPL) is a jointly owned subsidiary of HHFT and University Hospital Southampton NHS Foundation Trust. The Joint Venture was set up in 2019, combining the Procurement & Supply teams of HHFT and University Hospital Southampton (UHS). The team, made up of just over 100 professionals, are focused on making a step change delivery in sustainable cost improvements and logistical efficiency, building on the impressive performance that the two Trust's delivered individually.

HHFT also operates the Candover Clinic and Suite which is a dedicated private patients unit located at BNHH, for patients who pay for their treatment themselves or use their private health insurance. Being located on the site of a well-respected district hospital offers patients a very high level of safety and reassurance, including access to critical care and specialist units. The profit generated by Candover is invested in HHFT's NHS services, benefiting NHS patients. Candover also benefits the Trust's hospitals and NHS patients by freeing up beds and resources when insured or self-funding patients choose to be treated privately.

The financial statements contained within this report have been prepared on a going concern basis, on the reasonable assumption that HHFT has sufficient operational resources to continue for the foreseeable future.

Statement from Chief Executive on performance

2019/20 has been a very eventful year for all of us at Hampshire Hospitals. There have been ups and downs, but overall I think that the Trust ends the year in a better position than we started it.

The highlight of the year was being rated as Good by the Care Quality Commission (CQC) with a rating of Outstanding for the Caring domain. This represented the culmination of 18 months of commitment and innovation by colleagues across the Trust, to turn around the September 2018 inspection report. The inspectors were hugely impressed with the way the Trust had grasped the previous inspection report and used it to galvanise change. They also commented that staff treated patients with compassion and kindness. I am very lucky to work with so many people who live our Care values every day. We are now poring over the latest report to ensure we get all the learning that we can from that, and continue our route to outstanding.

We made a big step forward in sorting out sustainable services for our population, by being included in the government's Health Infrastructure Programme. Though there is a lot of work to do, it is hugely exciting and will enable us to take advantage of the very latest ideas in both healthcare and construction. All being well, we intend to go to public consultation in the first half of 2021 which does not feel very far away!

The list of improvements we have made during 2019/20 is very long. I would like to mention the changes in the way we provide orthopaedic care across our hospitals, the significant investment in digital technology, and a real focus on retention and recruitment of staff leading to reductions in vacancy rates. Our international recruitment process resulted in over 100 internationally trained nurses being welcomed into our Team. Our Emergency departments transformed care, with dedicated paediatric areas and teams. Our microbiologists were at the forefront of Covid-19 testing. We have opened a brand new hospice in Andover. We revolutionised training through Green Brain.

On the downside, our underlying financial position remains a severe risk to the organisation. We knew going into the year that it would be difficult to provide outstanding care, within the money, if the numbers of patients in hospital continued to rise. We worked really well, as a system, to get patients home more quickly, and achieved our lowest ever length of stay. But unfortunately our non-elective admission numbers soared and we weren't able to make the savings we had hoped we would. This is something which we need to address in the year ahead.

It would be impossible to finish this year's introduction without mentioning COVID-19. At the time of writing we are still in the midst of the outbreak. The preparations we made have served us well and we are coping but under severe pressure. The outstanding quality of our teams, our leaders and our colleagues, is really shining through during this time. Problems that feel impossible are solved in a day. We have implemented virtual outpatients, overnight. We have resolved intractable issues around patient discharges in a matter of weeks. People across the Trust have moved to new roles in unfamiliar areas with some trepidation, but with the knowledge that they are helping our patients.

Throughout the crisis my amazing colleagues at Hampshire Hospitals have been fantastic. I am so lucky to work with people who continually strive to deliver our vision; to provide outstanding care for every patient.

Please be kind to each other, and stay safe! Thank you.

Income and expenditure performance

The Trust reported a financial deficit of £9.7 million for the year, against a planned surplus of £14.5 million, inclusive of Provider Sustainability Funding (PSF) and Marginal Rate for Emergency Tariff (MRET), a shortfall of £24.3 million. £4.5 million of that variance is attributable to the failure to hit the financial control total set by NHSE/I and the penalty of lost PSF.

Undoubtedly, 2019/20 was a challenging year operationally and that has had a direct impact on the financial performance. Whilst the Trust had achieved the financial targets in 2018/19, this was supported by several non-recurrent transactions; the risk to the financial plan for 2019/20 was therefore clear and disclosed in last year's report.

The Trust accepted the financial control target to deliver a deficit of £0.5 million, which if delivered would generate £7.7 million through PSF and the by accepting the target would automatically receive £5 million of MRET. Whilst the financial control total was recognised to be extremely challenging, if the Trust had not accepted it, it would have foregone the MRET funding.

In order to hit the financial plan, the Trust had to deliver savings of £22 million, of which £8.1 million were unidentified at the time that the plan was constructed. In spite of that, the plan included a significant increase in workforce (136 WTE) and an acceptable increase in funding from our main commissioners (5%).

Financial performance in-year was heavily impacted by the unprecedented and unexpected growth in Emergency Department (ED) attendances and non-elective/emergency admissions into our hospitals. Whilst urgent and emergency care pressures have been felt nationally, the North and Mid-Hampshire locality appears to be especially affected, with growth regularly in excess of 10% from previously reported monthly figures. Despite additional support from our Commissioners, the additional funding received did not cover the additional cost of providing the increased services. This, combined with the need to respond to the Care Quality Commission notices issued in autumn 2018, meant exceptional pressure was put on staffing requirements and with that came the inevitable financial consequence.

The emergence of COVID-19 in the spring of 2020 generated additional operational pressure, which whilst fully funded by the Treasury, has distorted the financial picture for 2019/20 and has led to a radical change to the financial regime for 2020/21. Additionally, all NHS organisations have been required to and include the notional costs and the notional funding of the 6% contribution to NHS Pensions which has been borne centrally by the Treasury. This notional funding and cost adds £12 million to income and £12 million to salary costs. It should also be noted that because of an increase in the holiday accrual provision as a result of COVID work, the Original Plan and the Revised Forecast both include additional costs of £0.3 million.

The financial position was such that in December 2019 the Trust Board accepted and notified NHSE/I that it would be unable to meet its financial control total, due to the operational pressures and resulting cost overspend. A revised forecast was submitted with an expected reported deficit of £7.2 million. The Trust also recognised that there was a degree of risk to this forecast and it was set with a plan to reduce the expenditure run-rate and improve elective income from outside the Local Care Partnership (LCP).

The table below summarises the final income and expenditure position, making reference to the previous year, the original plan and the revised forecast submitted in month 9. Due to the number

and materiality of the transactions referred to above, an attempt has been made to 'normalise' the outturn to give a more reflective view of the underlying financial performance of the Trust.

Income and Expenditure Statement – Summary 2019/20

	18/19 Actual	Original Plan	Revised Forecast	Actual			Variance to Plan	
				Gross	Special factors	Like for Like		
	£ Million	£ Million	£ Million	£ Million	£ Million	£ Million	£ Million	%
INCOME								
Clinical Income	357.3	373.7	379.7	379.0		379.0	5.4	1.4%
Other Income	51.7	49.5	50.8	66.8		66.8	17.2	
Less Notional Pension					(12.0)	(12.0)	(12.0)	
Less Covid Cost Contribution					(4.3)	(4.3)	(4.3)	
Sub-Total	51.7	49.5	50.8	66.8	(16.3)	50.5	0.9	1.9%
MRET		5.0	5.0	5.0		5.0	0.0	
PSF	15.6	7.7	3.2	3.1		3.1	(4.5)	
TOTAL INCOME	**424.6**	**435.9**	**438.7**	**454.0**	**(16.3)**	**437.7**	**1.8**	**0.4%**
EXPENDITURE								
Salary Costs	277.4	291.7	296.2	315.6		315.6	23.9	
Less Notional Pension					(12.0)	(12.0)	(12.0)	
Less Covid Costs					(2.4)	(2.4)	(2.4)	
Plus Additional COVID Holiday Provision		0.3	0.3				(0.3)	
Sub-Total	277.4	292.0	296.5	315.6	(14.4)	301.2	9.2	3.2%
Non-Pay Costs	134.4	129.4	149.3	148.1		148.1	18.7	
Less COVID Costs					(1.9)	(1.9)	(1.9)	
Sub-Total	134.4	129.4	149.3	148.1	(1.9)	146.2	16.8	13.0%
TOTAL EXPENDITURE	**411.8**	**421.4**	**445.9**	**463.7**	**(16.3)**	**447.4**	**26.0**	**6.2%**
REPORTABLE SURPLUS/(DEFICIT)	**12.7**	**14.5**	**(7.2)**	**(9.7)**	**0.0**	**(9.7)**	**(24.3)**	**-167.1%**
Reconcile With Financial Control Total								
Remove MRET/PSF	(15.6)	(12.7)	(8.2)	(8.2)	0.0	(8.2)	4.5	
Net Control Total Adjustments	(2.9)	(2.6)	(3.8)	(3.3)		(3.3)	(0.7)	
(OPERATING DEFICIT) FINANCIAL CONTROL TOTAL	**(5.7)**	**(0.8)**	**(19.1)**	**(21.2)**	**0.0**	**(21.2)**	**(20.4)**	**2601.4%**

The Trust ended the year with cash of £20 million. Whilst this is appears to be a strong cash position, it has been supported by an increase in the utilisation of the working capital facility of £4m, the drawdown of £8 million of Interim Revenue Support and an early payment against April activity from NHSE specialist commissioning worth £4 million.

Capital expenditure

The Trust had capital programme for 2019/20 totalling £25.7 million, made up of £20.4 million of internally funded projects, £2.6 million of funding from NHSI primarily for the Wave 4 Orthopaedic and Pharmacy project and £2.7 million from charitable donations.

Due to a number of factors there has been a degree of slippage on many of the capital schemes, which means that by the 31st March 2020, the Trust had spent £14.8 million on capital projects. Whilst this is not an ideal position, the majority of the slippage was on new projects, such as the Wave 4 funded Pharmacy and Trauma and Orthopaedics (T&O) development at RHCH and the development of the Cardiac Catheter Lab at BNHH, rather than vital backlog maintenance schemes, which progressed inasmuch as operational constraints allowed.

Due to the cash position anticipated for 2020/19, the Trusts forward plan will be restricted to value approximating to the depreciation charge, plus any specific funding from DHSC and charitable sources.

Although the capital spend in 2019/20 was lower than plan, the Trust is extremely grateful for the financial support from its many charitable supporters. The Trust is very pleased to report that enormous progress has been made on the re-build of the Countess of Brecknock Hospice in Andover, which has been made possible with the support of the Countess of Brecknock charity. The new facilities were opened and operational in spring of 2020.

Over the winter, the Trust found out that it had been awarded seed funding to develop a strategic outline business case for a new hospital as part of the governments Modernising our Hospitals and Healthcare Infrastructure programme. This is an exciting opportunity for the organisation to work with our partners and to design a modern hospital facility; inevitably, this project will dominate our capital programme over the next few years.

Financial and other principal risks

The Trust recognises that it is not in a strong financial position, having has reported a £9.7m deficit for the financial period ending 31st March 2020 following a difficult year of operations. Furthermore, although the 2020/21 draft financial plan submitted to NHSE/I in March 2020 set out breakeven position, it is dependent on delivering a savings programme of £21.5 million. Whilst the cash balance is planned to be maintained, non-delivery of the savings plans will erode that cash or necessitate additional cash support.

The Local Care Partnership has been working increasing closely and recognises that there is effectively a limited level of funding within the local health economy. This means that most of the Trust's financial improvement has to come from cost reductions rather than increased income.

The risk for the organisation is that the activity planning assumptions that underpinned the financial plan are not contained and the cost of servicing that activity increases and hinders the planned savings programme, specifically the need to reduce agency staff costs and maintain the overall staffing establishments to the agreed levels.

At the time of writing, COVID-19 has dominated the Trust's operations and planning. NHSE/I have similarly radically changed its expectations of the financial planning for 2020/21. The majority of these changes have had the effect of de-risking the financial environment for provider organisations for at least the first 6 months of the financial year.

During this period NHS provider organisations will be funded on a block income, plus a top-up payment to ensure a breakeven revenue position. In addition, NHSE/I have revised the capital regime so that, having met certain conditions, COVID related capital costs will be funded centrally.

Whilst there is uncertainty of the financial regime after October, the Trust remains confident in its ability to maintain sufficient cash for its operations and has demonstrated this in the production of a 15 month cash flow forecast (to June 2021).

Our financial liabilities carry either a nil or low fixed rate of interest, and consequently we are not exposed to significant interest rate risk and with current low rates of interest, changes are unlikely to have material impact on the Trust's position.

We are not exposed to significant foreign currency risk because all income is invoiced and received as pounds sterling. All cash investments are held in pounds sterling. The Trust does have exposure to exchange rate movements through our purchasing of drugs and equipment, some of which will have major cost components from outside the UK.

Our credit profile is low risk - the maximum exposure is in receivables from commissioners.

Our cash deposits are held with Lloyds Bank and the Government Banking Service (see note 15 to the accounts). We are satisfied that there is no material exposure to credit risk in respect of cash deposits.

Signed…….. Date: 19th June 2020
Alex Whitfield
Accounting Officer

Directors' Report

This report provides an overview of the operations of HHFT in 2019/20. The Directors leading HHFT in 2019/20 were as follows:

Steve Erskine, Chairman
Alex Whitfield, Chief Executive Officer
Andrew Bishop, Chief Medical Officer (until 31 May 2019)
Nicki Hutchinson, Interim Chief Medical Officer (1 June 2019 to 1st September 2019)
Lara Alloway, Chief Medical Officer (From 2nd September 2019)
Malcolm Ace, Chief Financial Officer
Julie Dawes, Chief Nurse
Julie Maskery, Chief Operating Officer
John MacMahon, Non-Executive Director[1] (until 31st December 2019)
Jeff Wearing, Non-Executive Director[2] (until 30th April 2019)
Gary McRae, Non-Executive Director[3]
Jane Tabor, Non-Executive Director[4]
Paul Musson, Non-Executive Director[5]
Ruth Williams, Non-Executive Director[6]
Simon Holmes, Non-Executive Director[7]

The Trust appointed two new Non-Executive Directors who took up office on 2nd April 2020. They are:
Jos Creese, Non-Executive Director
Laks Khangura, Non-Executive Director

A register of interests is maintained by the Company Secretary.

Enhanced quality governance reporting

The Annual Report includes the Annual Governance Statement, which reports in detail how we deliver quality governance. More specific detail about the identified quality priorities for 2019/20 and achievements for 2019/20 are included in the Quality Report, which will be published later in the year. In delivering quality governance, we have used NHS Improvement's (NHSI) Quality Governance Framework as an assessment tool. This identifies compliance and improvement actions required and enables the Board to make judgements in signing off its responsibilities for quality governance. The Annual Governance Statement, in conjunction with the quality governance framework, sets out how we manage risk. This includes clinical risk, performance risk and the Board Assurance Framework (BAF). It also includes information about our systems of internal control.

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[1] Chairman of the Risk Committee (until 31st December 2019)
[2] Senior Independent Director (until 30th April 2019)
[3] Senior independent Director (from 1st May 2019) and Chairman of the Finance and Investment Committee
[4] Chairman of Remuneration Committee and Chairman of the Audit Committee
[5] Chairman of the Workforce and Organisational Development Committee
[6] Joint Chairman of the Quality and Performance Committee
[7] Joint Chairman of the Quality and Performance Committee

Stakeholder Relations

Throughout the year, the Trust enters into many relationships with stakeholders in order to help facilitate the delivery of improved healthcare. Examples of these relationships have been detailed below:

- The Trust is working with NHS Digital as part of the SHIP Local Maternity System IT Digital programme to continue the development of the electronic handheld records for women and a single maternity system for all four providers
- The Trust is working with the SHIP Local Maternity System to develop a postnatal advice line which will be manned by maternity support workers and be situated with the Labour Line Midwife.
- The Trust is developing a shared IT platform with Southern Health in order to share safeguarding information
- The Trust is working in partnership with Hampshire County Council and Southern Health to promote and support smoking cessation for the maternity service to improve patient outcome and experience
- The frailty team has been in partnership working with the Rural West Primary Care Network over the last year through a weekly video conference patient MDT to improve joined-up patient care
- The respiratory team successfully bid for Wessex Cancer Alliance funding, which has allowed for the development of the lung cancer service to work in line with the 28 day faster diagnosis plans. The money has been shared between respiratory services, radiology and pathology to improve the timeliness of cancer only clinics on both sites, CT scans to be performed and reported in a more timely way and specimens to be tracked and chased to avoid delays
- In thrombosis and anticoagulation, a partnership with the Academic Department of Psychology at the University of Winchester has resulted in a qualitative research study exploring the lived experience of patients on anticoagulation. The study was adopted onto the NIHR portfolio and is underway with preliminary insights accepted for presentation at the British Society of Haematology Annual Scientific Meeting 2020. The study is important because around 18% of the elderly population is eligible for anticoagulation to prevent stroke but excess bleeding due to anticoagulation is the leading medicine related cause of unplanned hospital admission. The hope is that better understanding of the patient perspective will inform best practice in initiation and support of people taking anticoagulant medicine
- The Trust has formed a partnership with Southern Health to integrate psychiatric liaison teams within BNHH and RHCH to forge closer working relationships and a more responsive service with fewer limitations regarding the age and locality of patients within the hospitals
- The Complex Discharge team have developed and rolled out two major documents in partnership with Hampshire County Council, West Berkshire Council and Southern Health to aid discharge planning and have improved patient by reducing repeat 'story telling' and allowing early identification of need.

Patient Care

Patient care improvements

Below are some of the many patient care improvements the Trust made throughout the year:

- Continuity of Care pathway for antenatal, intrapartum and postpartum care facilitated by a team of midwives for women choosing to birth at home and birth at HHMC is now embedded
- To buddy up GP surgeries and community midwives to provide midwifery teams in order to be part of the integrated workforce and care for women who are attached to their GP surgeries
- Develop high risk teams to provide continuity of care to women with diabetes, bereavement, pre term and twins
- Introduce and embed the first hour of care by promoting keeping mothers and babies together
- Development of the 'Support with Infant Feeding Team' (SWIFT) on both sites to provide additional feeding support for women on the PN wards and in the community
- Develop alongside Midwifery led unit on BNHH site and promote and utilise the low risk birth rooms on the RHCH site to improve women's choice of birth environment
- Development of High risk midwifery team on the labour ward on both sites
- Refurbishment of HHMC aligned to the development plan following Open day
- Midwifery Model for NIPE service within the unit and the community hubs
- Aesthetic refurbishment of Sherborne Building to improve patient journey
- Introduction of Magseed- The seeds can be placed 30 days prior to surgery to localise the lesion rather than on the day and therefore less stressful for the patient and better for clinical workflow
- Introduction of magtrace- acts as a tracer for sentinel node biopsy. Magtrace avoids the patient travelling to an external site (UHS) on the day of surgery for radioisotope and blue dye, it also improves theatre efficiency
- Increasing number of IORT- This prevents patients having 15 individual shots of radiotherapy as radiotherapy is administered during surgery at the base of the tumour. Patients are recruited as part of a clinical trial.
- Recruitment of advanced nurse practitioner- The post develops nurses to increase their skills and also to prevent recurrent turnover of staff as junior doctors move placements. This results in a more robust service
- Commencement of patient initiated follow ups- This reduces patients attending the hospital for unnecessary follow up appointments, but that they have open access if required
- Increasing day case mastectomy and reducing overnight stays
- Introduction of medirota for medical staff- Ensures medical activity is captured
- Introduction of E purple referral- Reduces the risk of referral paperwork being lost between departments
- Introduction of telephone follow up clinics- This reduces patients time attending follow up appointments and car parking/ travel costs
- Introduction of Patient initiated follow up clinics- This reduces patients attending the hospital for unnecessary follow up appointments, but that they have open access if required
- Refurbishment of outpatient Gynae diagnostic and treatment facilities in Winchester for ambulatory gynaecology- This improved the environment for outpatient diagnostic and treatment clinics in outpatients

- Reconfiguration of outpatient rooms in Basingstoke to create an outpatient diagnostic and treatment facility for gynaecology- This enabled increased activity in ambulatory gynaecology , moving patients from day case surgery to outpatients
- Increasing outpatient procedures rather than day case- This is less stressful and less time consuming for patients
- Increasing day case gynaecology surgery reducing overnight stays
- Introduction of medirota for medical staff- Ensures medical activity is captured
- Introduction of E purple referral- Reduces the risk of referral paperwork being lost between departments
- Introduction of free foetal DNA testing to improve antenatal care
- Talk at recent myeloma UK patient and carer day in Southampton
- Closer working between UHS and Basingstoke to improve knowledge, share good practice and create better links: I attend a monthly myeloma clinic in UHS, Dr Katie Smith attends a monthly lymphoma clinic, and Dr Katherine Lowndes attends a 3 monthly PNH clinic.
- CCG meetings – we meet quarterly with GP's and commissioning managers from the CCG. Meetings have expanded to include an invite to Radiology representatives. This year we have focussed on the introduction of new tests (see below) and demand management initiatives.
- In partnership with and at the request of West Hants CCG we introduced the FIB-4 calculation to support their community fibroscan project.
- In partnership with both CCG's we moved to FIT testing as a screening tool for colorectal cancer (replaces the old FOB test). This was to bring us in line with current NICE guidance (DG30).
- An introduction of virtual clinics in dietetics has reduced waiting times and improved access for patients
- Telephone self-assessment clinics in place and being expanded in dietetics, empowering patients to take responsibly for their own health care.
- Creation of an acute therapy dashboard monitoring performance. The project was nominated as a finalist In the Chief Allied Health Professions QI category award. The tool Informs demand and where the therapy resource is most required resulting in improved patient care.
- Speech and Language Therapy have implemented a new triage system which comprises of calling and discharging a high number of patients, freeing up capacity to see those with higher needs.
- Hand Therapy introduction of Voice recognition for clinical noting: enhanced patient contacts an improved communication to patients and GP's
- Direct booking to Hand Therapy for ED assessed patients with Hand Injuries and fractures – reduced wait times for urgent patients with digit fractures.
- International recruitment of children's nurses supporting direct care
- Support of ANP training increasing numbers
- CHAT team seeing more patients than ever in their home preventing admission
- Increased community specialist nurse to support children with epilepsy
- Increased access to Associate nurse training to support care
- Nurses now in special schools to administer medication
- One Transitional Care Medicines Management Technicians per site who attends the bed meetings and can prioritise discharges, particularly on wards that are not regularly covered by pharmacy
- Patients have a better discharge experience, quicker to receive medications and seen by a technician who they can ask any questions about their medicines
- Ward based Senior Assistant Technical Officers (SATOs)

- First ward based SATO covering paediatrics on each site, have increased the number of medicines ready labelled for discharge and speeding up urgent and discharge medicines for paediatrics

Volunteers

We welcome volunteers as valued and appreciated members of our teams helping to support patients and their families, carers and staff in a variety of ways across our hospitals and in the community. Volunteers play a really important role in ensuring that our patients have the best possible experience in our hospitals and of the care we provide.

Our volunteers really do make a difference with a cheery welcome, someone to show patients and visitors where to go, a bedside conversation, help with a meal and encouragement to eat. Other volunteer roles include driving patients to daycare, reminiscing with a patient who is living with dementia, repairing a hearing aid and encouraging a patient at cardiac rehabilitation. Providing information at our Health Information Point, a newspaper or a little something from a trolley, a favourite song on the radio, a visit from the chaplaincy team or a befriender or a beautiful garden to enjoy. Patients love to be visited by our PAT dogs and have enjoyed visits from a magician and musicians and from a miniature Shetland pony over the past year. All these things make a really big difference to the experience of our patients and to their wellbeing. The time volunteers share with us enables our staff to use their time to care.

We are proud to have the support of so many volunteers and the local volunteer partners we work with. Home from hospital services provided by the Royal Voluntary Service, the Red Cross and Age Concern. These services help to identify the support patients need to return home and signpost to other community services to support safe and timely discharge and encourage independence in patients own home. Community volunteer drivers from a range of services within the local communities we serve provide an essential service collect and bring patients to and from our hospitals for appointments and escort patients who need help and support to access our services.

The Basingstoke Hospital Green Gym is a gardening and conservation project based in the hospital grounds, designed to help people to get healthier, fitter and happier whilst enjoying the fresh air. All the sessions are run by friendly, experienced Green Gym leaders who provide guidance and training. The Green Gym has mutual benefits for the volunteers who give their time and get involved with the Green Gym, making a difference transforming areas in the hospital ground whilst enjoying the company of others and the benefits of physical activity.

We recognise the impact our volunteers make and the time they give freely to help us CARE and so we enjoy hosting an annual summer tea party as part of national volunteer week on each of our hospital sites to say thank you.




Our volunteers give their time and share their skills and talents with us for a variety of reasons. Here are some of the reasons:

"I had been through the cardiac rehab myself and felt I would like to help the staff and future patients through this fabulous programme." *Cardiac Rehabilitation Andover*

"I had trained as a registered nurse and worked for the NHS for over 30 years, I wanted to give back some of my own time to my local NHS hospital after taking early retirement." *Audiology Winchester*

"I wanted to befriend someone in their home as I am aware many elderly/chronically ill people become very isolated. I felt that getting to know someone by visiting regularly would be more fulfilling for me. I am a car driver and I am retired." *Community Befriender volunteer*

"To gain experience into the medical profession and to delegate my time and skills in the most beneficial way." *Meal time volunteer Basingstoke*

What our staff say about the difference volunteers make:

"Sue is a regular volunteer who brings in her PAT dog (Olive) to visit the children on G floor. Sue fully deserves a WOW! award in our eyes and we're so lucky to have a volunteer like Sue who gives up her time to visit the children and does the most amazing job at including everyone on her visits. So a big thank you Sue from all of the Play Team." *Chloe Hayward (on behalf of the play team Basingstoke and North Hampshire Hospital).*

Having volunteers on Kingfisher ward is fantastic. They bring a wealth of different experiences and stories to tell. They help the staff so much from answering the phone to preparing for the meal service, they become part of our team. Volunteers have the ability to make a patient feel special, by spending time with them chatting and bringing laughter to the ward. They can offer support to patients in many ways but most importantly they bring sunshine and smiles to the patients and staff. We couldn't do without them! *Sandie Neale, clinical matron, Kingfisher ward, Andover War Memorial Hospital.*

"There was a wonderful Gentleman on Shawford Ward, waiting for a bed at the hospice in Andover for End of Life care. He wanted to renew his vows with his wife before he died. He was bed bound and had breathing difficulties which were relieved with morphine. Christine the trust chaplain was notified late afternoon, and had everything arranged for the following day. She could not have done it without the help of Geoff (volunteer) and Caroline. The patient and his family had music, flowers, tea and cake, and a beautiful service prepared by the patient's wife and Christine. The family were so grateful, and the gentleman died peacefully a couple of days later. The three of them delivered beautifully what I believe are the trust values of care, compassion and respecting others, and I feel very proud to work alongside them." *Lucy Chilcott, clinical nurse specialist, palliative care.*

Patient Information

The Health Information Point (HiP) is a free and confidential service located at Basingstoke and North Hampshire Hospital and provides a service for patients, carers, visitors and staff within the communities served by the Trust.

The HiP responds to queries about medical conditions, tests, treatments and healthy lifestyles and provides details of local and national support groups. The HiP also promotes public health initiatives supporting national awareness campaigns throughout the year.

We continue to make progress in making our patient information leaflets more accessible and making them available on the patient library created on the trust's new website. Our virtual readers group receive patient information and publications to review and give their feedback to ensure our information is accessible for our patients, relatives and carers. The BrowseAloud app now available on the Trust website supports access to the information available for patients and the public for a range of communication needs.

The HiP has supported a range of health and wellbeing events across the Trust and cancer survivorship public events with information stands and held several health promotion events with a particular focus on alcohol awareness, mental health and Stop smoking campaigns.

Patients experiencing sight loss are getting additional support thanks to the continued partnership with the Royal National Institute of Blind People (RNIB). Andy Hollingsworth is an eye clinic liaison officer employed by RNIB and funded by Simplyhealth and works across all three of our hospitals, providing practical and emotional support to anyone affected by sight loss. Patients are also referred to the wide range of services provided by RNIB as well as sensory teams, counselling and other charities that can support them.

Patients and carers also benefit from information provided by other organisations that hold advice clinics including the Citizens Advice Bureau, Hampshire Macmillan Citizens Advice service Macmillan and the Smokefree Hampshire service.

PLACE

The Trust participates in the national PLACE assessments that take place on an annual basis across each of our hospital sites to look at the buildings and related non clinical services like catering. The PLACE assessments give us a clear picture of how their environment is seen by those using it, and how we can improve it. The PLACE collection underwent a national review, which started in 2018 and concluded in summer 2019. The question set has been significantly refined and revised, and guidance documents have been updated. The review ensures that the collection remains relevant and delivers its aims. As the changes have been extensive, it is important to note that the results of the 2019 assessments will not be comparable to earlier collections.

In 2019 the assessments looked at:

- How clean the environments are
- The condition – inside and outside – of the building(s), fixtures and fittings
- How well the building meets the needs of those who use it, for example through signs and car parking facilities
- The quality and availability of food and drinks
- How well the environment protects people's privacy and dignity
- How well the environment supports people with dementia
- How well the environment supports people with a disability.

The annual PLACE assessment is an important opportunity to review and assess the patient environment and contribute to understanding the things that make a real difference to the experience of our patients and quality of care. Assessments are carried out by teams of patient assessors, people who use our buildings and are supported by staff assessors.

HHFT is currently below the national average in all categories for the 2019 assessments on each site. We are aware of areas of improvement which have been identified by our clinical matrons and included in the Trusts on-going programme of refurbishment particularly with regards to the environment. The following priorities were agreed and progress reviewed through the quality priority for estates and facilities in 2019/20.

- Call bells
- Urgent painting and decorating
- Urgent window replacement
- Floor replacement on some wards where there is an identified infection control risk and our provision for patients with dementia.

We acknowledge that we are restricted in terms of estate in relation to our buildings that structurally do not always provide for the needs of the current NHS and the challenges this brings for the people who use our services. The dementia assessment and subsequent scores vary according to areas audited. Where a designated area that caters specifically for patients with dementia is likely to score highly opposed to those who do not. To ensure that our cleaning standards remain high, all areas of the hospital are audited weekly, monthly or quarterly according to their risk level, by a team of domestic supervisors.

Comments, Concerns, Complaints and Compliments

As a Trust our vision is to provide outstanding care for every patient. We want to ensure that the services we provide today and in the future are of high quality and delivered in a way that demonstrates our CARE values in everything we do. We know that patient experience is positive when staff give compassionate care that is respectful and involves patients in decisions and that a strong culture of engagement and working in partnership has a direct impact on patient and staff experience.

We are absolutely committed to making sure the patient experience is considered in all that we do, that it is part of how we do things at Hampshire Hospitals. From our day to day interactions with patients, their families and carers, in the way we welcome and receive feedback and support our staff to listen and act in response and in how we plan services that are inclusive and focused on meeting the needs of patients and that consistently improve patient experience.

Listening to what patients tell us about their experience and hearing what matters most to them about the way we do things helps us to understand what we need to do to provide outstanding care for every patient. Sharing the positive feedback we receive with staff is always encouraging but we also take time to share the feedback about the times when we do not get things right. We want the feedback we receive to make a difference.

There are many ways in which people can tell us about their experience and have their say.

The National Friends and Family survey question is an established way of asking "how likely are you to recommend our ward/department". Patients who stay overnight on our wards, have day case procedures, use our emergency departments, attend for outpatient appointments and women who use our maternity services respond to the question and provide their comments about their experience of our services every day.

We use several different channels to ask the question including survey cards, SMS text messages, Interactive voice messages. We have introduced different ways of asking the friends and family

question to support everyone to have their say including an online survey for children and young people and easy read alternatives for those for whom this would be helpful.

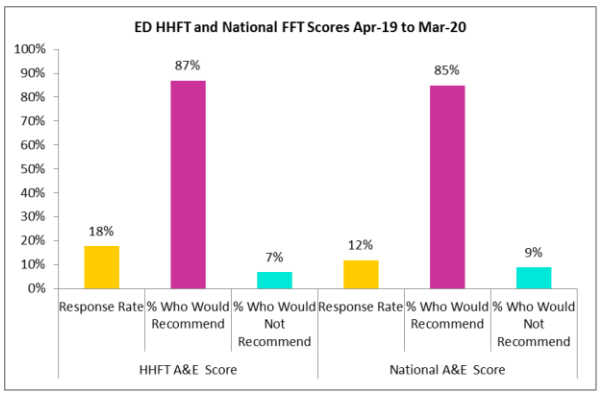
Over 62,000 patients responded to the friends and family test question telling us if they would recommend our services or not during 2019/20. Across the four FFT programmes, inpatients and day cases, A&E (emergency departments including minor injuries unit), outpatients and maternity services our recommendation rates were higher than or the same as the national average. The would not recommend rates were lower than the national average across the programme.

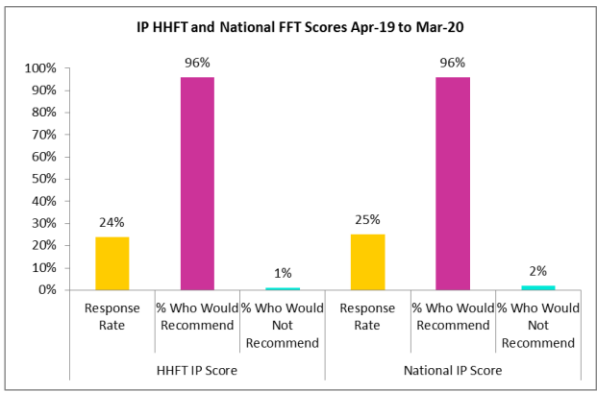
Our response rates were higher than the national average for the A&E and the maternity programmes and 1% lower than the national average for inpatients. No response rates are reported for outpatients at a local or national level.

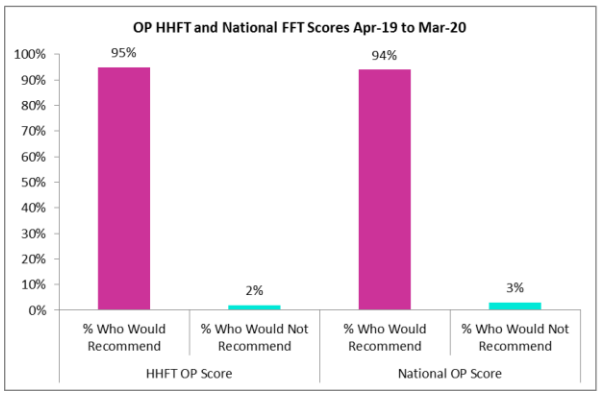
In March 2020 the Trust's inpatient/daycase response rate was 12%, significantly lower than usual. This is attributed to the Trust's suspension of gathering FFT paper surveys, in accordance with NHS England and Improvement guidance to stop using methods of feedback collection that may pose an increased risk of infection to either staff or patients (e.g. feedback cards or iPads/tablets in response to COVID-19.

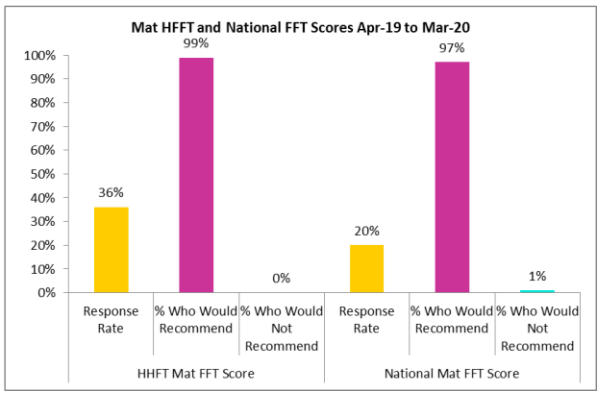
The data used to gather the average percentage (%) rates for national scores, excludes national data for March 2020. This is not available owing to the NHS England and NHS Improvement suspension of FFT data submissions. The Trust was able to gather its own data for March 2020 and this data is included within the Trust's average % rates.

The charts below show HHFT performance across each of the four FFT programmes compared with the national results for 2019/20:









Response rates and % would recommend and % would not recommend are shared, monitored and reviewed with the wards and departments participating in the FFT programme.

As part of the FFT survey all patients are invited to offer their comments about the reason for their response. The comments received provide the insight into the experience of care from a patient perspective and these are shared with and reviewed by staff. We use the comments to share the things we do well so we recognise the things that make a difference to patients and keep on doing them. Examples of the positive comments we have received include:

'I was seen pretty quickly, I was very impressed with the new surroundings which makes it nicer for patients and staff. Seen professionally, well looked after. Very happy with the care I received which seems to be working very well. Altogether very happy with my experience. I would like to thank all the staff and the doctors very much.' Emergency department

'Staff friendly and knowledgeable. Lovely new area for children which is far less scary when visiting the A&E department.' Emergency Paediatric Assessment Unit

'I am very impressed with the care and compassion of the staff, attentiveness to patients. It has made me feel more comfortable in a hospital environment. There is always someone on the ward making sure that needs are met. Patients are always happy, helping people with their food and general needs. The dementia care team have also been wonderful in every way with support.' Inpatient.

'The ward maintained a calm atmosphere despite very busy. Staff were responsive and listened to birth preferences and explained the need for different interventions. Staff worked well as a team.' Maternity Services

'I gave a top score after my outpatient appointment because: 1. I was greeted at reception with a smile. 2: Very clear instructions on screen regarding your place in the clinic queue. 3: I was seen on time and the staff nurse and consultant who cared for me were caring, courteous and efficient. Altogether a good experience.' Outpatients

We use the comments as an opportunity to understand the things we could be better at and examples of "You said we did" demonstrate the actions taken to make changes to improve the experience of care:

You said… "I felt I wasn't being given enough information about my condition."

We did… "A communication sheet is now given to patients so that questions can be written down and passed to medical team to answer."

You said… "My son received fantastic care at ED on a busy Friday night; however, we all would have felt more comfortable if we could have waited in a more child friendly environment."

We did… "Staff were fantastic. Really helpful and friendly. Made toast for my little one. Nice to be away from main A&E unit. Inviting environment." (After opening the Paediatric Assessment Unit)

You said… Patients have commented upon the process for ordering meals and limited dietary options for their particular needs.

We did… FFT feedback formed part of the hydration and nutrition peer review and will be used to improve food services across the Trust. Staff have been reminded that the catering team are happy to meet with patients to discuss their individual dietary needs and how they can support.

New guidance was published in September 2019 following a national review, the FFT Development Project. The review was carried out in 2018/19 in response to reported experiences of people involved in implementing and using the patient FFT since its roll out between 2013 and 2015.

The changes outlined in the guidance result from the review which focused on how the patient FFT programme could be improved to better collect feedback that can be used to improve the quality of NHS services. The revisions to the FFT guidance are based on the following principles

- All patients and people who use services have the right to provide anonymous feedback quickly and easily when they want to.
- The FFT is a continuous feedback stream, it is not a one-off feedback opportunity or a traditional survey
- Parents, carers, volunteers or staff can give help to those who need it to give feedback and parents, carers and family members are now also able to provide their feedback through the FFT programme.

The FFT question will change from asking if patients would recommend our services to friends and family to asking. "Overall, how was your experience of our service?" and there will be a new response scale from very good to very poor and a free text question asking people why they gave their answer and if there is anything we could have done better. The updated guidance provides a great opportunity for patients to give us feedback in real time, whenever they want to and on more than one occasion rather than at the previous requirement to collect feedback at certain times. We are using the opportunity to consider new ways for patients to provide their feedback.

We have a responsibility to use the feedback we receive effectively to understand what it is telling us and to use it to improve services. We use the various sources of feedback we receive including local surveys, national patient experience surveys, FFT themes and trends, complaints and concerns, comments and compliments and triangulate these insights for discovery and action. The insights are shared to highlight areas of good practice or areas for improvement in any given department or service. They are also used to inform peer reviews and service reviews and improvement projects across the Trust.

We recognise that there are times when our actions do not meet the expectations of those who use our services. Listening and responding effectively to complaints and concerns helps us to avoid the same issues from happening again, making our services better and improving things for the people who use them as well as for the staff working in them.

It is important that people find it easy to raise their concerns with us and to feel confident that their feedback is welcomed and taken seriously. Our frontline staff are encouraged to act quickly to anticipate and resolve concerns fairly and as quickly as possible. The clinical matron role is key to ensuring that the patient voice is heard and concerns responded to at the point of care. Our customer care team provide a single point of contact for all concerns and complaints across our three hospitals, providing impartial advice and responding to letters, email, telephone and personal contact. The team make sure that concerns and complaints are raised quickly so that the necessary apologies can be given and action taken to resolve them satisfactorily.

Our approach to concerns and complaints is to listen, respond and learn. We look into all concerns and investigate all complaints that are raised with us. A patient's right to care, treatment or service is not compromised by any feedback or complaint and all complainants are signposted to the National Health Complaints Advocacy Service for help in making their complaint at the time we receive it. We want complaints to make a difference to the care we provide.

Complaints and concerns are recorded and categorised to help us to identify themes and trends which are shared to improve the experience of care. The Chief Executive or a delegated Executive personally reviews all complaints received and all responses to complaints. The handling of complaints is monitored monthly and reported to each of the divisional boards and the Board of Directors as part of the monthly governance reports and reports are provided to the Quality and Performance Committee on a quarterly basis which identifies the lessons learned and the improvements that have been made in response. The focus in the year ahead will be on showing people the direct improvements that happen as a result and ensuring that all patients understand how their views are leading to change.

In 2019/20 we received a total of 808 new complaints. 97% of complaints overall were acknowledged within the required timeframe of 3 working days. As a Trust we appreciate the importance of responding in as timely a manner as possible and we have set ourselves a local aim to investigate and respond to complaints within 25 working days.

This remains challenging and some complaints do take longer to investigate but we are working hard to agree an appropriate timeframe with each complainant and to respond within this. Overall in 2019/20, 59% of complaints were responded to within our local aim of 25 working days or agreed timeframe and the average time to respond to a complaint was 35 working days. This included complaints that took longer due to the nature of the complaint and the level of investigation required. We continue to strive to improve this and will continue the quality improvement work established before COVID-19 to address the need for sustainable change.

The customer care team respond to enquiries, comments and concerns providing the Patient Advice and Liaison (PALS) function and liaise with staff across the Trust to respond and resolve these quickly and satisfactorily. The customer care team received 958 informal concerns in 2019/20. Many more comments, concerns and enquires are responded to everyday by our staff as part of their everyday interactions with patients, their relatives and carers and visitors. The introduction of initiatives such as 'lunch with matron' on the orthopaedic wards provides the opportunity for patients to return to the ward to share their feedback in a more informal way and helps with a greater understanding of the patient experience of ward care so the ward can keep their focus on the things that will support a positive experience.

We established a quality improvement project to establish a clear and consistent approach to improving our responsiveness and learning from complaints, starting first with our expectations about how best to handle complaints and to capture the learning. We have identified some key guidance and resources to help us develop training and development for our staff managing

complaints and concerns. We will be basing our approach on 'My Expectations' for raising concerns and complaints which is a document developed in partnership by the Parliamentary and Health Service Ombudsman, the Local Government Ombudsman and Healthwatch England that sets out what the public expect to see from us when they raise a concern or make a complaint about the services and care we provide. The quality improvement project will be a partnership with patients and staff.

We continue to provide customer care and communication skills training using a new approach that involves simulators (actors / role players) in the roles of patients, their families or other staff members. This approach to training has brought customer care and communication skills training to life and provided the opportunity for staff to learn by experience through simulation scenarios relevant to their roles.

Our staff work extremely hard and this is reflected in the many thank you letters and compliments we receive and the nominations for our WOW! Awards.

In 2019/20 273 thank you letters and compliments were made in writing to the Chairman and the Chief Executive's offices and were formally recorded and shared with staff. Many more letters and cards are sent directly to our wards and departments thanking staff for the care they have received. Whilst these are not formally recorded they are shared with staff to recognise the excellent care they provide every day.

The WOW! Awards recognise when staff go the extra mile.

Through the WOW! Awards we recognise our staff's dedication to living our CARE values. Nominations are invited from patients, visitors or staff with nominations for an individual member of staff or a team.

With over 300 nominations received each month and 3779 for 2019/20, this word cloud represents some of the most popular words used in recent feedback and reflect the things that make a difference and a positive experience. The things we should keep on doing.

Nominations are considered by our Governors and a small number of winners are chosen who are surprised in their workplace by a member of the senior management team and presented with a certificate. WOW! Award winners are invited to a quarterly celebration lunch with their colleagues, the board of directors and Foundation Trust governors, to celebrate their work in going the extra mile and demonstrating our CARE values. Here are some of the citations on the nomination forms:

"At the time of my personal crisis I found the staff to be fully engaged in my health, well-being and comfort. A reassuring word, understanding and totally committed to their task of nursing, always there when needed. All tasks were undertaken with pride - nursing was of a very high, comforting and caring nature."

"During my stay I experienced the whole team working together without fault and better than my expectations"

"My mother-in-law was extremely anxious and nervous and spoke very little English. Everyone on the team went out of their way to be kind and considerate and do their best to make her feel relaxed and comfortable. We really are grateful for all the help and have been so impressed by the efficiency and professionalism of all involved in her care."

Staff across Hampshire Hospitals NHS Foundation Trust (HHFT) were celebrated for the compassion, dedication and quality of care they provide to their patients at the trust's seventh annual WOW! Awards Gala Ceremony. From porters to physicians, Hampshire Hospitals staff receive over 300 WOW! Award nominations each month from patients, relatives and colleagues.

WOW! winners are announced throughout the year, surprising staff in their workplace, before the overall winners are announced at the Gala event.

Awards were handed out in 11 categories at the event, which was attended by the Mayor of Basingstoke and Deane, the Mayor of Test Valley and the Mayor of Winchester as well as representatives from the Rotary clubs of Andover, Basingstoke and Winchester

At our annual WOW! awards gala, Jordan Melvin, part of the palliative care team in Winchester, took home the Chairman's Award after going above and beyond to ensure a patient at the end of their life could spend time in a place that was close to their heart. The nomination said that "it meant the world" to the patient, who "lit up with happiness" whenever he spoke about the day

At the time of the nomination, Jordan was a healthcare support worker for the homecare team, and went the extra mile to work with the district nursing team to co-ordinate getting the correct equipment in place.

Jordan said: "I absolutely love the job that I do. Every day I know that I am helping to make a difference to a patient and their family, so to have won an award is really surprising but a great feeling. Going the extra mile for our patients is part of what makes the entire team so special, and I know I am not alone in going above and beyond for our patients."

Staff from our trust have been shortlisted as finalists in three categories at The WOW! Awards showcase 2020. The finalists were chosen from nominations of customers and colleagues from a broad range of organisations across the UK, Europe and Australia and include:

The Emergency Department Team at the Royal Hampshire County Hospital - Touching Customer Hearts. Individuals in this category are being recognised for their understanding and handling of an emotionally important experience for their customers, managing situations with care, empathy and compassion.

The Trust has been nominated in the Tailored Service category. Delivering a tailored and personalised service, means treating customers as individuals. Customers have nominated organisations in this category for their personal approach and bespoke experience.

Gareth Lock, Biomedical Scientist has been nominated in the Employee Growth and Development category. Nominees have acknowledged the importance of team advancement and supported the personal evolution of fellow colleagues.

The NHS website (previously known as NHS Choices) provides another valuable way for patients to provide online feedback to us about their care. All comments posted on the site are reviewed by the Chief Executive and are sent to the relevant staff within the divisions for their review and action. Individuals leaving comments of concern are encouraged to contact the customer care team to discuss them more fully so that we can listen, learn and respond. We also respond to comments and stories shared on Patient Opinion.

We participate in the CQC national programme of patient surveys and the results are used to help us benchmark the care we provide with other Trusts across England and out Trust performance over time. Patients consistently rate their overall experience of our services as 8 or more out of 10.

Our public Governors and members of our governance team do regular walk rounds. The visits increase awareness of CQC standards and provide the opportunity for Governors to meet staff and patients and help identify areas of good practice and opportunities for improvement. Members of our patient forums help us to seek feedback from patients and undertake local surveys and support national audits and the annual patient led assessment of the care environment (PLACE). They also support us in quality initiatives, providing a patient perspective in the development and testing of new systems and ways of working.

Patients, their families and carers

In 2019/20 we continued to focus on improving access to services and experiences for patients, their families and carers'. We also worked closely with partners to share good practice and information to meet the needs of our local communities and engaged with the local community, local community and voluntary services, members of the Trust patient forums, volunteers and public and stakeholder Governors.

We want the experience of our patients and carers to be the best it can be and for their voices to shape our decisions about future services so we can provide outstanding care. In 2018/19 one of our quality priorities was to develop and implement an approved Patient Experience and Engagement strategy to better understand the experience of our patients and to engage and involve patients and the public.

We held a workshop with patients, carers, patient forum representatives, Governors, trust staff, Hampshire Healthwatch, commissioners, local community and voluntary sector organisations, Basingstoke and Deane Borough Council to co-produce the strategy.

At the workshop 'What Matters To Me' patient stories from SimComm Academy who bring real patient stories to life with actor role players reminded us always to keep patients at the heart of everything we do.

Together at the workshop we considered the following:

- Our unique community
- Methods of engagement

- Training and Development
- Priorities

Participants were asked to make pledges as a commitment to working together to achieve the vision and priorities agreed. Here are a few of the pledges made.

Together we will:

- 'Work in partnership to ensure that carers are engaged in all aspects of the service design and offer our support to do that.'
- 'Ensure that the patient voice is represented and heard in improvement projects that I am involved in.'
- 'Seek and listen to those who are least able to speak out.'
- 'Continue to value our patients, families and carers voices because they are the experts of their life, needs and support.'
- 'Work closer with those in our shared community in order to offer better support and care.'
- 'I will ensure the vision of the patient experience strategy becomes top of the agenda and is being talked about and promoted within my network.'

Examples of initiatives and support we have delivered include:

The Memory Box Project, a programme that involves sparking memories in people with dementia by providing them with items, sounds, smells and textures from the past, has been running across our Trust since 2016.

The Wessex Heritage Trust, which runs the programme across Hampshire and Dorset, recently secured funding from the National Lottery Community Fund and the Linbury Trust, ensuring that sessions will continue until at least 2022.

To celebrate, Maria Miller, MP for Basingstoke was invited to attend a memory box reminiscence session taking place on one of the elderly care wards at Basingstoke hospital and met patient Joan Bull.

Alex Whitfield, chief executive of HHFT commented "Whenever patients take part in one of the sessions, we see that it makes a tremendous difference to them. It really cheers them up, helping staff to open up lines of communication, and it also helps them to regain their identity. Instead of just seeing themselves as a patient, it helps them remember other things about themselves, like when they were a parent or the job they did."

Erin McMurtry, senior project manager at Wessex Heritage Trust, said: "HHFT has embraced the

project and been very supportive. The staff have really made us feel like part of the team, welcoming us onto the wards and inviting us to be represented at events such as conferences and health focus talks."

Our Trust is implementing a Digital Care programme which will help us to improve the way we communicate with patients and allow patients access to more information, helping them to take control of their own care. We are working hard to save costs, such as post and print. These savings mean more money for our services to use for patient care including for example equipment.

Over 100 people, including the Mayors of Basingstoke and Winchester, took the opportunity to find out more about the work going on at Hampshire Hospitals during the Trust's Annual General meeting

The introduction of the patient appointment reminder service for outpatient and inpatients has seen a reduction in the number of appointments that are not attended which helps make our services more efficient.

The Trust is offering more communication choice to patients with the development of the Patient Hub, a secure online portal which allows patients to access all of their appointment information in one place. Patients will be able to confirm, rebook or cancel their hospital appointments. Patient Hub will also provide hospital maps and any extra appointment brochures. Patients can also sign up for a My Medical Record account.

The digital care programme are working with patients to develop and test the system and the information being provided to patients to support implementation.

As part of National Play in Hospital Week in October 2019 play specialists at Basingstoke and North Hampshire Hospital trialled virtual reality headsets to distract young patients from uncomfortable procedures.

The play teams across Hampshire Hospitals NHS Foundation Trust support children and young people in hospital through activities and use play as a therapeutic tool to help children understand their illness and treatment. Virtual reality distraction therapy assists with pain relief, anxiety, stress and improving the patient experience. The technology offers three different experiences, which include distraction, escape and relaxation, focusing on breathing techniques, as well as the option for staff to create their own videos that could explain MRI and CT scans for younger patients.

The system has received positive feedback from staff, patients and parents. Jo Lafford, senior play specialist said: "When the headset was first introduced, the nurses on the ward were astonished at the change in patients' behaviour while wearing the headset. We know that hospitals can be a daunting place, particularly for younger patients, so it's been fantastic to use modern technology to help us support our patients whilst we care for them."

One of the patients who benefitted from was 12-year-old Brandon Hayter, who is an inpatient on the children's ward in Basingstoke. After using the headset, Brandon said: "I'm normally very scared of finger prick blood tests, but I would have those tests done while wearing the VR headset. I thought it was really distracting."

Patients, visitors and staff at BNHH and RHCH now have additional spaces in which to pray following the opening of new multi faith rooms on both sites. The room at BNHH was officially opened by the Mayor of Basingstoke, Cllr Diane Taylor, with Basingstoke MP Maria Miller also there showing her support.

Dr Mohammed Shahir is one of the members of staff at BNHH who will be using the multi faith room. He said: "I am very happy with this expansion and I think this is a very positive move forward for our Trust in terms of inclusivity, respect and understanding."

The ribbon was cut for the room at RHCH by the Mayor of Winchester, Cllr Eleanor Bell, with Winchester MP Steve Brine in attendance. Our Trust's chief executive Alex Whitfield was also present during both events.

Dr Zeeshan Arfeen is one of several members of staff at RHCH who will be using the multi faith room. He added: "I am very pleased that we have this space in which to pray. The chaplains have been fantastic and have worked really hard to get this extra space. We cannot thank them enough.

The Chaplaincy Team is part of a multi-disciplinary group of professionals providing holistic care within the three hospitals of our Trust. Our chaplains and chaplaincy volunteers offer a compassionate presence supporting patients, families, visitors and staff during times of emotional or spiritual crisis.

Chaplains are trained to provide pastoral care, spiritual and emotional support to all patients, visitors and staff of all faiths, as well as to those who have no religious beliefs.

Staff and pupils, aged from four to 11 years old, from St Bede's Catholic Primary School worked together to create 14 hand-painted canvas pictures that tell the story of the nativity to be displayed around the chapel at Basingstoke hospital.

The chaplaincy team invited three of the young artists, Rosie Woodquffe, Vince Vanni and Beatrice Caluo, along with St Bede's Catholic Primary School headteacher, Jamie Carroll, and religious education lead, Yvonne Ridguard-Thomas, along to the hospital to see their artwork on display for patients, visitors and staff to view.

Debbie Howard, one of our chaplains, said: "The paintings have transformed the chapel during this special time of year. Many of our staff have children that go to St Bede's Catholic Primary School, so this was a great opportunity to bring both of our communities together."

Jamie added: "It has been wonderful working with the chaplaincy team at Basingstoke hospital, and

we are very proud to see the artwork on display. We hope the paintings bring joy to patients, visitors and staff."

The dementia team provide 7am to 7pm support 7 days a week enabling us to provide earlier hands on specialist care and advice for patients suffering from dementia, delirium or both and the opportunity to meet patients, their relatives and carers together into the early evening.

Dementia awareness training is mandatory for all Trust employees and is part of the Trust volunteer induction programme. The dementia team continue to support the National Dementia Friends initiative and build connections within our local communities.

The Trust supports John's campaign to provide support for the main carer to stay with the patient during their hospital stay and to have open visiting hours. John's campaign aims for carers to have a right to continue to care for their loved one throughout a hospital stay, should they wish to.

Carers Cafés continue to run monthly on each of our hospital sites. These are supported and attended by other organisations such as The Alzheimer's Society; Carer support and Dementia Advice Service for Hampshire and our dementia team, Many attendees have been successful signposted to support in the community and also help with their loved ones whilst they are patients in our care.

Patients at RHCH received an unusual visitor when a miniature Shetland pony popped in to see them. Staff working on the elderly care wards arranged for the pony, called Super Noodles, to pay a visit to their patients, who got the chance to stroke and brush him, as well as put colourful ribbons in his mane.

Eva Nicholson, one of the patients who got the chance to meet Super Noodles, said: "I loved seeing the pony. I was brought up on a farm, had a pet pony and learned to ride horses from the age of four, so it brought back a lot of lovely memories for me.

"I really enjoy the activities the staff put on for us. It breaks the day up a bit, because it can get a bit boring being in hospital, so it's nice to get out of the ward and do something different."

Super Noodles' visit was organised by Mark Badham, clinical matron on Freshfield ward, and marked the opening of the Willow Suite, an area where patients can take part in a wide range of activities and therapies away from the wards.

Mark said: "The visit was a total success and I actually found it quite emotional because of the way the patients responded to and interacted with Super Noodles. Being able to take part in activities, whether that be a visit from a Pets as Therapy dog, a music session or reminiscence therapy, where we talk about events that happened in the past, has a massive benefit for our patients."

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Website development / BrowseAloud

Service users and patient representatives got involved in working with the trust communications team to help develop the redesigned website and a wider pool of members checked the new site for usability, feeding back further comments. The BrowseAloud app available on the website supports access to the information available for patients and the public for a range of communication needs.

Our emergency departments at Basingstoke and Winchester have undergone a significant programme of estates and facilities improvement. Over the course of the last year, improvements have included an Emergency Department Paediatric Area (EDPA) on both sites as a specialist unit for children, and Rapid Assessment and Treatment bays have been created. These bays allow patients who have arrived by ambulance to be assessed quickly when they reach the department. Additionally, a new reception and waiting area makes the department more welcoming for patients on arrival.

"Staff were fantastic - really helpful and friendly. Made toast for my little one as we were here so long. Nice to be away from main A&E unit. Inviting environment."

"A lovely relaxed environment when needing to bring your child to A&E. A welcomed area and much needed."

Karen Bumstead, clinical matron for the emergency department at Winchester hospital, said: "We are really excited and pleased with the new facilities. They mean that our patients can be treated in appropriate areas, have a better experience when they need our help and allow us to deliver the standard of care that we aspire to, both for our adult and younger patients."

The change has been received positively with comments received in our FFT feedback.

An exciting partnership has resulted in a new service being piloted to support victims of domestic violence and abuse (DVA).

There are now two domestic violence and abuse advocates working across our hospitals in Andover, Basingstoke and Winchester, with plans for two more to join the team soon.

The new posts are a pilot project that aims to provide support and advice, with the advocates on hand to offer support directly to victims of domestic violence and abuse, whether they are a patient or member of staff.

The advocates can provide early, time critical intervention and support, and will be able to follow-up cases after the first initial contact in our hospitals to ensure continued support.

Our Learning Disability Liaison service supports the care we provide for patients with learning disability by:

- Giving information and advice about communication methods
- Helping staff to understand how someone's disability affects them and how it presents and promoting the use of the hospital passport.
- Supporting the patient's understanding of procedures and treatments by providing information in Easy Read information
- Offering advice and support on reasonable adjustments to keep patients calm and to allow them to access - and for the staff to provide - the care they need
- Liaising with community services and facilitating outpatient appointments, admissions and discharge planning
- Supporting staff and patients / families with issues concerning mental capacity, best interest and consent procedures
- Providing training which meets the Mencap '*Treat me well'* minimum standards to hospital staff on learning disability awareness
- Be a daily contact for people with learning disabilities / families / carers and staff for support and advice or just a friendly face to offer reassurance.
- Support patients, their families and carers to raise concern using the principles of the 'Act, Listen, Do' campaign.

Beth and Amy from the Learning Disability Liaison service encourage and promote the use of the Hospital Passport and the Mencap Treat me well standards.

Things you must know about me

Things which are important to me

My likes and dislikes

The Trust's Learning Disability Strategy 2019/21 outlines how we will ensure that people with Learning Disabilities and their carers" are able to access high quality health care with positive outcomes when using the services provided by the Trust. We are piloting the Learning Disability friendly hospital requirements which have been developed by West Hampshire Clinical Commissioning group in partnership with acute and community providers and the feedback from people with a learning disability and their families and carers. Four departments are involved with the standards in year one which focus on developing the workforce, person centred care and family and carer involvement.

Our patient forums have been involved in some key pieces of work this year to influence a positive experience and involvement in service planning and delivery including:

- The development and redesign of the Trust website
- Seeking views of patients and carers on the use of technology in the delivery of healthcare as part of our Digital Care programme and testing new systems and information for patients and the public.
- Supporting patient engagement with the Trauma and Orthopaedic reconfiguration, undertaking surveys with patients, families and carers and providing information before and after the implementation of new models of care

- Participating in the national Patient Led Assessment of the Care Environment (PLACE) as patient assessors looking at key elements of the care environment
- Members of our patient forums and service users have been involved in several interview panels to select staff and to recruit to our nursing apprenticeship programme.
- 'What Matters To Me' patient stories from SimComm Academy who bring real patient stories to life with actor role players have been a powerful reminder to us to always to keep patients at the heart of everything we do and SimComm Academy have supported training, conferences and workshops and attended our public Trust Board.
- Our youth forum continues to support us in exploring and understanding the things that matter to children and young people and in making improvements. They have prioritised their work about the needs of young people making the transition from paediatric to adult care.
- The Hampshire Maternity Services Liaison committee (MSLC) have been highlighting the Make Birth Better campaign and looking at what a big impact the language used during a woman's maternity journey has upon their experience of birth. Harnessing the power of social media, the responses to a Facebook "live chat" on the Hampshire MSLC are being shared with our maternity services and the local maternity system to inform service improvements and develop the communication training provided to midwifes.
- The cancer Services partnership are developing a patient handbook with information to support patients through their cancer journey and help bring everything together in one place. They have also organised very successful Support Groups Networking Forums sponsored by Macmillan Cancer Support providing updates from the Trust, Macmillan Cancer Support and The Wessex Cancer Alliance.
- Patients, carers, patient forum representatives, Governors, trust staff, Hampshire Healthwatch, commissioners, local community and voluntary sector organisations, Basingstoke and Deane Borough Council have supported us to co-produce our patient experience and engagement strategy.

NHS well-led framework

The Board of HHFT is responsible for all aspects of leadership within the organisation. The Board has a duty to conduct their affairs effectively and demonstrate measurable outcomes that build patient, public and stakeholder confidence that high quality, sustainable care is provided.

In-depth, regular and externally facilitated developmental reviews of leadership and governance are good practice and should look to identify the areas of the Trusts, leadership and governance that would benefit from further targeted development work to secure and sustain future performance. NHS Improvement requires all trusts to carry out externally facilitated, developmental reviews of their leadership and governance using the well-led framework.

Trust was inspected by the CQC in February 2020 to assess performance in respect of the well-led framework which is a standard measure for leadership across NHS providers. The final report was not issued by the end of the financial year.

Declarations

- The Foundation Trust did not make any political donations during 2019/20, neither did the Foundation Trust make any charitable donations during the year. Hampshire Hospitals Charity is not consolidated into the trust accounts.
- The Foundation Trust engages in research and development projects funded by external resources, usually for a fixed term. No research and development is undertaken without external funding;
- The Foundation Trust has no branches or activities outside the UK;
- The 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 confirm that they have complied with all matters set out in the Code of Governance;
- Whilst the Trust is committed to dealing fairly and professionally with all of our supplier partners, by working to the Better Payment Practice Code (under which we aim to pay 95% of our invoices within the agreed terms unless there is a dispute), this has not been achievable in practice. During 2019/20 the performance of the Trust was as set out in the table below:

BPPC Period Paid	Invoice Count	Invoice Count (Passed)	% Passed	BPPC Amount	Invoice Amount (Paid)	%Amount Passed
2019/20	87,723	60,301	68.74%	234,683,533	187,399,257	79.85%

- The Trust did not incur any interest charges under the Late Payment of Commercial Debts (Interest Act) 1998.
- Each director confirms that they have taken all the requisite steps to make themselves aware of any relevant audit information and establish that the auditors are aware of that information;
- So far as the Directors are aware, there have been no post-balance sheet events which require disclosure;
- The annual report has been prepared using the Annual Reporting Manual (ARM) guidance and a direction issued by NHSI and the accounts prepared using the Group Accounting Manual;
- The Board take ultimate responsibility for the preparation of the annual accounts and have reviewed the systems of internal control;
- Accounting policies for pensions and other retirement benefits are set out in note 1 to the accounts. Details of Directors' remuneration can be found on page 42 of this report;
- No Director or Governor held any company directorship or had any other significant interest which might conflict with his or her responsibilities. A register of declared interests is maintained by the Company Secretary of the Foundation Trust;
- The Foundation Trust has met the requirement that the income from the provision of goods and services for the purposes of the health service in England is greater than the income from the provision of goods and services for any other purposes;
- Other income received by the Foundation Trust is applied towards the provision of goods and services to enhance and support the delivery of patient care;
- The Board considers that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and other stakeholders to assess the Foundation Trust's performance, business model and strategy;
- After making enquiries, the Directors have a reasonable expectation that the Foundation Trust

has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to accept the going concern basis in preparing the accounts;

- So far as each Director is aware, there is no relevant audit information of which the Trust's auditors are unaware and each Director confirms that they have taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Foundation Trust's auditor is aware of that information;
- The Directors are required under the National Health Service Act 2006 to prepare financial statements for each financial year. The Secretary of State, with the approval of the Treasury directs that these financial statements give a true and fair view of the state of affairs of the Foundation Trust and of the income and expenditure of the Foundation Trust for that period. In preparing these financial statements, the Directors are required to apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury, make judgements and estimates which are reasonable and prudent and state whether applicable accounting standards have been followed, subject any material departures disclosed and explained in the financial statements;
- The Directors confirm to the best of their knowledge and belief that they have complied with the above requirements in preparing the financial statements.

Signed…….. Date: 19th June 2020
Alex Whitfield
Chief Executive

Remuneration Report

The terms and conditions of employment for most of HHFT's employees are linked to the agreed national frameworks (for example Agenda for Change). The exceptions to this are the Executive and Non-Executive Directors and other senior managers, whose terms and conditions of employment and remuneration are determined by Remuneration Committees, as detailed further on in this report. Membership of, and attendance at, committee meetings is shown in Annex A and Annex B of this Annual Report. Neither committee appointed any advisors during the year.

For Executive Directors who are paid an annual salary higher than the Prime Minister, HHFT is satisfied that this remuneration is reasonable by considering the skills and experience of the individuals in those roles and by comparing the salaries with the market rate for those roles at other NHS providers.

Annual statements on remuneration

Statement of the Chairman of the Council of Governors' Remuneration Committee

"I was Chairman of the Remuneration Committee until 14 January 2020 when the NREC was formed. The Council of Governors Remuneration Committee met once in 2019/20 to consider whether a cost of living award should be made to the Non-Executive Directors. The Committee took into consideration that when looking at benchmarking data, remuneration was at the upper end of the scale.

As the Non-Executive Directors had received a pay award in December 2018 and had expressed prior to the meeting that they would waive any award in light of their recent award and the Trust's current performance, it was agreed that no award would be made".

Gilda McIntosh
Former Chairman of NED Remuneration Committee

"The newly formed Nomination, Remuneration and Evaluations Committee met once in 2019/20 to consider the appointment and remuneration of proposed two new Non-Executive Directors. It was agreed that the committee would recommend the appointment of Jos Creese and Laks Khangura with starting remuneration of £15,150. In reaching a decision regarding remuneration, the committee took into account the national guidance but felt it important that the new Non-Executive Directors received the same remuneration as the Trust's existing Non-Executive Directors."

Steve Erskine
Chairman of the Nomination, Remuneration and Evaluations Committee (NREC)

Statement of the Chairman of the Board of Directors' Remuneration Committee

The Board of Directors Remuneration Committee met four times during 2019/20 and decided to adopt the recommendation of NHSI and awarded a £2000 non-consolidated payment to the Chief Financial Officer, Chief Operating Officer and Chief Nurse.

The Committee also accepted the NHSI recommendation that Very Senior Managers (VSM) should receive a flat rate £2000 pay award backdated to April 2019.

Jane Tabor
Non-Executive Director and Chairman of the Remuneration Committee for Executive Directors

Pay awards for Executive Directors for 2019/20

As noted in the statement by the Committee's Chairman the Remuneration Committee decided to recommend a non-consolidated payment of £2000 to Executive Directors (except the Chief Medical Officer and Chief Executive Officer). Further details on the Chief Executive Officers pay award can be found on page 42 of this report.

Executive Directors

Executive Directors are full time employees of the Trust and Board members. Membership of the Board at the 31 March 2020 comprises six Non-Executive Directors, including the Chair, and five Executive Directors.

The remuneration of Executive Directors and a number of very senior managers is reviewed annually by the Board's Remuneration Committee and to inform the discussion and outcome a national report on benchmarking of NHS Executive Director salary levels is received from NHS Providers.

Other Senior Managers

Before 2018/19 the Trust operated a separate pay system (Non-Agenda for Change) for its very senior managers, which had been in operation since 2012 and affected the management tier below Executive Directors and comprising the Operations Directors, Associate Directors and Deputy Directors or equivalent. There were eighteen roles which fell within this category. Following consultation with the senior managers it was decided that the majority of those individuals would move to the agenda for change pay system with the remainder continuing to be subject to the separate pay system which receives pay progression at the discretion of the remuneration committee taking comparative benchmarking data into account.

If a new role is created, or a role is vacated and a successor is internally or externally sourced, the committee will consider and make a recommendation as to whether that post should fit within the separate pay system or agenda for change taking into account:

- Salary of predecessor (as appropriate)
- Market rate in given role/profession/market sector and cross sector as is appropriate
- Prevailing NHS/Public Sector Guidelines (if relevant)
- Current salary (if relevant)
- Salary in equivalent roles internally to HHFT.

During 2019/20, on the Remuneration Committee adopted the recommendation of NHSI and award a £2000 non-consolidated payment to all Very Senior Managers(VSM).

Board of Directors' Remuneration Committee

The Remuneration Committee's main roles are to:

- Agree with the Board of Directors a framework for remunerating Executive Directors (including the Chief Executive) and senior managers;
- Determine the total remuneration of each Executive Director and senior manager; and
- Ensure that contractual terms on termination are fair to both the director and HHFT, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

The membership of the Remuneration Committee is comprised of the six Non-Executive Directors listed in Annex A and is chaired by Jane Tabor. The Remuneration Committee works in consultation with the Chief Executive, where appropriate, and may take other professional advice as it considers appropriate or beneficial, although none has been sought during this year.

The committee met four times during the course of the year 2019/20.

Council of Governors' Remuneration Committee

The Remuneration Committee's main role is to assess and recommend to the Council of Governors the total remuneration of each Non-Executive Director and the Chair.

The Remuneration Committee is a sub-committee of the Council of Governors and is chaired by a Governor. It can take external professional advice if it considers that beneficial or appropriate. It bases its decisions on sector comparability, aiming to be within the top quartile, to attract and retain the highest quality of Non-Executive Directors.

The membership is comprised of a mix of Governors and Directors. One meeting was held to discuss remuneration for the financial year 2019/20.

In January 2020, The Council of Governors Remuneration Committee and the Council of Governors Nomination Committee were disbanded to allow for the formation of the Nomination, Remuneration and Evaluations Committee (NREC). As the Nomination Committee and the Remuneration Committee relied on the other to function, it was felt that having two separate committees is a somewhat artificial distinction. The purpose of the two former committee's remained the same when carried forward into the formation of NREC so no loss of function or purpose was felt.

There has been one meeting of the NREC held in the financial year 2019/20. The NREC has discussed the guidance from NHSI "structure to align remuneration for Chairs and Non-Executive Directors and NHS Trusts and NHS Foundation Trusts" both in the committee meeting and with the full Council of Governors. This will be taken into account by NREC when considering recommendations on pay awards for the Chair and Non-Executive Directors and appropriate disclosures will be made in future annual reports on a "comply or explain" basis as appropriate.

The following table lists the Non-Executive Directors as at 31 March 2020 and the date that their current term ends:

Non-Executive Director	End of current term
Steve Erskine	31 December 2021
Gary McRae	30 November 2021
Paul Musson	31 August 2022
Jane Tabor	31 August 2022
Ruth Williams	31 March 2022
Simon Holmes	31 March 2022

Although Non-Executive Directors' appointments terminate on the respective dates shown above, these appointments automatically terminate on the happening of certain events, such as bankruptcy, and either HHFT or the Non-Executive Director can terminate on 3 months' notice. There are no special compensation provisions for early termination.

Remuneration of Executive and Non-Executive Directors

The table below shows the commencement date of the service contract of all Executive Directors as at 31 March 2020.

Name	Start date	Unexpired term	Notice period
Alex Whitfield	13 March 2017	Open ended	Six months
Lara Alloway	2 September 2019	Open ended	Three months
Malcolm Ace	1 May 2016	Open ended	Three months
Julie Maskery	1 July 2015	Open ended	Three months
Julie Dawes	3 September 2018	Open ended	Six months

*The salary and pension entitlements of Non-Executive Directors and Executive Directors are set out in the following tables showing the current year and the previous year. The salary of the Chief Executive was considered in 2018 by the Remuneration Committee and an upward revision was recommended to NHSI. Approval for the change came during financial year 2019/20, and the table below includes the backdated payment relating to 2018/19 as well as remuneration for 2019/20 in the Chief Executive's salary in the 2019/20 table.

Period covering 1 April 2019 to 31 March 2020

Name and Title	Salary and fees (in bands of £5,000) £'000	Taxable benefits (total to the nearest £100) £'000	Annual performance related bonuses (in bands of £5,000) £'000	Long-term performance related bonuses (in bands of £5,000) £'000	Pension related benefits (in bands of £2,500) £'000	Total 2018/19 (in bands of £5,000) £'000
Chair:						
Steve Erskine	50-55	-	-	-	-	50-55
Non Executive Directors						
John MacMahon (left 31st Dec 2019)	10-15	-	-	-	-	10-15
Jeff Wearing (left 30th Apr 2019)	0-5	-	-	-	-	0-5
Gary McRae	15-20	-	-	-	-	15-20
Jane Tabor	15-20	-	-	-	-	15-20
Paul Musson	15-20	-	-	-	-	15-20
Simon Holmes (joined 1st April 2019)	15-20	-	-	-	-	15-20
Ruth Williams (joined 1st April 2019)	15-20	-	-	-	-	15-20
Executive Directors						
Alex Whitfield, CEO	200-205	-	-	-	67.5-70.0	265-570
Julie Dawes, Director of Nursing	150-155	-	-	-	-	150-155
Andrew Bishop, Medical Director (resigned 31st May 2019)	40-45	-	-	-	45.0-47.5	90-95
Nicolette Hutchinson, Interim Medical Director (1st Jun 2019 to 1st Sep 201	50-55	-	-	-	0-2.5	50-55
Lara Alloway, Medical Director (started 2nd Sep 2019)	130-135	-	-	-	60.0-62.5	190-195
Malcolm Ace, CFO	155-160	-	-	-	-	155-160
Julie Maskery, COO	145-150	-	-	-	45.0-47.5	190-195

Period covering 1 April 2018 to 31 March 2019

Name and Title	Salary and fees (in bands of £5,000) £'000	Taxable benefits (total to the nearest £100) £'000	Annual performance related bonuses (in bands of £5,000) £'000	Long-term performance related bonuses (in bands of £5,000) £'000	Pension related benefits (in bands of £2,500) £'000	Total 2018/19 (in bands of £5,000) £'000
Chair:						
Elizabeth Padmore (left 31st Dec 2018)	40-45	-	-	-	-	40-45
Steve Erskine (started 1st Jan 2019)	10-15	-	-	-	-	10-15
Non Executive Directors						
John MacMahon	20-25	-	-	-	-	20-25
Phillip Whitehead (left 30th Apr 2018)	0-5	-	-	-	-	0-5
Jeff Wearing	15-20	-	-	-	-	15-20
Gary McRae	15-20	-	-	-	-	15-20
Jane Tabor	15-20	-	-	-	-	15-20
Paul Musson	15-20	-	-	-	-	15-20
Executive Directors						
Alex Whitfield, CEO	170-175	-	-	-	47.5-50	215-220
Donna Green, Director of Nursing/Deputy CEO (left 31 Aug 2018) (1)	70-75	-	-	-	-	70-75
Andrew Bishop, Medical Director	270-275	-	-	-	82.5-85	350-355
Malcolm Ace, CFO	150-155	-	-	-	-	150-155
Julie Maskery, COO	150-155	-	-	-	62.5-65	210-215
Julie Dawes, Director of Nursing (started 3rd September 2018)	85-90	-	-	-	0-2.5	85-90

(1) Donna Green, former Director of Nursing/Deputy CEO retired from the Trust on 31st August 2018, and consequently the NHS Pensions Agency did not provide any information on her pension related benefits as at 31st March 2019.

'Pension related benefits' are calculated according to the 'HMRC method' defined as ((20 x current annual pension entitlement) + current lump sum entitlement) – ((20 x prior year annual pension entitlement) + prior year lump sum entitlement), less any amounts paid by employees. *The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.*
This value derived does not represent an amount that will be received by the individual. It is a calculation that is intended to provide an estimation of the benefit being a member of the pension scheme could provide.

Included in the above remuneration tables are uplift fees for additional responsibilities held for the following Non-Executive positions:

Role	Fee (in bands of £5,000)
Chairman of Audit Committee	0-5
Chairman of Risk Committee	0-5
Senior Independent Director	0-5
Chairman of Workforce and Organisational Development Committee	0-5
Chairman of Quality and Performance Committee	0-5
Chairman of Finance and Investment Committee	0-5

The table below shows individual pension benefits for each Executive Director for the last financial year:

Period covering 1 April 2019 to 31 March 2020

Name and Title	(a) Real increase in pension at pension age (bands of £2,500)	(b) Real increase in pension lump sum at pension age (bands of £2,500	(c) Total accrued pension at pension age at 31 March 2020 (bands of £5,000)	(d) Lump sum at pension age related to accrued pension at 31 March 2020 (bands of £5,000)	(e) Cash Equivalent Transfer Value at 1 April 2019	(f) Real increase in Cash Equivalent Transfer Value	(g) Cash Equivalent Transfer Value at 31 March 2020	(h) Employer's contribution to stakeholder pension
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Executive Directors								
Alex Whitfield, CEO	2.5 - 5.0	2.5 - 5.0	35 - 40	60 - 65	516	49	605	27
Andrew Bishop, Medical Director (resigned 31st May 2019)	0 - 2.5	0 - 2.5	60 - 65	185 - 190	1,375	11	1,496	4
Lara Alloway, Medical Director (started 2nd Sep 2019)	0 - 2.5	0 - 2.5	40 - 45	85 - 90	(*)	(*)	716	12
Malcolm Ace, CFO	-	-	-	-	-	-	-	-
Julie Maskery, Chief Operating Officer	2.5 - 5.0	0 - 2.5	70 - 75	0 - 2.5	910	43	997	22

(*) Lara Alloway was appointed as Medical Director from 2nd September 2019. The Trust has been unable to obtain the comparative figures for her CETV at 31 March 2019.
Nicolette Hutchinson acted as interim Chief Medical Officer from 1st June to 1st September. During this period she did not receive a real increase in pension payable nor an increase in the pension lump sum payable at pension age.

Period covering 1 April 2018 to 31 March 2019

Name and Title	(a) Real increase in pension at pension age (bands of £2,500)	(b) Real increase in pension lump sum at pension age (bands of £2,500	(c) Total accrued pension at pension age at 31 March 2019 (bands of £5,000)	(d) Lump sum at pension age related to accrued pension at 31 March 2019 (bands of £5,000)	(e) Cash Equivalent Transfer Value at 1 April 2018	(f) Real increase in Cash Equivalent Transfer Value (*)	(g) Cash Equivalent Transfer Value at 31 March 2019	(h) Employer's contribution to stakeholder pension
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Executive Directors								
Alex Whitfield, CEO	2.5 - 5.0	0 - 2.5	30 - 35	55 - 60	415	68	516	24
Julie Dawes, Director of Nursing	0 - 2.5	0 - 2.5	60 - 65	190 - 195	1,499	-38	1,494	5
Andrew Bishop, Medical Director	2.5 - 5.0	10.0 - 12.5	55 - 60	175 - 180	1,158	173	1,375	21
Malcolm Ace, CFO	-	-	-	-	-	-	-	-
Julie Maskery, Chief Operating Officer	0 - 2.5	0 - 2.5	65 - 70	0 - 2.5	762	112	910	22

(*) The real increase in Cash Equivalent Transfer Value has been restated for the year to 31 March 2019 to take account of the Employee contributions which were not previously deducted

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce:

	2019-20	2018-19
Highest paid director's total remuneration (£'000)	200-205	270-275
Median total workforce remuneration	24,662	26,974
Ratio	8.11	10.10

This calculation excludes agency staff.

The banded remuneration of the highest-paid HHFT director in the financial year 2019/20 was £200,000-£205,000 (2018/19: £270,000-£275,000). This was 8.11 times (2018/19: 10.10 times) the median remuneration of the workforce, which was £24,662 (2018/19: £26,974).

At 31 March 2020, 15 employees (2018/2019: no employees) received remuneration in excess of the highest-paid director. Remuneration ranged from £4,552 - £236,498 (2018/19: £15,310-£271,271).

For the year ended 31 March 2020 expenses paid to 4 Executive Directors totalled £1,447 (2018/19: £3,618 paid to 5), expenses paid to 2 Non-Executive Directors totalled £4,700 (2018/19: £2,725 paid to 1) and expenses paid to 4 Governors totalled £1,050 (2018/19: £1,955 paid to 8).

Two of the Non-Executive Directors held Non-Executive Director roles in other organisations. Gary McRae is a Non-Executive Director at SAS Group Holdings Ltd, William Harvey Ltd and William Harvey Research Foundation. Jane Tabor was a Non-Executive Director at Vivid Housing until 25 July 2019.

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. No payments were made for loss of office to any senior manager in the year 2019/20.

Signed…… Date: 19th June 2020
Alex Whitfield
Chief Executive

Corporate Governance and Disclosures

The Board of Directors

The Board of Directors is the corporate decision making body of HHFT and delegates day-to-day operational management of HHFT to the Chief Executive and Executive Directors. The Schedule of Matters Reserved to the Board and the Scheme of Delegation, which forms part of our Constitution, sets out the business to be conducted by the Board, or by one of its Committees. It also details the roles and responsibilities of the Council of Governors and how it and the Board will work together.

In 2019/20, the Board comprised a Non-Executive Chairman, a further six (until 31 December 2019) Non-Executive Director roles each appointed by the Council of Governors for a term of three years, and five Executive Director roles. Its members bring a wealth of experience from the NHS, not for profit and the commercial sectors. Directors' membership of Board Committees and their attendance at Board meetings and Committee meetings in 2019/20 is shown in Annex A.

The Board's main responsibilities are to:

- Provide leadership to HHFT and promote achievement of HHFT's Principal Purpose as set out in its Constitution, ensuring at all times that it operates in accordance with its Constitution and Terms of Authorisation;
- Consider guidance from NHS Improvement, in particular "The Code of Governance";
- Function as the corporate decision making body with Non-Executive Directors and Executive Directors as full and equal Board members;
- Consider the key strategic and managerial issues and risks facing HHFT in carrying out its statutory duties and other functions;
- Set the values and strategic direction of HHFT and submit them to the Council of Governors for approval and monitor their delivery throughout the year;
- Produce an annual plan, taking into account the views of the Council of Governors, and submit it to NHS Improvement to an agreed timetable;
- Ensure effective overall stewardship of HHFT through monitoring and overseeing all activities undertaken, ensuring competent and prudent management, sound planning, proper procedures for the maintenance of adequate accounting and other records and systems of internal control, and for compliance with statutory and regulatory obligations; and
- Ensure that HHFT has adequate and effective governance and risk management systems in place.

Balance of the Board

The range of skills and experience of Executive and Non-Executive Directors ensures an appropriate balance, and the independence of Non-Executive Directors helps to create a unitary Board with the appropriate skills to fulfil its role.

Independence of the Board

The Board has reviewed and determined that, by reason of their character and judgements, all Non-Executive Directors, including the Senior Independent Director, are independent.

In order to fulfil their duties, it is necessary that the Directors are free from conflicts of interests. As part of their functions, Directors are invited to declare any interest they may have at every Board meeting and a register of Directors' interests is maintained and regularly updated by the Company Secretary. Access to the register of Directors' interests is available to members of the public on request to company.secretary@hhft.nhs.uk. The register is also published on the Trust website. If any item to be discussed at a Board meeting conflicts with an interest of a Board member, they exempt themselves from the discussion.

The Senior Independent Director (SID) for the financial year 2019-20 is Gary McRae (From 1 May 2019). In this role the SID is available to staff, members and Governors whose concerns were not resolved through the normal channels (Chair, Chief Executive or Chief Financial Officer) or for which these channels were inappropriate.

Board membership at 31 March 2020

EXECUTIVE DIRECTORS			
Name	**Title**	**Biography**	**Declarations**
Alex Whitfield 	Chief Executive Officer	Alex joined the Trust as Chief Executive Officer in April 2017 after holding the position of chief operating officer for Solent NHS Trust. Alex has held senior roles in both the former Basingstoke and Winchester organisations over a number of years. Her first NHS role was at North Hampshire Hospital in 2005 and during her time there she covered areas as diverse as project management, governance, productivity and operational management of the Emergency Division. She went on to become chief operating officer at Winchester. Alex started her career in operational management at ExxonMobil's Fawley Oil Refinery and holds an engineering degree from Cambridge University. After 13 years at Exxon, Alex moved to the NHS.	Director of Wessex Academic Health Science Network Chair of Wessex Clinical Research Network Partnership Board Member of Hampshire Health and Wellbeing Board
Malcolm Ace 	Chief Financial Officer	Malcolm joined the Trust as Chief Financial Officer in May 2016 after joining the NHS Executive Fast track programme in 2014 where he was based at Salisbury NHS Foundation Trust. Malcolm was previously the Director of Finance for the University of Portsmouth followed by the University of Southampton. Malcolm qualified as an accountant in 1987 after graduating from Jesus College, University of Oxford in 1983.	Director of Wessex NHS Procurement Ltd

Dr Lara Alloway 	Chief Medical Officer (from 2 September 2019)	Lara qualified from the University of Southampton in 1995. She trained in general medicine in Wessex, later completed palliative medicine specialist training in the South Thames Deanery and was appointed to the Trust as a consultant in palliative medicine in 2005. She has held a number of leadership roles within the trust as clinical lead for palliative and end of life care, clinical director for cancer services, associate medical director and divisional director for medical services. She was appointed as chief medical officer for the Trust in September 2019.	Spouse is a director and shareholder at Jenton International and a director of group companies Jenact Ltd, Jenton Dimaco Ltd, Jenton Ariana Ltd, Jensensor Ltd, Expedio Ltd Trustee of Hampshire Medical Fund. Trustee of Winchester Hospice Charity.
Julie Maskery 	Chief Operating Officer	Julie was appointed Chief Operating Officer in July 2017, having joined the Board of Directors as Director of Transformation and Performance two years earlier. Julie held a number of senior roles across HHFT, including Head of Human Resources, Education and Medical Staffing. She then moved into operational management and was the Operational Director for both the Surgical and Medical Divisions. Julie joined the NHS in April 2008 on the National NHS Gateway to Leadership programme. Prior to joining the NHS, she had worked for 15 years in local government in Leisure and Environmental Services	Nil declarations
Julie Dawes 	Chief Nurse	Julie joined the Trust in September 2018 after holding the position of chief nurse and interim chief executive at Southern Health NHS Foundation Trust. Julie qualified at St James Hospital in Leeds and has worked as a nurse for 37 years. Her clinical background was mainly in cancer and palliative care and she is passionate about patient care and drives hard to maintain high standards of care. Julie graduated from Southampton University with a Master's Degree in 2005.	Nil declarations

NON-EXECUTIVE DIRECTORS			
Name	**Title**	**Biography**	**Declarations**
Steve Erskine  End of current term: 31/12/21	Chair	Steve joined the Trust as Chair in January 2019 after holding the position of Chairman at Poole NHS Foundation Trust and also sat on the Dorset Integrated Care System partnership board. Steve was also vice-chairman at Portsmouth Hospitals NHS Trust and has been an NHS non-executive director since 2011. Steve was a business development director for L3 Communications and was responsible for the delivery of intelligence and information systems into UK policing and law enforcement agencies. During this time he led on the implementation of a new national child protection system. Steve's career started at Ordnance Survey where he worked his way up through the organisation to become the main board director responsible for technology, product management and the full paper mapping production business. During this time he was the strategic relationship lead for external organisations and partners such as the Countryside Agency, DEFRA and MoD and also represented the UK on the management board of the European association for national mapping, cadastral and land registration authorities.	Director of Hampshire Hospitals Contract Services Ltd
Gary McRae  End of current term: 30/11/21	Non-Executive Director Senior Independent Director Chairman of the Finance and Investment Committee	Gary is a Chartered Accountant and brings a wealth of experience from the private sector to HHFT. He previously worked as Finance Director of NSC, a privately-owned business based in Camberley providing training, simulation and consultancy products. Prior to this, he was the Director of Corporate Development and Legal at Laird PLC. He has also worked for British Aerospace Defence, the Dowty Group and Ernst & Young. Gary is currently a NED of SAS International.	Trustee of SAS Pension Fund NED/Trustee William Harvey Research Foundation NED at William Harvey Ltd NED of SAS Group Holdings Ltd Member of Court at the University of Aberdeen and Trustee of the University Charity Director of Hampshire Hospitals Contract Services Ltd

Jane Tabor  End of current term: 31/08/22	Non-Executive Director Chairman of the Audit Committee Chairman of the Remuneration Committee	Jane has over 20 years commercial experience developing and leading major UK and European technology, services and software businesses for IBM. She held many senior executive positions within IBM, leading multi-national, multi-disciplinary teams working extensively through complex business partnerships and managing major client relationships. In addition to Hampshire Hospitals, Jane serves as a Non-Executive director of Vivid Housing, where she is a member of the Audit & Risk and Remuneration & Nominations Committees, and on the governing council of Loughborough University, where she is on the Finance, Nominations and Remuneration Committees. She is also a co-opted member of the Audit and Assurance Committee for England Athletics. Previously Jane was a Non-Executive director at the Isle of Wight NHS Trust and was a Board member with two not-for-profit organisations – AbilityNet and the IBM Charitable Trust.	Director of Imago@Loughborough Ltd Lay member of Council, Loughborough University Director of Wessex NHS Procurement Ltd
Paul Musson  End of current term: 31/08/22	Non-Executive Director Chairman of the Workforce and Organisational Development Committee	Paul Musson was Chief People Officer at Colt Technology Services, where he had a clear remit to drive the people and performance agenda 'top down' across Colt's business and service units. Paul was a key member of the strategic project team supporting the implementation of the new strategy and operating model through concept and design to execution. Paul has over 22 years' experience in Human Resources, working at a leadership level, having held corporate roles at global FTSE 100/S&P 250 companies, BAE Systems and Weatherford International. Prior to this Paul spent 20 years in the military in various leadership roles and was involved in two major reorganisations of the Army; his service also included 4 years in Special Forces as a Team Leader. Paul retired as a Captain in 1999.	Nil declarations

Ruth Williams  End of current term: 31/03/22	Non-Executive Director Joint Chair of the Quality and Performance Committee	Ruth has long experience of securing quality improvements for patient care. She most recently worked as the Director of Nursing for NHS England, Wessex and latterly Hampshire, Isle of Wight and Thames Valley. In this capacity she led the quality team, and worked with commissioners and providers of health care to ensure and support improvement and strategic planning for quality care. Ruth's responsibilities in this role also included ensuring that patient experience and safeguarding duties were met across Wessex and Hampshire and Thames Valley. In addition she worked closely with Health Education England on workforce development. Ruth has held senior positions in South East Coast SHA, including interim Director of Nursing. Before this she worked in nursing management positions in Western Sussex NHS Trust and the Royal West Sussex NHS Trust. Ruth is also a Trustee of Langley House Trust charity and a Member of Gosport and Fareham multi academy Trust Board.	Trustee of Langley House Trust Independent Chair Southampton CCG Clinical Governance Committee Member of Gosport and Fareham Multi-academy Trust
Simon Holmes  End of current term: 31/03/22	Non-Executive Director Joint Chair of the Quality and Performance Committee	Simon Holmes trained in medicine at St Marys Hospital, London qualifying in 1984 and then underwent surgical training in and around London, before specialising in Urology which included completion of a higher surgical research degree. Simon then climbed the specialist ladder before being appointed a consultant in Portsmouth Hospitals Trust in 1995. During his surgical career Simon sub-specialised in Urological cancer surgery and also established a research unit in the department. His interest in cancer therapies led to involvement in the national cancer networks and he became medical director of the Central South Coast Cancer Network in 2007. Simon was then appointed to the role of medical director of Portsmouth Hospitals Trust in 2010, a post which he held until 2017 gaining board experience of a large acute Trust during this time. Simon retired from clinical practice at the end of 2018.	Nil declarations

Board evaluation of performance

The Board evaluates its performance internally on an annual basis and commissions an external evaluation periodically on a three yearly basis.

Board Committees

The Board of Directors has seven main sub-committees:

- (a) Audit Committee;
- (b) Nomination Committee;
- (c) Remuneration Committee.
- (d) Finance and Investment Committee
- (e) Quality and Performance Committee
- (f) Workforce and Organisational Development Committee

Membership of these Committees and attendance at meetings in 2019-20 is shown in Annex A.

In order to follow best practice on risk management as recommended by NHSI, the Risk Committee was formally disbanded on 30th January 2020. A new 'Executive Risk Management Group' (ERMG) was formed and meets on a monthly basis. The purpose of the ERMG is to oversee the delivery of the Trust risk management framework. The group is responsible for delivering a proactive approach to risk management and for the overall co-ordination of risk management activity.

(a) Audit Committee

The Audit Committee is a non-executive committee of the Board with delegated authority to review the establishment and maintenance of an effective system of financial, non-financial and non-clinical internal controls, which supports the achievement of HHFT's objectives.

The principal purpose of the committee is to assist the Board in discharging its responsibilities for monitoring the integrity of HHFT's accounts. In addition it reviews the adequacy and effectiveness of HHFT's systems of risk management and internal controls and monitors the effectiveness, performance and objectivity of HHFT's external auditors, internal auditors and local counter fraud specialist. Within this remit, it also has responsibility for the oversight of the whistleblowing procedures within HHFT.

The members of the Audit Committee are listed in Annex A and include three independent Non-Executive Directors. The membership of the Committee has changed during the year. Ruth Williams is a member as the Chair of the Quality and Performance Committee. Also, John MacMahon resigned as Non-Executive Director on the 31st December 2019 so is no longer a member of the Committee. The Committee will seek to appoint a new member in the next financial year.

The Audit Committee is fully aware of the additional costs of supporting work related to Covid-19 in February and March 2020, and the government's commitment via NHS England to fund the additional costs. The Audit Committee has received assurance that the full level of costs have been reclaimed and both the additional expenditure and the compensating funding are accurately presented in the Financial Statements.

Effectiveness of the committee

The committee reviews and self-assesses its effectiveness annually using criteria from best practice guidance, and ensures that any matters arising from this review are addressed.

The committee also reviews the performance of its internal and external auditors' service against best practice criteria identified from the *NHS Audit Committee Handbook*.

The committee has a secretary responsible for administrative support to its meeting. At each meeting the committee receive papers of good quality, provided in a timely fashion to allow due consideration of the content. Meetings are scheduled to allow sufficient time to enable a full and informed debate. Each meeting is minuted and reported to the Board.

The Committee undertook a self-evaluation in December 2019. The Committee was assured that it is running effectively and largely without issue. The suggested improvements have been implemented and will be re-evaluated in the next financial year to insure change has been embedded.

The following areas were internally audited and considered by the Committee:

- Quality: Patient Experience
- Patient Safety: Ward/Location Visits
- Board Assurance Framework and Risk Management Culture
- Staff Management: Rostering
- Key Financial Controls: Payroll
- Efficiency and Performance: Financial planning and management, budgeting and forecasting
- Discharge process
- Capital Project Management
- IT Audit: Cyber Security and Network Security

External audit

Ernst and Young (EY) have been appointed as external auditors. EY has finalised their audit report for the current period, which is included in the accounts. Their audit fees and non-audit fees are set, monitored and reviewed throughout the year and are included in note 43 of the accounts.

Internal audit and counter fraud services

The Board contracts with external parties to deliver internal audit and counter-fraud services:

- RSM Risk Assurance Services LLP (RSM) has provided their services as internal auditors. RSM's service covers both financial and non-financial audits determined by a risk-based plan agreed with the Audit Committee.

- The Trust contracts with the NHS Hampshire and IOW Counter Fraud Service to provide a separate independent counter fraud service. The service includes carrying out reviews of areas at risk of fraud, investigating any allegations of fraud and providing fraud awareness training across the Trust.

Internal controls

The Committee focussed the internal audit plan on the areas set out above. Action plans were agreed and put in place to address issues in control processes.

Fraud detection processes and whistle-blowing arrangements

The Committee reviewed the levels of fraud and theft reported and detected, and the arrangements in place to prevent, minimise and detect fraud and bribery. NHS Hampshire and IOW Counter Fraud Service Awareness indicated that awareness of fraud risk and how to report fraud was high across the Trust's employees. No significant fraud was uncovered during the year. Whistleblowing arrangements are reviewed regularly, and no significant matters were brought to the Trust's attention during the year.

Financial reporting

The Audit Committee reviewed the Trust's accounts and Annual Governance Statement and the consistency of these with the Annual Report as a whole. As part of this review it considered reports from management and from external and internal auditors to assist its consideration of the quality and acceptability of accounting policies, including their compliance with accounting standards. In particular the review considered:

- Key judgements made in preparation of the financial statements;
- Compliance with legal and regulatory requirements;
- Clarity of disclosures and their compliance with relevant reporting requirements; and
- Whether the Annual Report as a whole is fair, balanced and understandable and provides the information necessary to assess the Trust's performance and strategy.

The Audit Committee has reviewed the content of the Annual Report and Accounts and advised the Board that, in its view, taken as a whole:

- It is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Trust's performance, business model and strategy; and
- It is consistent with the Annual Governance Statement, feedback received from the external auditors and the Head of Internal Audit Opinion.

Significant financial judgements and reporting for 2019/20

The Audit Committee considered a number of areas where significant financial judgements were taken which have influenced the financial statements.

We identified through discussion with both management and the external auditor the key risks of misstatement within the Trust's financial statements. We discussed these risks with management during the year and received a paper from management in advance of the year-end. We also discussed these with the external auditor during the year and at the conclusion of the external audit. We set out below how the Audit Committee satisfied itself that these risks of misstatement had been properly addressed.

Areas of accounting judgement and other issues

The following areas were considered by the Committee:

- Fixed Assets Valuations: reports from management which explained the basis of valuation for the most significant buildings, taking into account future life, use and structural refurbishment expenditure and including a review of the rationale for any impairment were reviewed. The external auditor's views on the proper accounting treatment for these buildings were taken into account. The Committee was satisfied that the valuation of these

buildings included in the financial statements was consistent with management intention, and is in line with accepted accounting standards; and

- Impairment of Asset Valuation: the Committee considered reports from management triangulated with the views of the external auditor on a specific impairment issue. The recommendation of the Audit Committee, which accorded with that of management and the external auditor, was endorsed by the Board of Directors, and consequently incorporated in the financial statements; and

- Receipt of NHS Income: the Agreement of Balances exercise across the NHS was reviewed as part of the consideration of the external auditor's report. This confirmed that the Trust had recognised income appropriately within the financial statements including its valuation of work in progress; and

- Charity Consolidation: the decision to continue not to consolidate the accounts of the Hampshire Hospitals Charity was reviewed. This continues to be disclosed in the accounts with an explanation to the reasons for non-consolidation; and

- Hampshire Hospitals Contract Services Ltd (HHCS): the required disclosures under IFRS of the subsidiary company were reviewed and will be included in the accounts due to the materiality of the company's assets.

(b) Nomination Committee

The Nomination Committee reviews, and recommends to the Board, the appointment of Executive Directors and considers succession planning. The Nomination Committee met three times during the year to discuss Executive Director succession planning and appoint a new Chief Medical Officer.

(c) Remuneration Committee

The details of this committee can be found on page 41 of this report.

(d) Finance and Investment Committee

The Trust has to be sustainable in the short, medium and long term. Sustainability has different aspects, the most important being that our clinical services meet the changing demands and needs of our population. To do this, the Trust must be able to support the requirements of clinical services within the resources available to the Trust, while maintaining the future operational capacity of the Trust in terms of investment in estate, equipment, digital services and crucially our people.

The Finance and Investment Committee aims to ensure that:

- the Trust's clinical and other operational plans are consistent with realistic resource plans
- all services are provided in the most efficient and effective manner, consistent with good practice in the NHS and the wider economy where helpful comparison and learning can be used
- senior managers are controlling budgets in line with agreed resource plans
- new opportunities and requirements to support our population are facilitated and where possible accelerated by early and rigorous financial and resource planning

- senior managers and leaders are supported in their relationship with regulators, system partners and other external organisations with requisite financial and resources information and support
- assurance is provided to the Board of Directors of HHFT that resources are used in the most creative way to benefit our population and that the Trust is meeting the requirements of our regulators in providing outstanding care within the resources available

(e) Quality and Performance Committee

The Committee is responsible for providing the Board of Directors with assurance on all aspects of clinical quality including patient safety, experience and effective outcomes, governance processes, quality monitoring, clinical risk management and the regulatory standards of quality and safety.

The Committee will provide scrutiny and challenge of any quality issue it deems appropriate to provide assurance to the Board that the risks associated with clinical quality and the Trust's provision of outstanding care are identified, managed and mitigated appropriately by:

- Providing oversight of the areas which best support delivery of the Trust's strategic objectives and quality priorities in relation to patient safety, experience, patient outcomes and effectiveness
- Reviewing compliance with regulatory standards and statutory requirements e.g. CQC standards of quality and safety and the adequacy of assurances provided by the controls and actions in place to ensure compliance
- Reviewing the adequacy of actions in all areas of the Trust's clinical quality, patient safety and governance performance including review of the annual clinical audit programme and implementation of NICE guidance
- Receiving and considering reports from the Divisions based on a range of outputs relating to quality assurance in the delivery of services e.g. complaints, incidents, patient safety issues, patient experience and effectiveness of patient outcomes
- Receiving and reviewing reports from external assessment and accreditation systems, professional bodies and regulatory bodies, and from Trust groups established to focus on specific quality related issues e.g. SERG, PSEEG, MERG
- Oversee 'Deep Dive Reviews' of identified risk to quality escalated by the Board or the Committee, particularly in relation to clinical issues raised in national/local reports, patient surveys and complaints, SIRIs, Never Events, duty of candour, claims and inquests; and how recommended actions have been implemented
- The Committee may also initiate reviews based on its own insight and analysis of quality trends identified through the regular performance reporting to the Board

(f) Workforce and Organisational Development Committee

The Workforce and Organisational Development Committee is responsible for ensuring workforce strategies are appropriate, and for gaining assurance by monitoring the management needed to deliver a workforce with the capacity and capability to provide high quality, safe patient care in line with strategic objectives, the Trust Values and the relevant elements of the Board Assurance Framework.

During the year, the Committee looked at the following:

- Key HR metrics
- Cultural change programme
- Medical engagement survey
- Gender pay gap

- WRES reports
- Staff survey results
- Staff appraisal data
- Mandatory training data

Council of Governors

The specific responsibilities of the Council of Governors include:

- appointing the Chairman and other Non-Executive Directors of HHFT at a general meeting;
- agreeing the remuneration and other terms and conditions of office of the Chairman and Non-Executive Directors;
- removing the Chairman and other Non-Executive Directors if deemed necessary;
- approving the appointment of the Chief Executive Officer by the Non-Executive Directors;
- appointing or removing the external auditors;
- receiving the Annual Report and Accounts and the report of the external auditor;
- considering any proposals for non-NHS activity in the forward plan;
- approving an increase of more than 5% of non NHS activities; and
- approving significant transactions.

Opinions of the public, members and appointing bodies, including on the Trust's strategy and forward plan, are canvassed by elected and appointed Governors. The Council's Membership and Community Engagement Working Group (MWG) acts as a steering and planning group to help identify ways for Governors at large to be able to engage with the membership and the wider community. Governors are invited to attend all HHFT events held for members and the public.

The Governors met with the Board at a number of meetings during the year, including joint workshops where Governors gave their views on matters such as the Annual Plan and future strategy. Non-Executive Directors and Executive Directors attend meetings of the Council of Governors. Executive Directors provide regular updates to the Council of Governors on our performance.

In all these ways, the Directors maintain their understanding of the views of the Governors and the public, members and appointing bodies whom they represent and interact with regularly.

Independence of Governors

The full Council of Governors meets confidentially with the full Board of Directors three times a year and privately with the Chairman and Chief Executive Officer at least four times a year, during which debate and discussion can be held and any disagreements between views resolved. The Chairman also holds individual meetings with each Governor.

In order to fulfil their duties it is necessary that the Governors are independent and free from conflicts of interests. Upon appointment, Governors are required to complete a declaration of interest form and are regularly prompted to update their declarations (if appropriate). A register of Governors' interests is kept and maintained by the Company Secretary and extracts can be requested by contacting company.secretary@hhft.nhs.uk.

Membership of the Council of Governors

Council of Governors for Hampshire Hospitals NHS Foundation Trust

From 1 April 2019 until 31 March 2020, the Council of Governors was constituted as follows:

Public elected Governors – 15

These Governors are elected from the public membership of HHFT across four constituencies:

- North Hampshire and West Berkshire (5 Governors);
- Mid and East Hampshire (5 Governors);
- West and South Hampshire (4 Governors);
- Rest of England and Wales (1 Governor).

In 2019/20, one election was held. Four public elected governors came to the end of their terms and were re-elected. A further three governors came to the end of their terms but as they had already served three terms, in line with the constitution they were unable to stand again. One Governor also resigned from the Council due to personal reasons.

Staff Governors – 5

There is one staff Governor from each of five staff constituencies - administrative, clerical and managerial; medical and dental practitioners; support staff; allied healthcare professional; and nursing and midwifery.

The staff governor for medical and dental practitioners came to the end of his term in the year. An elected was held and new staff governor was appointed.

All elections were held in accordance with the constitution.

Appointed Governors – 5 plus 1 co-opted Governor

These Governors are nominated by local voluntary and public sector organisations and are categorised as follows:

- Hampshire County Council (1 Governor);
- University of Winchester (1 Governor);
- Young people appointed by Hampshire County Council (1 Governor);
- Older people appointed by Hampshire County Council (1 Governor);
- People with a disability appointed by Hampshire County Council (1 Governor).
- Further and higher education (1 co-opted Governor).

Registers of the membership of the Council of Governors is available for inspection upon request to: company.secretary@hhft.nhs.uk.

Information about individual Governors and their attendance at Council of Governors meetings between 1 April 2019 and 31 March 2020 is given in Annex B together with membership of its Remuneration and Nomination committees.

Committees of the Council of Governors

Nomination, Remuneration and Evaluations Committee (NREC)

NREC has the following responsibilities:

- Identify and nominate candidates to fill Non-Executive Director or Chairman vacancies as and when they arise;
- Make recommendations in relation to the suitability of candidate for Non-Executive and Chairman vacancies to the Council of Governors;
- Take into account the challenges and opportunities facing the Trust and make an assessment, given the skills and experience of current Non-Executive Directors, of what additional skills and expertise would complement the existing skills set in the future;
- Assist the Board in the management of the recruitment and selection process for Non-Executive Director or Chairman vacancies and in doing so take account of the views of the Chief Executive Officer and Board of Directors;
- Assess the remuneration of the Non-Executive Director and Chairman to ensure that Non-Executive Directors are suitably rewarded for their contributions to the success of the Trust;
- Make recommendations to the Council of Governors as to the total individual remuneration package of each Non-Executive Director including the Chairman, taking into account relevant benchmarking data and any current guidance issued by the regulator of the Trust;
- Evaluate the performance of the Non-Executive Director including the Chairman, taking into account their annual appraisals and any appraisal framework issued by the regulator of the Trust;
- Take into account any competency framework issued by the regulator of the Trust.

Working groups of the Council of Governors

The Council has a number of working groups who focus on particular areas within the Trust.

The Patient Experience Group (PEG) is made up of public, stakeholder and staff Governors. Meeting every two months, the group receive information about the wide-ranging patient experience activities across the Trust, together with the results of national surveys in a range of specialities. The group review findings provide feedback and make appropriate recommendations to improve the experience of the care and services provided by the Trust. Individual members have participated in the PLACE assessments in all three hospitals.

PEG has designed and implemented a rolling programme of Governor visits. Governors and governance staff make unannounced visits to a ward or department and meet with staff and patients to hear from them about their experiences. The visit programme is designed to understand how the CQC fundamental standards are being met and to identify and share areas of good practice and opportunities for improvement. The visits have been well received and all members of the Council of Governors (CoG) either have, or are planned to, take part in this activity. The visits are scheduled every two weeks and include visits at the weekend and at night.

The Membership and Community Engagement Group which is a joint working party of the Council of Governors and members of staff of the Trust reviewed its remit in the light of the need for wider participation with the community. The purpose of the group is to maximise the contribution of the membership to the development of the Trust. The aim is to enable Governors to be more visible and available to members and the public, listening to their point of view, sharing the Trust's objectives and attracting more members. The Council of Governors approved the Group changing its name to

the Membership and Community Engagement Group to reflect the intention to involve members and to also raise awareness among the community. The group meets regularly and reports to the wider Council and Board every quarter.

Members of the Public and Patient Involvement Working Group continue to support the Trust's research by raising patients' awareness of the Trust's research activity, and inviting them to ask their clinical teams about research studies that may suit their needs.

Membership

As a Foundation Trust, we are directly accountable to our local community through our members and elected governors. By joining our organisation, our members have chosen to show their support and their interest in how our hospitals are run. The involvement and participation of our members is very important to us. It is a key aim of ours that our membership is a reflection of our patient population and the community we serve. The conversation with Trust members and the wider public is enabled through a combination of mechanisms including face to face, social media and surveys. Our Board of Directors meetings and our Council of Governor meetings are held in public and publicised through our newsletter, social media and notice of dates released to the local press. We also provide members with insights into our services by holding Health Focus talks which feature talks from our clinicians. All our events are open to members and the general public and we aim to hold talks in each of our constituencies which are free and advertised widely.

Public membership is divided into four constituencies:

- North Hampshire and West Berkshire;
- Mid and East Hampshire;
- West and South Hampshire; and
- Rest of England and Wales.

Staff membership is divided into five constituencies:

- Administrative, Clerical and Managerial;
- Allied Health Professionals;
- Medical and Dental Practitioners;
- Nursing and Midwifery; and
- Support Services staff.

Engaging with both our public and staff members and our community in 2019-20

During 2019/20 we held Health Focus talks across our geography in Andover, Winchester, Alton and Eastleigh featuring talks by our clinicians on a range of topics including dementia, improvements in our emergency departments and physiotherapy services. In September we were delighted to hold a Heritage Open Day at Royal Hampshire County Hospital, a very well attended event that was part of a national programme. In addition, our Annual General Meeting was held in Basingstoke with exhibition stands and the opportunity to meet staff, governors and the Board of Directors.

We held our AGM in July 2019 which was attended by members, the public and stakeholders. As well as an update from the executive team on Trust performance and future plans, an interactive exhibition took place which gave visitors the chance to find out more about the work that goes on across the Trust. The exhibition was packed with staff, clinical and non-clinical, from across the Trust,

as well as partner organisations and displays included speech and language therapy, maternity services, sustainability and developments in IT.

We also ran tours of the radiology department where attendees got to see the different ways the radiology team can investigate problems and help provide the best possible care to patients, including taking a look inside MRI and CT scanners and watching a live ultrasound demonstration.

Trust governors were on hand to talk to members about the Trust and how to get involved and consultant trauma and orthopaedic surgeon Mr Kevin Conn delivered a fascinating talk on the evolution and art of orthopaedic surgery.

This year we have undertaken a wide range of engagement activities with both staff and public. Most notably, this includes the Hampshire Together: Modernising our Hospitals and Heath Services (MOHHS) project which forms part of the governments Health Infrastructure Programme (HIP 2) and the service move which saw the reconfiguration of trauma and orthopaedic care onto the Basingstoke and North Hampshire Hospital site with elective procedures doing the same at the Royal Hampshire County Hospital (RHCH).

In the latter case (T&O reconfiguration) the engagement included a patient and carer survey, undertaken with the help of HHFT volunteers, extensive staff engagement and discussions with Healthwatch. Although the general election of December 2019 disrupted plans for public engagement due to purdah requirements work with external stakeholders – such as University Hospital Southampton and South Coast Ambulance Service – continued.

The MOHHS project is perhaps one of the most important developments to occur at Hampshire Hospitals in recent years. Being placed on the list for a new hospital between 2025 and 2030 is a tremendous opportunity and one which we and our system partners across Hampshire and the Isle of Wight are determined to take full advantage of.

Initial engagement began in January 2020 with a staff and public survey; supported by a media push and online promotions. Although developments since – most significantly the global COVID pandemic – have forced a change in approach we are continuing with plans for an intense round of further engagement in the summer of 2020 with consultation slated for 2021.

Membership strategy development

Engagement with our members is key to our Trust wide stakeholder strategy which reflects how we engage with partners and the public. The Membership and Community Engagement Group (MCEG) which is a working group of governors has a membership engagement strategy which includes a number of key recommendations and objectives as follows:

- Governors take an active role in interacting with groups and networks in their communities, including attendance at Health Focus events;
- Governors are further supported by the communications team to be able to reach into the Trust's community and engage with members and the public; including stands at events, in public areas and in each of the three hospitals.
- MCEG review and update the Membership Communications Strategy and continue to liaise closely with the Patient Experience Group.
- Ensure that our membership community is representative of the patient population we serve and the wider population;
- Welcome new members and grow the membership where possible;

- Develop an understanding of the level of engagement that members wish to have; and how this can best be achieved.
- Support the visibility of Governors within the Trust and to our community;
- Ensure that we have a cost-effective communication strategy that enables member involvement;
- Foster a partnership approach between members and management to encourage co-creation relationships and dialogue;
- Ensure that our membership strategy continues to innovate, develop and evolve.

We strive to ensure that the membership represents the patient and wider community's population served by HHFT in terms of geographical spread, ethnicity, socio-economic groups, gender and age, monitoring our membership statistics regularly. We have a duty and a desire to engage with young people, minority ethnic people and those others whose voice is rarely heard such as LGBT, the homeless and people in custody and this is a particular challenge that we aim to address in our strategy. A breakdown of membership data (as at March 2020) is shown below.

Governors are key to reaching into the local community and engaging directly with networks in their constituencies. Governors are supported in this engagement by provision of posters, presentations and other materials to enable them to talk to and engage with the public in their area. Interaction with members is steered by the Membership Communications and Engagement Group (MCEG) which is a working group of the Council of Governors. Governors are provided with materials and support to enable them to interact with their local community groups and networks. It is recommended that governors attend all health focus events and other Trust events so that they may interact with those they represent. Board of Directors and Council of Governors are promoted to the public and members via press releases and direct emails. There is an opportunity at the end of Council of Governors meetings to interact with the public observers. It is recommended that governors reinstate the regular governor/ membership stands at Trust events and in each of the three hospital sites to increase opportunities for engagement with the public, patients and staff.

Governors support our public meetings and events and we support governors as speakers at local community groups and colleges to promote membership and explain the role of the governor. We provided an induction session for new governors elected in January 2020 including a session which focused on the governors' role in actively engaging with our members and the wider community. It also introduced and explained the role and remit of the MCEG. The MCEG met two times in the year to consider member communications and events. Governors attended the Health Focus events and the AGM hosting stands at each event on the role of governors and membership. Governors help select the monthly WOW! Award winners from the thousands of nominations received. More information is available on our website http://www.hampshirehospitals.nhs.uk

Our membership and community engagement working group plans for 2020/21 include to:

- Continue to increase the proportion of our members with whom we can communicate via email
- Encourage increased attendance and interaction with members and the public through social media as well as face to face events
- Hold the Trust's Annual General Meeting in Basingstoke in July 2020
- Further expand and develop opportunities for governors to engage with members, community groups/organisations and the wider public, including staff governors and patient champions

- Develop plans for a wider range of health focus talks in a variety of hospital and community locations for members and the public.

Membership development

All staff are members unless they choose to opt out. We also have five governors appointed from local organisations as set out earlier in this chapter.

Details of membership, including an online application form, can be found at:
www.hampshirehospitals.nhs.uk/membership

The list of named governors and their attendance at meetings can be found in Annex B of this report. Governor profiles and details of the Council of Governors are online at:
www.hampshirehospitals.nhs.uk/governors

An email address hampshire.hospitals@hhft.nhs.uk publicised through the newsletter and HHFT website which members and the public can use to get in contact with governors or if they have any general queries.

The total membership for Hampshire Hospitals NHS Foundation Trust on 31 March 2020 is as shown below:

Membership HHFT 31 March 2019	
Public	8069
Staff	6401
Total	14,470
Number of members in each constituency	
North Hampshire and West Berkshire	2645
Mid and East Hampshire	2451
West and South Hampshire	2569
Rest of England and Wales	395
Out of Trust area (Scotland, NI and overseas)	7

The age profile of our membership is broadly matched to the age profile of our patient population. Below is a table showing the distribution of our membership by age profile, compared with the age profile of the population of our catchment area

Age	No. Members	% membership	% population
16 and under*	1	0.01	20.45
17-21	118	0.82	5.1
22-29	1130	7.81	8.15
30-39	1885	13.03	11.82
40-49	2106	14.55	13.59
50-59	2339	16,16	14.65
60-74	3148	21,76	16.76
75+	3606	24,92	9.5
Unknown	137	0.95	0

*Membership is only open to those aged 16 years and older; therefore the membership figure for this age group is low in comparison to the community population.

Staff Report

HHFT is committed to supporting staff, equipping them with the skills which will allow them to deliver to their full potential and also recognising and celebrating their achievements. The commitment of our staff is reflected in the many positive comments we and they receive from patients and their families.

Our values were reviewed and relaunched in 2012 and we continue to promote these to ensure they are embedded in staff's day-to-day activities. We are using our values to help to recruit the best people as well as in our induction, our appraisals and our developmental activities.

Compassion, caring about our patients and our staff
Accountable and responsible, always improving
Respect for all colleagues, patients and their families
Encouraging and challenging each other to always do your best

Our Workforce

Work in 2019/20 focused upon aiming to ensure that when at work our staff are free from abuse, harassment, bullying and violence from any source and improving the appraisal rate Trustwide.

The table below shows the diversity of our workforce:

Age Band	Headcount	%
Under 16	0	0.00%
16 - 44	4,561	57.03%
45 - 54	1,848	23.11%
55 - 64	1,357	16.97%
65 and over	232	2.90%
Total	7,998	100.00%
Ethnic Group	**Headcount**	**%**
White	5,067	63.35%
Asian/Asian British	881	11.02%
Black/African/Caribbean/Black British	263	3.29%
Mixed/Multiple Ethnic Groups	98	1.23%
Other Ethnic Group	145	1.81%
Unspecified	1,544	19.30%
Total	7,998	100.00%
Gender	**Headcount**	**%**
Female	6,242	78.04%
Male	1,756	21.96%
Total	7,998	100.00%
Disabled	**Headcount**	**%**
No	3,588	44.86%
Not Declared	4,293	53.68%

Yes	117	1.46%
Total	7,998	100.00%
Executive and Non-Executive Directors	**Headcount**	**%**
Female	8	61.54%
Male	5	38.46%
Other Senior Managers	**Headcount**	**%**
Female	6	60.00%
Male	4	40.00%

An analysis of the number of contracted Full Time Equivalent (FTE) staff is shown below, as at 31 March 2020:

Category	FTE
Medical and Dental	810.33
Administration and Estates	1,744.49
Healthcare Assistants and Other Support Staff	1,133.17
Nursing, Midwifery and Health Visiting Staff	1,698.20
Scientific, Therapeutic and Technical Staff	368.70
Healthcare Scientist Staff	161.33
Grand Total	**5,916.21**

Key workforce performance indicators for the month of March are shown below:

Indicator	Mar-16	Mar-17	Mar-18	Mar-19	*Mar-20*
Sickness Absence	3.51%	3.65%	3.34%	4.00%	5.42%*
Staff Appraisal (All Staff rolling 12 months)	62.79%	66.72%	66.79%	72.22%	74.94%
Staff Turnover Voluntary	11.91%	12.77%	13.45%	11.38%	11.41%

*this figure is adversely impacted by Covid-19

Staff Costs

The table below shows the staffing costs broken down by staffing groups:

Category	Total £m
Medical and Dental	93.9
Administration and Estates	51.8
Healthcare Assistants and Other Support Staff	46.5
Nursing, Midwifery and Health Visiting Staff	94.4
Scientific, Therapeutic and Technical Staff	20.6
Healthcare Science Staff	7.3
Total	**314.5**
Capital	2.3
Apprentice Levy	1.2
Recoveries in respect of staff costs netted off expenditure	-0.8
Total	**317.1**

Consultancy Expenditure

The Trust's total spend on consultancy in 2019/20 was £568,346 (2018/19 was £419,858). The Trust continued with its contract with 20:20 Consultancy to review and implement service development improvements in ED and Patient Flow. The remainder was on a limited number of suppliers to support specific projects. The Finance & Investment Committee reviews these commissions on a monthly basis.

Off-payroll arrangements

The Trust had no off payroll engagements in place during 2019/20 as the Trust policy is not to engage with individuals on this basis.

Exit payments

The tables below shows exit payments made in 2019/20. Staff that are eligible for redundancy payments are paid in accordance with Agenda for Change NHS Terms and Conditions.

Exit package cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages	Total cost of exit packages	Number of departures where special payments have been made	Cost of special payment element included in exit packages
	Number	£000	Number	£000	Number	£000	Number	£000
<£10,000			12	48	12	48		
£10,000 - £25,000			2	24	2	24		
£25,001 - £50,000					0	0		
£50,001 - £100,000			1	52	1	52		
£100,001 - £150,000					0	0		
£150,001 - £200,000					0	0		
>£200,000					0	0		
Total	0	0	15	124	15	124	0	0

Developing our staff

In 2018, the Trust launched a comprehensive in-house apprenticeship programme. This programme grew exponentially in 2019 to include a further four cohorts of Health Care Support Workers (HCSW) as well as introducing a Team Leader/Supervisor apprenticeship. In October 2019, Ofsted visited the Trust to inspect the apprenticeship programme. They rated the HHFT apprenticeship programme as 'reasonable progress' and praised the Education Team for the great strides they had made within the timeframe of a short year.

Innovation featured as a key theme in the training and education programme with the Trust leading on the development and creation of a national Simulation Technician Apprenticeship (now titled, Education Technician) which will allow NHS Trusts and employers from across the education sectors to access levy funds to train staff for this underutilised role.

The Trust has continued to develop, implement and support the Nursing Associate (NA) role. This is an NMC registered role that sits alongside existing nursing care support workers and fully qualified registered nurses to deliver hands-on care for patients. Delivered by Solent University, ten of our HCSW staff graduated from the HEE (Health Education England) pilot programme in March 2019 and have now taken up roles as nurse associates within the Trust.

Focus on clinical skills continued this year with the team expanding to support the Trusts' objective to recruit more Internationally Educated Nurses (IEN's). The Objective Structured Clinical

Examination (OSCE) programme in 2019 increased from cohorts of 8 nurses at the start of the year, to cohorts of 25 as the year closed.

The first cohort of supported interns with learning disabilities, difficulties and/or autism graduated from our HEE funded, Project Choice, in July 2019. The internship gave learners a year to experience working for the NHS, in a variety of placements, in diverse areas of the Trust, across all three of our sites. The purpose of the internship is to provide opportunities for young people with learning disabilities to become 'job ready'. The programme was a resounding success, supported by managers, senior executive members, mentors, HHFT employees, and our own team of Project Choice managers and coordinators. Many of the graduates found permanent employment at the Trust, and the Apprenticeship Team are developing a supported apprenticeship programme – Level 2 Customer Service Practitioner, in order to offer further development of their skills and work prospects.

Core Mandatory Training/Ensuring Patient Safety

The Trust has invested in technology to support access to learning with the purchase of a new online training platform Green Brain. This launched in May 2019 and has allowed staff quick and easy access to the training they require. This has resulted in the number of completions tripling.

Building on the success of Green Brain, the team will be implementing phase 2 of the project which will allow staff to see any role specific training that they require and give managers the capability to more effectively report on their own teams training compliance. It has also been highlighted in the CQC initial feedback, that staff were engaged and responsive to the new learning management system.

Green Brain became a finalist in two categories of the Leading Healthcare Awards and was awarded highly commended in one of those categories.

The Green Brain branding has also been trademarked after passing the opposition process.

This year saw a new joint venture between HHFT and the University of Winchester to support delivery of their Nursing and Physiotherapy Degree programme. The education services for the Trust will ensure the students receive their core mandatory training topics for the duration of their programme. The Resus team will deliver BLS updates for students during their course, as well as facilitation of simulation based training experiences for the students.

The simulation facilities were updated to improve service provision. These rooms can stream video as well as record, allowing for reflection exercises to be carried out after a training event, and to provide evidence for learners to produce regarding skills undertaken during training, pivotal for the COVID period.

Thanks to Victoria (our maternal simulator) the Resus Team were able to offer Maternity specific ILS courses in 2019, helping senior clinical staff to attend this nationally recognised Resus Course and gain some new skills for caring for the deteriorating or collapsed patient.

After a successful bid for some funding from the League of Friends, the education service was able to buy a new skills trainer to support with Naso-gastric tube insertion and Tracheostomy care.

Staff Health and Wellbeing

Staff health and wellbeing remains a paramount priority within the Trust. There is a clear, evidenced link between recruitment and retention of fit and healthy staff and the enhanced quality of patient care. Happy and motivated staff positively impact with increased engagement across all Trust activity which is of benefit to all our employees and patients but also improves recruitment by attracting staff to join our workforce and retention of staff. This has led to the development of the Trust Health and Wellbeing Strategy 2019 -2023 in line with the NHS Employers Workforce Health and Wellbeing Framework, which is to be presented for Board approval within the next two months.

Zest4Life is our brand associated with all wellbeing activity, promoting and supporting physical and mental health initiatives and continues to grow within our organisation. Activity includes increasing numbers of our Mental Health First Aiders by offering two day courses and half day introductory courses throughout the year. A Health and Wellbeing Directory has also been created to ensure staff are signposted to reputable avenues of support available locally or nationally , covering many lifestyle topics such as healthy eating, reducing alcohol consumption, smoking cessation, substance misuse, abuse, managing our mental health and also local clubs to increase physical activity. Collaborative working with external agencies has resulted in Wellbeing at Work and Relaxation Techniques Workshops scheduled at several opportunities in 2020. These sessions are 90 minutes and held over a lunchtime period to maximise staff engagement.

The Zest4Life team also supported Staff Focus Week in October 2019 by presenting at the Mental Health conference which also incorporated the launch of the Wellbeing Workshops. Drop in Wellbeing workshops have been held weekly and include access to dietary advice and weigh in, craft activity, mindfulness, and massage along with an opportunity to network with colleagues across the Trust. It was identified that some clinical staff found accessing this wellbeing support difficult and in response between January and April 2020, 'Roadshow' workshops are being held within specific departments on request but all staff are welcome to attend.

Ongoing exercise classes and more recently, a 6 week free trial of Pilates has been available to staff to support increased physical activity. Smoking cessation support is also available weekly as drop in sessions which has been received well however increased utilisation could be achieved. Fast track access to physiotherapy and counselling support is also available via Health4Work.

Flu Programme

The Trust CQUIN for 2019-2020 is set at 80% uptake of flu vaccinations by frontline healthcare workers between 1st September 2019 and 28th February 2020. The campaign started well after extensive planning and has been supported by Senior Leadership, Health4Work staff, peer vaccinators and the Communications team. The campaign has been monitored by a best practice checklist, submitted to Board in November 2019. This checklist was a self-assessment ensuring elements such as committed leadership, a communications plan, flexible and easy accessibility to vaccinations and incentives were considered and actioned.

The campaign has been particularly challenging due to national delays in the supply of vaccinations which led to postponement of planned clinics until further supply had been obtained. This has unfortunately impacted on staffing and capacity to continue with our core OH services in line with KPI's.

The final figures were submitted for the 2019/2020 Flu vaccination campaign and the Trust achieved 80.4% of frontline staff receiving the vaccination. This was a 17.7% increase from 2018/2019 campaign which was a tremendous improvement, supported by increased senior engagement,

communications, peer vaccinators and data analysis to ensure accurate reporting for frontline staff.

Occupational Health and Recruitment

Occupational Health services continue to underpin all of these activities, supporting staff and managers with management of short and long term sickness absence, return to work rehabilitation and guidance on adjustments within the workplace. We receive approximately 107 new referrals per month with mental health being the highest reason for referral.

Processing Health Questionnaires and Health Assessments for new staff creates a large proportion of activity in Health4Work to support recruitment in a timely manner. On average, 163 health questionnaires per month are received from new employees with an average of 98 per month requiring an appointment for further screening and vaccination.

Ensuring Patient and Staff Safety- Manual Handling and Health Ergonomics
The safety of staff and our patients remains a high priority for the Trust. The Manual Handling and Ergonomics Team (MHET) are currently reviewing their activities and plans as we near the end of their current five year strategy.

The network of Manual Handling Champions (MHC) continues to provide a source of advice for colleagues in both the clinical and non-clinical settings. There is a rolling programme of MHC induction training, and we encourage every department to have at least one MHC. Staff in any job role is welcome to become a MHC.

The MHET monitors and responds to relevant Datix incidents involving both staff and patients. As a result of identifying a need, we now offer post falls recovery training in conjunction with the Falls Team. We offer support with incident investigation, advice on prevention of future incidents and help identify themes and repeated occurrences which may need further input. We carry out both departmental and individual workplace ergonomic assessments to help ensure that our staff are working in as safe an environment as possible.

Our equipment standardisation programme continues and we will shortly be rolling out a new standing hoist, the Sara Flex, to relevant departments. This model is smaller and quieter than similar products, easier for staff to use and more comfortable for appropriate patients.

NHS Staff Survey

One of the ways in which we seek to measure the engagement of our staff is through the NHS staff survey which is conducted annually. From 2019, the results from questions are grouped to give scores 11 factors. The indicator scores are based on a score out of 10 for certain with the indicator score being the average of those. Scores for each indicator are shown below:

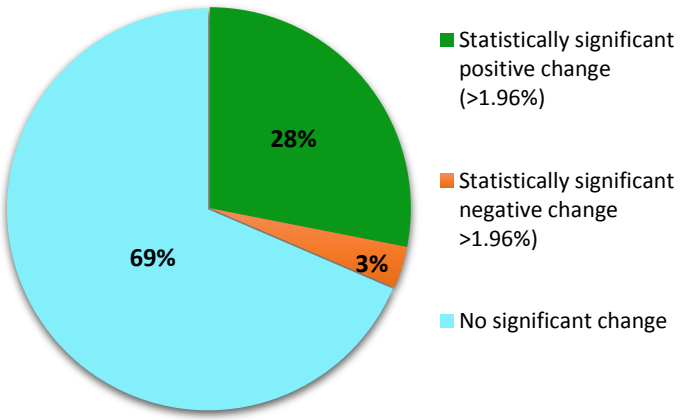
	2016		2017		2018		2019	
	HHFT	Acute Trust Benchmark Group	HHFT	Acute Trust Benchmark Group	HHFT	Acute Trust Benchmark Group	HHFT	Acute Trust Benchmark Group
Equality, Diversity and Inclusion	9.2	9.2	9.1	9.1	9.0	9.1	9.0	9.0
Health and Wellbeing	6.3	6.1	6.2	6.0	5.9	5.9	6.0	5.9
Immediate Managers	6.8	6.7	6.7	6.7	6.5	6.7	6.6	6.8
Morale					6.0	6.1	6.1	6.1
Quality of Appraisals	5.6	5.3	5.4	5.3	5.4	5.4	5.5	5.6
Quality of Care	7.6	7.6	7.5	7.5	7.3	7.4	7.4	7.5
Safe environment - bullying and harrassment	8.3	8.0	8.2	8.0	8.0	7.9	8	7.9
Safe environment - Violence	9.3	9.4	9.5	9.4	9.4	9.4	9.4	9.4
Safety culture	6.8	6.6	6.8	6.6	6.6	6.6	6.6	6.7
Staff engagement	7.2	7.0	7.2	7.0	7.0	7.0	7.1	7.0
Team working							6.4	6.6

*Team working is a new indicator for 2019, therefore not prior data is available.

We have improved in 6 indicators in 2019, a positive step back up from the low results in 2018. We are also now better than the average for all Acute Trusts for Staff Health and Wellbeing,

The response rate has increased on 2018 by 1.1%, and the number of individual questions our staff answered has also increased, improving the quality of the responses. Looking at the change in scores at question level, 28% of questions have significant improvement to 2018 and a further 69% are stable.

6,368 Invited to complete the survey
6,292 Eligible at the end of the survey
46.3% Average response rate for Acute Trust
44.5% Completed the survey (2,800)
43.4% HHFT 2018 response rate



From the actions we sought to implement throughout 2018/2019 the survey results show that we have improved our staff experiences. Actions focused on:

- Staff retention
- Bullying and harassment
- Appraisals
- Staff Health and wellbeing
- Line Management

Some of the initiatives we have undertaken included holding two Respect conference, commencing weekly wellbeing workshops which offer mindfulness and holistic therapies, introduced new appraisal process and paperwork which help managers and staff focus on wellbeing, Trust Values, career conversations as well as objectives for the year ahead, set up a Wellbeing Steering Group, 4 Diversity Networks and held a staff focus week.

For the year ahead, at an organisational level, the following focus areas have been identified for action in 2019/20:

- Employee Value Proposition
- Staff Health and Wellbeing
- Management Development

At the divisional level, key focus areas for action have also been identified. Whilst these vary from division to division, management capabilities and staff health and wellbeing feature as consistent themes.

Given ongoing COVID pressures, leadership teams have been encouraged to focus attention on a *few important areas,* rather than developing long action plans that may be more familiar from previous years. This will enable the Trust to make progress in a pragmatic way, reflecting our current operational context and pressures.

Trade Union Facility Time Publication Report 2019-20

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came in to force on 1 April 2017. Under the terms of these regulations, HHFT, in common with all NHS and other public organisations, is required to publish specified information on trade union officials employed by the Trust and the total amount and cost of their paid facility time (i.e. paid trade union duties and activities).

A return will be undertaken for quarter four for the period 01 January to 31 March 2020, and therefore the information for the period 1 April 2019 to 31 December 2019[8] is shown in the below tables:

Table 1

Relevant union officials

Number of employees who were relevant union officials during the relevant period	*Full-time equivalent employee number*
57	52.81

Table 2

Percentage of time spent on facility time

Percentage of time	*Number of employees*
0%	32
1%-10%	25
11%-20%	0
21%-30%	0
31%-40%	0
41%-50%	0
51%-60%	0
61%-70%	0
71%-80%	0
81%-90%	0
91%-100%	0
100%	0

[8] Due to the Covid-19 pandemic, the data from 1st January 2020 to 31st March 2020 was not available at the time of publication. It will be available on the Trust website later in the year.

Table 3

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£20,533
Provide the total pay bill	£225,206,726
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.009%

Table 4

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	16.87%

Equality, Diversity and Inclusion

1. Introduction

HHFT is committed to providing an environment where all staff, patients, their relatives and carers and members of the public enjoy equality of opportunity. We recognise, respect and value the diversity of our patients, their relatives and carers and our staff, and are committed to delivering high quality, inclusive care and meeting the needs of the diverse communities we serve. The Trust acknowledges the benefits and contribution that managing and embedding equality, diversity and inclusion has in the areas of employment, service planning and service delivery.

Promoting equal opportunities, eliminating discrimination and valuing diversity are fundamental to building strong and inclusive communities and services. The Trust is committed to:

- Developing policies, processes, procedures, practices and behaviours which promote equality of opportunity at all levels; and
- Creating an inclusive organisation that harnesses, values and respects different perspectives, experiences, backgrounds and skills of all staff and provides a working environment free from discrimination, harassment or victimisation.

It is important to emphasise and recognise that advancing equality, diversity and inclusion is a journey and we continue to learn and develop this area of work. As such, the Trust needs to continue to enhance it levels of engagement with our patients, staff and local communities to ensure it supports and focuses on areas that advance equality of opportunity and address any inequalities identified. The Trust has adopted the national Equality Delivery System 2 (EDS2), Workforce Race Equality Standard (WRES), Workforce Disability Equality Standard (WDES) and Gender Pay Gap reports as a framework to engage, assess and monitor our performance and the impact of our objectives in improving the services we deliver to the local community and in providing a better working environment for our staff.

Much of the work during 2019/20 has been to raise awareness and progress the implementation of these national reporting structures and work towards achieving the Trust's equality objectives. The report will highlight both achievements and next steps being undertaken to sustain and improve our services and employment experiences. The Trust is also keen to develop and enhance its levels of engagement and opportunities for collaboration with partners in the Hampshire and Isle of Wight Integrated Care System (ICS), together seeking to progress and embed an inclusive culture.

2. Legislative Context

The Equality Act 2010 places an Equality Duty on public bodies (Public Sector Equality Duty) such as the Trust and encourages us to engage with the diverse communities affected by our activities to ensure that our policies and services are appropriate, inclusive and accessible to all and meet the different needs of the communities and people we serve.

The Public Sector Equality Duty (PSED) requires public bodies to identify appropriate objectives to further three main aims. It requires the Trust to have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and any other conduct prohibited by the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and

- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Having due regard means that we must take account of these three aims as part of our decision-making processes; in how we act as an employer; how we develop, evaluate and review policy; how we design, deliver and evaluate services; and how we commission and buy services from others.

The PSED sits alongside the NHS Constitution which makes clear that healthcare and human rights go hand in hand. As the largest employer in Europe, the NHS has a **moral**, **legal**, **financial** and a **quality** of patient care case for change and responsibility to lead and advance equality of opportunity and reduce inequalities in care and employment experiences. This is vital as the evidence shows that a motivated, included and valued workforce helps deliver high quality patient care, increased patient and employee satisfaction and better patient safety; as well as greater innovation and efficiency.

3. Equality, Diversity and Inclusion at the Trust

3.1 Inclusivity Network and Champions Groups

In 2018, the Trust established an Inclusivity Network for staff. The network reports to the Workforce and Organisational Development (OD) Subcommittee (Board) and includes clinical and non-clinical representation from across a variety of service areas. This includes representation from the Library, Trade Unions, Learning Disabilities Liaison Team, Project Choice, Chaplaincy, Communications, Governance, Occupational Health, Estates, Human Resources, Elderly Care, Therapies, Radiography, Leadership and Management Development and Midwifery.

The Trust's Equality and Diversity Adviser reports on progress to the network and utilises the group's expertise in many areas of the Trust to mainstream equality into all business areas. The group also provides feedback and supports monitoring the implementation of the Trust's objectives and key equality projects. This includes performance in creating an inclusive organisation where healthcare provision is accessible, responsive and appropriate to people, irrespective of their personal characteristics/needs and where all Trust employees can fully contribute, develop and flourish at work, irrespective of their personal characteristics/needs.

The network meets on a monthly basis and has discussed progress on the EDS2, WRES, WDES and Gender Pay Gap. Over the past 12 months, the focus for the group has been to grow and develop this network and establish four Champions Groups; as well as enhance communications/awareness of equality, diversity and inclusion into business as usual activity.

In 2019, four Champions Groups - Black, Asian and minority ethnic origin (BAME); Lesbian, Gay, Bisexual and Transgender (LGBT+), Disability and International Workforce have been established. The Champions Groups have been working closely with the Trust's Head of Staff Engagement and have been developing their own aims/objectives. They provide a two-way communication channel between staff and the Inclusivity Network/senior managers through which best practice can be shared, issues of concern raised and support for delivery of the Trust's equality objectives can be provided. Expressions of interest have been noted for these Champions Groups, with each group sponsored by an Executive Sponsor and led by a chair and deputy chair(s). The Champions Groups are at early stages of development and are currently identifying their key priorities/programmes of work during 2020, which will be shared with the Inclusivity Network and through HHFT's corporate communication channels.

3.2 Inclusivity Conference

In December 2019, the Inclusivity Network hosted HHFT's first Inclusivity Conference. The conference was a key objective and aspiration for the network for 2019, and celebrated/showcased the programmes of work that are embedding our Trust values and are creating an inclusive culture for our patients, staff and local communities. Nearly 70 members of staff attended the conference, which helped to raise awareness and praise the Trust's commitment and dedication to improving equality, diversity and inclusion.

At the conference we welcomed guest speakers, Paul Deemer, Head of Diversity and Inclusion, NHS Employers; Lindsay Meeks, South East Regional Director, RCN and SimComm Academy. They provided a national and regional perspective on the key principles of the NHS Long Term Plan and Interim NHS People Plan and impact on equality, diversity and inclusion and incivility in the workplace. SimComm Academy facilitated a multiple simulated workshop on equality, diversity and inclusion, including raising awareness of unconscious bias/processes, with presentations also delivered by Project Choice, the Culture Change programme and the Inclusivity Network and Champions Groups.

The conference also included a lunchtime marketplace, where delegates were given the opportunity to find out more about our services, support available for staff, and the Inclusivity Network and Champions Groups and how to get involved. During a lively and interactive group session, attendees also discussed inclusion at HHFT and made their own inclusivity pledges. Feedback was openly discussed and this has been reviewed in network meetings and will be used to help shape HHFT's equality, diversity and inclusion strategy.

3.3 Training

Across 2019, training for staff on equality, diversity and inclusion continued through a variety of methods with face-to-face training available at the Trust's and Volunteer's Induction. Other methods for training include a Trust handbook and e-learning module. The training aims to support employees and volunteers to better understand the benefits of and how equality, diversity and inclusion principles are incorporated into their daily working lives and the shared responsibility that they have in promoting/progressing these. Equality, diversity and inclusion are not an additional activity, but are integral and core to our day to day working.

In 2020, the Trust's Recruitment team is launching its 'Inclusive Recruitment' training programme for recruiting managers. The programme has incorporated key messages/content and exercises from an NHS Employers best practice 'Inclusive Recruitment' training offer, with specific focus and time dedicated to exploring and understanding unconscious bias/processes. This training will be piloted at an Inclusivity Network meeting, and rolled out Trust-wide in 2020, and is a key objective within the Trust's WRES and WDES action plans. HHFT is also planning to run a session on unconscious bias/processes for the Board and senior management teams to help widen their awareness and understanding and the implications/effects on progressing and embedding an inclusive culture.

3.4 Equality Analysis

At the end of 2018, the Trust updated its Equality Impact Assessment training and trained a new cohort of 12 Equality Analysis Leads for Trust policies. The training applied to all policy development and focused on the analysis and recording of evidence to support decisions made that could have an impact on our patients and staff with a protected characteristic, and any other disadvantaged groups not covered by the Equality Act 2010 (e.g. refugees). This process can also be applied to service development and projects and is a method to improve the Trust's services through identifying

unintended consequences and mitigating/removing them as far as possible; and actively supporting the advancement of equality and fostering good relations between different groups of people.

This cohort has been undertaking impact assessments throughout 2019, with some Equality Analysis Leads joining the Trust's Inclusivity Network and/or Champions Groups. All of the Trust's policies undergo equality impact analysis to ensure compliance with the Equality Act 2010.

3.5 Project Choice

In September 2019, HHFT welcomed 12 new interns to the Trust as part of the Project Choice programme. These interns form the second cohort of this programme, with our first cohort completing the programme in July 2018. From the first cohort, 6 interns have been employed by the Trust (2 interns on substantive contracts and 4 interns on bank contacts), with another intern securing employment externally.

Project Choice is a one year pre-employment programme designed to help young people with learning disabilities gain the skills they need to get meaningful paid jobs. The interns are aged between 16-24 years, and rotate into a different placement each academic term. There are interns across the Trust's sites with placements being offered in Facilities, Catering, Pathology, Domestics, Pharmacy, Portering and Medical Records. Interns are matched to their placements in terms of skills, abilities and interests and are supported by their local mentors who work alongside them in each department as well as the Project Choice team. HHFT is the first NHS organisation in the south of England to support and implement such programme, and follows the success of similar initiatives such as Project Search in Mid Yorkshire Hospitals NHS Trust.

Following the success and growth of Project Choice, HHFT has appointed a Project Choice Apprenticeship/Transition Lead in September 2019. This role is to support our Project Choice cohorts to successfully transition from the pre-employment programme into supported apprenticeships/employment opportunities. In April 2019, HHFT's Project Choice Manager and three interns were also invited to NHS Employers Disability Summit to present to health and care colleagues about this programme.

3.6 Equality, Diversity and Inclusion Awareness

In 2019, the Trust supported a number of awareness events under the equality, diversity and inclusion banner. This included LGBT History Month in February, Disability Awareness Day in July and Black History Month in October. For LGBT History Month, the Trust welcomed guest speakers, Wendy Irwin, Equalities Lead, RCN and a patient to share their knowledge, experiences and reflections on inclusion. The workshop included a patient sharing their story of transition and gender reassignment, and the care they had received at HHFT.

Celebrations for Black History Month were led by HHFT's BAME Champions with this month being celebrated every October in the UK for over 40 years. It is a nationwide celebration of Black history, arts and culture throughout the UK and an acknowledgement and celebration of diversity and the richness it brings to our society. To celebrate/embrace the contributions that our BAME staff make and the diversity of our Trust and communities, the BAME Champions compiled a display of life stories taken from our BAME staff. These were shared through social media, blogs and display boards, and told their stories of working in the NHS. A range of meals from around the world (Africa, India, Nepal and the Caribbean) were also served to patients, staff and visitors throughout the month with the support of the Catering team. HHFT also partnered and sponsored the South East's Royal College of Nursing (RCN) Black History Month celebrations, with 11 members of staff attending the RCN event that recognised the contribution of BAME staff in health and social care. At the event,

the Trust's BAME Champions received an award for their contribution towards promoting and advancing equality, diversity and inclusion and the experiences of BAME patients and colleagues.

The Inclusivity Network, LGBT+ Champions and Head of Staff Engagement have also been instrumental in the roll out of the NHS rainbow badges, with over 800 commitments/pledges made by staff outlining their support for the LGBT+ community to date. The badges are just one way to show that HHFT is an open, non-judgemental and inclusive place for people that identify as LGBT+. LGBT+ stands for lesbian, gay bisexual, transgender and the + simply means that we are inclusive of all identities, regardless of how people define themselves. The badge is a reminder that individuals can talk to our staff about who they are, be open about their identity and how they feel, with HHFT staff doing their best to get support for individuals as needed.

The rainbow badge initiative originated at Evelina London Children's Hospital to make a positive difference by promoting a message of inclusion. The badge was developed following the publication of a Stonewall survey that found LGBT+ patients facing inequalities in their experiences of NHS healthcare. The survey estimated that one in five LGBT+ people are not out to any healthcare professional about their sexual orientation when seeking general medical care, and one in seven LGBT+ people have avoided treatment for fear of discrimination. The badge helps to begin to increase awareness of these issues, and to help improve the experiences of healthcare for LBGT+ patients and our staff.

The Inclusivity Network was also invited to be part of the opening of the Trust's multi-faith rooms. This initiative has been led by the Chaplaincy team, with these rooms offering patients, visitors and staff additional spaces in which to pray at BNHH and RHCH. The rooms were opened by the Mayors of Basingstoke and Winchester, with local MPs attending and showing their support.

In 2020, the Inclusivity Network and Champions Groups have also been developing an Equality, Diversity and Inclusion calendar. The calendar marks and celebrates a number of events throughout the year, aiming to raise awareness and celebrate the diverse nature of our community, and promote respect and understanding between different groups. By understanding and embracing difference we can help to create an inclusive environment for our patients, staff and wider community based on the principles of compassion, dignity, fairness, equality and respect. The calendar is a practical resource that includes details of major national and international days of celebration as well as HHFT's Inclusivity Network meeting dates, and will be promoted through the Trust's various communication channels. HHFT's Champions Groups will lead/be involved in a number of these events, including a second Inclusivity Conference planned for December 2020. For these events, HHFT is also seeking to work together and collaborate with our local system partners to help connect/support our Champions (or equivalent) Groups and share best practices and learning.

3.7 Policy and Strategy Development

At the end of 2019, HHFT's Equality, Diversity and Human Rights (Inclusivity) Policy was updated and approved by the Policy Approval Group. Key updates to the policy included the Champions Groups, Workforce and OD Subcommittee and WDES. Going forward, this policy will now be reviewed on a yearly basis, with the next review date being December 2020.

In 2020, HHFT will be developing its Equality, Diversity and Inclusion Strategy. This forms a key objective for the Trust as reflected in its EDS2. The strategy will be socialised and informed by quantitative and qualitative information collated from the Staff Survey results ,WRES, WDES and Gender Pay Gap reports, Inclusivity Network and Champions Groups, Executive Sponsors, patient representative forums, community groups, senior managers, Clinical Matrons and band 6/7 forums,

HR Business Partners and Joint Consulting Negotiating Committee (JCNC). This strategy will also seek to incorporate and reflect the key messages on equality, diversity and inclusion within the NHS Long Term and the Interim NHS People Plan, and the full NHS People Plan once published.

3.8 Leadership and Personal Development

During 2019, the Trust has continued to promote the NHS Leadership Academy's leadership development programmes such as Stepping Up and Ready Now. These positive action programmes offer an opportunity for BAME colleagues to explore their career journey, and leadership and personal development and are aimed at BAME staff working in either bands 5-7 or band 8a or above (or equivalent). The Trust has staff that have completed/are currently undertaking these programmes, with further applications being submitted for the next cohort of the Ready Now programme. HHFT is also currently exploring with our local partners and the NHS Leadership Academy a potential opportunity to co-commission and deliver the Stepping Up programme at a regional/Hampshire and Isle of Wight ICS level. This will provide an opportunity for up to 42 BAME colleagues from across the ICS to participate in this programme, and collaborate/network across the region.

BAME staff have also participated in local leadership development opportunities provided through the Thames Valley and Wessex Leadership Academy such as the Self-Discovery Workshops. In addition, information has been circulated regarding the local leadership academy's Institute of Leadership and Management (ILM) Level 5 Certificate in Coaching Programme for BAME colleagues and Health Education England's BME Reverse Mentoring Scheme. These programmes aim to either develop a cohort of BAME staff as accredited coaches within the South East region, or to mentor a senior leader (HR Director or similar role) to help them understand what it is like being BME in the NHS.

HHFT's BAME Champions are also working with the Trust's Culture Change Ambassadors on the roll out of a reverse mentoring pilot for BAME staff. Expressions of interest are currently being noted with the pilot due to begin in 2020. Information regarding this opportunity has been circulated through the Trust's corporate communication channels with updates provided to the Inclusivity Network.

HHFT also supported a member of staff to participate in the Disability UK Leadership Academy programme. This was hosted by University Hospital Southampton NHS Foundation Trust and delivered in partnership with Disabilities UK and the NHS Leadership Academy. As part of the development and learning from this programme, this member of staff now chairs the Trust's Disability Champions Group and will be using this knowledge/information to help inform and deliver key programmes of work to support our staff with disabilities in 2020.

The Trust's Equality and Diversity Adviser is also currently undertaking the local leadership academy's Compassionate and Inclusive Leadership Programme and participated in the NHS Leadership's Academy 'Equality, Diversity and Inclusion through an OD Lens' events. The learning and information from these programmes will be shared through the Inclusivity Network and be used to inform the Trust's equality, diversity and inclusion strategy, objectives and training.

In addition, HHFT is a member and regularly attends the Thames Valley and Wessex Leadership Academy's Inclusion Network meetings, with updates, learning and best practices shared and feedback to the Inclusivity Network.

3.9 Recruitment

As part of the Trust's WRES action plan, at least one BAME member of staff now sits on interview panels for roles at bands 8a or above (or equivalent). This is a positive action initiative for the Trust's recruitment processes and is in response to the organisation's under-representation of BAME staff in senior clinical and non-clinical roles and on the Board. This intervention has been promoted through the Inclusivity Network, band 6/7 and Clinical Matron forums, as well as to divisional senior management.

In addition, HHFT is participating in an Easy Read Job Application Pilot. This programme of work is being undertaken in partnership between Equality and Health Inequalities Unit (EHIU), NHS Employers, Health Education England (HEE), NHS Business Services Authority (NHSBSA), NHS England/NHS Improvement and NHS Jobs. The pilot aims to promote the importance of an easy read job application paper form to meet the needs of people with a learning disability who would benefit from such a resource, and supports organisations to meet their Learning Disability Employment Pledge (LDEP). As part of the pilot, an easy read application form, person specification and advert are being tested. The pilot went live at the end of December 2019 and is due to finish in April 2020. Evaluation and changes to the material will be in undertaken in the spring 2020 with the launch of the new resource due in summer 2020.

3.10 Improving Patient and Carer Experiences and Outcomes

Over the past 12 months, HHFT's Learning Disabilities Liaison Team has continued to provide support and care across the Basingstoke, Winchester and Andover hospital sites. The team work with adults with learning disabilities and can support inpatients, outpatients and emergency patients. The team support staff to understand how someone's learning disability may affect them and how it may be presenting; and therefore will help prevent diagnostic overshadowing. They also support patients understanding through providing easy read information and resources about treatments/procedures and planned care, keeping them informed and supporting decision-making and adhering to the Mental Capacity Act. In addition, they provide advice on reasonable adjustments that may be needed to ensure patients can access services and for staff to provide the healthcare that they need, and are a useful link between community services for outpatients' appointments, admission and discharge planning. The team also provide training to hospital staff and have developed leaflets/posters for wards and a hospital passport and charter for patients with learning disabilities. Members of the Learning Disabilities Team are part of the Inclusivity Network and facilitated an awareness session on learning disabilities for the network to coincide with International Day of Persons with Disabilities at the end of 2019.

In addition, the Trust continues to support and operate the ReSPECT (Recommended Summary Plan for Emergency Care and Treatment) process, John's campaign, 'This is Me' hospital passport for patients with dementia and the Sunflower Scheme. ReSPECT is a process that creates and records personalised recommendations for a person's clinical care at a future time, when they may be unable to make or express choices. It provides healthcare professionals caring for these people with a summary of recommendations to help them to make immediate decisions about a person's care and treatment. John's campaign allows relatives to stay and support inpatients with dementia outside of usual visiting hours. The Sunflower Scheme aims to improve the care and safety of a patient with dementia whilst they are in hospital. By placing a discreet sunflower picture above the patient's bed, staff are able to identify those patients who need additional support, reassurance and assistance.

The Trust also continues to grow its Dementia Volunteers Network, delivers Dementia Awareness training for staff and holds monthly Dementia Carers Cafes. HHFT has raised awareness of learning

disabilities and Carers through delivering training/workshops, running stands and using poster displays and leaflets during Learning Disability Week and Carers Week.

3.11 Mainstreaming Equality and Diversity

In 2020/21, the Trust aims to develop an equality, diversity and inclusion workforce scorecard in relation to the protected groups (where possible) and metrics such as sickness absence, turnover, pay bands etc. The Trust is aiming to extract and report this data on a quarterly/six monthly basis to the Inclusivity Network and Workforce and OD Subcommittee. HHFT will also be aiming to analyse the next iteration of its Staff Survey data in relation to the protected groups (where possible) and WRES information at both Trust and divisional levels. In addition, the Trust's Equality and Diversity Adviser and Associate Director of Resourcing and Temporary Staffing are working with the Governance team and Patient Experience Manager to improve the quality and robustness of patient data collected and analysed in relation to the protected groups. HHFT has also recruited an ESR Project Manager that will be focusing upon increasing and improving the quality of workforce data captured/recorded. Through these interventions, HHFT hopes that it will improve the quality of its workforce and patient data, and will be able to use this alongside the local census and Joint Strategic Needs Assessment (JSNA) to inform priorities and strategic objectives.

Monthly updates are also provided to the Workforce and OD Subcommittee on equality, diversity and inclusion through the Workforce Board reports. Features within these reports have included updates on the Inclusivity Network and Champions Groups, Inclusivity Conference, the NHS rainbow badges and Black History Month.

4. Equality Delivery System 2 (EDS2)

Under the Equality Act 2010, every public sector organisation has a duty to promote equality in employment and service delivery. The EDS2 is an NHS specific framework that has been developed to support the implementation of equality objectives. It helps Trusts measure progress in terms of embedding equality and diversity principles into everyday activities and to meet the requirements of the equality duty. Its purpose is to help NHS organisations, in discussion with local partners review and improve their performance for people with characteristics protected by the Equality Act 2010. The EDS2 has 4 goals and 18 outcomes spread across these goals. These goals and outcomes are reviewed and graded in line with how well people from protected groups fare to people overall. As part of this review and gradings, it is essential that the EDS2 documentation is shared and validated, with evidence gathered and stakeholders engaged such as patient representatives, community groups, Staff Side, equality, diversity and inclusion networks, senior management and Staff Governors and Board.

Analysis of the Trust's activities and progress against the EDS2 outcomes can be found on the Equality and Diversity pages of the Trust's website. HHFT is currently reviewing its latest EDS2, with the gradings and outcomes to be published shortly.

5. Workforce Race Equality Standard (WRES)

The Trust submitted its latest WRES information to NHS England in August 2019. Details of this submission, findings and actions identified to improve race equality can be found via:

..\..\2019\WRES\2019-09-02 - WRES Paper for Workforce Committee.docx

6. Gender Pay Gap

The Trust submitted its latest Gender Pay Gap information in March 2019. Details of this submission, findings and actions identified to improve gender equality can be found via:

..\..\2019\Gender Pay Gap\2019-03-18 - Gender Pay Gap Report FINAL.doc

7. Workforce Disability Equality Standard (WDES)

The Trust submitted its first WDES information to NHS England in August 2019. Details of this submission, findings and action identified to improve disability equality can be found via:

..\..\2019\Disability\2019-09-05 - WDES Paper for Workforce Committee.docx

8. NHS Long Term Plan and Interim NHS People Plan

The NHS Long Term Plan outlines an ambitious 10 year vision for healthcare in England. It refers to the NHS needing to 'strengthen and support good, compassionate and diverse leadership at all levels – managerial and clinical' (p.79, NHS Long Term Plan). The plan recognises that one of the top reasons people leave the NHS is that they do not receive the development and career progression that they need, with staff **retention** a key and urgent priority over the next decade. To make the NHS the best place to work, the plan states that it needs to:

'Seek to shape a modern employment culture…promoting flexibility, wellbeing and career development, and redoubling...efforts to address discrimination, violence, and bullying and harassment…Respect, equality and diversity will be central to changing the **culture**…The NHS draws on a remarkably rich diversity of people to provide care to our patients. But we fall short in valuing their contributions and ensuring fair treatment and respect.'

To support this cultural change, the plan outlines that:

'Each NHS organisation will set its own target for BAME representation across its leadership and broader workforce by 2021/22. This will ensure teams and Boards more closely represent the diversity of the local communities they serve. We will also develop a Workforce Disability Equality Standard (WDES)…we need to ensure equality for women, who make up three quarters of our workforce…concerns about the experiences of LGBT staff are highlighted by the staff survey' (pp.86-7, NHS Long Term Plan).

The Interim NHS People Plan reaffirms and reiterates this commitment to advance equality of opportunity and working productively with key stakeholders across the protected characteristics. It highlights that our BME staff, in particular report some of the poorest workplace experiences and rising levels of bullying and harassment. It states that:

'All NHS leaders need to focus on developing a positive, inclusive and people-centred culture that engages and inspires all our people and with a clear focus on improvement and advancing equality of opportunity' (p.5, Interim NHS People Plan).

Compassionate and inclusive leadership means ensuring that staff are respected, valued, listened to, understood and supported, with leaders at every level of the healthcare system reflecting the talents and diversity of people working in health and care services and the communities they serve.

Further details regarding these plans will be published in the full NHS People Plan in 2020 and the national WRES and WDES reports. These will be reviewed and used to help inform HHFT's equality, diversity and inclusion strategy and objectives.

9. Equality, Diversity and Inclusion Objectives

HHFT has identified the following equality, diversity and inclusion objectives for 2020/21:

- **Improve the quality and robustness of HHFT's diversity and inclusion information** (i.e. monitoring patient/workforce data in line with the protected groups). This information will be used to help assess the appropriateness of our services and drive on-going patient care and employment improvements.

- **Improve Trust wide engagement, consultation and communications with patients, patient representatives, staff and local community groups**, raising the profile of awareness events/days/months and educating and promoting the benefits of equality, diversity and inclusion.

- **Improve the experiences of HHFT's international workforce, BAME, LGBT+ and disabled staff.** Continue to build upon the engagement developed with HHFT's international workforce and BAME, LGBT+ and disabled staff through the Inclusivity Network and Champions Groups and deliver the network/groups associated programmes of work and WRES and WDES action plans.

- **Education and training.** To develop and deliver unconscious bias training for managers and the Board and increase the range of training/education opportunities for staff on equality, diversity and inclusion (e.g. HR Managers' Induction).

- **To develop an HHFT Equality, Diversity and Inclusion Strategy**. This strategy will incorporate the key messages and objectives on equality, diversity and inclusion outlined in the NHS Long Term Plan and NHS People Plan and will be developed in partnership/consultation with key stakeholder groups such as patient representatives, community groups, Inclusivity Network and Champions Groups and the Workforce and OD Subcommittee.

- **To collaborate and work in partnership with health and care organisations across the Hampshire and Isle of Wight ICS,** and together seek to progress and embed an inclusive culture across the system that is free from discrimination, bullying and harassment.

HHFT measures its achievements against these objectives by reviewing its annual staff and patient surveys and WRES, WDES and Gender Pay Gap reports, as well as from feedback provided by local community groups and forums such as the Inclusivity Network and Champions Groups, Workforce and OD Subcommittee and Patient Experience Group.

Regulatory Ratings – NHS Oversight Framework

The 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

NHSI has placed the Trust in segment 2 - Targeted support: support needs identified in Quality of care, Finance & use of resources and Operational performance.

This segmentation information is the trust's position as at 6th May 2020. Current segmentation information for NHS trusts and Foundation Trusts is published on the NHS Improvement website[9].

Finance and use of resources

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

[9] https://improvement.nhs.uk/resources/nhs-oversight-framework-trust-segmentation

Metric	2018/19				2019/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Capital service cover rating	4	4	4	4	4	4	4	4
Liquidity rating	2	4	3	1	2	2	2	2
I&E margin rating	4	4	4	1	4	3	4	4
I&E margin: distance from financial plan	1	2	2	1	1	1	4	4
Agency rating	2	2	3	4	4	4	4	4
Risk ratings after overrides	**3**	**3**	**3**	**3**	**3**	**3**	**4**	**4**

The deterioration in the overall risk rating during 2019/20 was caused by the I&E position which worsened both in absolute terms, as measured by the I&E Margin Rating and also against the Trust's financial plan, as measured by the I&E margin: distance from financial plan rating.

HHFT 2019/20			
Indicator	**Threshold**	**NHSI Quality of Care Indicator**	**HHFT - 2019/20**
Operational Performance Metrics for NHSI			
Referral to treatment time, 18 weeks in aggregate, incomplete pathways	>92%	NO	**83.2**
Reduction of Total RTT PTL size in year	<35728	NO	**37922**
A&E Clinical Quality - Total Time in A&E under 4 hrs	>95%	NO	**79.4**
Diagnostics waiting over 6 weeks (% of total)	<1%	NO	**2.76**
Cancer 62 Day Waits for first treatment (from urgent GP referral)	>85%	NO	**81.0**
Other Metrics			
Clostridium Difficile - meeting the Clostridium difficile objective	60	YES	**45**
MRSA	0	YES	**0**
Cancer 31 day wait for second or subsequent treatment - surgery	>94%	NO	**95.7**
Cancer 31 day wait for second or subsequent treatment - drug treatments	>98%	NO	**100.0**
Cancer 62 Day Waits for first treatment (from consultant led screening service referral)	>90%	NO	**96.8**
Cancer 31 day wait from diagnosis to first treatment	>96%	NO	**97.1**
Cancer 2 week (all cancers)	>93%	NO	**94.5**
Cancer 2 week (breast symptoms)	>93%	NO	**96.7**
28 day faster diagnosis	>70%	NO	**81.4**

Referral to treatment waiting times

Part of the Trust's objective to put patients at the centre of everything we do involves making sure that patients are diagnosed and start treatment as soon as possible. Across the entire year the Trust achieved an average monthly performance of 83.2% across the period. The Trust experienced significant demand and capacity pressures in a small number of specialties which reduced the overall performance. Additionally the winter period performance was impacted significantly by the severe pressure on non-elective activity faced by the Trust and the wider NHS in generally reducing the bed capacity for inpatient elective care.

Cancer waiting times

HHFT met all except one of the national cancer standards across the year overall for 2019/20. It has been a challenging year in delivering cancer performance, with many Trusts across England struggling to meet the '62-Day (Urgent GP Referral To Treatment) Wait For First Treatment, All Cancers' target, including ourselves. The Trust overall performance was 81% versus the target of 85%. The Trust performance improved from the previous year with a significant work programme to improve urology performance. Overall performance was impacted negatively due to the impact of COVID -19 during the final month of the year.

Diagnostic Waits

HHFT did not achieve the national target patients waiting less than 6 weeks for diagnostic tests for the year. Across the entire year the Trust achieved an average monthly performance of 97.24% across the period versus the target of 99%.

Emergency waiting times

Across the year we did not achieve the national waiting time target for seeing and treating 95% of patients arriving at the Emergency Department (ED) within 4 hours. We have continued to see an increasing number of patients arriving in EDs in Basingstoke and Winchester, or referred directly by primary care, who have required admission to our hospitals. In addition during the year a large number of patients in our hospitals who are medically fit cannot be discharged quickly because they need significant support either in their own home or in a nursing/residential home. The year on year growth in ED attendances was 6.2% and for emergency admissions 9.3%. Both of these yearly growth figures were reduced due to the impact of COVID -19 during the final month of the year.

Going forward, we continue with actions to improve performance internally, and to work with our partners to reduce demand and to improve the availability of community health and social care. This will allow us to ensure our patients are discharged more promptly and providing us with the capacity to deal with the pressures the department faces. The provision of emergency services throughout the ongoing COVID-19 Pandemic will continue to need the Trust to develop and adapt our services so that they can continue to be provided in a safe and effective manner.

Clostridium Difficile infection

This target was achieved in 2019/20. The number of cases for the year was 45 versus a target of 60.

Sustainability Report

Sustainable development, understood as development that improves environmental, social and economic outcomes, must form a central part of all organisations' agenda. The NHS is no exception. The Trust recognises that by implementing principles of sustainable development, we contribute to the long-term health and prosperity of people and the rest of the natural world in our local region and beyond.

Sustainable development starts with clear strategic planning. Our *Sustainable Development Management Plan (SDMP) 2015-2020* states:

HHFT believes that sustainability and corporate social responsibility is essential to the business of providing an efficient, effective and good value health service for the future.

During 2019-20, the climate change agenda has been put firmly in the public spotlight, and the NHS has responded with action. The NHS Long Term Plan has set out clear Sustainability requirements and 'For a Greener NHS' has been established to specifically help tackle the Climate Health Emergency. In addition to this, the Trust has been selected to develop a business case for a new hospital that must meet net zero carbon standards.

In Feb 2020, the Trust Board agreed to a range of measures to enable the Hospital to investigate how it might reach net zero by 2030. A Climate Change Task Force Group is being created to facilitate the changes required and will be led by an Executive Director.

HHFT's Board Level lead for Sustainability is Malcolm Ace, Chief Finance Officer. The principle person responsible for implementing sustainable development is Gillian Brown, the Trust's Sustainability Manager.

Achieving net zero carbon at Hampshire Hospitals

The NHS Long Term Plan (LTP) was published in 2019 with the objective of making the NHS Fit for the Future and which includes mandatory Sustainability requirements that obligate Hampshire Hospitals to take action. The LTP aims to reduce the impact the NHS has on the environment and has outlined three priority areas that Hampshire Hospitals must target over the next five years. The following presents an overview of these targets and the progress made in 2019-20:

1. **Reducing carbon, waste and water**

   NHS LTP target: By 2025, we will reduce our carbon footprint by 51% against 2007 levels

   Key initiatives:

   A. Greening our estates and facilities
   B. Switching to greener asthma inhalers
   C. Reducing the carbon footprint from Anaesthetic gases

Progress:

- Completed Phase 1 of LED lighting upgrade
- Purchased 100% Green electricity.
- Actively engaged with Pharmacy department and Primary Care Sector (GreenGP) to discuss the impact of inhalers and how the Trust might reduce the associated carbon emissions.

- The Anaesthetic department has significantly reduced their use of Desflurane to 71tCO_2 in 2019-20 compared to the previous year's figure of 148tCO2.

2. Improving Air Quality

NHS LTP target: By 2023/24, we will cut business mileages and fleet air pollutant emissions by 20%

Key initiatives:

A. Reducing NHS fleet emissions (including ambulances) and other specialist vehicles
B. Reducing outpatient appointments by a third
C. Working with local government to reduce emissions

Progress:

- Assessment survey completed for infrastructure requirements to install electric charge points. Business mileage also assessed for switch to electric pool vehicles.
- Collaboration between Senior Consultant, Transformation Team and Sustainability team established with regards to reducing Outpatient appointments. Presentations given to SMT and all three clinical boards regarding the carbon impact of outpatient activity.
- Completed new secure cycle storage areas at BNHH and RHCH and purchased two electric bikes for staff to trial to encourage sustainable travel and
- Hampshire Hospitals chair the Hampshire Public Sector Sustainable Development Group and fully support HCC 2050 vision for the future.

3. Reducing single use plastics

NHS LTP target: We will deliver reductions in single use plastics throughout the NHS supply chain

Key initiatives:

A. Reducing single use plastics across NHS catering as well as clinical and supply chain domains
B. Working to improve the disposal and recycling processes for plastics
C. Developing innovation in plastics

Progress:

- Signed up to the NHS Plastics pledge, committing to the removal of single use plastics within our Catering department. A levy of 25p is now applied to purchases in a takeaway cup. All new staff members are offered a bamboo reusable cup when they join HHFT. Staff and visitors may bring their own clean containers for takeaway food.
- Successfully secured a place on the Recomed recycling scheme, allowing the Trust to recycle plastic face masks and tubing from Theatre recovery areas at RHCH.
- Put forward a business case to introduce Sterimelt, a machine that will allow tray wrap material (polypropylene) from Theatres to be processed on site for remanufacture into other materials.
- Trialed a new facemask product in Theatres, which includes less plastic and packaging.
- Trialed a replacement to soda lime within Theatres which may last 5 times longer and provide waste savings.
- Secured additional recycling bins for expansion to current recycling scheme in clinical and non-clinical areas.

- Warpit, the Trust's office equipment reuse scheme, avoided costs of £24,053

Sustainable Development Management Plan (SDMP)

The Trust has a Board approved SDMP, which ensures that our organisation fulfils its commitment to conducting all aspects of its activities with due consideration to sustainability, whilst providing high quality patient care. This plan was scheduled for renewal in 19-20 but deferred till 20-21 and will reflect new SDU guidance, a potential new hospital and key commitments within the NHS LTP.

The new plan will consider both the potential need to adapt the organisation's activities and its building and estate as a result of climate change. Adaptation to climate change will pose a challenge to both service delivery and infrastructure in the future.

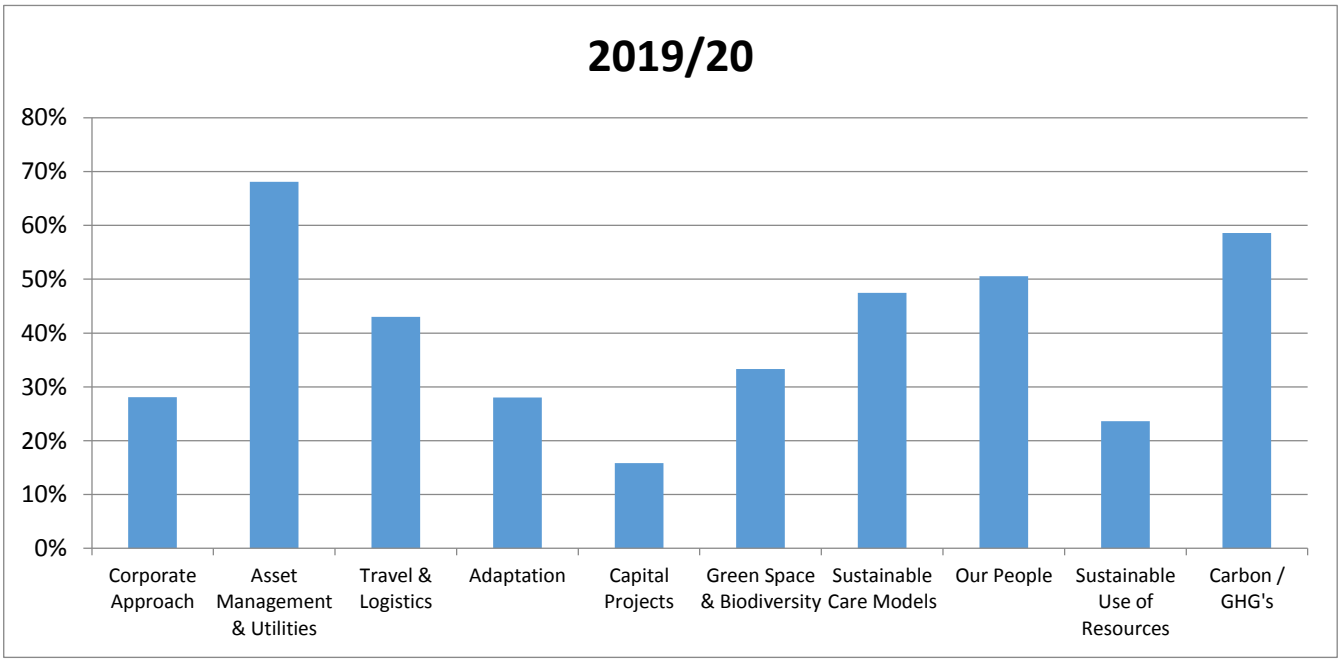
Sustainability issues are included in our analysis of risks facing our organisation. NHS organisations have a statutory duty to assess the risks posed by climate change. Risk assessment, including the quantification and prioritisation of risk, is an important part of managing complex organisations.

In addition to our focus on carbon, we are also committed to reducing wider environmental and social impacts associated with the procurement of goods and services. This is set out in HHFT's policies on sustainable procurement.

The Trust Chairs the Hampshire Public Sector Sustainable Development Group (PSSDG). The group comprises of representatives from various public sector bodies and meets three times per year for progress updates, knowledge sharing and project discussions.

SDAT

The Sustainable Development Assessment Tool (SDAT) was completed in May 2020 and achieved an overall score of 40%, compared to 28% in Feb 2019. Detailed scores and explanations can be found in the following graph and table:



Area	2017/18	2018/19	2019/20	Reasons for increase / decrease
Corporate Approach	15%	18%	28%	The Board agreed to take a range of measures to investigate how to achieve net zero by 2030 using a science based approach, which includes external consultancy to model the effects of a potential new hospital.
Asset Management & Utilities	59%	72%	68%	Whole life costing was not undertaken in 2019-20 during any Procurement process.
Travel & Logistics	14%	24%	43%	The Board have agreed to a range of Green Travel measures as part of the car parking review. A postponement of these has occurred however, due to COVID-19.
Adaptation	27%	21%	28%	A new Climate Change Task Force Group is being set up (director led) which will involve a range of representatives to ensure a co-ordinated approach to adaptation is taken. Financial impacts of climate change will be undertaken through consultancy and is in progress.
Capital Projects	10%	8%	16%	NHSi has specified that al new buildings must be built to net zero standards. This will be incorporated into the new hospital BC and is in progress.
Green Space & Biodiversity	6%	10%	33%	A new Green Gym has been set up at BNHH and incorporates conservation work into patient rehabilitation, with a new courtyard opening up. All of our green waste is composted.
Sustainable Care Models	9%	11%	47%	The Transformation team have worked to increase the number of non-face to face appointments within Outpatients. COVID 19 has meant that most appointments have had to be carried out that way. Going forward there is an aspiration to have more than 30% of appointments as non-face to face.
Our People	48%	45%	51%	The Sustainability Team now attend all Inductions at the Market Place to engage with staff around Sustainability.
Sustainable Use of Resources	17%	19%	24%	The Trust has set up a scheme to donate used medical uniforms to medical centres in Africa and the Trust has signed up to the NHS plastics pledge as well as committing to NHSi targets for reducing single use plastics.
OVERALL SCORE	**24%**	**28%**	**40%**	

Waste

In addition to the measures outlined earlier within the single use plastics pledge, the Trust has increased its recycling rates this year. The Trust has actively engaged with departments through training sessions, introduced more recycling bins and improved signage. The Trusts waste lead also attends staff Inductions.

Waste		2015/16	2016/17	2017/18	2018/19	2019/20
Recycling	(tonnes)	244	416	411	373	683
	tCO_2e	4.88	8.74	8.94	8.12	14.58
Other recovery	(tonnes)	1,193	1,534	1,669	1,459	1,579
	tCO_2e	23.86	32.21	36.32	31.75	33.72
High Temp disposal	(tonnes)	238	0	0	0	0
	tCO_2e	52.12	0	0	0	0
Landfill	(tonnes)	246	115	0	0	0
	tCO_2e	60.13	35.65	0	0	0
Total Waste (tonnes)		1,921	2,065	2,080	1,832	2,262
% Recycled or Re-used		13%	20%	20%	20%	43%
Total Waste tCO_2e		140.99	76.60	45.26	39.86	48.30

Energy

Energy use remains largely unchanged even with a greater increase in patient numbers. The Trust has committed to purchasing 100% certified green energy in 2019-20 and undertaking research into the most effective form of behaviour change with regards to energy efficiency.

Energy	2015/16	2016/17	2017/18	2018/19	2019/20
Electricity (kWh)	16,281,558	17,722,575	18,956,305	19,618,500	19,821,864
Gas (kWh)	39,896,391	37,457,071	36,374,518	36,300,025	35,051,033
Total kWh	56,177,949	55,179,646	55,330,823	55,918,525	54,872,897
Electricity (tCO2e)	8,146	7,963	7,287	6,027	6,263
Gas (tCO2e)	8,350	7,828	6,699	6,678	7,303
Total tCO2e	16,496	15,791	13,986	12,705	13,566
Total spend (£)	3,157,957	2,781,726	3,045,868	2,979,004	3,494,457

Note: Historical energy data has been cleansed and kWh and CO2 figures may differ to previous annual report submissions

Water

Unit	2015/16	2016/17	2017/18	2018/19	2019/20
m^3	198,937	203,713	202,636	208,171	249,474
tCO_2e	181	185	184	190	227
Spend (£)	£ 336,271	£ 328,152	£ 291,263	480,964	337,722

Travel

The Trust underwent a car parking and travel review during this financial year, which involved extensive consultation with staff. As a result, plans will be developed that will hopefully include measures to increase sustainable travel options for staff.

From the staff commute figures in the table below you can see the effects of an increase in staff numbers for 2019-20, confirming the need to implement a sustainable parking strategy.

A Transformation team programme is also underway to increase the number of non-face to face Outpatient visits.

Business Travel	Mode	2015/16	2016/17	2017/18	2018/19	2019/20
Patient and visitor own travel	miles	28,577,590	29,641,507	30,246,526	30,071,066	30,405,719
	tCO_2e	10,334	10,712	10,777	10,715	11,024
Staff commute	miles	4,906,834	5,052,938	5,222,878	5,222,100	5,685,478
	tCO_2e	1,774	1,826	1,861	1,860	2,034
Business travel and fleet	miles	2,011,610*	1,878,959*	1,614,903*	1,642,279*	1,723,144
	tCO_2e	728	679	574	427	616
Active & public transport	miles	269,092	235,645	218,183	259,884	258,422
	tCO2e	27	25	22	27	17

*these figures are estimated

Biodiversity

The Trust is engaged with Hatch Warren Nature Group (HWNG) to look at how biodiversity can be improved for the benefit of wildlife, staff, patients and visitors at our BNHH site. One hundred wildflower plants were donated in 2019 by HWNG and planted. The Trust has also engaged with a student from the University of Winchester who is looking to make their site an accredited Hedgehog Friendly Campus (HFC) with the intention that our Winchester Hospital can also participate.

The Trust is working with The Conservation Volunteers to implement Green Gym at BNHH and has successfully cleared a large courtyard area involving patients with musculoskeletal issues and staff as part of health and wellbeing events. Raised beds have been produced and compost donated by Veolia. A small contained wellbeing garden area was also donated and planted in the courtyard area by a local gardener which is fully accessible to all.

Procurement

The Procurement team considers environmental and social impacts of products and services on a case by case basis. Where a concern over a particularly high impact occurs, the Trust's Sustainability manager is consulted before final decision is made. The suppliers' adherence to the legislation is checked during the quarterly review meetings or through a request for the management information data. All procurement contracts follow the standard NHS terms and conditions, including Modern Slavery Act 2015 and Public Services (Social Value) Act 2012. Individual monitoring of supplier's practices is not carried out.

The Trust aims to foster social and environmental value in the local community, e.g. when procuring food. Some of our meat is sourced from the local butchers based in Hook, Hampshire. The Trust are currently working closely with the supply chain to review the current distribution model with a view to reducing food miles, whilst providing local, small and medium sized enterprises with opportunities. In the future we aim to expand this agenda into procurement of non-clinical goods, where possible.

Flexible working

The Trust believes that flexible working can benefit both the Trust and its employees. The Trust has therefore developed flexible working arrangements to enable all employees to balance work responsibilities with other aspects of their life throughout their career including supporting the transition from work to retirement. The option includes, 'job sharing', 'flexi-time', 'home (tele) working', 'wind down', among others.

Intentions for 2020/21

The NHSI Operational Planning Guidance for 2020/21 provides clear guidance for the forthcoming year and re-iterates the sustainability ambitions of the NHS LTP and sets out the expectations for Hampshire Hospitals. The Trust will therefore commit to the following deliverables:

1. **Cut business mileages and NHS fleet air pollutant emissions by 20% by 2023/24. In 2020/21 organisations should:**
    - Consider signing up for a free Green Fleet Review.
    - Reduce air pollution from fleet vehicles, by ensuring all fleet vehicles purchased or leased by the organisation after 1 April 2020 support the transition to low and ultra-low emission (ULEV) in line with Long Term Plan Commitments. Using the Sustainable Development Unit's Health Outcomes of Travel Tool (HOTT) can help organisations to measure the impact their travel and transport has in environmental, financial and health terms.
    - Ensure that any car leasing schemes restrict the availability of high-emission vehicles.
    - End business travel reimbursement for any domestic flights within England, Wales and Scotland.

2. **All NHS organisations should move to purchasing 100% renewable electricity from their energy suppliers by April 2021.**
3. **Providers should replace lighting with LED alternatives during routine maintenance activities.**
4. **All NHS organisations must ensure all new builds and refurbishment projects are delivered to net zero carbon standards.**
5. **All organisations are expected to implement the Estates and Facilities Management Stretch programme which will be published by NHS England and NHS Improvement in 2020. This will set out key activity's organisations can take to reduce the environmental impact of their estates.**
6. **Reduce the use of single use plastics in the NHS, beginning by signing up to and delivering the NHS Plastics Pledge which commits organisations to phase out avoidable single-use plastic items.**
7. **Reduce the carbon impact of Metered Dose Inhalers in line with long term plan commitments, including by:**

- decreasing the percentage of inhaler prescriptions that are for Metered Dose Inhalers where clinically appropriate.
- reducing the overall carbon impact of all inhalers dispensed at pharmacy.
- encouraging patients to return spent devices for green disposal in pharmacy medicines waste.

8. **Reduce the carbon footprint associated with anaesthetic gases in line with long term plan commitments by:**
    - appropriately reducing the proportion of desflurane to sevoflurane used in surgery to less than 20% by volume, and
    - local systems and providers assessing the potential to reduce unnecessary emissions of nitrous oxide to atmosphere

Statement of Accounting Officer's Responsibilities

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

The NHS Act 2006 (the "Act") 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's 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 Hampshire Hospitals NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Hampshire Hospitals NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

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

- Observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements and apply suitable accountable 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 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; and
- Prepare the financial statements on a going concern basis.

The Accounting Officer is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the NHS Foundation Trust and to enable him/her to ensure that the accounts commply with requirements outlined in the Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS Foundation Trust and hence for taking reasonsable steps for the prevention and detection of fraud and other irregularities.

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

Signed …… Date: 19th June 2020

Alex Whitfield, Chief Executive

Annual Governance Statement

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*.

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 Hampshire Hospitals NHS Foundation Trust,
- evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Hampshire Hospitals NHS Foundation Trust for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts. Audit Committee has continued to review and gain assurance on the system throughout the year, and an Executive Risk Committee provides greater operational oversight on the management of risk and the implementation of mitigation actions.

Capacity to Handle Risk

The Board of Directors has overall accountability for the Foundation Trust's risk management strategy and oversees that appropriate structures and robust systems of internal control and management are in place. The Foundation Trust operates a unified approach to clinical and non-clinical risks, which are recorded on a computerised risk management system; Datix.

As Chief Executive I have responsibility for maintaining a sound system of internal control and assurance that supports risk management across the Foundation Trust.
I discharge these duties through the executive and management team, with clear designation of accountability to individuals to support me in this role. Responsibility for specific areas of risk is delegated to Executive Directors in line with functional roles, as well as formal designation of executive leads for specific roles. Within the clinical and corporate services, senior managers are responsible for ensuring they, and their staff, fulfil their responsibility for risk management by operating in accordance with Trust systems, policies and procedures.

The Trust's risk management processes underwent significant review and revised during 2018/19 which was supported with the relevant Board level review through specific seminar time.
The redesign was undertaken by our Risk and Compliance Manager supported by a Governance expert from NHS Improvement. The Board Assurance Framework now aligns to the Trust's strategic vision and objectives;

- Outstanding care for our patients.
- Empowering people.
- Living within our money.
- Innovating for the future.

The Board Assurance Framework clearly defines the risks to achieving the objectives; each is owned by an Executive Director and is reviewed at the Board on a quarterly basis. This level of ownership ensures that it is used more effectively in the operational management of the Trust. The Risk Appetite, 'the amount and type of *risk* that an organisation is willing to take in order to meet their strategic objectives', has been reviewed will continue to be risk averse in all matters relating to clinical safety and regulatory and legal requirements. In all other matters we will take prudent, well considered risks with a view to securing our objectives.

The Risk Management Framework empowers and encourages all staff to identify, report, and manage operational risks. Staff are guided in articulating risk information through policy documentation and training. Staffs are required to describe a risk in terms of cause and effect, and identify appropriate controls and assurances. Where control or assurance gaps exist staff are required to identify actions to address these gaps and to assign appropriate timescales and ownership to individual actions. Finally, staff are required to attribute an inherent, current, and target risk score to allow the Foundation Trust to prioritise risks.

The Board of Directors itself is responsible for the Annual Governance Statement and for the co-ordination of the activities of all of the sub-committees of the Board of Directors. The terms of reference of the sub-committees have been reviewed as per the annual requirement. The Board of Directors receives regular escalation reports from the chairs of the sub-committees.

The Risk and Control Framework

The purpose of the Risk Management Framework is to create and embed a risk aware culture through the implementation of sound risk management processes.

- Clear lines of **individual accountability** for managing risk ensuring that patient safety, quality assurance, and quality improvement are central to the activities of the Trust.

- Adoption of a **risk management framework** which enables future activity to take place in a consistent and controlled manner by reducing risk exposure, improving decision making, contributing to more efficient use and allocation of capital and resources, protecting and enhancing assets and reputation, developing and supporting people and the organisation's knowledge base, and optimising operational efficiency.

- A **system of internal control** to enable the Board of Directors to effectively evaluate the risk management information.

The Risk Management Framework is published on the Trust's intranet which is available to all staff and bespoke training is available through the on-line training system Green Brain. It is based on a model which comprises of risk **identification**, risk **assessment**, risk **mitigation**, risk **monitoring** and risk **reporting** processes. This model guides staff to identify risks to achieving the Trust's objectives, evaluate the likelihood of them occurring, together with the impact they would have and effective management of the risk.

A programme of work has been undertaken during 2019 / 2020 to review and update all of the operational risk registers throughout the Trust. Each clinical division presents its most serious risks, those scoring 15 or over, at the monthly performance meetings for Executive led scrutiny. An Executive Risk Management Group (ERMG) commenced in February 2020 to allow for a deeper scrutiny conversation to be held between divisional leadership teams and the Executive. The Board of Directors has delegated key duties and functions to its sub-committees. Risks are now also reviewed by the most appropriate Board sub-committee as captured within the Risk Management System;

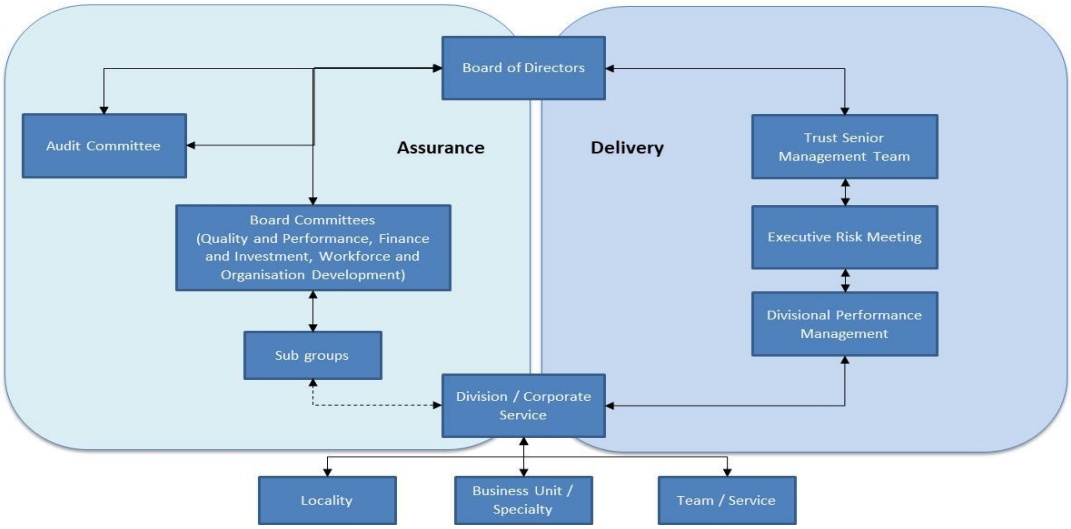
- Quality and Performance Committee
- Finance and Investment Committee
- Workforce and Organisational Development Committee

These sub-committees, chaired by Non-Executive Directors, review the highest scoring risk and those new to the register routinely at each meeting. They also perform a complete review of all risks quarterly. The risk management process continues to develop, a new Risk Appetite has been defined and adopted by the Board, with the Risk Management Framework due to be updated in April 2020 to reflect the changes made within the last six month of the redesign.

Operational risks are identified through many different sources;

- Operational activities – risks identified by our own staff
- Regulatory or compliance inspections – Care Quality Commission
- Internal and external reviews and quality visits
- Internal and external audits
- Feedback from patients, carers and other stakeholders – service consultation events
- Learning from Events – Incidents, Complaints and Litigation
- NHS Central Alert Systems

Risks are reviewed through the divisional operational structures of monthly departmental performance reviews with escalation through either the assurance route through to divisional governance boards to board sub-committees and the Audit Committee or the delivery route via the Executive Risk Management Group and the Senior Management Team, both routes reporting to the Board of Directors. It is the responsibility of the accountable manager / risk owner to escalate any risk which cannot be managed, has Trust-wide implications or meets the Risk Appetite for escalation up through the risk structure management structure.



The Board owns and manages a number of strategic risks, which are captured in the Board Assurance Framework. In 2019/20 the Board Assurance Framework has been reviewed in full, individual strategic risks have designated Executive Directors as owners, and control and assurance information is monitored by the relevant Board committee. The Board receives scheduled updates on the Board Assurance Framework along with review of individual strategic risks at committee level. The principal risks, as described on the Board Assurance Framework under our Strategic Objectives at the end of the year are;

Outstanding Care for Our Patients

If we fail to meet the requirements of our licence / constitutional standards then we will not be delivering safe and effective care to our patient.

If we do not maintain and develop our major capital assets (estate, medical and non-medical equipment) then there may be unacceptable clinical, regulatory and financial consequences.

If we fail to transform and modernise services in line with national best practice there is a risk of poor patient outcomes.

If we do not have effective corporate and clinical governance structures and accurate clinical information then we will be unable to reassure ourselves of the quality of our services.

Empowered People

If we fail to develop the culture of the organisation to improve the engagement and welfare of the workforce then staff will not be empowered to deliver transformational care.

If we fail to recruit and retain an adequate and skilled workforce then this will result in the inability to provide safe care and deliver constitutional standards.

Living within our Money

If we do not hit our financial targets as a result of excessive demand for services and or an inability to deliver efficiency and productivity plans then there will be inadequate funds to support safe care and regulatory intervention in the Trust operations.

Innovating for the Future

If we do not have strong and active engagement in local system reforms and partnership working then we may be unable to maintain organisational stability.

If we do not accelerate and embed the adoption of technology in clinical and corporate areas then we will be unable to transform services.

Key actions to mitigate these strategic risks over 2020/21 include;

- Embedding our Culture Change Programme.
- Maintaining strict control on capital finances and engaging with the STP for future capital bid proposals.
- Commencing work on the proposal for a new hospital.
- Review of the governance structures and patient pathways to offer safe and effective care.
- Transformation of services to meet the needs of the population; service redesign.
- Embedding of the new Risk Management Framework.
- Recruitment campaigns and the identification of new healthcare roles.
- Improved contract agreements with commissioners, budget setting and monitoring.
- Promotion of system wide working to strengthen service redesign.

The control frameworks for each strategic risk, assurances against controls, and actions to reduce gaps are detailed in each report made to the Board of Directors which is available on the Trust's internet site.

As we move into the new financial year our principal operational risk is the management of Coronavirus (Covid-19) pandemic. The Trust has in place a robust and agile operational structure to manage the pandemic and adapt to the national guidance which is changing rapidly. There is a daily tactical operational meeting to manage the 'here and now' of daily operations and forward planning based on the guidance. Underpinning this meeting working on specific subjects are groups such as; workforce including staff health and wellbeing, procurement and equipment, infection prevent and control, communications. This structure is overseen by a twice weekly strategic meeting with all of the Executive Directors. Our Coronavirus (Covid-19) management office is open 24 hours and this is supported by an operational situation report call held three times a day.

In the light of Covid-19 being declared a pandemic, we need to adjust our focus and be clear what we will and won't be doing over the next six months. The priority, as always, needs to be the needs of our patients and our population; the patients that need us now, and those who will need us in the future. With that in mind, it is proposed that we simplify our priorities for the next six months and ensure our limited resources are focused on the things which can make the most difference.

Outstanding care for Every Patient	Empowered Staff
Provide safe, effective care for Covid-19 patients and all the other patients who need our care	Prioritise staff wellbeing and keep a continued focus on retention and recruitment
Living Within Our Money	**Innovating for the Future**
Work within the resources allocated to us	Use international best practice to ensure we provide the best care we can. Continue to progress key strategic programmes which will be needed post pandemic.

Information Governance

We have an established Information Governance Management Framework, which continually works to identify and reduce risks to information and increase data security. The Chief Executive Officer has Board responsibility for information risk and is supported by the Senior Information Risk Officer (SIRO) and the Caldicott Guardian. The Data Protection Officer co-ordinates and monitors progress against the Data Security and Protection Toolkit and the action plan. The Data Protection Officer is a member of the IT department and is accountable to the Chief Finance Officer as SIRO.

Annual surveys are used to identify risks to information systems and business continuity; this process links to our risk register. There was no change to the target risk exposure of the risk related to accelerating the adoption of technological transformation and the Foundation Trust is part of the NHS Global Digital Exemplar programme in partnership with University Hospital Southampton NHS Foundation Trust.

Each year, Hampshire Hospitals NHS Foundation Trust must report our Data Protection compliance by completing the Data Security and Protection Toolkit hosted by NHS Digital. This report assesses the Trust's annual performance against National Data Guardian's (NDG) data security standards which includes: Data Security and Protection, Confidentiality and Data Protection Assurance, Information Security Assurance, Clinical Information Assurance, Secondary Use Assurance and Corporate Information Assurance. Hampshire Hospitals NHS Foundation Trust completed all mandatory assertions of the Data Security and Protection Toolkit and achieved 'Standards Met' status for 2018/19, and was about to submit a similar position for 2019/20. However, as a consequence of Covid-19, the submissions to the Toolkit have been delayed and will be made later in 2020. The Trust has met the requirement of NHS Digital for 95% of all staff to have completed appropriate data protection and security training between 1st April 2019 and 31st March 2020.

There have been six concerns raised with the Information Commissioner's Office during the year - five by patients and one by a staff member. In five cases, the Information Commissioner's Office decided to close the case with no regulatory action. One case remains outstanding as it is also the subject of potential concern for the registering authority of the individual

Patient and Public Involvement

In January 2020 an engagement event with a variety of stakeholders including patients and their families / carers was held to development the Patient Experience and Engagement Strategy. Launched in March 2020 this sets out our commitment to work with people who use our services to ensure that they are an active partner in their individual planning and delivery of their care. It also promotes the patient and public voice to be included within service transformation and redesign.

During the last year we have publicly consulted on service provision such as the Hospice projects in Andover and Winchester, and the reconfiguration of orthopaedic services to provide the trauma service at our Basingstoke site and the specialist elective service at our Winchester site. We have learned from this experience making a commitment to improve the methods, level of consultation and involvement on the next project.

The Foundation Trust has a number of active groups including;

- The Youth Forum – those young people using our paediatric services.
- The Patient Voice Forum – whose members undertake patient satisfaction surveys and visits to wards and departments and carry out assessments of the care environment.
- Cancer Services Partnership Group – whose members support our cancer services and those patients it supports.
- Maternity Services Liaison Committee – ensuring Mums and Dads have a voice in maternity service design.
- Dementia Steering Group – supporting and improving dementia services.

Links with existing community forums / services include:

- Basingstoke Oder peoples forum
- Basingstoke and Deane Borough Council
- Hampshire County Council
- Clinical Commissioning groups
- Healthwatch Hampshire
- Carer organisations / carer representatives
- Andover Mind Carer support and dementia advice service
- Alzheimer's Society
- Local Implementation Groups – Learning Disability
- Opensight
- RNIB- eye clinic liaison officer
- Voluntary and Community Services e.g. Basingstoke Voluntary Action, One Community, Unity
- Royal Voluntary Organisation and British Red Cross

Our Governors' have established working groups for specific to patient experience and the information that is gained from their visit to ward and patient areas is fed-back into this group.

The strategy is an important development for the Foundation Trust and will be implemented during 2020/21 as a priority.

Policy Management

The Policy Approval Group is chaired by an Associate Medical Director of Governance and supported by the governance team. The policy approval process ensures that there is consistency of approach across the Foundation Trust and the process requires engagement from a wide range of staff. This involvement supports the successful implementation of the policies and raising awareness across the Foundation Trust to ensure the delivery of high quality care.

Workforce Strategies and Staffing Systems

The Trust has established systems and strategies to provide assurance that staffing processes are safe, sustainable and effective. An established reporting structure ensures workforce, quality and financial indicators are aligned and integrated. Divisional and Trust wide reporting brings together the quality scorecard, financial reporting and workforce dashboards in the same documentation. All three are addressed together at Trust Senior Management Team meetings and Board of Directors meetings. The scorecards, and associated narrative, are used to agree key areas for action.

Safe staffing reports which include ward level detail are received by the Board of Directors on a monthly basis and report measurements of Care Hours per Patient Day, fill rate & vacancy rate which are triangulated against patient care outcomes. The Board of Directors receives a workforce plan that is updated annually and discussed in a public meeting of the Board of Directors. Ongoing programmes of recruitment and retention including partnership work with Higher Education Institutions are reported through the monthly workforce report received by the Board of Directors and initiatives to improve staff retention and engagement including recruitment initiatives, flexible working, clinical supervision, internal transfers and career conversations.

The Workforce and Organisational Development Committee has been established as a sub-committee of the Board of Directors to lead on the assurance of the workforce and organisational development needed to deliver a workforce with the capacity and capability to provide high quality, safe patient care. The committee receive and escalate any risks associated with staffing that continue or increase when mitigations prove insufficient to the Board of Directors. There is a process for Quality Impact Assessments particularly in relation to cost improvement plans and any service change where there is redesign or introduction of new roles.

Evidence based tools for acuity and dependency, professional judgement and outcomes are used in safe staffing processes. There is an annual safe staffing review process led by the Chief Nurse designed to ensure establishments are safe, meet professional judgements or recommend amendments in alignment with annual budget setting processes. Reporting of this process is provided to the Board of Directors annually with an assessment of the nursing establishment and skill mix in accordance with NHSI and National Quality Board guidance. Day to day there are a number of operational initiatives to ensure dynamic staffing risk assessments are completed in line with our site operational practices with formal escalation processes in place to respond to operational challenges.

NHS Pension Scheme

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

Care Quality Commission

The Foundation Trust is fully complaint with the registration requirements of the Care Quality Commission (CQC). Following the CQC inspection report from September 2018, the Trust was given an overall rating of 'requires improvement'. They issued eight requirement notices, a section 29A warning notice and a section 31 notice of decision. On the 12 December 2019, they removed the conditions relating to section 31.

CQC inspected the Trust on 10 and 11 April 2019 and reviewed how the Trust had met the section 29a. They found that we had met the majority of the recommendations but were unable to remove the warning notice until a core service inspection had taken place.

The notice served under section 29A of the Health and Social Care Act 2008 referred to significant improvements required in respect of the following:
• Patients were not treated with dignity and respect.
• Patents privacy was not always maintained.
• Risks to the health and safety of patients were not always assessed.
• Not all staff had the necessary skills to deliver safe care.
• Equipment was not always safe for use.
• Medicines were not always managed safely
• The risk of preventing, detecting and controlling the spread of infections was not always effectively managed.

The Trust has had an action plan to deliver the section 29A improvements specifically – these are focused on privacy and dignity, medical equipment, health and safety, staff training, medicines management and infection prevention. The Trust has progressed well with these actions. Assurance of the progress against the action plan is monitored by the monthly Internal CQC Action Plan Group which reports to the Quality and Performance Committee; a Board sub-committee.

An unannounced but expected inspection of core service lines; medicine, surgery and urgent care took place in January 2020 and interviews with the Executive and Senior Management Teams underway the well-led framework took place in February 2021. The formal report was published on the 7 April which confirming the lifted of the section 29a notice. The Trust improved its overall rating from 'Requires Improvement' to 'Good' with 'Outstanding for Caring'.

Leaving the European Union

As required by the Department of Health and Social Care the Trust undertook business continuity risk assessments to ensure any gaps in controls are addressed in preparation for the exit of the EU. An EU Exit Working Group and EU Exit Response Group provided the forum for risk assessment and planning and response to occurrences respectively with oversight provided by the EU Exit Assurance Board. Tests of Business Continuity and Incident Management Plans against EU Exit risk assessment scenarios were undertaken and Risk Assessments and Business Continuity Arrangements reviewed against the preparedness areas as advised by the Department of Health and Social Care:

- Supply of medicines and vaccines
- Supply of medical devices and clinical consumables
- Supply of non-clinical consumables, goods and services;
- workforce;
- reciprocal healthcare;

- research and clinical trials; and
- data sharing, processing and access.

Performance

The Foundation Trust has not achieved compliance with the national standards for a maximum 4 hour wait in the Emergency Department, a maximum of 62 days from referral to treatment for patients with a cancer diagnosis and a maximum 18 week wait from Referral to Treatment (RTT) and for diagnostics waiting over 6 weeks.

The Foundation Trust has worked closely with NHS Improvement and NHS England together with system partners to develop a comprehensive programme to improve patient flow within our Emergency Department and across our wards. Transformation programmes for theatre productivity and outpatient productivity and the development of a clinical strategy alongside system partners prioritise a focus maintain on improved performance against the key national standards for A&E, Cancer Standards, the 18 week RTT standard and for diagnostics'.

Conflicts Of Interest

The Foundation Trust has published on its website an up-to-date register of interests for decision-making staff, including gifts and hospitality (as defined by the trust with reference to the guidance) within the past twelve months, as required by the 'Managing Conflicts of Interest in the NHS' guidance.

Equality, Diversity and Human Rights

Control measures are in place to ensure that the Foundation Trust has complied with all obligations under equality, diversity and human rights legislation.

Climate Change

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

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

We have control processes in place to ensure the economic, efficient and effective use of resources:

- Expenditure budgets are prepared as part of annual business planning and are reviewed and challenged by the Senior Management Team (formerly the Executive Committee) and Board of Directors;
- Headcount and pay budgets are reviewed against national benchmarks and challenged through peer review and by the Senior Management Team meeting;
- Recruitment (including replacement) of consultants requires a business case which is reviewed and approved by the Senior Management Team meeting;
- Pay and non-pay expenditure is rigorously and regularly reviewed against budgets and forecasts. Significant variances are explored to understand the causes and address any underlying issues;
- The Trust Cost Improvement Plan is monitored monthly by the Senior Management Team

meeting and the Finance and Investment Committee;
- Purchase orders are required for all non-pay expenditure;
- All spending requires sign-off by increasingly senior management as the transaction value increases; and
- Sums up to £50,000 require associate director approval; up to £250,000 require Executive Director approval; up to £500,000 require CEO approval and those above £500,000 require review and approval by the Board of Directors.

A programme of internal audit activities reviewed the underlying systems and controls and reached the overall conclusion that Reasonable Assurance can be given that there is a generally sound system of internal control on key financial and management processes.

The Foundation Trust reported a deficit of £9.7 million in its financial statements for the year ending 31 March 2020, against a planned surplus of £14.5 million, inclusive of Provider Sustainability Funding (PSF) and Marginal Rate for Emergency Tariff (MRET). The Foundation Trust has not yet succeeded in addressing the underlying deficit in its budget and based on the last forecast prior to the outbreak of COVID-19 would have needed to deliver a 2020/21 savings programme of £21.5m in order to meet the allocated financial target. External Audit has determined these issues are evidence of weaknesses in proper arrangements for planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.

As a result of this External Audit has concluded that except for the financial planning of sustainable resource deployment, they are satisfied that Hampshire Hospitals NHS Foundation Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Annual Quality Report

The Directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year. NHS Improvement has issued guidance to NHS Foundation Trust boards on the form and content of annual Quality Reports which incorporate the above legal requirements in the NHS Foundation Trust Annual Reporting Manual.

The Quality Report 2019/20 has been developed in line with this guidance. The Chief Nurse is the Executive Director lead for the Quality Report. Performance against key quality metrics is reported via the Governance Quality Account Report, which is presented quarterly to the Quality and Performance Committee.

The content of the 2019/20 Quality Report builds on the 2018/19 and 2017/18 report and sets out the Foundation Trust's priorities for improvement for 2020/21, and reports on performance against the quality indicators for 2019/20.

We have taken steps to ensure the Quality Report provides a balanced view and that there are appropriate controls in place to ensure the accuracy of data. We have achieved this through governance and leadership, policies, systems and processes, people and skills, and capturing data and reporting. The Quality Report has been reviewed through internal processes however due to the Covid-19 pandemic and following national guidance the 2019/20 report has not been subject to scrutiny by Independent External Auditors. The timescale for the publication of the Quality Report has been delayed once again following national guidance the comments usually invited from local stakeholders including commissioners, local Healthwatch organisations, overview and scrutiny

committees and members of the Council of Governors will be sort later in the year. These will be included in the Quality Report and form part of the process to provide assurance that the report is an accurate reflection of the quality of services provided by the Foundation Trust during the year.

Governance and leadership

The Chief Executive Officer is responsible and accountable for the production of the Annual Reports. The Chief Nurse is responsible and accountable for the production of the Quality Account. The Chief Nurse sponsors the reporting framework to the Quality and Performance Committee which includes the standing governance reports;

- Governance Report – monthly
- Quality Scorecard – monthly
- Governance Quality Account Report – quarterly

The Governance Report is also submitted to the Senior Management Team and Board of Directors meeting. The report incorporates trend analysis of key performance indicator measures / quality metrics which are based on our quality contract and quality priorities for;

- Patient safety.
- Clinical effectiveness.
- Patient experience measures.

This level of oversight of the key performance indicator measures / quality metrics enables focus to be given to areas where we could do better and initiate an improvement plan. The quality scorecard is reviewed annually and refreshed to ensure that it reflects the priorities identified for the year.

Systems and processes

The Associate Director of Governance has taken the lead in developing the Quality Report with engagement from the operational divisions and corporate services. The report has been developed through internal review of the data and documents, gathering comments from version reviews by the Chief Nurse. There has been an external review of two mandated indicators and one local indicator chosen by the Governors which meets the required guidance.

Data quality, reporting and governance

Data from a variety of sources is used in the monthly reports to the Quality and Performance Committee and Board of Directors. The data and the methods of collection are subject to internal review and validation by members of the corporate governance team and others with specialist knowledge as required. The data once validated for accuracy is shared as part of performance and quality contract reporting to the Clinical Commissioning Groups and Specialist Commissioners. The utilisation of the most appropriate, skilled personnel in the process of data collection, analysis and reporting creates a consistent approach to data handling.

Well-led framework

Good quality governance is maintained through the structures, systems and processes the Foundation Trust has put in place to ensure it manages the work effectively, scrutinises performance, manages risks and deals with problems in line with NHS improvement's well-led framework.

Review of effectiveness of internal control

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

I have drawn on the content of the Quality Report attached to this annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and by the Quality and Performance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

My review is also informed by other major sources of assurance such as:

- Internal Audit Reports
- External Audit Reports
- Clinical Audit Reports
- Patient Surveys
- Staff Survey
- External Review completed by Advisory Groups or other Registered Bodies or Accreditations
- Care Quality Commission Inspections
- Executive, Non-Executive and Governors Patient Safety Walk-rounds
- Peer Reviews
- Equality and Diversity Reports
- Divisional Governance and Performance Reports

The Foundation Trust applies a robust process for maintaining and reviewing the effectiveness of the system of internal control. A number of key groups, committees and teams make a significant contribution to this process, including:

Board of Directors

The statutory body of the Foundation Trust is responsible for the strategic and operational management of the organisation and has overall accountability for the risk management frameworks, systems and activities, including the effectiveness of internal controls.

Board Sub-Committees

The Terms of Reference and responsibilities of all Board Sub-Committees are reviewed regularly in order to strengthen their roles in governance and focus their work on providing assurances to the Board on all risks to the organisation's ability to meet its key priorities.

Audit Committee

The Audit Committee provides an independent contribution to the Board's overall process for ensuring that an effective internal control system is maintained and provides a cornerstone of good governance. The Audit Committee monitors the assurance processes of all other Board Committees.

Internal Audit

Internal Audit provides an independent opinion to the Board and the Audit Committee, on the degree to which Hampshire Hospitals' risk management and control framework support the achievement of agreed objectives and priorities. A planned programme of audits is scoped for the coming year by the Executive Directors and signed off by the Audit Committee. A report is produced at the conclusion of each audit and, where scope for improvement is found, recommendations are made and action plans developed by the responsible manager. Reports are issued to the responsible Executive Director. In addition to the planned work, internal audit provides advice and assistance to Executive and Divisional Directors on other matters of concern such as performance, financial management and control, workforce and human resources, incident investigation and management.

The 2019/20 audit programme consisted of (level of assurance in brackets);

- Patient Experience (substantial)
- Ward Visits (substantial)
- Board Assurance Framework and Risk Management Culture (partial)
- Rostering (partial)
- Payroll (reasonable)
- Financial Planning, Management, Budgeting and Forecasting (reasonable for design and compliance, partial for outcomes)
- Cyber Security (advisory)
- Data Quality (reasonable)
- Capital Projects (in draft)(reasonable)

Internal auditors issued three partial assurance opinions during 2019/20;

- Board Assurance Framework (BAF) and Risk Management Culture
- Rostering
- Financial Planning and Management, Budgeting and Forecasting - outcomes

All management actions were agreed by Board sub-committees. Improvement plans have either been fully implemented or are underway.

Head of Internal Audit Opinion

In accordance with Public Sector Internal Audit Standards, the head of internal audit is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. The opinion should contribute to the organisation's annual governance statement.

The Internal audit opinion has been provided by RSM Risk Assurance Services LLP.

As at 20 March 2020, the head of internal audit opinion for Hampshire Hospitals NHS Foundation Trust is as follows:

'The organisation has an adequate and effective framework for risk management, governance and internal control. However our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.'

Conclusion

All significant internal control issues have been identified in this statement as part of the Risk and Control Framework section.

There is a significant risk moving into 2020/21 in relation to the Coronavirus (Covid-19) pandemic. Hampshire Hospitals believes that control measures have been put in place to manage this risk and these will be reviewed daily as the situation is updated nationally. However even within robust planning the presently unknown true level of impact on Hampshire Hospitals and the UK as a whole may directly affect the level and quality of service that we are able to deliver in 2020/21.

The Board confirms that it is satisfied that, to the best of its knowledge and using its own processes Hampshire Hospitals has effective arrangements for monitoring the quality of healthcare provided to our patients.

Signed……. Date: 19th June 2020
Chief Executive
Alex Whitfield

Annex A

Membership of board committees and attendance of committee meetings of HHFT from 1 April 2019 to 31 March 2020

Audit Committee
Jane Tabor (Chairman)
Ruth Williams
Jeff Wearing (until 30 April 2019)
Chairman of the Risk Committee in attendance (until 31 December 2019)
Gary McRae in attendance by invitation
Steve Erskine in attendance by invitation
Alex Whitfield in attendance by invitation
Malcolm Ace in attendance by invitation

Risk Committee (until 30th January 2020)
John MacMahon (until 31st December 2019)
Steve Erskine
Simon Holmes
Alex Whitfield
Lara Alloway
Julie Dawes
Jane Tabor in attendance by invitation
Gary McRae in attendance by invitation

Remuneration Committee (*)
Jane Tabor (Chairman)
Paul Musson
Steve Erskine
Jeff Wearing (until 30 April 2019)
Jane Tabor
Gary McRae
John MacMahon (until 31 December 2019)
Ruth Williams
Simon Holmes
Alex Whitfield in attendance by invitation

Nomination Committee (**)
Steve Erskine (Chairman)
John MacMahon (until 31 December 2019)
Jeff Wearing (until 30 April 2019)
Jane Tabor
Paul Musson
Ruth Williams
Simon Holmes
Gary McRae
Alex Whitfield in attendance by invitation

Quality and Performance Committee
Jeff Wearing (Chairman) (until 30 April 2019)
Ruth Williams (Joint-Chairman) (from 1st May 2019)
Simon Holmes (Joint-Chairman) (from 1st May 2019)
Paul Musson
Lara Alloway (from 2nd September 2019)
Julie Maskery
Julie Dawes
Alex Whitfield
Malcolm Ace
Steve Erskine in attendance by invitation

Workforce and Organisational Development Committee
Paul Musson (Chairman)
Catherine Hope-MacLellan
Julie Dawes
Steve Erskine in attendance by invitation
Alex Whitfield in attendance by invitation

Finance and Investment Committee
Gary McRae (Chairman)
Ruth Williams
Jeff Wearing (until 30 April 2019)
Alex Whitfield
Malcolm Ace
Andrew Bishop (until 31st May 2019)
Nicki Hutchinson (1st June – 1st September 2019)
Lara Alloway (from 2nd September 2019)
John Haynes
Steve Erskine in attendance by invitation

* agrees the remuneration of Executive Directors
** agrees the appointment of Executive Directors

Directors' Meeting attendance for HHFT for the period 1 April 2019 to 31 March 2020

	Board	Audit	Risk	Finance	Quality	Workforce	Remuneration	Nomination
Number of meetings in total for the period	10	4	3[10]	10	10	10	4	3
Steve Erskine	10	1	2	7	4	6	4	3
Alex Whitfield	10	3	3	7	6	6	4	3
Andrew Bishop (until 31 May 2019)	2			1/2[11]	1[12]			
Nicki Hutchinson (From 1 June 2019 until 1 September 2019)	2			1/2[13]	0[14]			
Lara Alloway (from 2 September 2019)	7		2	5/6[15]	5/6[16]		2	
Malcolm Ace	10	4		10	9			
Julie Dawes	10		3		8	9		
Julie Maskery	10				8			
John MacMahon	7	3[17]	3				3[18]	3
Gary McRae	9	3	2	10			4	2
Jeff Wearing	1				1[19]			
Paul Musson	10				9	10	4	2
Jane Tabor	10	4	2				4	2
Ruth Williams	10	3		10	8/9[20]		4	3
Simon Holmes	10				8/9[21]	10	4	3

[10] The Risk Committee was disbanded in January 2020.
[11] CMO until 31 May 2019
[12] As above
[13] Interim CMO between 1 June 2019 – 1 September 2019
[14] As above
[15] CMO from 2 September 2019
[16] As above
[17] Resigned on 31 December 2019
[18] As above
[19] Resigned on 30 April 2019
[20] Joint chair of the committee since 1 May 2019
[21] As above

Annex B

Membership of Council of Governors and attendance at meetings for HHFT for the period 1 April 2019 - 31 March 2020

Governor name	Elected/appointed	Term of office	Public meeting attendance
Maurice Alston	Elected – Public Governor, representing Rest of England & Wales **Nominated – Lead Governor (until 8 January 2020)**	9 January 2012 – 8 January 2020	2/3
Julie Miller	Elected – Public Governor, representing Rest of England & Wales	5 February 2020 – 8 January 2023	0/0[22]
John Bird	Elected – Public Governor, representing Mid and East Hampshire	8 January 2017 – 7 January 2023	4/4
Anthony Bravo	Elected – public Governor, representing North Hampshire & West Berkshire, thereafter co-opted stakeholder Governor representing Further & Higher Education	28 June 2013 – 8 January 2018 Co-opted from 9 January 2018 – 31 March 2020	2/4
Keith Bunker	Elected – public Governor, representing North Hampshire & West Berkshire	8 January 2018 – 7 January 2021	3/4
Brian Collin	Elected – Public Governor, representing Mid & East Hampshire	9 January 2018 – 8 January 2021	3/4
Steph Clark	Elected – Staff Governor, representing other healthcare professionals	3 October 2018 – 8 January 2023	4/4
Kevin Conn	Elected – Staff Governor, representing Medical and Dental	9 January 2012 – 8 January 2020	2/3
Jane Cunningham	Elected – Staff Governor, representing Medical and Dental	5 February 2020 – 8 January 2023	0[23]

[22] No meetings since election
[23] No meetings since election

Governor name	Elected/appointed	Term of office	Public meeting attendance
Joy Deadman	Elected – Public Governor, representing North Hampshire & West Berkshire	9 January 2012 – 8 January 2021	4/4
Jeremy Farmer	Elected – Staff Governor, Support Staff	9 November 2018 – 8 January 2021	3/4
Simon Jobson	Appointed – Stakeholder Governor representing, Winchester University	1 February 2019 – 31 January 2022	4/4
Ruth Gower- Smith	Elected – Public Governor, representing West & South Hampshire	8 January 2018 – 7 January 2021	2/4
Rosemary Hamilton	Elected – Public Governor, representing West & South Hampshire	9 January 2012 – 8 January 2020	2/3
Erand James-Bailey Replaced by Kathryn Brooks	Appointed – Stakeholder Governor representing younger people	23 March 2018 - 22 May 2019 1 June 2019 – 31 August 2020	0/1 2/3
Ann Jones	Elected – Public Governor, representing Mid & East Hampshire	9 January 2012 – 8 January 2021	3/4
David Leeks	Appointed – Stakeholder Governor, representing disabled people	1 April 2013 – 31 March 2019 Reappointed for a further 3 years until 31 March 2022	4/4
Gilda McIntosh	Elected – Public Governor, representing North Hampshire & West Berkshire	8 January 2017 – 7 January 2023	3/4
Gerald Merritt	Appointed – Stakeholder Governor, representing older people	19 September 2012 – 18 September 2021	3/4
Beverley Morgan	Elected – Public Governor, representing Mid & East Hampshire	8 January 2017 – 16 October 2019	1/2
Beauman Chong	Elected – Public Governor, representing Mid & East Hampshire	9 January 2020 – 8 January 2023	1/1
Helen Allen	Elected – Staff Governor, Nursing and Midwifery	14 December 2018 – 31 March 2021	3/4
Douglas Ralph	Elected – Public Governor, representing North Hampshire and West Berkshire **Nominated – Lead Governor (from 7th February 2020)**	8 January 2017 – 7 January 2023	4/4

Governor name	Elected/appointed	Term of office	Public meeting attendance
Jennifer Ramsay	Elected – Public Governor, representing Mid & East Hampshire	9 January 2014 – 8 January 2021	4/4
Stephen Reid	Appointed – Stakeholder Governor representing Hampshire County Council	20 September 2013 – 04 May 2021	3/4
Brian Richardson	Elected – Public Governor, representing West & South Hampshire	9 January 2012 – 8 January 2020	3/3
Dave Biddlecombe	Elected – Public Governor, representing West & South Hampshire	9 January 2020 – 8 January 2023	1/1
Soraya Taylor	Elected – Public Governor, representing West & South Hampshire	9 January 2020 – 8 January 2023	1/1
Daughne Taylor	Elected – Public Governor, representing North Hampshire & West Berkshire	8 January 2018 – 7 January 2021	4/4
Keith Wiggans	Elected – Public Governor, representing West & South Hampshire	8 January 2018 – 7 January 2021	4/4
Mark Wilks	Elected – Staff Governor, Administration, Clerical and Managerial Staff	7 February 2017 – 8 January 2021	3/4

Hampshire Hospitals NHS Foundation Trust Consolidated Financial Statements for the year ended 31 March 2020

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Foreword to the Accounts

The consolidated accounts of Hampshire Hospitals NHS Foundation Trust are prepared in accordance with paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006.

Hampshire Hospitals NHS Foundation Trust's Annual Report and Accounts are presented to Parliament pursuant to Schedule 7, paragraph 25(4)(a) of the National Health Service Act 2006.

Alex Whitfield
Chief Executive
19 June 2020

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS OF HAMPSHIRE HOSPITALS NHS FOUNDATION TRUST

Qualified Opinion

We have audited the financial statements of Hampshire Hospitals NHS Foundation Trust for the year ended 31 March 2020 which comprise the Consolidated Statement of Comprehensive Income, the Statements of Financial Position, Statements of Changes in Taxpayers Equity, the Statements of Cash Flows and the related notes 1 to 26, 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 (FReM) 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 Hampshire 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

As a result of the COVID 19 pandemic, the Trust was only able to count certain locations where their stock is held and we were unable to attend any of those counts. As set out in note 1.10, the Trust uses stock counts to determine stock quantities and the value of stock recorded in the balance sheet. Given the client was unable to perform a full count and the impact COVID 19 had on the nature and quantity of stock being held, we were unable to perform alternative audit procedures to gain sufficient, appropriate audit evidence to conclude on whether the stock balance of £8.2m is appropriate or 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

We draw attention to Note 1.1 in the financial statements, which states that the Trust reported a £9.7 million deficit for the financial period ending 31st March 2020 and would have needed to deliver savings of at least £21.5 million in 2020/21 prior to consideration of the impact of the Coronavirus pandemic. As stated in Note 1.1, 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 October 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:

    - Why it believed it to be appropriate to prepare the financial statements on a going concern basis.

    - 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	• Valuation of property, plant and equipment. • Risk of manipulation of reported financial performance including the risk of management override and the risk of fraud in revenue recognition.
Materiality	• Overall materiality of £9.2m which represents 2% of gross operating expenditure.

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 matters described in the basis for qualified opinion section and 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
Valuation of Property, Plant and Equipment PPE, in particular, Land and Buildings, is the largest figure in the Trust's balance sheet. The valuation of land and buildings is complex and is subject to a number of assumptions and judgements. A small movement in these assumptions can have a material impact on the financial statements. Finally, although we do not recognise this as a significant fraud risk, there is a some incentive for management to understate the value of the assets as a lower asset value would result in a lower deprecation charge in future years. Update – Covid-19 related constraints on property valuation 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. In light of this we draw attention to Note 1.5 *Property Plant and Equipment - Valuation* 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.	We: • Obtained and read the Trust tax advice on the recoverability of VAT in the context of construction in the NHS environment. • Instructed our own valuers (EY Real Estates) to consider the Trust's assumptions on the size, confirmation and location of the replacement buildings for the Trust's three main hospital sites and whether this was in line with their expectations. This included consideration of the Trust's assumption on the condition of the current buildings. • Challenged the accuracy of the other inputs and the assumptions used by the Trust's valuer by reference to external evidence. • Tested journals for the valuation adjustments to confirm that they have been accurately processed in the financial statements. Additional procedures in response to the impact of Covid-19 on our significant risk were: • Consideration of the Trust's asset base by type of asset and valuation methodology, as impacts are likely to be more significant for assets valued on the	We are satisfied that the valuation of property, plant and equipment assets in the Trust's financial statements is materially accurate. Specifically: • 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, as set out in its Capital Strategy, is to use its subsidiary Hampshire Hospitals Contract Services Limited (HHCS) 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 HHCS is used for major capital developments in the future; • EY Real Estates (EYRE) considered the year-end valuation of the Trust's three main hospital sites, Andover War Memorial Hospital, Basingstoke and North Hampshire Hospital and Royal Hampshire County Hospital, by the Trust's external valuer. They found the valuation approach to be reasonable. This included specific

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	basis of data from market transactions. • Ensuring the appropriate disclosure has been made in the accounts concerning the material uncertainty. • Considering whether any further input is required from EY Real Estates, our internal specialists on asset valuations.	consideration of the reasonableness of re-build costs, asset lives, adjustments for obsolescence and the market value of land. • We reviewed and tested the main 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 and any adjustments made. We are satisfied that valuation assumptions made were reasonable and that inputs to the valuation were accurate; and • We are satisfied that the valuation of land and buildings assets at year-end per the Trust valuer's report were reflected correctly in the Trust's financial statements. The Trust's external valuer did disclose 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, see note 1.5 *Property Plant and Equipment - Valuation* . As part of our work we considered the extent of the valuation uncertainty and noted the following: • All but approximately £1.8m 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

Risk	Our response to the risk	Key observations communicated to the Audit Committee
		Covid-19, we are satisfied that the outbreak of Covid-19 is unlikely to have led to significant uncertainty in the valuation; and • Although the valuation of land is more reliant on market evidence EYRE were satisfied, based on their review of the Trust's three main hospital sites, that the valuer's approach of not changing land values from the prior year was reasonable. Based on the work we have undertaken we are satisfied that the carrying value of PPE disclosed in the financial statements is materially accurate. We did, however, request some changes to be made to the Trust's disclosure of it property, plant and equipment valuation approach in its Statement of Accounting Policies. Finally, we detected two errors in the calculation of the depreciation charge included in the financial statements: As part of the annual exercise to revalue Trust assets the valuer works with the Trust to attribute a remaining useful life to individual components of the Trust's buildings. This information then informs obsolescence adjustments made by the valuer to the carrying value of buildings as part of the valuation. As part of the valuation report the valuer also provides details of weighted asset lives by building, rather than by building component. These weighted average asset lives are used by the Trust to calculate the annual depreciation charge. Assets

Risk	Our response to the risk	Key observations communicated to the Audit Committee
		lives used for valuation and accounting purposes are therefore not fully aligned. We have calculated the impact of not basing the annual depreciation charge on the asset lives used for valuation purposes and have determined that the annual depreciation charge accounted for in the financial statements is understated by approximately £1.6 million on this basis. We have raised the need to fully align assets lives for valuation and accounting purposes as a control issue in section 7 of this report; and Audit review of the calculation of the annual depreciation charge identified one asset where the charge was understated due to human error by approximately £700,000. The aggregate impact of these errors, which management has decided not to amend for, is to understate depreciation by £2.3 million and understate the reported deficit for the year by the same value. .
Manipulation of reported financial performance The financial statements as a whole are not free of material misstatements whether caused by fraud or error. As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements	We: • Tested revenue cut-off at the period end date. • Tested manual receivable accruals using larger sample sizes because of the risk. • Reviewed Department of Health and Social Care Agreement of Balances data and	We identified no evidence of management bias or manipulation of reported financial performance as a result of our work.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement. Also 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. We consider this to be a key audit matter as assessment of the performance of management in the NHS is partly driven by the achievement of centrally determined financial targets. There is therefore clear incentive for management to override controls or inappropriately recognise revenue to misreport the achievement of centrally determined financial targets.	tested a sample of differences with counter-parties concentrating on larger value differences 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 reported position. • Tested the appropriateness of manual journal entries recorded in the general ledger using our data analytics tools to identify journals we considered more likely to suggest fraud or error. • Considered whether there were any significant unusual transactions. We identified no such transactions. • Reviewed and tested accounting estimates for evidence of management bias agreeing key judgements to third party or other corroborating evidence where possible to do so.	

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 team.

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 initially determined materiality for the Group to be £8.2 million, which is 2% of gross operating expenditure based on the prior year audited financial statements. We believe that gross operating expenditure provides us with a basis for determining the nature, timing and extent of risk assessment procedures to identify our assessment of the risks of material misstatement.

During the course of our audit, we reassessed initial materiality to reflect operating expenses reported in the draft 2019/20 financial statements. This increased the level of materiality we applied by £1 million to £9.2 million.

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 50% of our planning materiality, namely £4.6 million. We have set performance materiality at this percentage due to level of error detected by the predecessor auditor in the prior year. 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 Committee that we would report to them all uncorrected audit differences in excess of £0.3 million. This is set at 5% of planning materiality capped at £0.3 million as the Group Auditor for Whole of Government Accounts has requested that our reporting threshold should be no higher than £0.3 million. We also report 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 and Accounts 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.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the inventory quantities of £8.2 million held at 31 March 2020. We have concluded that where the other information refers to the Inventory balance or related balances such as Operating Expenses, it may be materially misstated for the same reason.

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 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.
- otherwise misleading.

We have nothing to report in respect of these matters.

In respect of the following, we have matters to report by exception

- Proper arrangements to secure economy, efficiency and effectiveness

We report to you if 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.

The table below presents the findings of our work in response to the risk areas identified:

Risk	***Our response to the risk***	***Key observations communicated to the Audit Committee***

Deploying resources in a sustainable manner
 	
The Trust continues to face a challenging financial position, as a result of financial pressures across the NHS, reductions in commissioner funding and an increased demand for services.
 	
The long term sustainability of its finances and the ability to demonstrate good financial health are critical to the future of the Trust. Achievement of the Trust's in-year and strategic financial plans is predicated on a number of assumptions and saving plans.
 	
At the planning stage we noted that in the first seven months of 2019/20 the Trust posted a surplus of £0.3 million compared with an internally planned surplus of £8.9 million. NHSI agreed Financial Control Total target strips out the Marginal Rate Emergency Tariff (MRET) and Provider Sustainability Fund (PSF) and charitable donations to the Trust. On this measure, the Trust has an operational deficit of £7.4 million , compared with a Financial Control Total target of a deficit of £6.1 million.
 	
The Trust continues to face increase in non-elective demand throughout the year. This increase in unexpected demand is causing an increase
	We:
	
	• Reviewed the 2019/20 outturn position;
	
	• Reviewed the reasonableness of the assumptions made in the Trust's operating financial model for 2020/21.
	
	• Assessed the progress made by the Trust in understanding the route cause of the increase in demand.
	
	• Assessed the actions taken by management to reduce the cost and reliance of bank & agency staff. This included;
	
	  • Assessment of the assumption in the Trusts demand vs capacity modelling for FTE establishment.
	
	  • Review of the Trust's procedures over the framework agreements entered into with agency suppliers and adherence to those agreements
		At the end of the year the Trust was faced with a fundamental financial problem in that its staff number growth, and consequently staff cost growth, is running much faster than the available income within the North and Mid Hampshire system. Although funding is guaranteed to cover costs in the short-term, there remains a significant circa £21.5 million underlying financial deficit which needs to be addressed. Given income will be largely fixed, and with attempts to understand and control non-elective demand being a more medium-term aspiration, it is essential that the Trust continues to focus its arrangements on minimising the key drivers of additional cost it can control.

Risk	*Our response to the risk*	*Key observations communicated to the Audit Committee*
in staff cost pressures, primarily through the dependence on agency and in some areas high cost medical locums.	when procuring agency staff. • Review of the Trust's monitoring arrangements for the use of bank and agency staff.	

Basis for qualified conclusion on reporting by exception

These issues are evidence of weaknesses in proper arrangements for planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.

Qualified conclusion (Except for)

On the basis of our work, having regard to the guidance issued by the C&AG in April 2020, with the exception of the matter(s) reported above, we are satisfied that, in all significant respects, Hampshire Hospitals NHS Foundation Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Responsibilities of Accounting Officer

As explained more fully in the Accountable Officer's responsibilities statement, 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 company'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 Hampshire 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 Hampshire 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
22 June 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2020

		Group	
		2019/20	2018/19
	Note	£000	£000
Operating income from patient care activities	2	405,584	370,613
Other operating income	3	48,256	52,739
Operating expenses	5	(458,193)	(410,024)
Operating surplus/(deficit) from continuing operations		**(4,353)**	**13,328**
Finance income	9	132	96
Finance expenses	9	(413)	(526)
PDC dividends payable		(5,107)	(4,623)
Net finance costs		**(5,388)**	**(5,053)**
Other gains / (losses)		-	4,013
Surplus / (deficit) for the year from continuing operations		**(9,741)**	**12,288**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	(2,169)	(3,037)
Revaluations		2,646	8,272
Other reserve movements		18	(150)
Total comprehensive income / (expense) for the period		**(9,246)**	**17,373**
Surplus/ (deficit) for the period attributable to:			
Hampshire Hospitals NHS Foundation Trust		(9,741)	12,288
TOTAL		**(9,741)**	**12,288**
Total comprehensive income/ (expense) for the period attributable to:			
Hampshire Hospitals NHS Foundation Trust		(9,246)	17,373
TOTAL		**(9,246)**	**17,373**

The notes on pages 140 to 175 form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
As at 31 March 2020

	Note	Group 31 March 2020 £000	Group 31 March 2019 £000	Trust 31 March 2020 £000	Trust 31 March 2019 £000
Non-current assets					
Intangible assets	10	2,334	2,717	2,298	2,676
Property, plant and equipment	11	201,780	195,048	191,330	185,563
Investments in associates and joint ventures	12	50	-	10,940	10,890
Receivables	14	970	-	970	
Total non-current assets		**205,134**	**197,765**	**205,538**	**199,129**
Current assets					
Inventories	13	8,171	7,170	7,236	6,338
Receivables	14	26,326	35,562	26,051	36,220
Cash and cash equivalents	15	20,228	6,712	19,263	6,331
Total current assets		**54,725**	**49,444**	**52,550**	**48,889**
Current liabilities					
Trade and other payables	16	(39,508)	(32,365)	(40,467)	(35,329)
Borrowings	17	(10,095)	(2,101)	(10,095)	(2,101)
Other financial liabilities		(276)	(148)	-	-
Provisions	18	(223)	(221)	(223)	(221)
Other liabilities	16	(1,991)	(1,742)	(1,991)	(1,742)
Total current liabilities		**(52,093)**	**(36,577)**	**(52,776)**	**(39,393)**
Total assets less current liabilities		**207,766**	**210,632**	**205,312**	**208,625**
Non-current liabilities					
Borrowings	17	(20,243)	(18,255)	(20,243)	(18,255)
Provisions	18	(3,196)	(2,321)	(3,196)	(2,321)
Other liabilities	16	(7,156)	(7,493)	(7,156)	(7,493)
Total non-current liabilities		**(30,595)**	**(28,069)**	**(30,595)**	**(28,069)**
Total assets employed		**177,171**	**182,563**	**174,717**	**180,556**
Financed by					
Public dividend capital		134,594	130,740	134,594	130,740
Revaluation reserve		43,803	43,681	42,931	42,868
Other reserves		6,366	6,366	6,366	6,366
Income and expenditure reserve		(7,592)	1,776	(9,174)	582
Total taxpayers' equity		**177,171**	**182,563**	**174,717**	**180,556**

The notes on pages 140 to 175 form part of these accounts

Alex Whitfield
Chief Executive
19 June 2020

STATEMENTS OF CHANGES IN TAXPAYERS EQUITY

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	Total £000
Taxpayers' and others' equity at 1 April 2019 - brought forward	**130,740**	**43,681**	**6,366**	**1,776**	**182,563**
Surplus/(deficit) for the year	-	-	-	(9,741)	**(9,741)**
Impairments	-	(2,169)	-	-	**(2,169)**
Revaluations	-	2,646	-	-	**2,646**
Transfer to retained earnings on disposal of assets	-	(355)	-	355	-
Public dividend capital received	3,854	-	-	-	**3,854**
Other reserve movements	-	-	-	18	**18**
Taxpayers' and others' equity at 31 March 2020	**134,594**	**43,803**	**6,366**	**(7,592)**	**177,171**

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	Total £000
Taxpayers' and others' equity at 1 April 2018 - brought forward	**124,645**	**39,639**	**6,366**	**(11,555)**	**159,095**
Surplus/(deficit) for the year	-	-	-	**12,288**	**12,288**
Impairments	-	(3,037)	-	-	**(3,037)**
Revaluations	-	8,272	-	-	**8,272**
Transfer to retained earnings on disposal of assets	-	(1,193)	-	1,193	-
Public dividend capital received	6,095	-	-	-	**6,095**
Other reserve movements	-	-	-	(150)	**(150)**
Taxpayers' and others' equity at 31 March 2019	**130,740**	**43,681**	**6,366**	**1,776**	**182,563**

STATEMENTS OF CHANGES IN TAXPAYERS' EQUITY

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

Trust	Public dividend capital	Revaluation reserve	Other reserves	Income and expenditure reserve	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2019 - brought forward	**130,740**	**42,868**	**6,366**	**582**	**180,556**
Surplus/(deficit) for the year	-	-	-	(10,111)	**(10,111)**
Impairments	-	(2,168)	-	-	**(2,168)**
Revaluations	-	2,586	-	-	**2,586**
Transfer to retained earnings on disposal of assets	-	(355)	-	355	-
Public dividend capital received	3,854	-	-	-	**3,854**
Taxpayers' and others' equity at 31 March 2020	**134,594**	**42,931**	**6,366**	**(9,174)**	**174,717**

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

Trust	Public dividend capital	Revaluation reserve	Other reserves	Income and expenditure reserve	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2018 - brought forward	**124,645**	**38,855**	**6,366**	**(12,654)**	**157,212**
Surplus/(deficit) for the year	-	-	-	12,043	**12,043**
expenditure reserve for impairments arising from consumption of economic benefits	-	(3,036)	-	-	**(3,036)**
Other transfers between reserves	-	8,242	-	-	**8,242**
Impairments	-	(1,193)	-	1,193	-
Public dividend capital received	6,095	-	-	-	**6,095**
Taxpayers' and others' equity at 31 March 2019	**130,740**	**42,868**	**6,366**	**582**	**180,556**

STATEMENTS OF CASH FLOWS
Year ended 31 March 2020

	Note	Group 2019/20 £000	Group 2018/19 £000	Trust 2019/20 £000	Trust 2018/19 £000
Cash flows from operating activities					
Operating surplus / (deficit)		(4,353)	13,328	(4,815)	13,257
Non-cash income and expense:					
Depreciation and amortisation	5	9,419	8,218	8,803	7,652
Net impairments	5	(329)	(1,352)	(26)	(1,185)
Income recognised in respect of capital donations	4	(3,554)	(2,011)	(3,554)	(2,011)
Amortisation of PFI deferred credit		(338)	(338)	(338)	(338)
(Increase) / decrease in receivables and other assets		5,461	(8,787)	6,430	(9,632)
(Increase) / decrease in inventories		(1,001)	(1,544)	(898)	(1,387)
Increase / (decrease) in payables and other liabilities		7,730	1,334	5,712	2,329
Increase / (decrease) in provisions		786	(196)	786	(196)
Net cash flows from / (used in) operating activities		**13,821**	**8,652**	**12,100**	**8,489**
Cash flows from investing activities					
Interest received		132	96	132	96
Purchase of intangible assets		-	(1,215)	-	(1,215)
Purchase of PPE and investment property		(15,480)	(11,330)	(14,363)	(11,330)
Sales of PPE and investment property		2,500	3,382	2,500	3,382
Receipt of cash donations to purchase assets		3,554	2,011	3,554	2,011
Net cash flows from / (used in) investing activities		**(9,294)**	**(7,056)**	**(8,177)**	**(7,056)**
Cash flows from financing activities					
Public dividend capital received		3,854	6,095	3,854	6,095
Movement on loans from DHSC		10,088	(3,412)	10,088	(3,412)
Movement on other loans		-	246	-	246
Capital element of finance lease rental payments		(100)	(100)	(100)	(100)
Interest on loans		(316)	(490)	(310)	(490)
Other interest		-	-		
Interest paid on finance lease liabilities		(12)	(16)	(12)	(16)
PDC dividend (paid) / refunded		(4,621)	(4,915)	(4,621)	(4,915)
Cash flows from (used in) other financing activities		96	(75)	110	(79)
Net cash flows from / (used in) financing activities		**8,989**	**(2,667)**	**9,009**	**(2,671)**
Increase / (decrease) in cash and cash equivalents		**13,516**	**(1,071)**	**12,932**	**(1,238)**
Cash and cash equivalents at 1 April - brought forward		**6,712**	**7,783**	**6,331**	**7,569**
Cash and cash equivalents at 31 March	15	**20,228**	**6,712**	**19,263**	**6,331**

NOTES TO THE ACCOUNTS

Statement of accounting policies

1. Accounting policies and other information

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

1.1 Basis of preparation

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.

Going concern

These accounts have been prepared on a going concern basis.

The Department of Health and Social Care Group Accounting Manual sets out the interpretations of going concern for the public sector and instructs DHSC group bodies to “prepare their accounts on a going concern basis unless informed by the relevant national body or DHSC sponsor of the intention for dissolution without transfer of services or function to another entity.”

We have not been informed that this being considered for Hampshire Hospitals NHS Foundation Trust and therefore we are preparing our accounts on a going concern basis. The Trust is aware, however, of a material uncertainty in relation to achieving £21.5 million savings in 2020/21 that may cast significant doubt about the Trust's ability to continue as a going concern. The conditions giving rise to this material uncertainty are as follows.

The Trust recognises that the financial position has deteriorated during the year, having reported a £9.7m deficit for the financial period ending 31st March 2020 following a difficult year of operations, after reporting a surplus of £12.3 million in 2018/19. The total funding position is distorted by earning or not earning Provider Sustainability Funding (PSF) , and particularly in 2018/19 as bonus PSF was allocated to Trusts (like HHFT) who met or exceeded their financial targets. The deterioration on an operating basis between 2018/19 and 2019/20 was £15.7 million, and this is a fair representation of the pressures during the year on the Trust’s operational performance and consistent with the financial reporting to Board and Senior Management throughout the year.

Our draft financial and operational plan submitted to NHSE/I in early March 2020 for financial year 2020/21 indicated that savings of at least £21.5 million would be needed to achieve the financial target for 2020/21. However, since the draft plan submission, NHSE/I responded to the emergence of COVID-19 by fundamentally changing the financial regime for a period of at least 7 months until the end of October 2020. During this period NHS provider organisations will be funded on a block income, plus a top-up payment to ensure a breakeven revenue position. A commitment has been made to review the position for the remainder of financial year 2020/21 in taking account of the Covid-19 pressures, winter 2020/21 and the degree of recovery that can be expected in elective activity and ‘normal’ non-elective demand. It would be very difficult to imagine a return to a PbR based funding arrangement for the final five months of 2020/21 without very large extra-contractual support for any Trust.

NHSE/I revised the capital regime so that, having met certain conditions, COVID related capital costs will be funded centrally in March, April and May 2020. NHSE/I has now requested pre-approval of Covid-19 related capital, but the risks to the Trust in responding to unprecedented requirements to increase critical care and general capacity have largely been avoided by the prompt and clear action of NHSE/I. The remainder of the Trust’s capital expenditure is either funded by the Trust equivalent to planned depreciation or from specific external funding, the combination of which ensures that cash is not reduced by the planned capital expenditure.

There has been a large cash liquidity injection into all Trusts, with NHSE/I ensuring that block payments are made a month in advance. This unusual payment in advance of need meant that the Trust received £35 million of payments in advance during April 2020 through the block payments and a further £12

million (to be repaid in June) under local arrangements with CCGs. There is a risk that NHSE/I will reverse this policy, again it is unlikely to happen in the coming months.

At the end of April 2020, the Trust's cash balance stood at £65 million, an increase of £45 million on the March 2020 year end figure. Whilst there is uncertainty of the financial regime after October, the Trust remains confident in its ability to maintain sufficient cash for its operations. The Trust also has access to £12.5 million of undrawn facility from the ITFF and received interim revenue support from NHSE/I in March 2020, with an indication that a further £12 million would be available if needed.

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHSE/I announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. The £8 million liability on the Trust's balance sheet relating to interim revenue support provided in March 2020 will therefore be replaced by PDC. The Trust has made representations to NHSE/I that the £12.5 million drawn balance from NHSE/I should also be converted to PDC in the same exercise.

To support this, the Trust has constructed a 15 month cash flow forecast (to July 2021). In the base case forecast, the Trust assumed that interim regime was substantially in place for the remainder of the financial year ending 31st March 2021, although without the commitment from NHSE/I to fund NHS organisations to a breakeven position from November onwards. It is assumed that the month in advance block payment is withdrawn in March 2021, and that thereafter payments are a month in time not a month in advance. Whilst these assumptions reduce the cash balance substantially, the Trust does not need to drawdown further working capital facility (ITTF).

A 'stressed' case forecast was also produced, whereby the funding regime was constrained further, with all top-up payments ending after October 2020, despite non-NHS income only slowly recovering. In this case, the Trust would need to draw down a further £5.3 million of the ITFF working capital facility. This would still leave £7.2 million to access of this facility, and no further recourse to interim revenue support.
These accounts have been prepared on a going concern basis, following the submission of the operating plan for 2019/20 to NHSI projecting an income and expenditure surplus of £14.8m and cash holding of £20.2m at 31 March 2020.

1.2 Consolidation

Charity

Following Treasury's agreement to apply IAS 27 to NHS Charities from, 1 April 2013, the Trust has established that as it is the corporate trustee of the Hampshire Hospitals Charity, it effectively has the power to exercise control so as to obtain economic benefits. However, the transactions are immaterial (<5% of the net assets) in the context of the group and transactions have not been consolidated. Details of the transactions with the charity are included in note 12.

Subsidiaries

Subsidiary entities are those over which the Trust has the power to exercise control or a dominant influence so as to gain economic or other benefits. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines.

Where the subsidiary's accounting policies are not aligned with those of the Trust (including where they report under UK FRS102) then amounts are adjusted during consolidation where the differences are material. Inter-entity balances, transactions and gains or losses are eliminated in full on consolidation.

The Group refers to the consolidation of Hampshire Hospitals NHS Foundation Trust and its' subsidiary company Hampshire Hospitals Contract Services Limited. Unless otherwise stated the notes to the accounts refer to the Group and not the Trust, as the Trust's balances are not materially different. The Group have taken advantage of the exemption under s408 of the Companies Act to omit the statement of comprehensive income for the Trust. The Trust's deficit for the period was £10.111m (2018/19 surplus £13.257m).

1.3 Income recognition

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.

Revenue from research contracts

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. At contract inception, the Trust assesses the outputs promised in the research contract to identify as a performance obligation each promise to transfer either a good or service that is distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer. The Trust recognises revenue as these performance obligations are met, which may be at a point in time or over time depending upon the terms of the contract.

NHS injury cost recovery scheme

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

1.4 Expenditure on employee benefits

Short-term Employee Benefits

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

Pension Costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of 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 their 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 for the year ending 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 at 20.6%.

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

1.5 Expenditure on other goods and services

Expenditure on goods and services is recognised when those goods and services are received and is accounted for applying the accruals convention. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment. Expenditure is measured at the fair value of the goods and services received.

1.6 Property, plant and equipment

Capitalisation

Property, plant and equipment is capitalised where:

- it is expected to be used for more than one financial year;
- it is held for use in delivering services or for administration purposes and it is probable that future economic benefits will flow to, or service potential be provided to, the group;
- the cost of the item can be measured reliably, and either
- individual items have a cost of at least £5,000; or
- costs represent a group of assets which individually have a cost of more than £250, collectively have a cost of at least £5,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- costs represent part of the initial setting-up cost of a new building or refurbishment of a ward or unit, irrespective of their individual or collective cost and comprise 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.

Valuation

Property, plant and equipment is stated at fair value. On initial recognition they are measured at cost (for leased assets, fair value) including any costs, such as installation, directly attributable to bringing them into working condition. The costs arising from financing the construction of non-current assets are not capitalised but are charged to the Statement of Comprehensive Income in the year to which they relate. Assets, including those held for their service potential, are carried at current value in existing use. For non- specialised assets current value in existing use is interpreted as market value for existing use.

Land and buildings are revalued using professional valuations in accordance with IAS 16. The group has adopted a policy of revaluations every five years, with a three year interim revaluation. More frequent desk-top valuations will be performed, as required by market conditions, to ensure that the carrying value of assets is not materially different to their fair value.

Valuations are carried out by professionally qualified valuers, Cushman & Wakefield LLP in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. A desktop revaluation exercise was undertaken at 31st March 2020 using the indexation tables published in March 2020 by RICS to reflect current market conditions. However, following the outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, the valuation has been reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Valuation - Global Standards. The 'material valuation uncertainty' declaration referred to above does not mean that the valuation cannot be relied upon. It is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case.

Furthermore, the majority of the Trust's building assets (£150.2m of £152.0m NBV at 31 March 2020) are considered to be specialised and therefore valued at Depreciated Replacement Cost. Given this DRC valuation basis is not informed by evidence of relevant market conditions which could have been impacted by C-19, we are satisfied that the outbreak of C-19 is unlikely to have led to significant uncertainty in the valuation of buildings, especially as the economic impact of C-19 and associated market volatility only commenced at the start of 'lockdown' movement restrictions on 23 March 2020. This was only a week prior to financial year end. Finally, the approach of the Trust valuer's approach of keeping land values at the same level as those reported in the previous year is reasonable based on its assessment of available market evidence

Assets in the course of construction are held at cost and are valued by professional valuers when they are brought into use.

The 2019/20 valuation for operational specialised property and land was on a modern equivalent asset MEA) basis. Operational equipment is valued at the lower of replacement cost or recoverable amount. Equipment surplus to requirements is valued at net recoverable amount. Where assets have a short life or low value, depreciated historic cost is taken as a proxy for fair value.

It is impracticable to disclose the extent of the possible effects of an assumption or another source of estimation uncertainty at the end of the reporting period. On the basis of existing knowledge, outcomes within the next financial year that are different from the assumption around the valuation of our land, property, plant and equipment could require a material adjustment to the carrying amount of the assets recorded in note 11.

Subsequent expenditure
Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

Depreciation and Impairments
Freehold land and assets under construction or development are not depreciated/amortised.

Items of property, plant and equipment are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Useful lives and residual values are reassessed each year.

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.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as assessed by the group's professional valuers. Leaseholds are depreciated over the primary lease term. In the 2019/20 valuation the group's buildings were allocated lives of between 12 and 66 years. Additional work and refurbishments to existing buildings are allocated the same life as the building to which they relate.

Equipment and intangible assets are depreciated on current cost evenly over the estimated life of the asset as follows:

Plant and Machinery:	5 to 20 years;
Furniture and Fittings:	5 to 15 years;
Transport Equipment:	7 years; and
Information Technology:	5 to 10 years;

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

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

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

Impairments
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.

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

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale is highly probable i.e:
  - management are committed to a plan to sell the asset;
  - an active programme has begun to find a buyer and complete the sale;
  - the asset is being actively marketed at a reasonable price;
  - the sale is expected to be completed within 12 months of the date of classification as 'Held for Sale'; and
  - the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

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

Assets which are not held for their service potential and do not qualify for recognition as 'Held for Sale' are surplus assets held at current value in existence under adapted IAS 16, IAS40 or IFRS13 as appropriate.

1.7 Intangible assets

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the group'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 group and where the cost of the asset can be measured reliably.

Software which is integral to the operation of hardware e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. In addition software which is not integral to the operation of hardware e.g. application software, is capitalised as an intangible asset. In both cases the cost has to be at least £5,000.

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

operating income. Decreases in asset values and impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses. Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. Any amortisation charged is included within other operating expenses within the Statement of Comprehensive Income.

Intangible assets that are no longer in use are de-recognised and shown as a disposal in-year.

Useful economic lives reflect the total life of an asset and not the remaining life of an asset. Intangible assets are depreciated evenly over the estimated useful economic life of the asset based on the current cost.

Intangible assets are depreciated on current cost evenly over the estimated life of the asset. An example of the estimated life of intangible assets as follows:

Software Licences	5 years

1.8 Donated assets

Donated assets are capitalised at their current value on receipt and this value is credited to the statement of comprehensive income. Donated assets are valued and depreciated as described above for purchased assets. Gains and losses on revaluations are taken to the revaluation reserve.

On disposal of a donated asset, the profit or loss on disposal is calculated as the difference between the carrying amount and net sale proceeds, and credited or charged to the SoCI.

1.9 Private Finance Initiative (PFI) 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 group. The underlying assets are recognised as Property, plant and equipment at their fair value.

For schemes where there is a unitary payment:

- An equivalent financial liability is recognised in accordance with IAS 17. It is applicable under IFRIC 12 to capitalise the assets.
- The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for services. The finance cost is calculated using the implicit interest rate for the scheme.
- The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Statement of Comprehensive Income.

For schemes where there is no unitary payment:

- An equivalent financial liability is recognised on inception representing the future service potential of the asset. On the first external valuation of the asset, the liability is re-measured in order to reflect the actual future service potential made available to the group.
- Subsequently the liability is released evenly over the lifetime of the arrangement with a credit recognised in other operating income.

1.10 Inventories

Inventories are valued at the lower of cost or net realisable value. The cost of inventories is measured using the weighted average cost method. As a result of the impact of Covid-19 the Trust was not able to undertake all of the stock takes planned at the end of the year, although it was possible to undertake stock takes in support of the majority of the value of inventory disclosed in the financial statements. Where it was not possible to undertake a stock take estimation processes have been used to determine the value of year-end inventory accounted for in the financial statements.

1.11 Cash, bank and overdrafts

Cash and bank balances are recorded at the current values of these balances in the group's cash book. These balances exclude monies held in the group's bank account belonging to patients (see "third party assets" below). Account balances are only set off where a formal agreement has been made with the bank to do so. Interest earned on bank accounts is recorded as "financial income" in the period to which it relates. Bank charges are recorded as operating expenditure in the periods to which they relate. The group's cash balance does not include any cash equivalents

1.12 Provisions

The group provides for legal or constructive obligations that are of uncertain timing or amount at the 31 March date on the basis of the best estimate of the expenditure required to settle the obligation assuming that it is probable there will be a future outflow of cash or other resources and a reliable estimate can be made of the amount. 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 which range from 1.9% to 2.1% in real terms, except for early retirement provisions and injury benefit provisions which both use HM Treasury's pension discount rate of Minus 0.5% in real terms. Details of provisions can be found in note 18.

1.13 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 25 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 25, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

1.14 Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the group pays an annual contribution to them, 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 group. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the group is disclosed at note 18. These are not provided for by the group as they would be matched by income due from the NHS Resolution.

1.16 Non-clinical risk pooling

The group participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the group pays an annual contribution to NHS Litigation Authority and in return receives assistance with the costs of claims arising. This is accounted for on a net basis. The annual membership contributions, and any 'excesses' payable in respect of particular claims are charged to operating expenses when the liability arises.

1.17 Value Added Tax (VAT)

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

1.18 Corporation tax

Section 148 of the Finance Act 2004 amended S519A of the Income and Corporation Taxes Act 1988 to provide power to the Treasury to make certain non-core activities of Foundation Trusts potentially subject to corporation tax. This legislation became effective in the 2005/06 financial year.

In determining whether or not an activity is likely to be taxable a three-stage test may be employed:

- The provision of goods and services for purposes related to the provision of healthcare authorised under Section 14(1) of the Health and Social Care Act 2003 (HSCA) is not treated as a commercial activity and is therefore tax exempt;
- Trading activities undertaken in house which are ancillary to core healthcare activities are not entrepreneurial in nature and not subject to tax. A trading activity that is capable of being in competition with the wider private sector will be subject to tax;
- Only significant trading activity is subject to tax. Significant is defined as annual taxable profits of £50,000 per trading activity.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by IAS12.

1.19 Foreign exchange

The Group's functional currency and presentational currency is pounds sterling, and transactions that are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange gains and losses are taken to the statement of comprehensive income.

1.20 Third party assets

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

1.21 Leases

Finance leases

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

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

Operating leases

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

Leases of land and buildings

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

1.22 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 original NHS Trust.

A charge, reflecting the cost of capital utilised by the group, is paid over as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the group. Relevant net assets are calculated as the value of net assets, less donated assets and average daily cash balances held with the Government Banking Service. Average relevant net assets are calculated as a simple mean of opening and closing relevant net assets. This information comes from the audited prior year accounts and pre-audit current year accounts.

HM Treasury has concluded, with the agreement of FRAB, that PDC is not a financial instrument within the scope of IAS 32, and as such should continue to be presented within 'taxpayers' equity' in the Statement of Financial Position.

1.23 Financial instruments and financial liabilities

Recognition

Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the group's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs i.e. when receipt or delivery of the goods or services is made.

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.

All other financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument.

De-recognition

All financial assets are de-recognised when the rights to receive cashflows from the assets have expired or the group has transferred substantially all of the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Classification and Measurement
Financial assets are categorised as 'fair value through the statement of comprehensive income', loans and receivables or 'available-for-sale financial assets'.

Financial liabilities are classified as 'fair value through the statement of comprehensive income'' or as 'other financial liabilities'.

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

The group's loans and receivables comprise: current investments, cash at bank and in hand, NHS debtors, accrued income and 'other debtors'.

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

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

Financial liabilities
All financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability. They are included in current liabilities except for amounts payable more than 12 months after the 31 March, which are classified as non-current liabilities.

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

Determination of fair value
For financial assets and financial liabilities carried at fair value, the carrying amounts are determined from the most appropriate valuation method (e.g. quoted market prices/independent appraisals/discounted cash flow analysis/other) to that particular asset or liability.

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.

The Trust analysed contract and other receivables, distinguishing between different classes of receivable. The expected credit loss % for each class of receivable were applied to the closing balances. The Trust did not recognise expected credit losses in relation to other NHS bodies.

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.

1.24 Judgemental areas and estimation techniques

The valuation of property and the calculation of accruals, are subject to judgement or estimation techniques. There are no other areas where judgement is used to estimate material balances in these accounts.

The group relies on the judgements of appropriately qualified external professional advisors who provide the property valuations. At 31 March 2020, £174,493,105 of land and buildings are valued at fair value. It is impracticable to disclose the extent of the possible effects of an assumption or another source of estimation uncertainty at the end of the reporting period. On the basis of existing knowledge, outcomes within the next financial year that are different from the assumption around the valuation of our land, property, plant and equipment could require a material adjustment to the carrying amount of the asset or liability recorded in note 11.

Provision for non-payment is made against all receivables that are greater than 180 days old unless recoverability is certain. The provision against receivables at 31 March 2020 was £1,092,000 (see note 14).
The accruals balance of £14,989,000 is based on expenditure that has been incurred for invoices not yet received. The main sources of uncertainty relate to staff leave accruals; there is underlying evidence to support these balances which reduce their risk.

1.25 Accounting Standards that have been issued but have not yet been adopted

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 all leases. The standard also requires the remeasurement of lease liabilities 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.

1.26 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee, which makes strategic decisions.

1.27 Carbon Reduction Commitment

The CRC scheme is a mandatory cap and trade scheme for non-transport CO2 emissions. Where NHS foundation trusts are registered with the CRC scheme, they are required to surrender to the government an allowance for every tonne of CO2 they emit during the financial year. Therefore, registered NHS foundation trusts should recognise a liability (and related expense) in respect of this obligation as CO2 emissions are made.

1.28 Losses and Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS foundation trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

1.29 New Standards

No new accounting standards have been adopted in 2019/20.

2.1 Income from patient care activities (by nature)	2019/20 £000	2018/19 £000
Elective income	75,492	76,712
Non elective income	123,946	104,450
First outpatient income	30,900	29,982
Follow up outpatient income	33,250	31,000
A & E income	20,961	16,947
High cost drugs income from commissioners (excluding pass-through costs)	35,738	34,218
Other NHS clinical income	58,037	63,419
Private patient income	7,414	6,894
Agenda for Change pay award central funding*		4,154
Additional pension contribution central funding**	11,988	
Other clinical income	7,858	2,837
Total income from activities	**405,584**	**370,613**

*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.

2.2 Income from patient care activities (by source)

Income from patient care activities received from:	2019/20 £000	2018/19 £000
NHS England	74,611	58,191
Clinical commissioning groups	317,714	298,201
Department of Health and Social Care	-	4,154
Other NHS providers	337	363
NHS other	214	177
Local authorities	-	1,135
Non-NHS: private patients	7,414	6,797
Non-NHS: overseas patients (chargeable to patient)	354	187
Injury cost recovery scheme	571	554
Non NHS: other	4,369	854
Total income from activities	**405,584**	**370,613**
Of which:		
Related to continuing operations	405,584	370,613
Related to discontinued operations	-	-

NHS injury cost recovery scheme income is subject to a provision for doubtful debts of 22.84% (2018/19 21.89%) to reflect the national NHS expected rate of collection.

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

	2019/20	2018/19
	£000	£000
Income recognised this year	354	187
Cash payments received in-year	-	181
receivables	-	57
Amounts written off in-year	-	2

3.1 Other operating income (Group)

	2019/20			2018/19		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	1,194	-	**1,194**	1,547	-	**1,547**
Education and training	18,552	343	**18,895**	18,587	-	**18,587**
Provider sustainability fund (PSF)	3,147	-	**3,147**	15,123	-	**15,123**
Marginal rate emergency tariff funding (MRET)	5,018	-	**5,018**	-	-	-
Receipt of capital grants and donations	-	3,554	**3,554**	-	2,011	**2,011**
Charitable and other contributions to expenditure	-	524	**524**	-	525	**525**
Rental revenue from operating leases	-	425	**425**	-	393	**393**
Amortisation of PFI deferred income / credits	-	338	**338**	-	338	**338**
Other income	15,161	-	**15,161**	14,215	-	**14,215**
Total other operating income	**43,072**	**5,184**	**48,256**	**49,472**	**3,267**	**52,739**
Of which:						
Related to continuing operations			**48,256**			**52,739**
Related to discontinued operations			-			-

The income generated from non-healthcare services, provides an invaluable contribution and it used by the Trust to fund essential training, research and investment into healthcare service. Other income is primarily from staff and services recharged to other NHS providers.

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

	2019/20	2018/19
	£000	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	1,457	154

3.3 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:

	2019/20	2018/19
	£000	£000
Income from services designated as commissioner requested services	392,325	356,392
Income from services not designated as commissioner requested services	13,259	14,221
Total	**405,584**	**370,613**

4. Segmental reporting

The group has determined the Senior Management Team meeting (formerly Executive Committee) to be the chief operating decision maker. The Senior Management Team meeting is a sub-committee of the Trust Board and is attended by the Executive Directors, the Clinical Divisional Directors and the Operational Directors. The

Senior Management Team meeting has the power to make operational decisions and allocate resources. On occasions their decisions do require Trust Board approval. Operating segments are based on the reports made to the Senior Management Team meeting. Segments are reported on by expenditure and income, but assets are not recorded by individual segments.

Year Ended 31 March 2020

	Surgery	Medicine	Family & Clinical Support Services	Other	Total
	£000	£000	£000	£000	£000
Clinical income	146,261	150,663	86,753	4,631	388,308
Private patient income	-	-	-	7,146	7,146
Other income	2,270	3,580	5,597	44,195	55,642
Total income	**148,531**	**154,243**	**92,350**	**55,972**	**451,096**
Pay costs	(84,423)	(92,465)	(80,302)	(58,427)	(315,617)
Drugs	(18,844)	(22,500)	(5,075)	(151)	(46,570)
Other non pay	(18,877)	(8,744)	(16,965)	(43,852)	(88,438)
Total expenditure	**(122,144)**	**(123,709)**	**(102,342)**	**(102,430)**	**(450,625)**
Depreciation	-	-	-	(9,313)	(9,313)
Interest received	-	-	-	128	128
Interest paid	-	-	-	(313)	(313)
PDC dividend	-	-	-	(5,107)	(5,107)
Net impairment reversal	-	-	-	839	839
Donated funds income	-	-	-	3,554	3,554
Total Financing	-	-	-	**(10,212)**	**(10,212)**
Surplus/(deficit)	**26,387**	**30,534**	**(9,992)**	**(56,670)**	**(9,741)**

The amounts within 'other' above includes the Corporate Services activities which do not meet the definition of an operating segment under IFRS8. Any item of income or expenditure that was not directly attributable to one of the clinical divisions (Surgery, Medicine or F&CSS) has been allocated to 'Other'.

5 Operating expenses (Group)

	2019/20	2018/19
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	2,685	1,862
Purchase of healthcare from non-NHS and non-DHSC bodies	4,222	4,012
Staff and executive directors costs	310,820	273,105
Remuneration of non-executive directors	173	165
Supplies and services - clinical (excluding drugs costs)	33,783	31,573
Supplies and services - general	6,488	6,456
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	46,447	43,347
Inventories written down	124	109
Consultancy costs	568	420
Establishment	8,451	6,310
Premises	13,827	12,007
Transport (including patient travel)	1,476	1,437
Depreciation on property, plant and equipment	9,036	8,042
Amortisation on intangible assets	383	176
Net impairments	(329)	(1,352)
Movement in credit loss allowance: contract receivables / contract assets	(119)	193
Change in provisions discount rate(s)	(22)	(18)
Audit fees payable to the external auditor		
audit services- statutory audit	93	87
other auditor remuneration (external auditor only)	14	13
Internal audit costs	58	101
Clinical negligence	13,037	14,254
Legal fees	173	332
Insurance	189	165
Research and development	1,436	1,373
Education and training	3,313	2,890
Rentals under operating leases	926	2,200
Losses, ex gratia & special payments	124	145
Other	817	620
Total	**458,193**	**410,024**

6 Other auditor remuneration (Group)

For the year ended 31 March 2020 external audit fees payable to the external auditors (for the Group and the subsidiary company) totalled £92,000 (2018/19 - £72,000). Non-audit fees payable to the external auditor are analysed across the following headings:

	2019/20 £000	2018/19 £000
Other auditor remuneration paid to the external auditor:		
1. Audit of accounts of any associate of the trust	-	-
2. Audit-related assurance services	14	13
3. Taxation compliance services	-	-
4. All taxation advisory services not falling within item 3 above	-	-
5. Internal audit services	-	-
6. All assurance services not falling within items 1 to 5	-	-
7. Corporate finance transaction services not falling within items 1 to 6 above	-	-
8. Other non-audit services not falling within items 2 to 7 above	-	-
Total	**14**	**13**

Limitation on auditor's liability for external audit work carried out for the financial years 2019/2020 is £2million.

7 Impairment of assets (Group)

	2019/20 £000	2018/19 £000
Net impairments charged to operating surplus / deficit resulting from:		
Unforeseen obsolescence	510	-
Changes in market price	(839)	(1,352)
Total net impairments charged to operating surplus / deficit	**(329)**	**(1,352)**
Impairments charged to the revaluation reserve	2,169	3,037
Total net impairments	**1,840**	**1,685**

The group's land and buildings were revalued using professional valuations in accordance with IAS 16. The impairments shown above arose as a result of the revaluation exercise.

8 Employee benefits (Group)

8.1 Total staff costs

	2019/20 Total £000	2018/19 Total £000
Salaries and wages	236,904	219,443
Social security costs	24,037	22,300
Apprenticeship levy	1,157	1,073
Employer's contributions to NHS pensions	39,681	25,919
Pension cost - other	-	7
Temporary staff (including agency)	16,113	10,390
Total gross staff costs	**317,892**	**279,132**
Recoveries in respect of seconded staff	(810)	(767)
Total staff costs	**317,082**	**278,365**
Of which		
Costs capitalised as part of assets	2,323	1,867

8.2 The monthly average number of persons employed

Average number of employees (WTE basis)

	Group		
	Permanent Number	2019/20 Total Number	2018/19 Total Number
Medical and dental	862	**862**	801
Administration and estates	1,524	**1,524**	1,390
Healthcare assistants and other support staff	1,552	**1,552**	1,456
Nursing, midwifery and health visiting staff	1,802	**1,802**	1,477
Scientific, therapeutic and technical staff	405	**405**	398
Healthcare science staff	132	**132**	127
Total average numbers	**6,276**	**6,276**	**5,649**
Of which:			
Number of employees (WTE) engaged on capital projects	40	**40**	32

8.3 The number of early retirements due to ill health

During 2019/20 there were 2 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 £115k (£311k in 2018/19).

9. Finance income and finance costs

	2019/20	2018/19
	£000	£000
Interest on bank accounts	132	96
Total finance income	**132**	**96**

	2019/20	2018/19
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	310	483
Finance leases	12	16
Total interest expense	**322**	**499**
Unwinding of discount on provisions	91	27
Total finance costs	**413**	**526**

10. Intangible assets

	Group		Trust	
Software Licence	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
Gross cost brought forward	**7,287**	**5,954**	**7,229**	**5,895**
Additions	-	1,215	-	1,216
Reclassifications	-	163	-	163
Disposals/derecognitions	-	(45)	-	(45)
Gross cost at 31 March	**7,287**	**7,287**	**7,229**	**7,229**
Amortisation brought forward	**4,570**	**4,432**	**4,553**	**4,420**
Additions	383	183	378	178
Disposals/derecognitions	-	(45)	-	(45)
Amortisation at 31 March	**4,953**	**4,570**	**4,931**	**4,553**
Net Book Value at 31 March	2,334	2,717	2,298	2,676
Net Book Value at 1 April	2,717	1,522	2,676	1,475

Intangible assets are depreciated on current cost evenly over the estimated life of the asset, which for Information Technology Software is 5 to 10 years.

11 Property, plant and equipment

11.1 Property, plant and equipment - 2019/20

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Charitable fund PPE assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2019 - brought forward	**21,719**	**145,663**	**1,953**	**3,941**	**51,514**	**233**	**21,351**	**1,771**	**-**	**248,145**
Additions	-	5,930	-	4,751	2,160	-	1,602	519	-	**14,962**
Impairments	(51)	(4,668)	(119)	-	-	-	-	-	-	**(4,838)**
Reversals of impairments	124	474	-	-	-	-	-	-	-	**598**
Revaluations	256	680	-	-	-	-	-	-	-	**936**
Reclassifications	-	2,532	-	(2,532)	-	-	-	-	-	-
Valuation/gross cost at 31 March 2020	**22,048**	**150,611**	**1,834**	**6,160**	**53,674**	**233**	**22,953**	**2,290**	**-**	**259,803**
Accumulated depreciation at 1 April 2019 - brought forward	-	-	-	-	**38,962**	**233**	**12,507**	**1,395**	-	**53,097**
Provided during the year	-	4,062	48	-	3,033	-	1,818	75	-	**9,036**
Impairments	-	(1,546)	(48)	-	-	-	-	-	-	**(1,594)**
Reversals of impairments	-	(806)	-	-	-	-	-	-	-	**(806)**
Revaluations	-	(1,710)	-	-	-	-	-	-	-	**(1,710)**
Accumulated depreciation at 31 March 2020	-	-	-	-	**41,995**	**233**	**14,325**	**1,470**	-	**58,023**
Net book value at 31 March 2020	**22,048**	**150,611**	**1,834**	**6,160**	**11,679**	**-**	**8,628**	**820**	**-**	**201,780**
Net book value at 1 April 2019	**21,719**	**145,663**	**1,953**	**3,941**	**12,552**	**-**	**8,844**	**376**	**-**	**195,048**

11. Property, plant and equipment (continued)

Note 11.2 Property, plant and equipment - 2018/19

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Charitable fund PPE assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2018 - as previously stated	**21,321**	**143,703**	**1,155**	**1,467**	**49,260**	**233**	**18,055**	**1,622**	**-**	**236,816**
Additions	-	1,717	-	2,471	2,254	-	3,504	149	-	**10,095**
Impairments	(731)	(3,995)	-	-	-	-	-	-	-	**(4,726)**
Reversals of impairments	-	1,004	(16)	-	-	-	-	-	-	**988**
Revaluations	1,632	4,682	814	-	-	-	-	-	-	**7,128**
Reclassifications	-	(32)	-	3	-	-	(134)	-	-	**(163)**
Disposals / derecognition	(503)	(1,416)	-	-	-	-	(74)	-	-	**(1,993)**
Valuation/gross cost at 31 March 2019	**21,719**	**145,663**	**1,953**	**3,941**	**51,514**	**233**	**21,351**	**1,771**	**-**	**248,145**
Accumulated depreciation at 1 April 2018 - as previously stated	**-**	**-**	**-**	**-**	**35,656**	**231**	**11,107**	**1,314**	**-**	**48,308**
Provided during the year	-	3,224	22	-	3,306	2	1,407	81	-	**8,042**
Impairments	-	(1,461)	-	-	-	-	-	-	-	**(1,461)**
Reversals of impairments	-	(570)	(22)	-	-	-	-	-	-	**(592)**
Revaluations	-	(1,144)	-	-	-	-	-	-	-	**(1,144)**
Reclassifications	-	-	-	-	-	-	(7)	-	-	**(7)**
Disposals / derecognition	-	(49)	-	-	-	-	-	-	-	**(49)**
Accumulated depreciation at 31 March 2019	**-**	**-**	**-**	**-**	**38,962**	**233**	**12,507**	**1,395**	**-**	**53,097**
Net book value at 31 March 2019	**21,719**	**145,663**	**1,953**	**3,941**	**12,552**	**-**	**8,844**	**376**	**-**	**195,048**
Net book value at 1 April 2018	**21,321**	**143,703**	**1,155**	**1,467**	**13,604**	**2**	**6,948**	**308**	**-**	**188,508**

11. Property, plant and equipment (continued)

Note 11.3 Property, plant and equipment financing - 2019/20

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020								
Owned - purchased	22,048	140,952	1,508	6,160	9,673	8,570	697	**189,608**
Finance leased	-	448	-	-	-	-	-	**448**
On-SoFP PFI contracts and other service concession arrangements	-	6,473	-	-	-	-	-	**6,473**
Owned - donated	-	2,738	326	-	2,006	58	123	**5,251**
NBV total at 31 March 2020	**22,048**	**150,611**	**1,834**	**6,160**	**11,679**	**8,628**	**820**	**201,780**

Note 11.4 Property, plant and equipment financing - 2018/19

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2019								
Owned - purchased	21,719	134,104	1,627	3,941	9,883	8,773	318	**180,365**
Finance leased	-	1,226	-	-	-	-	-	**1,226**
On-SoFP PFI contracts and other service concession arrangements	-	6,411	-	-	-	-	-	**6,411**
Owned - donated	-	3,922	326	-	2,669	71	58	**7,046**
NBV total at 31 March 2019	**21,719**	**145,663**	**1,953**	**3,941**	**12,552**	**8,844**	**376**	**195,048**

11. Property, plant and equipment (continued)

Note 11.5 Property, plant and equipment - 2019/20

Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2019 - brought forward	**21,719**	**137,742**	**1,953**	**3,941**	**47,806**	**233**	**21,282**	**1,673**	**236,349**
Additions	-	5,878	-	3,609	2,160	-	1,602	519	**13,768**
Impairments	(51)	(4,668)	(119)	-	-	-	-	-	**(4,838)**
Reversals of impairments	124	340	-	-	-	-	-	-	**464**
Revaluations	256	654	-	-	-	-	-	-	**910**
Reclassifications	-	2,532	-	(2,532)	-	-	-	-	-
Valuation/gross cost at 31 March 2020	**22,048**	**142,478**	**1,834**	**5,018**	**49,966**	**233**	**22,884**	**2,192**	**246,653**
Accumulated depreciation at 1 April 2019 - brought forward	-	**(18)**	-	-	**36,799**	**232**	**12,433**	**1,340**	**50,786**
Provided during the year	-	4,080	48	-	2,641	-	1,817	61	**8,647**
Impairments	-	(1,546)	(48)	-	-	-	-	-	**(1,594)**
Reversals of impairments	-	(806)	-	-	-	-	-	-	**(806)**
Revaluations	-	(1,710)	-	-	-	-	-	-	**(1,710)**
Accumulated depreciation at 31 March 2020	-	-	-	-	**39,440**	**232**	**14,250**	**1,401**	**55,323**
Net book value at 31 March 2020	**22,048**	**142,478**	**1,834**	**5,018**	**10,526**	**1**	**8,634**	**791**	**191,330**
Net book value at 1 April 2019	**21,719**	**137,760**	**1,953**	**3,941**	**11,007**	**1**	**8,849**	**333**	**185,563**

Note 11.6 Property, plant and equipment - 2018/19

Trust	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation / gross cost at 1 April 2018	**21,321**	**135,840**	**1,155**	**1,467**	**45,552**	**233**	**17,986**	**1,524**	**225,078**
Additions		1,717	-	2,471	2,254	-	3,504	149	**10,095**
Impairments	(731)	(3,995)							**(4,726)**
Reversals of impairments		946	(16)						**930**
Revaluations	1,632	4,682	814						**7,128**
Reclassifications		(32)		3			(134)		**(163)**
Disposals / derecognition	(503)	(1,416)					(74)		**(1,993)**
Valuation/gross cost at 31 March 2019	**21,719**	**137,742**	**1,953**	**3,941**	**47,806**	**233**	**21,282**	**1,673**	**236,349**
Accumulated depreciation at 1 April 2018	-	-	-	-	**33,901**	**230**	**11,053**	**1,273**	**46,457**
Provided during the year		3,098	22	-	2,898	2	1,387	67	**7,474**
Impairments		(1,461)							**(1,461)**
Reversals of impairments		(462)	(22)						**(484)**
Revaluations		(1,144)							**(1,144)**
Reclassifications							(7)		**(7)**
Disposals / derecognition		(49)							**(49)**
Accumulated depreciation at 31 March 2019	-	**(18)**	-	-	**36,799**	**232**	**12,433**	**1,340**	**50,786**
Net book value at 31 March 2019	**21,719**	**137,760**	**1,953**	**3,941**	**11,007**	**1**	**8,849**	**333**	**185,563**
Net book value at 1 April 2018	**21,321**	**135,840**	**1,155**	**1,467**	**11,651**	**3**	**6,933**	**251**	**178,621**

Note 11.7 Property, plant and equipment financing - 2019/20

Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020								
Owned - purchased	22,048	132,819	1,508	5,018	8,520	8,576	668	**179,158**
Finance leased	-	448	-	-	-	-	-	**448**
On-SoFP PFI contracts and other service concession arrangements	-	6,473	-	-	-	-	-	**6,473**
Owned - donated	-	2,738	326	-	2,006	58	123	**5,251**
NBV total at 31 March 2020	**22,048**	**142,478**	**1,834**	**5,018**	**10,526**	**8,634**	**791**	**191,330**

Note 11.8 Property, plant and equipment financing - 2019/20

Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2019								
Owned - purchased	21,719	126,201	1,627	3,941	8,338	8,778	275	**170,880**
Finance leased		1,226						**1,226**
On-SoFP PFI contracts and other service concession arrangements		6,411						**6,411**
Owned - donated		3,922	326		2,669	71	58	**7,046**
NBV total at 31 March 2019	**21,719**	**137,760**	**1,953**	**3,941**	**11,007**	**8,849**	**333**	**185,563**

12. Subsidiaries and Joint Ventures

12.1 Hampshire Hospitals Charity

At 31 March 2020 the Hampshire Hospitals Charity had assets of £5,118,000 (31st March 2019 - £4,767,000), liabilities of £269,000 (31st March 2019 - £467,000) and reserves of £4,849,000 (31st March 2019 - £4,300,000). For the year ended 31 March 2020 the Hampshire Hospitals Charity had income of £525,000 (2018/19 - £1,242,000) and expenditure of £543,000 (2018/19 - £1,178,000) and net investment gains of £28,000 (2018/19 gains of £160,000). The charity disposed of £500,000 of assets and withdrew £250,000 in cash in 2019/20.

The Hampshire Hospitals NHS Foundation Trust is the sole beneficiary of the Hampshire Hospitals Charity. The Charity registration number is 1060133 and the registered address is The North Hampshire Hospital, Aldermaston Road, Basingstoke, Hampshire, RG24 9NA. Accounts for the charity can be obtained from http://www.charity-commission.gov.uk/.

12.2 Hampshire Hospitals Contract Services Limited

Hampshire Hospitals NHS Foundation Trust is the sole owner of Hampshire Hospitals Contract Services Limited. The Company was established to explore and take advantage of commercial opportunities in the operation of healthcare facilities, initially for the parent NHS organisation. The Company operated two facilities, both of which are run in accordance with NHS standards including all statutory compliance requirements.

	31 March 2020	31 March 2019
	£	£
Shares at cost	10,890,100	10,890,100

No goodwill arose in respect of the subsidiary as the reporting Trust established the company and received an interest in the company equal to the fair value of assets on its formation.

12.3 Wessex NHS Procurement Limited

During the year, Hampshire Hospitals NHS Foundation Trust entered into a 50:50 Joint Venture arrangement with University Hospital Southampton NHS Foundation Trust in Wessex NHS Procurement Limited. The Company was established to take advantage of commercial opportunities to procure goods and services from third party suppliers at cheaper prices, leveraging the combined purchasing power of the two Foundation Trusts.

	31 March 2020	31 March 2019
	£	£
Shares at cost	50,000	-

13. Inventories

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
Drugs	4,121	3,089	3,186	2,257
Consumables	4,027	4,060	4,027	4,060
Energy	23	21	23	21
Total inventories	**8,171**	**7,170**	**7,236**	**6,338**

Inventories recognised in expenses for the year were £45,780k (2018/19: £43,347k). Write-down of inventories recognised as expenses for the year were £124k (2018/19: £109k).

14. Trade and other receivables

Those amounts meeting the definition of a financial asset are set out in note 26.

	Group		Trust	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
Current				
Contract receivables	18,034	27,417	18,121	23,812
Capital receivables	-	2,500	-	2,500
Allowance for impaired contract receivables / asse	(1,092)	(1,211)	(1,092)	(1,211)
Prepayments (non-PFI)	4,247	2,979	4,244	2,965
PDC dividend receivable	-	305	-	305
VAT receivable	931	935	425	542
Other receivables	4,206	2,637	4,353	7,307
Total current receivables	**26,326**	**35,562**	**26,051**	**36,220**
Non-current				
Other receivables	970	-	970	-
Total non-current receivables	**970**	**-**	**970**	**-**

The book values of trade and other receivables are considered to be approximately equal to their fair value.

Allowances for credit losses - 2019/20

	Group		Trust	
	Contract receivables and contract assets £000	All other receivables £000	Contract receivables and contract assets £000	All other receivables £000
Allowances as at 1 Apr 2019 - brought forward	**1,211**	**-**	**1,211**	**-**
Reversals of allowances	(119)	-	(119)	-
Allowances as at 31 Mar 2020	**1,092**	**-**	**1,092**	**-**

Allowances for credit losses - 2018/19

	Group		Trust	
	Contract receivables and contract assets £000	All other receivables £000	Contract receivables and contract assets £000	All other receivables £000
Allowances as at 1 Apr 2018 - as previously stated	**-**	**1,041**	**-**	**1,041**
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	1,041	(1,041)	1,041	(1,041)
Changes in existing allowances	193	-	193	-
Utilisation of allowances (write offs)	(23)	-	(23)	-
Allowances as at 31 Mar 2019	**1,211**	**-**	**1,211**	**-**

15. Cash and cash equivalents

	Group		Trust	
	2019/20	2018/19	2019/20	2018/19
	£000	£000	£000	£000
At 1 April	**6,712**	**7,783**	**6,331**	**7,569**
Net change in year	13,516	(1,071)	12,932	(1,238)
At 31 March	**20,228**	**6,712**	**19,263**	**6,331**
Broken down into:				
Cash at commercial banks and in hand	205	732	159	744
Cash with the Government Banking Service	20,023	5,980	19,104	5,587
Total cash and cash equivalents as in SoFP	**20,228**	**6,712**	**19,263**	**6,331**
Total cash and cash equivalents as in SoCF	**20,228**	**6,712**	**19,263**	**6,331**

16. Trade and other payables

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
Current				
Trade payables	11,614	11,734	10,863	15,011
Capital payables	358	876	358	863
Accruals	16,312	9,333	18,097	9,039
Social security costs	3,423	3,177	3,420	3,174
Other taxes payable	2,928	2,808	2,926	2,807
PDC dividend payable	181	-	181	-
Other payables	4,692	4,437	4,622	4,435
Total current trade and other payables	**39,508**	**32,365**	**40,467**	**35,329**

The deferred income due in more than one year covers three non-current asset schemes and is being released over the lives of those assets. The deferred PFI credit relates to the Servite PFI contract which is further explained in note 20.

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
Current				
Deferred income: contract liabilities	1,706	1,457	1,706	1,457
Deferred PFI credits / income	285	285	285	285
Total other current liabilities	**1,991**	**1,742**	**1,991**	**1,742**
Non-current				
Deferred income: contract liabilities	1,051	1,103	1,051	1,103
Deferred PFI credits / income	6,105	6,390	6,105	6,390
Total other non-current liabilities	**7,156**	**7,493**	**7,156**	**7,493**

17. Borrowings

17.1 Loans – payment of principal falling due

	Group		Trust	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
Current				
Loans from DHSC	9,965	1,971	9,965	1,971
Other loans	30	30	30	30
Obligations under finance leases	100	100	100	100
Total current borrowings	**10,095**	**2,101**	**10,095**	**2,101**
Non-current				
Loans from DHSC	19,678	17,590	19,678	17,590
Other loans	216	216	216	216
Obligations under finance leases	349	449	349	449
Total non-current borrowings	**20,243**	**18,255**	**20,243**	**18,255**

17.2 Finance lease arrangements

	Group		Trust	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
Gross lease liabilities	**474**	**587**	**474**	**587**
of which liabilities are due:				
- not later than one year;	109	112	109	112
- later than one year and not later than five years;	365	425	365	425
- later than five years.	-	50	-	50
Finance charges allocated to future periods	(25)	(38)	(25)	(38)
Net lease liabilities	**449**	**549**	**449**	**549**
of which payable:				
- not later than one year;	100	100	100	100
- later than one year and not later than five years;	349	399	349	399
- later than five years.	-	50	-	50
Total of future minimum sublease payments to be received at the reporting date	**449**	**549**	**449**	**549**

The Group one remaining finance lease is for the provision of mammography equipment.

18. Provisions

Group	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2019	**1,695**	**747**	**100**	**-**	**2,542**
Change in the discount rate	**(8)**	**(14)**	**-**	**-**	**(22)**
Arising during the year	**112**	**5**	**-**	**970**	**1,087**
Utilised during the year	(178)	(45)	**-**	**-**	**(223)**
Reversed unused	**(32)**	**-**	**(24)**	**-**	**(56)**
Unwinding of discount	**70**	**21**	**-**	**-**	**91**
At 31 March 2020	**1,659**	**714**	**76**	**970**	**3,419**
Expected timing of cash flows:					
- not later than one year;	178	45	**-**	**-**	**223**
- later than one year and not later than five years	717	177	**-**	**-**	**894**
- later than five years.	764	492	76	**970**	**2,302**
Total	**1,659**	**714**	**76**	**970**	**3,419**

Provisions which are not expected to become due for several years are shown at a reduced value to take account of inflation. The unwinding of discounts relates to the increase in the value of provisions as their settlement date gets nearer.

The provisions shown under the heading 'Pensions- early departure costs' relating to staff' have been calculated using figures provided by the NHS Pensions Agency. They assume certain life expectancies.

The provisions shown under the heading 'Legal claims' relate to public and employer liability claims and the Property Expenses Scheme. The provisions have been calculated using information provided by the NHS Resolution and are based on the best information available at the 31 March. In addition, the group has contingent liabilities of £73,000 in 2019/20 (2018/19 - £61,000) as disclosed in note 25.

Only the Group position has been disclosed above as there is no difference between the Trust and the Group position.

Clinical Negligence Liabilities
The group is part of a scheme operated by the NHS Resolution in relation to clinical negligence. The costs of this scheme are disclosed in operating expenses. The NHSLA handle any claims made against the group.

At 31 March 2020, £173,684k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Hampshire Hospitals NHS Foundation Trust (31 March 2019: £162,369k).

19. Operating lease arrangements

The group has a number of operating leases including pathology managed contracts and photocopiers. Details of minimum lease payments can be found in note 19.2. In addition the group acts as a lessor in relation to the provision of two retail outlets and a health centre. Details of the lease income can be found in note 19.3.

19.1 Payments recognised as an expense

	2019/20	2018/19
	£000	£000
Operating lease expense		
Minimum lease payments	926	2,200
Total	**926**	**2,200**

19.2 Non-cancellable operating lease commitments

The future minimum lease payments under non-cancellable operating leases are as follows:-

	31 March 2020	31 March 2019
	£000	£000
Future minimum lease payments due:		
- not later than one year;	365	912
- later than one year and not later than five years;	-	365
- later than five years.	-	-
Total	**365**	**1,277**
Future minimum sublease payments to be received	-	-

19.3 Operating lease income

	2019/20	2018/19
	£000	£000
Operating lease revenue		
Minimum lease receipts	425	393
Total	**425**	**393**

	31 March 2020	31 March 2019
	£000	£000
Future minimum lease receipts due:		
- not later than one year;	309	292
- later than one year and not later than five years;	1,435	1,354
- later than five years.	558	948
Total	**2,302**	**2,594**

Only the Group position has been disclosed above as there is no difference between the Trust and the Group position.

20. Private Finance Initiative schemes - service element of PFI schemes deemed to be on-SoFP

	Viridian Housing
Estimated capital value at start of contract	£6,750,000
Length of project	37 years
Remaining contractual period	23 years 7 months
Start date of contract	1 Nov 2006
Finish date of contract	31 Oct 2043

The group has one PFI scheme deemed to be on-SoFP:

Viridian Housing
The PFI contract relates to the provision of staff residences which was transferred to Servite Houses in November 2006 through a 37 year deal. Servite Houses was responsible for the re-development of the residences and the group has nomination rights. On 17th May 2010, Servite Houses changed its' name to Viridian Housing. The redeveloped residences will be maintained by Viridian Housing until they are transferred back to the NHS Foundation Trust after the 37 year scheme ends. The control and residual interest clauses mean the scheme is an On-SoFP scheme. Under the terms of the contract, the Trust has the right to rent the accommodation to Healthcare Key Workers and other tenants who are on its' allocation list for the provision of housing.

Depreciation will be charged to the income statement over the course of the asset life and the remaining deferred PFI credit of £6,390,000 will be released over the life of the contract on a straight line basis (£270,970 per year).

The Viridian Housing PFI contract includes certain guarantees which commit the group to meet or contribute towards the costs of unoccupied rooms. These represent a financial liability – a present obligation arising from commitments made in the contract.

a) Void rents – the group has a commitment to pay void rents where occupancy levels are between 80%-90%. As this has never occurred in the period from the signing of the contract to the current financial year, the Trust do not recognise a commitment at 31 March 2020 (31 March 2019 – nil).
b) Diva block – the group has a commitment to pay for all the rooms available in Diva block throughout the contract. Diva block is expected to be fully utilized and all costs are expensed as incurred.

Gross PFI liabilities for schemes deemed to be on-SoFP are as follows:-

There are no gross liabilities for schemes deemed to be on-SoFP as there is no service change within the Servite contract.

21. Related party transactions

Hampshire Hospitals NHS Foundation Trust is an independent public benefit corporation as authorised by NHS Improvement in their Terms of Authorisation.

The Department of Health is regarded as a related party as it exerts influence over the numbers of transactions and operating policies of the Group. During the year ended 31 March 2020, the group has a significant number of material transactions with other entities for which the Department is regarded as the parent Department.
During the year ended 31 March 2019, none of the Board Members, or members of the key management staff, or parties deemed to be related to them, has undertaken any material transactions with Hampshire Hospitals NHS Foundation Trust.

The following NHS and other government organisations had transactions or balances in excess of £250,000:

Year Ended 31 March 2020

	Trade & other receivables £'000	Trade & other payables £'000	Income £'000	Expenditure £'000
Health Education England	56	-	18,131	-
Public Health England	56	235	2	114
HM Revenue & Customs - Other taxes and duties (Not PAYE)	-	6,351	-	25,194
HM Revenue & Customs - VAT	931	-	-	-
NHS Pension Scheme	-	3,863	-	39,681
Frimley Health NHS Foundation Trust	17	78	101	373
Oxford Health NHS Foundation Trust	-	8	-	458
Royal Surrey County Hospital NHS Foundation Trust	17	136	94	257
Southern Health NHS Foundation Trust	445	181	2,126	990
South Central Ambulance Service NHS Foundation Trust	1	282	13	426
University Hospital Southampton NHS Foundation Trust	1,554	590	3,087	1,961
Solent NHS Trust	640	1	1,686	311
Care Quality Commission	-	-	-	268
NHS Berkshire West CCG	123	-	17,561	-
NHS Dorset CCG	97	-	486	-
NHS Fareham and Gosport CCG	5	82	656	-
NHS North East Hampshire and Farnham CCG	79	259	1,510	-
NHS North Hampshire CCG	985	-	135,187	39
NHS South Eastern Hampshire CCG	287	730	5,429	40
NHS Southampton CCG	4	-	1,261	-
NHS West Hampshire CCG	2,125	10	148,670	8
NHS Wiltshire CCG	4	-	2,887	-
NHS Resolution (formerly NHS Litigation Authority)	60	-	-	13,037
NHS England - Core	5,050	4,331	13,558	99
NHS England - South East Regional Office	-	-	4,540	-
NHS England - South West Regional Office	-	-	1,003	-
NHS England - Wessex Specialised Commissioning Hub	1,700	-	55,053	-
Portsmouth Hospitals NHS Trust	62	140	112	1,543
Winchester City Council	23	357	-	-

Year Ended 31 March 2019

	Trade & other receivables £'000	Trade & other payables £'000	Income £'000	Expenditure £'000
Health Education England	41	20	18,052	10
Department of Health and Social Care	-		4,154	-
HM Revenue & Customs - Other taxes and duties (Not PAYE)	936	5,985	-	23,373
NHS Pension Scheme	-	3,667	-	25,919
Oxford Health NHS Foundation Trust	-	11	-	359
Royal Surrey County Hospital NHS Foundation Trust	15	39	74	283
Southern Health NHS Foundation Trust	417	124	2,193	960
University Hospital Southampton NHS Foundation Trust	635	761	2,906	1,831
Solent NHS Trust	222	4	1,367	374
Care Quality Commission	-	-	-	270
NHS Berkshire West CCG	236	-	14,560	-
NHS Dorset CCG	38	-	458	-
NHS Fareham and Gosport CCG	5	-	698	-
NHS North East Hampshire and Farnham CCG	13	-	1,446	-
NHS North Hampshire CCG	4,252	-	129,550	44
NHS South Eastern Hampshire CCG	13	-	5,199	-
NHS Southampton CCG	29	-	1,129	
NHS West Hampshire CCG	1,348	-	138,523	- 4
NHS Wiltshire CCG	4	-	2,749	-
NHS Resolution (formerly NHS Litigation Authority)	-	18	-	14,293
NHS England - Core	4,262	-	8,485	-
NHS England - Wessex Specialised Commissioning Hub	3,702	-	57,954	
NHS Blood and Transplant	-	67	-	1,209
Portsmouth Hospitals NHS Trust	11	123	54	1,516
Basingstoke and Deane Borough Council	-	-	-	1,134
Hampshire County Council	44	14	1,131	-
Winchester City Council	23	23	-	831

21. Related party transactions (continued)

NHS Providers is considered to be a related party because a member of the Trust's board is in a position to exert considerable influence over the other party. The transactions and balances with this party have not been disclosed as they are considered to be immaterial to both parties.

The Hampshire Medical Fund is considered a related party because Dr Bishop and Dr Alloway who have both served as Chief Medical Officer during the year were members of the Board. Bishop and Brookes is considered to be a related party because Dr Bishop (Chief Medical Officer until 31st May 2019) is a member of the Board.

The group also receives revenue and capital payments from the Hampshire Hospitals Charity, of which it is a corporate trustee (for additional information see note 12).

The following transactions are considered to be material:

	Receivables		Payables	
	31st March 2020	31st March 2019	31st March 2020	31st March 2019
Hampshire Medical Fund	29	3	-	-
Hampshire Hospitals Charity	9	95	-	-
Bishop & Brookes Limited	-	-	-	-
	38	98	-	-

	Income		Expenditure	
	31st March 2020	31st March 2019	31st March 2020	31st March 2019
Hampshire Medical Fund	197	265	4	-
Hampshire Hospitals Charity	799	1,190	-	-
Bishop & Brookes Limited	-	-	45	18
	996	1,455	49	18

22. Events after the reporting date

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Given this relates to liabilities that existed at 31 March 2020, DHSC has updated its Group Accounting Manual to advise this is considered an adjusting event after the reporting period for providers. Outstanding interim loans totalling £8.5m as at 31 March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.

The impacts of COVID-19, which began in February 2020, have continued to be a significant feature into the new financial year. These impacts have included radical adjustments to services delivered on the acute sites, with a large reduction in elective activity and strict clinical prioritisation of work, and significant change to the way our workforce is deployed with staff working in areas outside of their usual department or working remotely and delivering some of our services in innovative ways. The financial impact of COVID-19 and changes in national funding methodology are covered in the extended Going Concern statement (note 1.1 above).

23. Capital commitments

	Group		Trust	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
Property, plant and equipment	-	62		62
Total	-	62	-	62

24. Losses and special payments

	2019/20		2018/19	
Group and trust	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Bad debts and claims abandoned	-	-	2	2
Total losses	-	-	2	2
Special payments				
Ex-gratia payments	82	38	39	26
Total special payments	82	38	39	26
Total losses and special payments	82	38	41	28

Amounts are reported on an accruals basis excluding provisions for future losses.

25. Contingent assets/(liabilities)

	Group		Trust	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
Value of contingent liabilities				
NHS Resolution legal claims	(73)	(61)	(73)	(61)
Gross value of contingent liabilities	(73)	(61)	(73)	(61)
Amounts recoverable against liabilities	-	-		
Net value of contingent liabilities	(73)	(61)	(73)	(61)

The group has a contingent liability for £73,025 (2019 - £60,600) in respect of employer and public liability incidents for which claims have been made against the group through the LTPS scheme. The figures were provided by NHS Resolution. Provisions relating to these cases are shown in note 18.

The amounts required by NHS Resolution are based on the best estimate of the probability of an outflow.

26. Financial Instruments

IAS 32, 39 and IFRS 7, Financial Instruments, 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. Because of the continuing service provider relationship that the group has with local Clinical Commissioning Groups and the way those Clinical Commissioning Groups are financed, the group is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IAS 32, 39 and IFRS 7 mainly apply. The group has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the group in undertaking its activities.

Each of the following risks have been considered, but total comprehensive income for the year and total assets employed are not materially sensitive to variations in those factors, so a sensitivity analysis is not given.

Liquidity risk
The group'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 group has a £25m working capital facility with the Independent Trust Financing Facility which ensures that there are funds available to meet its operating liabilities as they fall due. The group is not, therefore, exposed to significant liquidity risks.

Market risk
All of the group's financial liabilities carry a nil or fixed rate of interest. The group is not, therefore, exposed to significant interest-rate risk.

The group has negligible foreign currency Income and Expenditure and is not, therefore, exposed to significant foreign currency risk.

Credit risk
The group's risk profile is low with the maximum being disclosed in receivables to customers. The majority of the group's income comes from legally binding contracts with other Government Departments and other NHS bodies. Therefore the group does not believe that it is exposed to significant credit risk.

As set out in note 15, £20,023,000 of the Group's £20,228,000 total cash deposits are held with the Government Banking Service (£5,980,000 of £6,712,000 at 31 March 2019). The remaining cash in both years was held with another UK based bank. The group is satisfied that there is no material exposure to credit risk in respect of cash deposits.

Fair value interest rate risk

The group has no exposure to a fair value interest rate risk.

26.1 Financial assets

	Group		Trust	
	2020	2019	2020	2019
	£000	£000	£000	£000
Investment in associates and joint ventures	-	-	10,940	10,890
Trade and other receiveables excluding non financial liabilities	22,118	31,343	22,352	32,408
Cash and cash equivalents at bank and in hand	20,228	6,712	19,263	6,331
Total	**42,346**	**38,055**	**52,555**	**49,629**

The following are not considered to be financial instruments under IFRS and therefore have been excluded from the above table:

- Prepayments amounting to £4,244,000 (2019 - £2,979,000)
- PDC receivable amounting to £nil (2019 - £305,000)
- VAT receivable amounting to £425,000 (2019 - £935,000)

26.2 Financial liabilities

	Group		Trust	
	2020	2019	2020	2019
	£000	£000	£000	£000
Loans from the Department of Health and Social Care	29,643	19,561	29,643	19,561
Obligations under finance leases	449	549	449	549
Other borrowings	246	246	246	246
Trade and other payables excluding non financial liabilities	32,976	26,380	33,940	29,348
Other financial liabilities	276	148	-	-
Provisions under contract	3,419	2,542	3,419	2,542
Total	**67,009**	**49,426**	**67,697**	**52,246**

The following are not considered to be financial instruments under IFRS and therefore have been excluded from the above table:

- Deferred Income amounting to £2,757,000 (2019 - £2,560,000)
- Other Tax and Social Security Creditors amounting to £6,351,000 (2019 - £5,985,000)
- Deferred PFI credits amounting to £6,390,000 (2019 - £6,675,000)
- PDC payable amounting to £181,000 (2019 - £nil)

A maturity profile for Obligations under finance leases can be found in note 17, for Obligations under PFI contracts in note 20 and for Provisions in note 18.

26.3 Fair values

The book value of financial assets and liabilities are not considered to be materially different from the fair value.